

REALTY INCOME CORP  
Form 10-K  
February 13, 2012

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-K  
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended December 31, 2011

Commission File Number 1-13374

REALTY INCOME CORPORATION  
(Exact name of registrant as specified in its charter)

|                 |                |
|-----------------|----------------|
| Maryland        | 33-0580106     |
| (State or Other | (IRS Employer  |
| Jurisdiction of |                |
| Incorporation   | Identification |
| or              | Number)        |
| Organization)   |                |

600 La Terraza Boulevard, Escondido, California 92025-3873  
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (760) 741-2111

Securities registered pursuant to Section 12 (b) of the Act:

| Title of Each Class                             | Name of Each<br>Exchange<br>On Which Registered |
|---|---|
| Common Stock, \$0.01 Par Value                  | New York Stock                                  |
| Class D Preferred Stock, \$0.01 Par<br>Value(1) | Exchange<br>New York Stock                      |
| Class E Preferred Stock, \$0.01 Par<br>Value    | Exchange<br>New York Stock                      |
| Class F Preferred Stock, \$0.01 Par<br>Value    | Exchange<br>New York Stock<br>Exchange          |

Securities registered pursuant to Section 12 (g) of the Act: None

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(1) On January 31, 2012, we announced that we plan to redeem the Class D Preferred Stock on March 1, 2012.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES  NO

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

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

At June 30, 2011, the aggregate market value of the Registrant's shares of common stock, \$1.00 par value, held by non-affiliates of the Registrant was \$4.2 billion based upon the last reported sale price of \$33.49 per share on the New York Stock Exchange on June 30, 2011, the last business day of the Registrant's most recently completed second fiscal quarter.

At February 7, 2012, the number of shares of common stock outstanding was 133,384,973, the number of shares of Class D preferred stock outstanding was 5,100,000 and the number of shares of Class E preferred stock outstanding was 8,800,000. On February 7, 2012, we issued and had 14,950,000 shares of Class F preferred stock outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Part III, Items 10, 11, 12, 13 and 14 incorporate by reference certain specific portions of the definitive Proxy Statement for Realty Income Corporation's Annual Meeting to be held on May 8, 2012, to be filed pursuant to Regulation 14A. Only those portions of the proxy statement which are specifically incorporated by reference herein shall constitute a part of this annual report.

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PART I

Item 1: Business

THE COMPANY

Realty Income Corporation, The Monthly Dividend Company®, is a Maryland corporation organized to operate as an equity real estate investment trust, or REIT. Our primary business objective is to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, or FFO, per share. Our monthly distributions are supported by the cash flow from our portfolio of properties leased to retail and other commercial enterprises. We have in-house acquisition, leasing, legal, credit research, real estate research, portfolio management and capital markets expertise. Over the past 43 years, Realty Income and its predecessors have been acquiring and owning freestanding retail and other properties that generate rental revenue under long-term lease agreements (primarily 10 to 20 years).

In addition, we seek to increase distributions to stockholders and FFO per share through both active portfolio management and the acquisition of additional properties.

Generally, our portfolio management efforts seek to achieve:

Contractual rent increases on existing leases;  
Rent increases at the termination of existing leases, when market conditions permit; and  
The active management of our property portfolio, including re-leasing vacant properties, and selectively selling properties, thereby mitigating our exposure to certain tenants and markets.

In acquiring additional properties, our strategy is primarily to acquire properties that are:

Freestanding, single-tenant locations;  
Leased to regional and national commercial enterprises; and  
Leased under long-term, net-lease agreements.

At December 31, 2011, we owned a diversified portfolio:

Of 2,634 properties;  
With an occupancy rate of 96.7%, or 2,547 properties leased and only 87 properties available for lease;  
Leased to 136 different retail and other commercial enterprises doing business in 38 separate industries;  
Located in 49 states;  
With over 27.3 million square feet of leasable space; and  
With an average leasable space per property of approximately 10,400 square feet.

Of the 2,634 properties in the portfolio, 2,619, or 99.4%, are single-tenant properties, and the remaining 15 are multi-tenant properties. At December 31, 2011, of the 2,619 single-tenant properties, 2,533 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.3 years.

We typically acquire properties under long-term leases with regional and national retailers and other commercial enterprises. Our acquisition and investment activities generally focus on businesses providing goods and services that satisfy basic consumer and business needs.

In general, our net-lease agreements:

Are for initial terms of 10 to 20 years;

Require the tenant to pay minimum monthly rent and property operating expenses (taxes, insurance and maintenance); and

Provide for future rent increases based on increases in the consumer price index (typically subject to ceilings), additional rent calculated as a percentage of the tenants' gross sales above a specified level, or fixed increases.

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We commenced operations as a REIT on August 15, 1994 through the merger of 25 public and private real estate limited partnerships. Each of the partnerships was formed between 1970 and 1989 for the purpose of acquiring and managing long-term, net-leased properties.

Our nine senior officers owned 1.0% of our outstanding common stock with a market value of \$47.2 million at January 31, 2012. Our directors and nine senior officers, as a group, owned 1.2% of our outstanding common stock with a market value of \$57.7 million at January 31, 2012.

Our common stock is listed on The New York Stock Exchange, or NYSE, under the ticker symbol "O" with a cusip number of 756109-104. Our central index key number is 726728.

Our Class D cumulative redeemable preferred stock is listed on the NYSE under the ticker symbol "OprD" with a cusip number of 756109-609.

Our Class E cumulative redeemable preferred stock is listed on the NYSE under the ticker symbol "OprE" with a cusip number of 756109-708.

Our Class F cumulative redeemable preferred stock is listed on the NYSE under the ticker symbol "OprF" with a cusip number of -----756109-807.

In February 2012, we had 83 employees as compared to 79 employees in February 2011.

We maintain an Internet website at [www.realtyincome.com](http://www.realtyincome.com). On our website we make available, free of charge, copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, Form 3s, Form 4s, Form 5s, current reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after we electronically file these reports with the Securities and Exchange Commission, or SEC. None of the information on our website is deemed to be part of this report.

## RECENT DEVELOPMENTS

### Increases in Monthly Distributions to Common Stockholders

We continue our 43-year policy of paying distributions monthly. Monthly distributions per common share increased by \$0.0003125 in April 2011 to \$0.1445625, in July 2011 to \$0.144875, in October 2011 to \$0.1451875 and in January 2012 to \$0.1455. The increase in January 2012 was our 57th consecutive quarterly increase and the 64th increase in the amount of our dividend since our listing on the NYSE in 1994. In 2011, we paid three monthly cash distributions per common share in the amount of \$0.14425, three in the amount of \$0.1445625, three in the amount of \$0.144875 and three in the amount of \$0.1451875, totaling \$1.736625. In December 2011, January 2012 and February 2012, we declared distributions of \$0.1455 per share, which were paid in January 2012 and will be paid in February 2012 and March 2012, respectively.

The current monthly distribution of \$0.1455 per share represents an annualized distribution of \$1.746 per share, and an annualized distribution yield of approximately 5.0% based on the last reported sale price of our common stock on the NYSE of \$34.96 on December 31, 2011. Although we expect to continue our policy of paying monthly distributions, we cannot guarantee that we will maintain our current level of distributions, that we will continue our pattern of increasing distributions per share, or what our actual distribution yield will be in any future period.

### Acquisitions During 2011

During 2011, we invested \$1.02 billion in 164 new properties, and properties under development, with an initial weighted average contractual lease rate of 7.8%. The majority of the lease revenue from these properties will be



generated from tenants that have investment grade ratings on their senior debt securities. These 164 new properties, and properties under development, are located in 26 states, contain over 6.2 million leasable square feet, and are 100% leased with an average lease term of 13.4 years.

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The initial weighted average contractual lease rate is computed as estimated contractual net operating income (in a net-leased property that is equal to the aggregate base rent or, in the case of a property under development, the estimated base rent) for the first year of each lease, divided by the estimated total cost of the properties. Since it is possible that a tenant could default on the payment of contractual rent, we cannot provide assurance that the actual return on the funds invested will remain at the percentages listed above.

Included in the \$1.02 billion invested during 2011 are:

- (1) The acquisition of 33 single-tenant retail, distribution, office and manufacturing properties for approximately \$543.8 million, under long-term, net lease agreements.
- (2) The acquisition of 60 properties operating in the restaurant - quick service industry for \$41.9 million, under long-term, net lease agreements.
- (3) The acquisition of six properties operating in the wholesale clubs industry for \$156.1 million, under long-term, net lease agreements.
- (4) The acquisition of 36 properties operating in the grocery store industry for \$151.4 million under long-term, net lease agreements.
- (5) The acquisition of nine properties operating in the health and fitness industry for \$63.2 million, under long-term, net lease agreements.
- (6) The remaining 20 properties acquired totaled approximately \$59.8 million.

## Portfolio Discussion

### Leasing Results

At December 31, 2011, we had 87 properties available for lease out of 2,634 properties in our portfolio, which represents a 96.7% occupancy rate. Since December 31, 2010, when we reported 84 properties available for lease and a 96.6% occupancy rate, we:

Leased 37 properties;  
Sold 21 properties available for lease; and  
Have 61 new properties available for lease.

During 2011, 89 properties with expiring leases were leased to either existing or new tenants. The rent on these leases was \$9.6 million, as compared to the previous rent on these same properties of \$10.4 million. At December 31, 2011, our average annualized rental revenue per square foot was approximately \$17.06.

### Matters Pertaining To Certain Tenants

In January 2012, Friendly Ice Cream Corporation, or Friendly's, one of our tenants, announced that it was emerging from voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code (which they had filed for in October 2011). Pursuant to the bankruptcy proceedings, Friendly's accepted 102 of their 121 leases with us. Friendly's rejected 19 leases with us, representing approximately \$1.8 million of annualized rent, and received rent concessions and term reductions on some of their accepted leases with us. We estimate that we will recover approximately 80% of the \$16.1 million of annualized rent that Friendly's was paying the Company before the bankruptcy filing.

Additionally, in January 2012, Buffets Holding, Inc., or Buffets, another one of our tenants, filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. Buffets leases 86 properties from us that, as of December 31, 2011, represented approximately \$18.2 million, or approximately 3.9% of our annualized rental revenue. Buffets rejected the leases on seven of our 86 properties, representing approximately \$1.8 million of annualized rent. Additionally, we have reached a preliminary agreement (subject to bankruptcy court approval) with Buffets regarding rent concessions and term reductions on some of Buffets' other leases with us. Overall,

post-bankruptcy, we estimate that we will recover approximately 65% of the \$18.2 million of annualized rent that Buffets was paying us before the bankruptcy filing. Friendly's and Buffets both operate casual dining restaurants.

For both Friendly's and Buffets, any properties returned to us are immediately available for re-lease to other tenants. We believe that demand in the market for the rejected properties will allow us to find suitable replacement tenants within the next 18 months. However, there can be no assurance that we will be successful in finding replacement tenants for these properties within this timeframe, or at all, or that Friendly's or Buffets will continue to pay rent for the remainder of the lease terms on their accepted leases.

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In addition, we have recently concluded an analysis of our portfolio and have identified other tenants, whose leases represented approximately 2% to 3% of our total annualized rent as of December 31, 2011, that we believe may make similar bankruptcy filings in 2012. However, the foregoing percentages are estimates and are subject to numerous assumptions and uncertainties and the actual percentage of annualized rent represented by other tenants who make bankruptcy filings during 2012 may be different.

### Investments in Existing Properties

In 2011, we capitalized costs of \$4.2 million on existing properties in our portfolio, consisting of \$1.7 million for re-leasing costs and \$2.5 million for building and tenant improvements. In 2010, we capitalized costs of \$3.6 million on existing properties in our portfolio, consisting of \$1.5 million for re-leasing costs and \$2.1 million for building improvements.

As part of our re-leasing costs, we pay leasing commissions and sometimes provide tenant rent concessions. Leasing commissions are paid based on the commercial real estate industry standard and any rent concessions provided are minimal. We do not consider the collective impact of the leasing commissions or tenant rent concessions to be material to our financial position or results of operations.

The majority of our building and tenant improvements are related to roof repairs, HVAC improvements, and parking lot resurfacing and replacements. It is not customary for us to offer significant tenant improvements on our properties as tenant incentives. The amounts of our capital expenditures can vary significantly, depending on the rental market, credit worthiness, and the willingness of tenants to pay higher rents over the terms of the leases.

### Issuance of Preferred Stock

In February 2012, we issued 14.95 million shares of 6.625% Monthly Income Class F cumulative redeemable preferred stock, including 1.95 million shares purchased by the underwriters upon the exercise of their overallotment option. The net proceeds of approximately \$361.7 million from this issuance will be used to redeem the outstanding Class D preferred stock, repay borrowings under our acquisition credit facility and for other general corporate purposes. Beginning February 15, 2012, the Class F preferred shares are redeemable at our option for \$25.00 per share. The initial dividend of \$0.1702257 per share will be paid on March 15, 2012, and will cover 37 days. Thereafter, dividends of \$0.1380208 per share will be paid monthly.

### Redemption of Preferred Stock

In January 2012, we announced that we plan to redeem our outstanding Class D preferred stock on March 1, 2012. We will redeem the Class D preferred stock at \$25.00 per share, plus accrued dividends.

### Issuance of Common Stock

In September 2011, we issued 6,300,000 shares of common stock at a price of \$34.00 per share. After underwriting discounts and other offering costs of \$10.6 million, the net proceeds of \$203.6 million were used to repay borrowings under our acquisition credit facility, which were used to fund recent acquisitions.

In March 2011, we issued 8,625,000 shares of common stock at a price of \$34.81 per share. After underwriting discounts and offering costs of \$14.6 million, the net proceeds of \$285.6 million were used to fund property acquisitions.

### Re-opening of Unsecured Bonds due 2035

In June 2011, we "re-opened" our 5.875% senior unsecured bonds due 2035, or the 2035 Bonds, and issued \$150 million in aggregate principal amount of additional 2035 Bonds. The public offering price for the additional 2035 Bonds was 94.578% of the principal amount for an effective yield of 6.318% per annum. Those 2035 Bonds constituted an additional issuance of, and a single series with, the \$100 million in aggregate principal amount of 2035 Bonds that we

issued in March 2005. The net proceeds of \$140.1 million were used to fund property acquisitions.

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Dividend Reinvestment and Stock Purchase Plan

In March 2011, we established a Dividend Reinvestment and Stock Purchase Plan, or The Plan, to provide our common shareholders, as well as new investors, with a convenient and economical method to purchase our common stock and/or reinvest their distributions. The Plan authorizes up to 6,000,000 common shares to be issued. Through December 31, 2011, we issued 59,605 shares and received net proceeds of approximately \$1.9 million under The Plan.

Net Income Available to Common Stockholders

Net income available to common stockholders was \$132.8 million in 2011 versus \$106.5 million in 2010, an increase of \$26.3 million. On a diluted per common share basis, net income was \$1.05 in 2011, as compared to \$1.01 in 2010.

The calculation to determine net income available to common stockholders includes gains from the sale of properties and excess land. The amount of gains varies from period to period based on the timing of property sales and can significantly impact net income available to common stockholders.

The gain from the sale of properties and excess real estate during 2011 was \$5.7 million, as compared to \$8.7 million during 2010.

Funds from Operations Available to Common Stockholders (FFO)

In 2011, our FFO increased by \$55.5 million, or 28.6%, to \$249.4 million versus \$193.9 million in 2010. On a diluted per common share basis, FFO was \$1.98 in 2011, compared to \$1.83 in 2010, an increase of \$0.15, or 8.2%.

See our discussion of FFO (which is not a financial measure under U.S. generally accepted accounting principles, or GAAP), which includes a reconciliation of net income available to common stockholders to FFO, in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this annual report.

Adjusted Funds from Operations Available to Common Stockholders (AFFO)

In 2011, our AFFO increased by \$56.1 million, or 28.4%, to \$253.4 million versus \$197.3 million in 2010. On a diluted per common share basis, AFFO was \$2.01 in 2011, compared to \$1.86 in 2010, an increase of \$0.15, or 8.1%.

See our discussion of AFFO (which is not a financial measure under U.S. GAAP), which includes a reconciliation of net income available to common stockholders to FFO and AFFO, in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this annual report.

DISTRIBUTION POLICY

Distributions are paid monthly to our common, Class D preferred and Class E preferred stockholders if, and when, declared by our Board of Directors.

In order to maintain our tax status as a REIT for federal income tax purposes, we generally are required to distribute dividends to our stockholders aggregating annually at least 90% of our taxable income (excluding net capital gains), and we are subject to income tax to the extent we distribute less than 100% of our taxable income (including net capital gains). In 2011, our cash distributions totaled \$243.6 million, or approximately 127.7% of our estimated taxable income of \$190.8 million. Our estimated REIT taxable income reflects non-cash deductions for depreciation and amortization. Our estimated REIT taxable income is presented to show our compliance with REIT distribution requirements and is not a measure of our liquidity or performance.

We intend to continue to make distributions to our stockholders that are sufficient to meet this distribution requirement and that will reduce or eliminate our exposure to income taxes. Furthermore, we believe our funds from

operations are more than sufficient to support our current level of cash distributions to our stockholders. Our 2011 cash distributions to common stockholders totaled \$219.3 million, representing 87.9% of our funds from operations available to common stockholders of \$249.4 million.

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The Class D preferred stockholders receive cumulative distributions at a rate of 7.375% per annum on the \$25 per share liquidation preference (equivalent to \$1.84375 per annum per share). On January 31, 2012, we announced that the Class D preferred stock would be redeemed on March 1, 2012. The Class E preferred stockholders receive cumulative distributions at a rate of 6.75% per annum on the \$25 per share liquidation preference (equivalent to \$1.6875 per annum per share). The Class F preferred stockholders receive cumulative distributions at a rate of 6.625% per annum on the \$25 per share liquidation preference (equivalent to \$1.65625 per annum per share). The initial Class F preferred stock dividend will be paid on March 15, 2012. Dividends on our Class D and Class E preferred stock are current.

Future distributions will be at the discretion of our Board of Directors and will depend on, among other things, our results of operations, FFO, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code of 1986, as amended, our debt service requirements and any other factors the Board of Directors may deem relevant. In addition, our credit facility contains financial covenants that could limit the amount of distributions payable by us in the event of a default, and which prohibit the payment of distributions on the common or preferred stock in the event that we fail to pay when due (subject to any applicable grace period) any principal or interest on borrowings under our credit facility.

Distributions of our current and accumulated earnings and profits for federal income tax purposes generally will be taxable to stockholders as ordinary income, except to the extent that we recognize capital gains and declare a capital gains dividend, or that such amounts constitute "qualified dividend income" subject to a reduced rate of tax. The maximum tax rate of non-corporate taxpayers for "qualified dividend income" has generally been reduced to 15% (until it "sunset" or reverts to the provisions of prior law, which under current law will occur with respect to taxable years beginning after December 31, 2012). In general, dividends payable by REITs are not eligible for the reduced tax rate on qualified dividend income, except to the extent that certain holding requirements have been met with respect to the REIT's stock and the REIT's dividends are attributable to dividends received from taxable corporations (such as our taxable REIT subsidiary, Crest Net Lease, Inc., or Crest) or to income that was subject to tax at the corporate or REIT level (for example, if we distribute taxable income that we retained and paid tax on in the prior taxable year).

Distributions in excess of earnings and profits generally will be treated as a non-taxable reduction in the stockholders' basis in their stock. Distributions above that basis, generally, will be taxable as a capital gain to stockholders who hold their shares as a capital asset. Approximately 20.6% of the distributions to our common stockholders, made or deemed to have been made in 2011, were classified as a return of capital for federal income tax purposes. We are unable to predict the portion of future distributions that may be classified as a return of capital.

## BUSINESS PHILOSOPHY AND STRATEGY

### Capital Philosophy

Historically, we have met our long-term capital needs by issuing common stock, preferred stock and long-term unsecured notes and bonds. Over the long term, we believe that common stock should be the majority of our capital structure. However, we may issue additional preferred stock or debt securities from time to time. We may issue common stock when we believe that our share price is at a level that allows for the proceeds of any offering to be accretively invested into additional properties. In addition, we may issue common stock to permanently finance properties that were financed by our credit facility or debt securities. However, we cannot provide assurance that we will have access to the capital markets at times and at terms that are acceptable to us.

Our primary cash obligations, for the current year and subsequent years, are included in the "Table of Obligations," which is presented in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." We expect to fund our operating expenses and other short-term liquidity requirements, including property acquisitions and development costs, payment of principal and interest on our outstanding indebtedness, property



improvements, re-leasing costs and cash distributions to common and preferred stockholders, primarily through cash provided by operating activities, borrowing on our \$425 million credit facility and occasionally through public securities offerings.

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Conservative Capital Structure

We believe that our stockholders are best served by a conservative capital structure. Therefore, we seek to maintain a conservative debt level on our balance sheet and solid interest and fixed charge coverage ratios. At December 31, 2011, our total outstanding borrowings of senior unsecured notes, mortgages payable and credit facility borrowings were \$2.06 billion, or approximately 29.1% of our total market capitalization of \$7.06 billion.

We define our total market capitalization at December 31, 2011 as the sum of:

Shares of our common stock outstanding of 133,223,338 multiplied by the last reported sales price of our common stock on the NYSE of \$34.96 per share on December 31, 2011, or \$4.66 billion;

Aggregate liquidation value (par value of \$25 per share) of the Class D preferred stock of \$127.5 million;

Aggregate liquidation value (par value of \$25 per share) of the Class E preferred stock of \$220 million;

Outstanding mortgages payable of \$67.8 million;

Outstanding borrowings of \$237.4 million on our credit facility; and

Outstanding senior unsecured notes and bonds of \$1.75 billion.

Investment Philosophy

We believe that owning an actively managed, diversified portfolio of commercial properties under long-term, net leases produces consistent and predictable income. Net leases typically require the tenant to be responsible for monthly rent and property operating expenses including property taxes, insurance and maintenance. In addition, tenants are typically subject to future rent increases based on increases in the consumer price index (typically subject to ceilings), additional rent calculated as a percentage of the tenants' gross sales above a specified level, or fixed increases. We believe that owning a portfolio of properties under long-term leases, coupled with the tenant's responsibility for property expenses, generally produces a more predictable income stream than many other types of real estate portfolios, while continuing to offer the potential for growth in rental income.

Investment Strategy

When identifying new properties for acquisition, our focus is generally on providing capital to owners and operators of retail and other commercial enterprises by acquiring, then leasing back, the real estate they consider important to the successful operation of their business.

We primarily focus on acquiring properties leased to retail and other commercial enterprises based on the following guidelines:

Tenants with reliable and sustainable cash flow;

Tenants with revenue and cash flow from multiple sources;

Large owners and users of real estate;

Real estate that is critical to the tenant's ability to generate revenue (i.e. they need the property in which they operate in order to conduct their business);

Real estate and tenants that are willing to sign a long-term lease (10 or more years); and

Property transactions where we can achieve an attractive spread over our cost of capital.

Historically, our investment focus has primarily been on retail and other commercial enterprises that have a service component because we believe the lease revenue from these types of businesses is more stable. Because of this investment focus, for the quarter ended December 31, 2011, approximately 83% of our retail rental revenue was derived from tenants with a service component in their business. We believe these service-oriented businesses would generally be difficult to duplicate over the Internet and that our properties continue to perform well relative to competition from Internet-based businesses.

Credit Strategy

We typically acquire and lease properties to regional and national commercial enterprises and believe that within this market we can achieve an attractive risk-adjusted return. Since 1970, our occupancy rate at the end of each year has never been below 96%.

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We believe the principal financial obligations of most commercial enterprises typically include their bank and other debt, payment obligations to suppliers and real estate lease obligations. Because we typically own the land and building in which a tenant conducts its business, we believe the risk of default on a tenant's lease obligations is less than the tenant's unsecured general obligations. It has been our experience that since tenants must retain their profitable locations in order to survive, in the event of reorganization they are less likely to reject a lease for a profitable location because this would terminate their right to use the property. Thus, as the property owner, we believe we will fare better than unsecured creditors of the same tenant in the event of reorganization. If a property is rejected by the tenant during reorganization, we own the property and can either lease it to a new tenant or sell the property. In addition, we believe that the risk of default on the real estate leases can be further mitigated by monitoring the performance of the tenants' individual unit locations and considering whether to sell locations that are weaker performers.

In order to qualify for inclusion in our portfolio, new property acquisitions must meet stringent investment and credit requirements. The properties must generate attractive current yields and the tenant must meet our credit profile. We have established a three-part analysis that examines each potential investment based on:

Industry, company, market conditions and credit profile;

For retail locations, store profitability, if profitability data is available, and the importance of the location of the real estate to the operations of the company's business; and

Overall real estate characteristics, including property value and comparative rental rates.

The typical profile of companies whose properties have been approved for acquisition are those with 50 or more locations. Generally the properties:

Are located in highly visible areas;

Have easy access to major thoroughfares; and

Have attractive demographics.

Acquisition Strategy

We seek to invest in industries in which several, well-organized, regional and national retailers and other commercial enterprises are capturing market share through service, quality control, economies of scale, strong consumer brands, advertising, and the selection of prime locations. We execute our acquisition strategy by acting as a source of capital to regional and national commercial enterprises by acquiring and leasing back their real estate locations. We undertake thorough research and analysis to identify what we consider to be appropriate industries, tenants and property locations for investment. Our research expertise is instrumental to uncovering net-lease opportunities in markets where our real estate financing program adds value. In selecting potential investments, we generally seek to acquire real estate that has the following characteristics:

Properties that are freestanding, commercially-zoned with a single tenant;

Properties that are important locations for regional and national commercial enterprises;

Properties that we deem to be profitable for the tenants and/or can generally be characterized as important to the operations of the company's business;

Properties that are located within attractive demographic areas, relative to the business of our tenants, with high visibility and easy access to major thoroughfares; and

Properties that can be purchased with the simultaneous execution or assumption of long-term, net-lease agreements, offering both current income and the potential for rent increases.

Impact of Real Estate and Credit Markets

In the commercial real estate market, property prices generally continue to fluctuate. Likewise, the U.S. credit markets have experienced significant price volatility, dislocations and liquidity disruptions, which may impact our access to and cost of capital. We continue to monitor the commercial real estate and U.S. credit markets carefully and, if required, will make decisions to adjust our business strategy accordingly. See Item 1A entitled "Risk Factors" in this annual report.

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Portfolio Management Strategy

The active management of the property portfolio is an essential component of our long-term strategy. We continually monitor our portfolio for any changes that could affect the performance of the industries, tenants and locations in which we have invested. We also regularly analyze our portfolio with a view toward optimizing its returns and enhancing our credit quality.

Our executives regularly review and analyze:

The performance of the various industries of our tenants; and  
The operation, management, business planning, and financial condition of our tenants.

We have an active portfolio management program that incorporates the sale of assets when we believe the reinvestment of the sale proceeds will:

Generate higher returns;  
Enhance the credit quality of our real estate portfolio;  
Extend our average remaining lease term; or  
Decrease tenant or industry concentration.

At December 31, 2011, we classified real estate with a carrying amount of \$2.2 million as held for sale on our balance sheet. In 2012, we intend to employ more active disposition efforts to further enhance the credit quality of our real estate portfolio. As a result, we anticipate selling investment properties from our portfolio that have not yet been specifically identified, from which we anticipate receiving between \$25 million and \$60 million in proceeds during the next 12 months. We intend to invest these proceeds into new property acquisitions, if there are attractive opportunities available. However, we cannot guarantee that we will sell properties during the next 12 months or be able to invest the proceeds from the sales of any properties in new properties.

Universal Shelf Registration

In March 2009, we filed a shelf registration statement with the SEC, which expires in March 2012. In accordance with the SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific dollar limit. The securities covered by this registration statement include common stock, preferred stock, debt securities, or any combination of these securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if the securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering. We plan to file a new shelf registration statement prior to the expiration of our existing shelf registration.

\$425 Million Acquisition Credit Facility

We have a \$425 million unsecured, revolving credit facility. The initial term of the credit facility expires in March 2014 and includes two, one-year extension options. Under the credit facility, the current investment grade credit ratings on our debt securities provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 185 basis points with a facility commitment fee of 35 basis points, for all-in drawn pricing of 220 basis points over LIBOR. The borrowing rate is not subject to an interest rate floor or ceiling. We also have other interest rate options available to us under the credit facility. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation. At December 31, 2011, we had a borrowing capacity of \$187.6 million available on our credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$237.4 million. As a result of the issuance of our Class F preferred stock in February 2012, we paid off all outstanding credit facility borrowings on February 7, 2012. The interest rate on borrowings outstanding under our credit facility at December 31, 2011 was 2.1% per annum. We must comply with various financial and other

covenants in our credit facility. At December 31, 2011, we remain in compliance with these covenants.

We expect to use our credit facility to acquire additional properties and for other corporate purposes. Any additional borrowings will increase our exposure to interest rate risk. We have the right to request an increase in the borrowing capacity of the credit facility, up to \$200 million, to a total borrowing capacity of \$625 million. Any increase in the borrowing capacity is subject to approval by the lending banks participating in our credit facility.

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We generally use our credit facility for the short-term financing of new property acquisitions. Thereafter, when capital is available on acceptable terms, we generally seek to refinance those borrowings with the net proceeds of long-term or permanent financing, which may include the issuance of common stock, preferred stock or debt securities. We cannot assure you, however, that we will be able to obtain any such refinancing, or that market conditions prevailing at the time of refinancing will enable us to issue equity or debt securities upon acceptable terms.

### Credit Agency Ratings

The borrowing rates under our credit facility are based upon our credit ratings. We are currently assigned the following investment grade corporate credit ratings on our senior unsecured notes and bonds: Fitch Ratings has assigned a rating of BBB+, Moody's Investors Service has assigned a rating of Baa1 and Standard & Poor's Ratings Group has assigned a rating of BBB to our senior notes. All of these ratings have "stable" outlooks.

Based on our current ratings, the current facility interest rate is LIBOR plus 185 basis points with a facility commitment fee of 35 basis points, for all-in drawn pricing of 220 basis points over LIBOR. The credit facility provides that the interest rate can range between: (i) LIBOR plus 300 basis points if our credit facility is lower than BBB-/Baa3 and (ii) LIBOR plus 175 basis points if our credit rating is A-/A3 or higher.

In addition, our credit facility provides for a facility commitment fee based on our credit ratings, which ranges from: (i) 50 basis points for a rating lower than BBB-/Baa3, and (ii) 30 basis points for a credit rating of A-/A3 or higher.

We also issue senior debt securities from time to time and our credit ratings can impact the interest rates charged in those transactions. If our credit ratings or ratings outlook change, our cost to obtain debt financing could increase or decrease.

The credit ratings assigned to us could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies and we cannot assure you that our ratings will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. Moreover, a rating is not a recommendation to buy, sell or hold our debt securities, preferred stock or common stock.

### Mortgage Debt

As of December 31, 2011, we have \$67.2 million of mortgages payable to third-party lenders that were assumed in 2011, in connection with our property acquisitions. We paid \$279,000 in principal payments on these mortgages payable during 2011. Additionally, net premiums totaling \$820,000, in aggregate, were recorded upon assumption of the mortgages payable at the time of the respective property acquisitions to account for above-market interest rates. We recorded amortization of \$189,000 related to these net premiums during 2011.

Our mortgages payable are secured by the properties on which the debt was placed and are non-recourse. We expect to pay off the mortgages payable as soon as prepayment penalties and costs make it economically feasible to do so. We intend to continue our policy of primarily identifying property acquisitions that are free from mortgage indebtedness.

### No Off-Balance Sheet Arrangements or Unconsolidated Investments

We have no unconsolidated or off-balance sheet investments in "variable interest entities" or off-balance sheet financing, nor do we engage in trading activities involving energy or commodity contracts or other derivative instruments. Additionally, we have no joint ventures or mandatorily redeemable preferred stock. As such, our financial position and results of operations are not affected by accounting regulations regarding the consolidation of off-balance sheet entities and classification of financial instruments with characteristics of both liabilities and equity.





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Competitive Strategy

We believe that to successfully pursue our investment philosophy and strategy, we must seek to maintain the following competitive advantages:

**Type of Investment Properties:** We believe net-leased properties, whether purchased individually or as part of larger portfolio purchases, represent an attractive investment opportunity in today's real estate environment. The less intensive day-to-day property management required by net-lease agreements, coupled with the active management of a large portfolio of properties, is an effective investment strategy. The tenants of our freestanding properties generally provide goods and services that satisfy basic consumer needs. In order to grow and expand, they generally need capital. Since the acquisition of real estate is typically the single largest capital expenditure of many of these tenants, our method of purchasing the property and then leasing it back, under a net-lease arrangement, allows the commercial enterprise to free up capital.

**Investment in New Industries:** We will seek to further diversify our portfolio among a variety of industries. We believe diversification will allow us to invest in industries that currently are growing and have characteristics we find attractive. When analyzing new industries, we seek to acquire properties that are critical to the success of a commercial enterprise, through its distribution of the product or service. Other characteristics may include, but are not limited to, industries that are dominated by local store operators where regional and national store operators and other commercial enterprises can increase market share and dominance by consolidating local operators and streamlining their operations, as well as capitalizing on major demographic shifts in a population base.

**Diversification:** Diversification of the portfolio by industry type, tenant, and geographic location is key to our objective of providing predictable investment results for our stockholders, therefore further diversification of our portfolio is a continuing objective. At December 31, 2011, we owned a diversified property portfolio that consisted of 2,634 properties located in 49 states, leased to 136 different retail and other commercial enterprises doing business in 38 industry segments. Each of the 38 industry segments, represented in our property portfolio, individually accounted for no more than 17.2% of our rental revenue for the quarter ended December 31, 2011.

**Management Specialization:** We believe that our management's specialization in acquiring and managing single-tenant properties, operated under net-lease agreements, purchased individually or as part of a larger portfolio, is important to meeting our objectives. We plan to maintain this specialization and will seek to employ and train high-quality professionals in this specialized area of real estate ownership, finance and management.

**Technology:** We intend to stay at the forefront of technology in our efforts to carry out our operations efficiently and economically. We maintain sophisticated information systems that allow us to analyze our portfolio's performance and actively manage our investments. We believe that technology and information-based systems play an important role in our competitiveness as an investment manager and source of capital to a variety of industries and tenants.

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PROPERTY PORTFOLIO INFORMATION

At December 31, 2011, we owned a diversified portfolio:

Of 2,634 properties;  
With an occupancy rate of 96.7%, or 2,547 properties leased and only 87 properties available for lease;  
Leased to 136 different retail and other commercial enterprises doing business in 38 separate industries;  
Located in 49 states;  
With over 27.3 million square feet of leasable space; and  
With an average leasable space per property of approximately 10,400 square feet.

At December 31, 2011, of our 2,634 properties, 2,533 were leased under net-lease agreements. A net lease typically requires the tenant to be responsible for minimum monthly rent and certain property operating expenses including property taxes, insurance and maintenance. In addition, our tenants are typically subject to future rent increases based on increases in the consumer price index (typically subject to ceilings), additional rent calculated as a percentage of the tenants' gross sales above a specified level, or fixed increases.

In order to more accurately reflect our exposure to various industries, the following industry table has been modified from similar tables we have prepared in the past to reflect the changes below:

Properties previously included in the “distribution and office” industry were reclassified to the “home improvement,” “convenience store,” and “restaurant” industries, to better reflect the industry in which the tenant operates;  
The “restaurant” industry was separated into the “restaurants - casual dining” industry, which includes dinner houses and family restaurants, and the “restaurants - quick service” industry, which includes fast food restaurants;  
The “equipment rental” industry was renamed “equipment services;”  
The “travel plazas” industry was renamed “transportation services;” and  
The “wine and spirits” industry was renamed “beverages.”

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## Industry Diversification

The following table sets forth certain information regarding Realty Income's property portfolio classified according to the business of the respective tenants, expressed as a percentage of our total rental revenue:

| Industries                          | Percentage of Rental Revenue(1)         |                 |                     |                 |                 |                 |                 |  |  |  |  |  |  |  |
|-------------------------------------|---|-----------------|---------------------|-----------------|-----------------|-----------------|-----------------|--|--|--|--|--|--|--|
|                                     | For the<br>Quarter<br>Ended<br>December |                 | For the Years Ended |                 |                 |                 |                 |  |  |  |  |  |  |  |
|                                     | 31,<br>2011                             | Dec 31,<br>2011 | Dec 31,<br>2010     | Dec 31,<br>2009 | Dec 31,<br>2008 | Dec 31,<br>2007 | Dec 31,<br>2006 |  |  |  |  |  |  |  |
| Apparel stores                      | 1.3                                     | % 1.4           | % 1.2               | % 1.1           | % 1.1           | % 1.2           | % 1.7           |  |  |  |  |  |  |  |
| Automotive collision services       | 0.9                                     | 0.9             | 1.0                 | 1.1             | 1.0             | 1.1             | 1.3             |  |  |  |  |  |  |  |
| Automotive parts                    | 1.3                                     | 1.2             | 1.4                 | 1.5             | 1.6             | 2.1             | 2.8             |  |  |  |  |  |  |  |
| Automotive service                  | 3.4                                     | 3.7             | 4.7                 | 4.8             | 4.8             | 5.2             | 6.9             |  |  |  |  |  |  |  |
| Automotive tire services            | 4.9                                     | 5.6             | 6.4                 | 6.9             | 6.7             | 7.3             | 6.1             |  |  |  |  |  |  |  |
| Aviation                            | 0.8                                     | 0.5             | --                  | --              | --              | --              | --              |  |  |  |  |  |  |  |
| Beverages                           | 5.3                                     | 5.6             | 3.0                 | --              | --              | --              | --              |  |  |  |  |  |  |  |
| Book stores                         | 0.1                                     | 0.1             | 0.1                 | 0.2             | 0.2             | 0.2             | 0.2             |  |  |  |  |  |  |  |
| Business services                   | *                                       | *               | *                   | *               | *               | 0.1             | 0.1             |  |  |  |  |  |  |  |
| Child care                          | 4.7                                     | 5.2             | 6.5                 | 7.3             | 7.6             | 8.4             | 10.3            |  |  |  |  |  |  |  |
| C o n s u m e r electronics         | 0.5                                     | 0.5             | 0.6                 | 0.7             | 0.8             | 0.9             | 1.1             |  |  |  |  |  |  |  |
| Convenience stores                  | 17.2                                    | 18.5            | 17.1                | 16.9            | 15.8            | 14.0            | 16.1            |  |  |  |  |  |  |  |
| Crafts and novelties                | 0.2                                     | 0.2             | 0.3                 | 0.3             | 0.3             | 0.3             | 0.4             |  |  |  |  |  |  |  |
| Drug stores                         | 3.6                                     | 3.8             | 4.1                 | 4.3             | 4.1             | 2.7             | 2.9             |  |  |  |  |  |  |  |
| Education                           | 0.7                                     | 0.7             | 0.8                 | 0.9             | 0.8             | 0.8             | 0.8             |  |  |  |  |  |  |  |
| Entertainment                       | 0.9                                     | 1.0             | 1.2                 | 1.3             | 1.2             | 1.4             | 1.6             |  |  |  |  |  |  |  |
| Equipment services                  | 0.4                                     | 0.4             | 0.2                 | 0.2             | 0.2             | 0.2             | 0.2             |  |  |  |  |  |  |  |
| Financial services                  | 0.6                                     | 0.5             | 0.2                 | 0.2             | 0.2             | 0.2             | 0.1             |  |  |  |  |  |  |  |
| Food processing                     | 1.2                                     | 0.7             | --                  | --              | --              | --              | --              |  |  |  |  |  |  |  |
| General merchandise                 | 0.6                                     | 0.6             | 0.8                 | 0.8             | 0.8             | 0.7             | 0.6             |  |  |  |  |  |  |  |
| Grocery stores                      | 1.7                                     | 1.6             | 0.9                 | 0.7             | 0.7             | 0.7             | 0.7             |  |  |  |  |  |  |  |
| Health and fitness                  | 6.9                                     | 6.4             | 6.9                 | 5.9             | 5.6             | 5.1             | 4.3             |  |  |  |  |  |  |  |
| Home furnishings                    | 1.0                                     | 1.1             | 1.3                 | 1.3             | 2.4             | 2.6             | 3.1             |  |  |  |  |  |  |  |
| Home improvement                    | 1.6                                     | 1.7             | 2.0                 | 2.2             | 2.1             | 2.4             | 3.4             |  |  |  |  |  |  |  |
| M o t o r v e h i c l e dealerships | 2.1                                     | 2.2             | 2.6                 | 2.7             | 3.2             | 3.1             | 3.4             |  |  |  |  |  |  |  |
| Office supplies                     | 0.8                                     | 0.9             | 0.9                 | 1.0             | 1.0             | 1.1             | 1.3             |  |  |  |  |  |  |  |
| Packaging                           | 0.6                                     | 0.4             | --                  | --              | --              | --              | --              |  |  |  |  |  |  |  |
| Paper                               | 0.2                                     | 0.1             | --                  | --              | --              | --              | --              |  |  |  |  |  |  |  |
| Pet supplies and services           | 0.7                                     | 0.7             | 0.9                 | 0.9             | 0.8             | 0.9             | 1.1             |  |  |  |  |  |  |  |
| Restaurants - casual dining         | 9.8                                     | 10.9            | 13.4                | 13.7            | 14.3            | 14.9            | 7.0             |  |  |  |  |  |  |  |
| Restaurants - quick service         | 6.6                                     | 6.6             | 7.7                 | 8.3             | 8.2             | 6.6             | 4.9             |  |  |  |  |  |  |  |

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|                             |       |     |       |     |       |     |       |   |
|-----------------------------|-------|-----|-------|-----|-------|-----|-------|---|
| Shoe stores                 | 0.1   | 0.2 | 0.1   | --  | --    | --  | --    |   |
| Sporting goods              | 2.5   | 2.7 | 2.7   | 2.6 | 2.3   | 2.6 | 2.9   |   |
| Telecommunications          | 0.9   | 0.7 | --    | --  | --    | --  | --    |   |
| Theaters                    | 9.8   | 8.8 | 8.9   | 9.2 | 9.0   | 9.0 | 9.6   |   |
| T r a n s p o r t a t i o n |       |     |       |     |       |     |       |   |
| services                    | 2.2   | 1.8 | 0.2   | 0.2 | 0.2   | 0.2 | 0.3   |   |
| Video rental                | 0.0   | 0.0 | 0.2   | 1.0 | 1.1   | 1.7 | 2.1   |   |
| Wholesale clubs             | 2.7   | 0.7 | --    | --  | --    | --  | --    |   |
| Other                       | 1.2   | 1.4 | 1.7   | 1.8 | 1.9   | 2.3 | 2.7   |   |
| Totals                      | 100.0 | %   | 100.0 | %   | 100.0 | %   | 100.0 | % |

\* Less than 0.1%

(1) Includes rental revenue for all properties owned by Realty Income at the end of each period presented, including revenue from properties reclassified as discontinued operations. Excludes revenue from properties owned by Crest.

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## Property Type Diversification

The following table sets forth certain property type information regarding Realty Income's property portfolio as of December 31, 2011 (dollars in thousands):

| Property Type | Number of Properties | Approximate Leasable Square Feet | Rental Revenue for the Quarter Ended December 31, 2011(1) | Percentage of Revenue |
|---------------|----------------------|----------------------------------|---|-----------------------|
| Retail        | 2,577                | 22,109,800                       | \$97,841  | 86.4 %                |
| Agriculture   | 15                   | 184,500                          | 4,961   | 4.4                   |
| Distribution  | 13                   | 2,027,100                        | 3,520   | 3.1                   |
| Manufacturing | 6                    | 1,418,600                        | 2,509   | 2.2                   |
| Office        | 8                    | 778,500                          | 2,897   | 2.6                   |
| Industrial    | 15                   | 850,500                          | 1,531   | 1.3                   |
| Totals        | 2,634                | 27,369,000                       | \$113,259   | 100.0 %               |

(1) Includes rental revenue for all properties owned by Realty Income at December 31, 2011, including revenue from properties reclassified as discontinued operations of \$52. Excludes revenue of \$23 from properties owned by Crest.

## Tenant Diversification

The largest tenants based on percentage of total portfolio rental revenue at December 31, 2011 include the following:

|                                    |      |                             |      |
|------------------------------------|------|-----------------------------|------|
| AMC Theatres                       | 5.3% | NPC International/Pizza Hut | 2.7% |
| Diageo                             | 5.0% | BJ's Wholesale Club         | 2.6% |
| L.A. Fitness                       | 4.6% | Rite Aid                    | 2.6% |
| Northern Tier Energy/Super America | 4.4% | Smart & Final               | 2.4% |
| Hometown Buffet                    | 3.9% | FreedomRoads/Camping World  | 2.2% |
| Regal Cinemas                      | 3.4% | TBC Corporation             | 2.2% |
| Friendly's Ice Cream               | 3.2% | La Petite Academy           | 2.2% |
| The Pantry                         | 3.1% |                             |      |

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## Service Category Diversification for our Retail Portfolio

The following table sets forth certain information regarding the 2,577 retail properties owned by Realty Income at December 31, 2011, classified according to the business types and the level of services they provide (dollars in thousands):

|   | Number of<br>Properties | Retail<br>Rental<br>Revenue<br>for the<br>Quarter<br>Ended<br>December<br>31, 2011(1) | Percentage<br>of<br>Retail<br>Rental<br>Revenue |   |
|---|-------------------------|---|---|---|
| <b>Retail Industry</b>                    |                         |   |   |   |
| <b>Tenants Providing Services</b>         |                         |   |   |   |
| Automotive collision services             | 18                      | \$967   | 1.0   | % |
| Automotive service                        | 234                     | 3,857   | 3.9   |   |
| Child care                                | 238                     | 5,367   | 5.5   |   |
| Education                                 | 14                      | 807   | 0.8   |   |
| Entertainment                             | 8                       | 1,074   | 1.1   |   |
| Equipment services                        | 2                       | 150   | 0.2   |   |
| Financial services                        | 13                      | 197   | 0.2   |   |
| Health and fitness                        | 46                      | 7,829   | 8.0   |   |
| Theaters                                  | 43                      | 11,097  | 11.4  |   |
| Transportation services                   | 1                       | 187   | 0.2   |   |
| Other                                     | 9                       | 115   | 0.1   |   |
|   | 626                     | 31,647  | 32.4  |   |
| <b>Tenants Selling Goods and Services</b> |                         |   |   |   |
| Automotive parts (with installation)      | 25                      | 478   | 0.5   |   |
| Automotive tire services                  | 158                     | 5,575   | 5.7   |   |
| Business services                         | 1                       | 5   | *   |   |
| Convenience stores                        | 719                     | 19,341  | 19.8  |   |
| Motor vehicle dealerships                 | 15                      | 2,391   | 2.4   |   |
| Pet supplies and services                 | 14                      | 744   | 0.7   |   |
| Restaurants - casual dining               | 316                     | 10,461  | 10.7  |   |
| Restaurants - quick service               | 373                     | 7,500   | 7.7   |   |
| Video rental                              | 6                       | --  | 0.0   |   |
|   | 1,627                   | 46,495  | 47.5  |   |
| <b>Tenants Selling Goods</b>              |                         |   |   |   |
| Apparel stores                            | 10                      | 1,494   | 1.5   |   |
| Automotive parts                          | 41                      | 946   | 1.0   |   |
| Book stores                               | 1                       | 83  | 0.1   |   |
| Consumer electronics                      | 9                       | 592   | 0.6   |   |
| Crafts and novelties                      | 4                       | 228   | 0.2   |   |
| Drug stores                               | 57                      | 4,033   | 4.1   |   |
| General merchandise                       | 33                      | 693   | 0.7   |   |
| Grocery stores                            | 57                      | 1,959   | 2.0   |   |
| Home furnishings                          | 45                      | 1,191   | 1.2   |   |
| Home improvement                          | 28                      | 1,515   | 1.6   |   |
| Office supplies                           | 11                      | 891   | 0.9   |   |

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|                 |       |          |       |   |
|-----------------|-------|----------|-------|---|
| Shoe stores     | 1     | 168      | 0.2   |   |
| Sporting goods  | 21    | 2,881    | 2.9   |   |
| Wholesale clubs | 6     | 3,025    | 3.1   |   |
|                 | 324   | 19,699   | 20.1  |   |
| Totals          | 2,577 | \$97,841 | 100.0 | % |

\* Less than 0.1%

(1) Includes rental revenue for all retail properties owned by Realty Income at December 31, 2011, including revenue from properties reclassified as discontinued operations of \$52. Excludes revenue of \$23 from properties owned by Crest.



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## Lease Expirations

The following table sets forth certain information regarding Realty Income's property portfolio regarding the timing of the lease term expirations (excluding rights to extend a lease at the option of the tenant) on our 2,533 net leased, single-tenant properties as of December 31, 2011 (dollars in thousands):

| Year Expiring(1) | Number of Leases | Approx. Leasable Sq. Feet | Total Portfolio                                       |                           | Initial Expirations(3)    |  |                           | Subsequent Expirations(4) |  |                           |
|------------------|------------------|---------------------------|---|---------------------------|---------------------------|--|---------------------------|---------------------------|--|---------------------------|
|                  |                  |                           | Rental Revenue for the Quarter Ended Dec. 31, 2011(2) | % of Total Rental Revenue | Number of Leases Expiring | Rental Revenue for the Quarter Ended Dec. 31, 2011 | % of Total Rental Revenue | Number of Leases Expiring | Rental Revenue for the Quarter Ended Dec. 31, 2011 | % of Total Rental Revenue |
| 2012             | 161              | 1,079,800                 | \$3,700   | 3.3 %                     | 39                        | \$ 1,134   | 1.0 %                     | 122                       | \$ 2,566   | 2.3 %                     |
| 2013             | 162              | 1,348,000                 | 4,968   | 4.5                       | 64                        | 2,658  | 2.4                       | 98                        | 2,310  | 2.1                       |
| 2014             | 127              | 959,700                   | 3,478   | 3.1                       | 30                        | 1,465  | 1.3                       | 97                        | 2,013  | 1.8                       |
| 2015             | 157              | 888,800                   | 4,283   | 3.9                       | 79                        | 2,537  | 2.3                       | 78                        | 1,746  | 1.6                       |
| 2016             | 170              | 852,400                   | 3,630   | 3.3                       | 113                       | 2,325  | 2.1                       | 57                        | 1,305  | 1.2                       |
| 2017             | 70               | 842,400                   | 2,890   | 2.6                       | 41                        | 2,341  | 2.1                       | 29                        | 549  | 0.5                       |
| 2018             | 84               | 1,243,500                 | 3,985   | 3.6                       | 74                        | 3,730  | 3.4                       | 10                        | 255  | 0.2                       |
| 2019             | 140              | 1,520,700                 | 7,303   | 6.6                       | 132                       | 6,878  | 6.2                       | 8                         | 425  | 0.4                       |
| 2020             | 85               | 1,597,400                 | 5,009   | 4.5                       | 75                        | 4,664  | 4.2                       | 10                        | 345  | 0.3                       |
| 2021             | 186              | 1,975,600                 | 8,761   | 7.9                       | 178                       | 8,257  | 7.4                       | 8                         | 504  | 0.5                       |
| 2022             | 106              | 890,200                   | 4,652   | 4.2                       | 105                       | 4,619  | 4.2                       | 1                         | 33   | *                         |
| 2023             | 252              | 2,094,000                 | 10,000  | 9.0                       | 250                       | 9,926  | 8.9                       | 2                         | 74   | 0.1                       |
| 2024             | 61               | 549,500                   | 2,271   | 2.0                       | 60                        | 2,209  | 2.0                       | 1                         | 62   | *                         |
| 2025             | 208              | 1,724,400                 | 11,655  | 10.5                      | 203                       | 11,522   | 10.4                      | 5                         | 133  | 0.1                       |
| 2026             | 111              | 1,878,700                 | 7,155   | 6.4                       | 108                       | 7,074  | 6.3                       | 3                         | 81   | 0.1                       |
| 2027             | 170              | 1,424,100                 | 5,984   | 5.4                       | 169                       | 5,966  | 5.4                       | 1                         | 18   | *                         |
| 2028             | 85               | 1,111,600                 | 5,821   | 5.2                       | 83                        | 5,771  | 5.2                       | 2                         | 50   | *                         |
| 2029             | 53               | 960,800                   | 2,258   | 2.0                       | 50                        | 2,197  | 2.0                       | 3                         | 61   | *                         |
| 2030             | 36               | 417,300                   | 4,989   | 4.5                       | 36                        | 4,989  | 4.5                       | --                        | --   | --                        |
| 2031             | 90               | 1,876,900                 | 6,216   | 5.6                       | 89                        | 6,197  | 5.6                       | 1                         | 19   | *                         |
| 2032             | 2                | 289,400                   | 668   | 0.6                       | 2                         | 668  | 0.6                       | --                        | --   | --                        |
| 2033             | 8                | 94,000                    | 540   | 0.5                       | 8                         | 540  | 0.5                       | --                        | --   | --                        |
| 2034             | 6                | 84,900                    | 509   | 0.5                       | 6                         | 509  | 0.5                       | --                        | --   | --                        |
| 2037             | 2                | 48,800                    | 354   | 0.3                       | 2                         | 354  | 0.3                       | --                        | --   | --                        |
| 2043             | 1                | 3,600                     | 13  | *                         | --                        | --   | --                        | 1                         | 13   | *                         |
| Totals           | 2,533            | 25,756,500                | \$ 111,092  | 100.0 %                   | 1,996                     | \$ 98,530  | 88.8 %                    | 537                       | \$ 12,562  | 11.2 %                    |

\*Less than 0.1%

(1) Excludes 14 multi-tenant properties and 87 vacant unleased properties, one of which is a multi-tenant property. The lease expirations for properties under construction are based on the estimated date of completion of those properties.

(2) Includes rental revenue of \$52 from properties reclassified as discontinued operations and excludes revenue of \$2,167 from 14 multi-tenant properties and from 87 vacant and unleased properties at December 31, 2011. Excludes revenue of \$23 from three properties owned by Crest.

(3) Represents leases to the initial tenant of the property that are expiring for the first time.

(4) Represents lease expirations on properties in the portfolio, which have previously been renewed, extended or re-tenanted.

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## Geographic Diversification

The following table sets forth certain state-by-state information regarding Realty Income's property portfolio as of December 31, 2011 (dollars in thousands):

| State          | Number of Properties | Percent Leased | Approximate Leasable Square Feet | Rental Revenue for the Quarter Ended December 31, 2011(1) | Percentage of Rental Revenue |
|----------------|----------------------|----------------|----------------------------------|---|------------------------------|
| Alabama        | 62                   | 95 %           | 420,200                          | \$1,784   | 1.6 %                        |
| Alaska         | 2                    | 100            | 128,500                          | 300   | 0.3                          |
| Arizona        | 87                   | 98             | 619,500                          | 2,879   | 2.5                          |
| Arkansas       | 17                   | 88             | 92,400                           | 315   | 0.3                          |
| California     | 123                  | 99             | 2,670,100                        | 13,054  | 11.5                         |
| Colorado       | 58                   | 95             | 485,900                          | 1,854   | 1.6                          |
| Connecticut    | 23                   | 87             | 269,100                          | 1,153   | 1.0                          |
| Delaware       | 17                   | 100            | 33,300                           | 433   | 0.4                          |
| Florida        | 184                  | 95             | 1,881,000                        | 7,839   | 6.9                          |
| Georgia        | 143                  | 95             | 1,242,900                        | 5,077   | 4.5                          |
| Hawaii         | --                   | --             | --                               | --  | --                           |
| Idaho          | 12                   | 83             | 80,700                           | 324   | 0.3                          |
| Illinois       | 101                  | 98             | 1,335,900                        | 6,170   | 5.5                          |
| Indiana        | 81                   | 96             | 799,000                          | 3,633   | 3.2                          |
| Iowa           | 21                   | 100            | 290,600                          | 1,024   | 0.9                          |
| Kansas         | 37                   | 92             | 642,900                          | 1,397   | 1.2                          |
| Kentucky       | 23                   | 100            | 134,700                          | 709   | 0.6                          |
| Louisiana      | 34                   | 100            | 344,200                          | 1,183   | 1.1                          |
| Maine          | 3                    | 100            | 22,500                           | 163   | 0.1                          |
| Maryland       | 29                   | 100            | 384,000                          | 2,182   | 1.9                          |
| Massachusetts  | 64                   | 91             | 575,400                          | 2,517   | 2.2                          |
| Michigan       | 54                   | 96             | 287,200                          | 1,278   | 1.1                          |
| Minnesota      | 150                  | 100            | 1,003,600                        | 6,774   | 6.0                          |
| Mississippi    | 72                   | 99             | 360,700                          | 1,605   | 1.4                          |
| Missouri       | 76                   | 96             | 1,027,500                        | 3,848   | 3.4                          |
| Montana        | 2                    | 100            | 30,000                           | 77  | 0.1                          |
| Nebraska       | 19                   | 95             | 196,300                          | 492   | 0.4                          |
| Nevada         | 15                   | 100            | 325,800                          | 1,007   | 0.9                          |
| New Hampshire  | 15                   | 93             | 217,200                          | 974   | 0.9                          |
| New Jersey     | 33                   | 91             | 260,400                          | 1,948   | 1.7                          |
| New Mexico     | 9                    | 100            | 58,400                           | 212   | 0.2                          |
| New York       | 42                   | 93             | 776,200                          | 4,272   | 3.8                          |
| North Carolina | 94                   | 100            | 572,400                          | 2,968   | 2.6                          |
| North Dakota   | 6                    | 100            | 36,600                           | 74  | 0.1                          |
| Ohio           | 134                  | 96             | 1,124,800                        | 3,973   | 3.5                          |
| Oklahoma       | 35                   | 100            | 752,400                          | 1,505   | 1.3                          |
| Oregon         | 20                   | 100            | 384,200                          | 1,305   | 1.2                          |
| Pennsylvania   | 103                  | 99             | 905,800                          | 4,207   | 3.7                          |

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|                |       |     |              |           |         |
|----------------|-------|-----|--------------|-----------|---------|
| Rhode Island   | 3     | 100 | 11,000       | 60        | 0.1     |
| South Carolina | 98    | 99  | 371,400      | 2,268     | 2.0     |
| South Dakota   | 10    | 100 | 89,800       | 186       | 0.2     |
| Tennessee      | 128   | 98  | 740,200      | 2,983     | 2.6     |
| Texas          | 215   | 96  | 3,134,800    | 10,130    | 9.0     |
| Utah           | 6     | 100 | 121,700      | 251       | 0.2     |
| Vermont        | 4     | 100 | 12,700       | 131       | 0.1     |
| Virginia       | 105   | 95  | 1,519,400    | 4,649     | 4.1     |
| Washington     | 35    | 97  | 298,100      | 1,048     | 0.9     |
| West Virginia  | 2     | 100 | 23,000       | 101       | 0.1     |
| Wisconsin      | 27    | 93  | 269,200      | 943       | 0.8     |
| Wyoming        | 1     | 0   | 5,400        | 0         | 0.0     |
| Totals/Average | 2,634 | 97  | % 27,369,000 | \$113,259 | 100.0 % |

(1) Includes rental revenue for all properties owned by Realty Income at December 31, 2011, including revenue from properties reclassified as discontinued operations of \$52. Excludes revenue of \$23 from properties owned by Crest.

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FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K, including the documents incorporated by reference herein, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended. When used in this annual report, the words "estimated", "anticipated", "expect", "believe", "intend" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include discussions of strategy, plans or intentions of management. Forward-looking statements are subject to risks, uncertainties, and assumptions about Realty Income Corporation, including, among other things:

- Our anticipated growth strategies;
- Our intention to acquire additional properties and the timing of these acquisitions;
- Our intention to sell properties and the timing of these property sales;
- Our intention to re-lease vacant properties;
- Anticipated trends in our business, including trends in the market for long-term net-leases of freestanding, single-tenant properties; and
- Future expenditures for development projects.

Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. In particular, some of the factors that could cause actual results to differ materially are:

- Our continued qualification as a real estate investment trust;
- General business and economic conditions;
- Competition;
- Fluctuating interest rates;
- Access to debt and equity capital markets;
- Continued volatility and uncertainty in the credit markets and broader financial markets;
- Other risks inherent in the real estate business including tenant defaults, potential liability relating to environmental matters, illiquidity of real estate investments, and potential damages from natural disasters;
- Impairments in the value of our real estate assets;
- Changes in the tax laws of the United States of America;
- The outcome of any legal proceedings to which we are a party or which may occur in the future; and
- Acts of terrorism and war.

Additional factors that may cause risks and uncertainties include those discussed in the sections entitled "Business", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this annual report.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that this annual report was filed with the SEC. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events. In light of these risks and uncertainties, the forward-looking events discussed in this annual report might not occur.

Item 1A: Risk Factors

This "Risk Factors" section contains references to our "capital stock" and to our "stockholders." Unless expressly stated otherwise, the references to our "capital stock" represent our common stock and any class or series of our

preferred stock, while the references to our "stockholders" represent holders of our common stock and any class or series of our preferred stock.

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In order to grow we need to continue to acquire investment properties. The acquisition of investment properties may be subject to competitive pressures.

We face competition in the acquisition, operation and sale of property. We expect competition from:

Businesses;  
Individuals;  
Fiduciary accounts and plans; and  
Other entities engaged in real estate investment and financing.

Some of these competitors are larger than we are and have greater financial resources. This competition may result in a higher cost for properties we wish to purchase.

Negative market conditions or adverse events affecting our existing or potential tenants, or the industries in which they operate, could have an adverse impact on our ability to attract new tenants, re-lease space, collect rent or renew leases, which could adversely affect our cash flow from operations and inhibit growth.

Cash flow from operations depends in part on the ability to lease space to tenants on economically favorable terms.

We could be adversely affected by various facts and events over which we have limited or no control, such as:

Lack of demand in areas where our properties are located;  
Inability to retain existing tenants and attract new tenants;  
Oversupply of space and changes in market rental rates;  
Declines in our tenants' creditworthiness and ability to pay rent, which may be affected by their operations, the current economic situation and competition within their industries from other operators;  
Defaults by and bankruptcies of tenants, failure of tenants to pay rent on a timely basis, or failure of tenants to comply with their contractual obligations;  
Economic or physical decline of the areas where the properties are located; and  
Deterioration of physical condition of our properties.

At any time, any tenant may experience a downturn in its business that may weaken its operating results or overall financial condition. As a result, a tenant may delay lease commencement, fail to make rental payments when due, decline to extend a lease upon its expiration, become insolvent or declare bankruptcy. Any tenant bankruptcy or insolvency, leasing delay or failure to make rental payments when due could result in the termination of the tenant's lease and material losses to us.

If tenants do not renew their leases as they expire, we may not be able to rent or sell the properties. Furthermore, leases that are renewed, and some new leases for properties that are re-leased, may have terms that are less economically favorable than expiring lease terms, or may require us to incur significant costs, such as renovations, tenant improvements or lease transaction costs. Negative market conditions may cause us to sell vacant properties for less than their carrying value, which could result in impairments. Any of these events could adversely affect cash flow from operations and our ability to make distributions to shareholders and service indebtedness. A significant portion of the costs of owning property, such as real estate taxes, insurance and maintenance, are not necessarily reduced when circumstances cause a decrease in rental revenue from the properties. In a weakened financial condition, tenants may not be able to pay these costs of ownership and we may be unable to recover these operating expenses from them.

Further, the occurrence of a tenant bankruptcy or insolvency could diminish the income we receive from the tenant's lease or leases. In addition, a bankruptcy court might authorize the tenant to terminate its leases with us. If that happens, our claim against the bankrupt tenant for unpaid future rent would be subject to statutory limitations that most likely would result in rent payments that would be substantially less than the remaining rent we are owed under the leases or we may elect not to pursue claims against the tenant for terminated leases. In addition, any claim we have

for unpaid past rent, if any, may not be paid in full, or at all. Moreover, in the case of a tenant's leases that are not terminated as a result of its bankruptcy, we may be required or elect to reduce the rent payable under those leases or provide other concessions, reducing amounts we receive under those leases. As a result, tenant bankruptcies may have a material adverse effect on our results of operations. Any of these events could adversely affect cash from operations and our ability to make distributions to stockholders and service indebtedness.

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Eighty-seven of our properties were available for lease or sale at December 31, 2011, all but one of which were single-tenant properties. At December 31, 2011, 33 of our properties under lease were unoccupied and available for sublease by the tenants, all of which were current with their rent and other obligations. During 2011, each of our tenants accounted for less than 10% of our rental revenue.

For the fourth quarter of 2011, our tenants in the “convenience stores” industry accounted for 17.2% of our rental revenue. A downturn in this industry, whether nationwide or limited to specific sectors of the United States, could adversely affect tenants in this industry, which in turn could have a material adverse effect on our financial position, results of operations and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions on our common stock and preferred stock.

We believe that the ongoing economic recession has also had an adverse effect on many casual dining restaurants, such as our tenants, Friendly Ice Cream Corporation and Buffets Holdings, Inc. Both of these tenants filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code, and the impact of bankruptcy filings by these or other tenants in the casual dining industry could, as described in the immediately preceding sentence, adversely affect us. Individually, each of the other industries in our property portfolio accounted for less than 10% of our rental revenue for the fourth quarter of 2011. Nevertheless, downturns in these other industries could also adversely affect our tenants, which in turn could also have a material adverse effect on our financial position, results of operations and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions on our common and preferred stock. In addition, we may in the future make additional investments in the “convenience stores” industry, which would increase this industry’s percentage of our rental revenues, thereby increasing the effect that such a downturn in this industry would have on us.

In addition, a substantial number of our properties are leased to middle-market retail and other commercial enterprises that generally have more limited financial and other resources than certain upper-market retail and other commercial enterprises, and therefore, they are more likely to be adversely affected by a downturn in their respective businesses or in the regional, national or international economy.

Furthermore, we have made and may continue to make selected acquisitions of properties that fall outside our historical focus on freestanding, single-tenant, net-lease retail locations in the United States. We may be exposed to a variety of new risks by expanding into new property types and/or new jurisdictions outside the United States and properties leased to tenants engaged in non-retail businesses. For example, our acquisitions in 2011 included distribution properties, office properties, and manufacturing properties leased to tenants in a range of non-retail businesses. These risks may include a limited knowledge and understanding of the industry in which the tenant operates, limited experience in managing certain types of new properties, new types of real estate locations and lease structures, and the laws and culture of any non-U.S. jurisdiction.

As a property owner, we may be subject to unknown environmental liabilities. Investments in real property can create a potential for environmental liability. An owner of property can face liability for environmental contamination created by the presence or discharge of hazardous substances on the property. We can face such liability regardless of:

- Our knowledge of the contamination;
- The timing of the contamination;
- The cause of the contamination; or
- The party responsible for the contamination of the property.

There may be environmental problems associated with our properties of which we are unaware. In that regard, a number of our properties are leased to operators of convenience stores that sell petroleum-based fuels, as well as to

operators of oil change and tune-up facilities and operators that use chemicals and other waste products. These facilities, and some other of our properties, use, or may have used in the past, underground lifts or underground tanks for the storage of petroleum-based or waste products, which could create a potential for the release of hazardous substances.

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The presence of hazardous substances on a property may adversely affect our ability to lease or sell that property and we may incur substantial remediation costs. Although our leases generally require our tenants to operate in compliance with all applicable federal, state and local environmental laws, ordinances and regulations, and to indemnify us against any environmental liabilities arising from the tenants' activities on the property, we could nevertheless be subject to strict liability by virtue of our ownership interest. There also can be no assurance that our tenants could or would satisfy their indemnification obligations under their leases. The discovery of environmental liabilities attached to our properties could have an adverse effect on our results of operations, our financial condition or our ability to make distributions to stockholders and to pay the principal of and interest on our debt securities and other indebtedness.

In addition, several of our properties were built during the period when asbestos was commonly used in building construction and other buildings with asbestos may be acquired by us in the future. Environmental laws govern the presence, maintenance and removal of asbestos-containing materials, or ACMs, and require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos, that they adequately inform or train those who may come into contact with asbestos and that they undertake special precautions, including removal or other abatement in the event that asbestos is disturbed during renovation or demolition of a building. These laws may impose fines and penalties on building owners or operators for failure to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

It is also possible that some of our properties may contain or develop harmful mold, which could lead to liability for adverse health effects and costs of remediation of the problem. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Concern about indoor exposure to mold has been increasing, as exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, should our tenants or their employees or customers be exposed to mold at any of our properties we could be required to undertake a costly remediation program to contain or remove the mold from the affected property, which would reduce our cash available for distribution. In addition, exposure to mold by our tenants or others could expose us to liability if property damage or health concerns arise.

**Compliance.** We have not been notified by any governmental authority, and are not otherwise aware, of any material noncompliance, liability or claim relating to hazardous substances, toxic substances, or petroleum products in connection with any of our present properties. In addition, we believe we are in compliance in all material respects with all present federal, state and local laws relating to ACMs. Nevertheless, if environmental contamination should exist, we could be subject to strict liability by virtue of our ownership interest.

**Insurance and Indemnity.** In June 2005, we entered into a seven-year environmental insurance policy, or the June 2005 policy, which expires on June 1, 2012 on our property portfolio which replaced the previous five-year environmental insurance policy. The limits on our current policy are \$10 million per occurrence, and \$50 million in the aggregate, subject to a \$40,000 self insurance retention, per occurrence, for properties with underground storage tanks and a \$100,000 self insurance retention, per occurrence, for all other properties.

Additionally, in December 2009, we entered into a ten-year environmental insurance policy that expires in December 2019 that will initially act in an excess capacity to our June 2005 policy. On June 1, 2012, this policy will become our primary environmental policy with the same limits as the June 2005 policy, except that once we pay a total of \$1 million for self insurance retention, there will be a \$50,000 per loss maintenance fee, rather than the \$100,000 self insurance retention, per occurrence, for general environmental claims.

It is possible that our insurance could be insufficient to address any particular environmental situation and that, in the future, we could be unable to obtain insurance for environmental matters at a reasonable cost, or at all. Our tenants are generally responsible for, and indemnify us against, liabilities for environmental matters that occur on our properties. For properties that have underground storage tanks, in addition to providing an indemnity in our favor, the tenants generally obtain environmental insurance or rely upon the state funds in the states where these properties are located to reimburse tenants for environmental remediation.

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If we fail to qualify as a real estate investment trust, the amount of dividends we are able to pay would decrease, which could adversely affect the market price of our capital stock and could adversely affect the value of our debt securities.

Commencing with our taxable year ended December 31, 1994, we believe that we have been organized and have operated, and we intend to continue to operate, so as to qualify as a REIT under Sections 856 through 860 of the Code. However, we cannot assure you that we have been organized or have operated in a manner that has satisfied the requirements for qualification as a REIT, or that we will continue to be organized or operate in a manner that will allow us to continue to qualify as a REIT.

Qualification as a REIT involves the satisfaction of numerous requirements under highly technical and complex Code provisions, for which there are only limited judicial and administrative interpretations, as well as the determination of various factual matters and circumstances not entirely within our control.

For example, in order to qualify as a REIT, at least 95% of our gross income in each year must be derived from qualifying sources, and we must pay distributions to stockholders aggregating annually at least 90% of our REIT taxable income (as defined in the Code and determined without regard to the dividends paid deduction and by excluding net capital gains).

In the future, it is possible that legislation, new regulations, administrative interpretations or court decisions will change the tax laws with respect to qualification as a REIT, or the federal income tax consequences of such qualification.

If we fail to satisfy all of the requirements for qualification as a REIT, we may be subject to certain penalty taxes or, in some circumstances, we may fail to qualify as a REIT. If we were to fail to qualify as a REIT in any taxable year:

- We would be required to pay federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates;

- We would not be allowed a deduction in computing our taxable income for amounts distributed to our stockholders;

- We could be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost;

  - We would no longer be required to make distributions to stockholders; and

- This treatment would substantially reduce amounts available for investment or distribution to stockholders because of the additional tax liability for the years involved, which could have a material adverse effect on the market price of our capital stock and the value of our debt securities.

Even if we qualify for and maintain our REIT status, we may be subject to certain federal, state and local taxes on our income and property. For example, if we have net income from a prohibited transaction, that income will be subject to a 100% tax. Our subsidiary, Crest, is subject to federal and state taxes at the applicable tax rates on its income and property.

Distributions requirements imposed by law limit our flexibility.

To maintain our status as a REIT for federal income tax purposes, we generally are required to distribute to our stockholders at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and by excluding net capital gains each year. We also are subject to tax at regular corporate rates to the extent that we distribute less than 100% of our REIT taxable income (including net capital gains) each year.

In addition, we are subject to a 4% nondeductible excise tax to the extent that we fail to distribute during any calendar year at least the sum of 85% of our ordinary income for that calendar year, 95% of our capital gain net income for the

calendar year, and any amount of that income that was not distributed in prior years.

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We intend to continue to make distributions to our stockholders to comply with the distribution requirements of the Code as well as to reduce our exposure to federal income taxes and the nondeductible excise tax. Differences in timing between the receipt of income and the payment of expenses to arrive at taxable income, along with the effect of required debt amortization payments, could require us to borrow funds on a short-term basis to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT.

Future issuances of equity securities could dilute the interest of holders of our common stock.

Our future growth will depend, in large part, upon our ability to raise additional capital. If we were to raise additional capital through the issuance of equity securities, we could dilute the interests of holders of our common stock. The interests of our common stockholders could also be diluted by the issuance of shares of common stock upon the exercise of outstanding options or pursuant to stock incentive plans. Likewise, our Board of Directors is authorized to cause us to issue preferred stock of any class or series (with dividend, voting and other rights as determined by the Board of Directors). Accordingly, the Board of Directors may authorize the issuance of preferred stock with voting, dividend and other similar rights that could dilute, or otherwise adversely affect, the interest of holders of our common stock.

We are subject to risks associated with debt and capital stock financing.

We intend to incur additional indebtedness in the future, including borrowings under our \$425 million acquisition credit facility. At December 31, 2011, we had \$237.4 million of outstanding borrowings under our acquisition credit facility, a total of \$1.75 billion of outstanding unsecured senior debt securities and \$67.8 million of outstanding mortgage debt. As a result of the issuance of our Class F preferred stock in February 2012, we paid off all outstanding credit facility borrowings on February 7, 2012. To the extent that new indebtedness is added to our current debt levels, the related risks that we now face would increase. As a result, we are and will be subject to risks associated with debt financing, including the risk that our cash flow could be insufficient to meet required payments on our debt. We also face variable interest rate risk as the interest rate on our acquisition credit facility is variable and could therefore increase over time. We also face the risk that we may be unable to refinance or repay our debt as it comes due. Given past disruptions in the financial markets and the ongoing financial crisis in Europe (which relates primarily to concerns that certain European countries may be unable to repay their national debt), we also face the risk that one or more of the participants in our acquisition credit facility may not be able to lend us money.

In addition, our acquisition credit facility contains provisions that could limit or, in certain cases, prohibit the payment of distributions on our common stock and preferred stock. In particular, our acquisition credit facility provides that, if an event of default (as defined in the credit facility) exists, neither we nor any of our subsidiaries may make any distributions on (except distributions payable in shares of a given class of our stock to the shareholders of that class), or repurchase or redeem, among other things, any shares of our common stock or preferred stock, during any period of four consecutive fiscal quarters in an aggregate amount in excess of the greater of:

The sum of (a) 95% of our adjusted funds from operations (as defined in the credit facility) for that period plus (b) the aggregate amount of cash distributions on our preferred stock for that period, and

The minimum amount of cash distributions required to be made to our shareholders in order to maintain our status as a REIT for federal income tax purposes,

except that we may repurchase or redeem preferred stock with the net proceeds from the issuance of our common stock or preferred stock. The acquisition credit facility further provides that, in the event of a failure to pay principal, interest or any other amount payable thereunder when due or upon the occurrence of certain events of bankruptcy, insolvency or reorganization with respect to us or with respect to any of our subsidiaries that has guaranteed amounts payable under the credit facility or that meets a significance test set forth in the credit facility, we and our subsidiaries may not pay any distributions on (except distributions payable in shares of a given class of our stock to the shareholders of that class), or repurchase or redeem, among other things, any shares of our common stock or preferred

stock. If any such event of default under our acquisition credit facility were to occur, it would likely have a material adverse effect on the market price of our outstanding common and preferred stock and on the market value of our debt securities, could limit the amount of distributions payable on our common stock and preferred stock or prevent us from paying those distributions altogether, and may adversely affect our ability to qualify, or prevent us from qualifying, as a REIT.



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Our indebtedness could also have other important consequences to holders of our common and preferred stock, including:

- Increasing our vulnerability to general adverse economic and industry conditions;
- Limiting our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;
- Requiring the use of a substantial portion of our cash flow from operations for the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund working capital, acquisitions, capital expenditures and general corporate requirements;
- Limiting our flexibility in planning for, or reacting to, changes in our business and our industry; and
- Putting us at a disadvantage compared to our competitors with less indebtedness.

If we default under a mortgage loan, we will automatically be in default of any other loan that has cross-default provisions, and we may lose the properties securing these loans.

Our business operations may not generate the cash needed to make distributions on our capital stock or to service our indebtedness.

Our ability to make distributions on our common stock and preferred stock and payments on our indebtedness, and to fund planned acquisitions and capital expenditures will depend on our ability to generate cash in the future. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to make distributions on our common stock and preferred stock, to pay our indebtedness, or to fund our other liquidity needs.

The market value of our capital stock and debt securities could be substantially affected by various factors.

The market value of our capital stock and debt securities will depend on many factors, which may change from time to time, including:

- Prevailing interest rates, increases in which may have an adverse effect on the market value of our capital stock and debt securities;
- The market for similar securities issued by other REITs;
- General economic and financial market conditions;
- The financial condition, performance and prospects of us, our tenants and our competitors;
- Changes in financial estimates or recommendations by securities analysts with respect to us, our competitors or our industry;
- Changes in our credit ratings; and
- Actual or anticipated variations in quarterly operating results of us and our competitors.

In addition, over the last several years, prices of common stock in the U.S. trading markets have been experiencing extreme price fluctuations, and the market price of our common stock has also fluctuated significantly during this period. As a result of these and other factors, investors who purchase our capital stock and debt securities may experience a decrease, which could be substantial and rapid, in the market value of our capital stock and debt securities, including decreases unrelated to our operating performance or prospects.

Real estate ownership is subject to particular economic conditions that may have a negative impact on our revenue. We are subject to all of the inherent risks associated with the ownership of real estate. In particular, we face the risk that rental revenue from our properties may be insufficient to cover all corporate operating expenses, debt service payments on indebtedness we incur and distributions on our capital stock. Additional real estate ownership risks include:

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Adverse changes in general or local economic conditions;  
Changes in supply of, or demand for, similar or competing properties;  
Changes in interest rates and operating expenses;  
Competition for tenants;

Changes in market rental rates;

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Inability to lease properties upon termination of existing leases;  
Renewal of leases at lower rental rates;  
Inability to collect rents from tenants due to financial hardship, including bankruptcy;  
Changes in tax, real estate, zoning and environmental laws that may have an adverse impact upon the value of real estate;  
Uninsured property liability;  
Property damage or casualty losses;  
Unexpected expenditures for capital improvements or to bring properties into compliance with applicable federal, state and local laws;  
The need to periodically renovate and repair our properties;  
Physical or weather-related damage to properties;  
The potential risk of functional obsolescence of properties over time;  
Acts of terrorism and war; and  
Acts of God and other factors beyond the control of our management.

An uninsured loss or a loss that exceeds the policy limits on our properties could subject us to lost capital or revenue on those properties.

Under the terms and conditions of the leases currently in force on our properties, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons, air, water, land or property, due to activities conducted on the properties, except for claims arising from the negligence or intentional misconduct of us or our agents. Additionally, tenants are generally required, at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. The insurance policies our tenants are required to maintain for property damage are generally in amounts not less than the full replacement cost of the improvements less slab, foundations, supports and other customarily excluded improvements. Our tenants are generally required to maintain general liability coverage varying between \$1,000,000 and \$10,000,000 depending on the tenant and the industry in which the tenant operates.

In addition to the indemnities and required insurance policies identified above, many of our properties are also covered by flood and earthquake insurance policies (subject to substantial deductibles) obtained and paid for by the tenants as part of their risk management programs. Additionally, we have obtained blanket liability, flood and earthquake (subject to substantial deductibles) and property damage insurance policies to protect us and our properties against loss should the indemnities and insurance policies provided by the tenants fail to restore the properties to their condition prior to a loss. However, should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of a loss that is subject to a substantial deductible under an insurance policy, we could lose all or part of our capital invested in, and anticipated revenue from, one or more of the properties, which could have a material adverse effect on our results of operations or financial condition and on our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions to our stockholders. Given the recent disruptions in the insurance industry, we also face the risk that our insurance carriers may not be able to provide payment under any potential claims that might arise under the terms of our insurance policies, and we may not have the ability to purchase insurance policies we desire.

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Compliance with the Americans with Disabilities Act of 1990 and fire, safety, and other regulations may require us to make unintended expenditures that could adversely impact our results of operations.

Our properties are generally required to comply with the Americans with Disabilities Act of 1990, or the ADA. The ADA has separate compliance requirements for "public accommodations" and "commercial facilities," but generally requires that buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers and non-compliance could result in imposition of fines by the U.S. government or an award of damages to private litigants. The retailers to whom we lease properties are obligated by law to comply with the ADA provisions, and we believe that these retailers may be obligated to cover costs associated with compliance. If required changes involve greater expenditures than anticipated, or if the changes must be made on a more accelerated basis than anticipated, the ability of these retailers to cover costs could be adversely affected and we could be required to expend our own funds to comply with the provisions of the ADA, which could materially adversely affect our results of operations or financial condition and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions to our stockholders. In addition, we are required to operate our properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to our properties. We may be required to make substantial capital expenditures to comply with those requirements and these expenditures could have a material adverse effect on our results of operations or financial condition and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions to our stockholders.

Property taxes may increase without notice.

The real property taxes on our properties and any other properties that we develop or acquire in the future may increase as property tax rates change and as those properties are assessed or reassessed by tax authorities.

We depend on key personnel.

We depend on the efforts of our executive officers and key employees. The loss of the services of our executive officers and key employees could have a material adverse effect on our results of operations or financial condition and on our ability to pay the principal and interest on our debt securities and other indebtedness and to make distributions to our stockholders. It is possible that we will not be able to recruit additional personnel with equivalent experience in the net-lease industry.

Terrorist attacks and other acts of violence or war may affect the value of our debt and equity securities, the markets in which we operate and our results of operations.

Terrorist attacks may negatively affect our operations, the market price of our capital stock and the value of our debt securities. There can be no assurance that there will not be further terrorist attacks against the United States or U.S. businesses. These attacks, or armed conflicts, may directly impact our physical facilities or the businesses of our tenants.

If events like these were to occur, they could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. They also could result in or prolong an economic recession in the U.S. or abroad. Any of these occurrences could have a significant adverse impact on our operating results and revenues and on the market price of our capital stock and on the value of our debt securities. It could also have an adverse effect on our ability to pay principal and interest on our debt securities or other indebtedness and to make distributions to our stockholders.

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Disruptions in the financial markets could affect our ability to obtain financing on reasonable terms and have other adverse effects on us and the market price of our common stock.

Over the last several years, the United States stock and credit markets have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks and debt securities to fluctuate substantially and the spreads on prospective debt financings to widen considerably. In addition, the ongoing financial crisis in Europe (which relates primarily to concerns that certain European countries may be unable to pay their national debt) has had a similar effect. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings less attractive, and in certain cases have resulted in the unavailability of certain types of financing. Unrest in certain Middle Eastern countries and resultant fluctuation in petroleum prices have added to the uncertainty in the capital markets. Continued uncertainty in the stock and credit markets may negatively impact our ability to access additional financing at reasonable terms, which may negatively affect our ability to make acquisitions. A prolonged downturn in the stock or credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly. In addition, these factors may make it more difficult for us to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of financing or difficulties in obtaining financing. These events in the stock and credit markets may make it more difficult or costly for us to raise capital through the issuance of our common stock or preferred stock or debt securities. These disruptions in the financial markets also may have a material adverse effect on the market value of our common stock, preferred stock and debt securities, the income we receive from our properties and the lease rates we can charge for our properties, as well as other unknown adverse effects on us or the economy in general.

Inflation may adversely affect our financial condition and results of operations.

Although inflation has not materially impacted our results of operations in the recent past, increased inflation could have a more pronounced negative impact on any variable rate debt we incur in the future and on our results of operations. During times when inflation is greater than increases in rent, as provided for in our leases, rent increases may not keep up with the rate of inflation. Likewise, even though net leases reduce our exposure to rising property expenses due to inflation, substantial inflationary pressures and increased costs may have an adverse impact on our tenants if increases in their operating expenses exceed increases in revenue, which may adversely affect the tenants' ability to pay rent.

Current volatility in market and economic conditions may impact the accuracy of the various estimates used in the preparation of our financial statements and footnotes to the financial statements.

Various estimates are used in the preparation of our financial statements, including estimates related to asset and liability valuations (or potential impairments), and various receivables. Often these estimates require the use of market data values which are currently difficult to assess, as well as estimates of future performance or receivables collectability which can also be difficult to accurately predict. Although management believes it has been prudent and used reasonable judgment in making these estimates, it is possible that actual results may differ from these estimates.

Changes in accounting standards may adversely impact our financial condition and results of operations.

The SEC is currently considering whether issuers in the U.S. should be required to prepare financial statements in accordance with International Financial Reporting Standards, or IFRS, instead of U.S. generally accepted accounting principles, or GAAP. IFRS is a comprehensive set of accounting standards promulgated by the International Accounting Standards Board, or IASB, which are rapidly gaining worldwide acceptance. If the SEC decides to require IFRS, it expects that U.S. issuers would first report under the new standards beginning in approximately 2015 or 2016, although the timeframe has not been finalized. Additionally, the Financial Accounting Standards Board, or FASB, is considering various changes to GAAP, some of which may be significant, as part of a joint effort with the IASB to converge accounting standards. Although the FASB and IASB currently have a project on their agenda to examine the accounting for leases, the project may not result in the issuance of a final standard or a standard that would be comparable to current GAAP. If IFRS is adopted, the potential issues associated with lease accounting,

along with other potential changes associated with the adoption or convergence with IFRS, may adversely impact our financial condition and results of operations.

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Item 1B: Unresolved Staff comments

There are no unresolved staff comments.

Item 2: Properties

Information pertaining to our properties can be found under Item 1.

Item 3: Legal Proceedings

We are subject to certain claims and lawsuits in the ordinary course of business, the outcome of which cannot be determined at this time. In the opinion of management, any liability we might incur upon the resolution of these claims and lawsuits will not, in the aggregate, have a material adverse effect on our consolidated financial position or results of operations.

Item 4: (Removed and Reserved)

## PART II

Item 5: Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

A. Our common stock is traded on the NYSE under the ticker symbol "O." The following table shows the high and low sales prices per share for our common stock as reported by the NYSE, and distributions declared per share of common stock for the periods indicated.

|                | Price Per Share<br>of Common Stock |         | Distributions<br>Declared(1) |
|----------------|------------------------------------|---------|------------------------------|
|                | High                               | Low     |                              |
| 2011           |                                    |         |                              |
| First quarter  | \$36.12                            | \$33.40 | \$ 0.4330625                 |
| Second quarter | 36.35                              | 32.19   | 0.4340000                    |
| Third quarter  | 35.03                              | 27.95   | 0.4349375                    |
| Fourth quarter | 35.76                              | 29.79   | 0.4358750                    |
| Total          |                                    |         | \$ 1.7378750                 |
| 2010           |                                    |         |                              |
| First quarter  | \$31.18                            | \$25.30 | \$ 0.4293125                 |
| Second quarter | 34.53                              | 28.42   | 0.4302500                    |
| Third quarter  | 34.79                              | 29.12   | 0.4311875                    |
| Fourth quarter | 35.97                              | 32.92   | 0.4321250                    |
| Total          |                                    |         | \$ 1.7228750                 |

(1) Common stock cash distributions currently are declared monthly by us based on financial results for the prior months. At December 31, 2011, a distribution of \$0.1455 per common share had been declared and was paid in January 2012.

There were 8,288 registered holders of record of our common stock as of December 31, 2011. We estimate that our total number of shareholders is just over 100,000 when we include both registered and beneficial holders of our common stock.

During the fourth quarter of 2011, no shares of stock were withheld for state and federal payroll taxes on the vesting of stock awards, as permitted under the 2003 Incentive Award Plan of Realty Income Corporation.

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## Item 6: Selected Financial Data

(not covered by Report of Independent Registered Public Accounting Firm)  
(dollars in thousands, except for per share data)

| As of or for the years ended<br>December 31,                 | 2011        | 2010        | 2009        | 2008        | 2007        |
|--|-------------|-------------|-------------|-------------|-------------|
| Total assets (book value)                                    | \$4,419,389 | \$3,535,590 | \$2,914,787 | \$2,994,179 | \$3,077,352 |
| Cash and cash equivalents                                    | 4,165       | 17,607      | 10,026      | 46,815      | 193,101     |
| Total debt   | 2,055,181   | 1,600,000   | 1,354,600   | 1,370,000   | 1,470,000   |
| Total liabilities  | 2,164,535   | 1,688,625   | 1,426,778   | 1,439,518   | 1,539,260   |
| Total stockholders' equity                                   | 2,254,854   | 1,846,965   | 1,488,009   | 1,554,661   | 1,538,092   |
| Net cash provided by operating activities                    | 298,952     | 243,368     | 226,707     | 246,155     | 318,169     |
| Net change in cash and cash equivalents                      | (13,442 )   | 7,581       | (36,789 )   | (146,286 )  | 182,528     |
| Total revenue  | 421,059     | 343,492     | 322,550     | 322,211     | 286,050     |
| Income from continuing operations                            | 151,137     | 120,734     | 118,855     | 108,181     | 119,872     |
| Income from discontinued operations                          | 5,895       | 10,050      | 12,272      | 23,660      | 20,537      |
| Net income   | 157,032     | 130,784     | 131,127     | 131,841     | 140,409     |
| Preferred stock cash dividends                               | (24,253 )   | (24,253 )   | (24,253 )   | (24,253 )   | (24,253 )   |
| Net income available to common stockholders                  | 132,779     | 106,531     | 106,874     | 107,588     | 116,156     |
| Cash distributions paid to common stockholders               | 219,297     | 182,500     | 178,008     | 169,655     | 157,659     |
| Basic and diluted net income per common share                | 1.05        | 1.01        | 1.03        | 1.06        | 1.16        |
| Cash distributions paid per common share                     | 1.736625    | 1.721625    | 1.706625    | 1.662250    | 1.560250    |
| Cash distributions declared per common share                 | 1.737875    | 1.722875    | 1.707875    | 1.667250    | 1.570500    |
| Basic weighted average number of common shares outstanding   | 126,142,696 | 105,869,637 | 103,577,507 | 101,178,191 | 100,195,031 |
| Diluted weighted average number of common shares outstanding | 126,189,399 | 105,942,721 | 103,581,053 | 101,209,883 | 100,333,966 |

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Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

Realty Income Corporation, The Monthly Dividend Company®, is a Maryland corporation organized to operate as an equity real estate investment trust, or REIT. Our primary business objective is to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, or FFO, per share. Our monthly distributions are supported by the cash flow from our portfolio of properties leased to retail and other commercial enterprises. We have in-house acquisition, leasing, legal, credit research, real estate research, portfolio management and capital markets expertise. Over the past 43 years, Realty Income and its predecessors have been acquiring and owning freestanding retail and other properties that generate rental revenue under long-term lease agreements (primarily 10 to 20 years).

In addition, we seek to increase distributions to stockholders and FFO per share through both active portfolio management and the acquisition of additional properties.

At December 31, 2011, we owned a diversified portfolio:

Of 2,634 properties;  
With an occupancy rate of 96.7%, or 2,547 properties leased and only 87 properties available for lease;  
Leased to 136 different retail and other commercial enterprises doing business in 38 separate industries;  
Located in 49 states;  
With over 27.3 million square feet of leasable space; and  
With an average leasable space per property of approximately 10,400 square feet.

Of the 2,634 properties in the portfolio, 2,619, or 99.4%, are single-tenant properties, and the remaining 15 are multi-tenant properties. At December 31, 2011, of the 2,619 single-tenant properties, 2,533 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.3 years.

LIQUIDITY AND CAPITAL RESOURCES

Capital Philosophy

Historically, we have met our long-term capital needs by issuing common stock, preferred stock and long-term unsecured notes and bonds. Over the long term, we believe that common stock should be the majority of our capital structure. However, we may issue additional preferred stock or debt securities from time to time. We may issue common stock when we believe that our share price is at a level that allows for the proceeds of any offering to be accretively invested into additional properties. In addition, we may issue common stock to permanently finance properties that were financed by our credit facility or debt securities. However, we cannot assure you that we will have access to the capital markets at times and at terms that are acceptable to us.

Our primary cash obligations, for the current year and subsequent years, are included in the "Table of Obligations," which is presented later in this section. We expect to fund our operating expenses and other short-term liquidity requirements, including property acquisitions and development costs, payment of principal and interest on our outstanding indebtedness, property improvements, re-leasing costs and cash distributions to common and preferred stockholders, primarily through cash provided by operating activities, borrowing on our \$425 million credit facility and occasionally through public securities offerings.

Conservative Capital Structure

We believe that our stockholders are best served by a conservative capital structure. Therefore, we seek to maintain a conservative debt level on our balance sheet and solid interest and fixed charge coverage ratios. At December 31, 2011, our total outstanding borrowings of senior unsecured notes and bonds, mortgages payable and credit facility borrowings were \$2.06 billion, or approximately 29.1% of our total market capitalization of \$7.06 billion.

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We define our total market capitalization at December 31, 2011 as the sum of:

Shares of our common stock outstanding of 133,223,338 multiplied by the last reported sales price of our common stock on the NYSE of \$34.96 per share on December 31, 2011, or \$4.66 billion;

Aggregate liquidation value (par value of \$25 per share) of the Class D preferred stock of \$127.5 million;

Aggregate liquidation value (par value of \$25 per share) of the Class E preferred stock of \$220 million;

Outstanding mortgages payable of \$67.8 million;

Outstanding borrowings of \$237.4 million on our credit facility; and

Outstanding senior unsecured notes and bonds of \$1.75 billion.

**Mortgage Debt**

As of December 31, 2011, we have \$67.2 million of mortgages payable to third-party lenders that were assumed in 2011, in connection with our property acquisitions. We paid \$279,000 in principal payments on these mortgages payable during 2011. Additionally, net premiums totaling \$820,000, in aggregate, were recorded upon assumption of the mortgages payable at the time of the respective property acquisitions to account for above-market interest rates. We recorded amortization of \$189,000 related to these net premiums during 2011.

Our mortgages payable are secured by the properties on which the debt was placed and are non-recourse. We expect to pay off the mortgages payable as soon as prepayment penalties and costs make it economically feasible to do so. We intend to continue our policy of primarily identifying property acquisitions that are free from mortgage indebtedness.

**\$425 Million Acquisition Credit Facility**

We have a \$425 million unsecured, revolving credit facility. The initial term of the credit facility expires in March 2014 and includes two, one-year extension options. Under the credit facility, the current investment grade credit ratings on our debt securities provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 185 basis points with a facility commitment fee of 35 basis points, for all-in drawn pricing of 220 basis points over LIBOR. The borrowing rate is not subject to an interest rate floor or ceiling. We also have other interest rate options available to us under the credit facility. At December 31, 2011, we had a borrowing capacity of \$187.6 million available on our credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$237.4 million. As a result of the issuance of our Class F preferred stock in February 2012, we paid off all outstanding credit facility borrowings on February 7, 2012. The interest rate on borrowings outstanding under our credit facility at December 31, 2011 was 2.1% per annum. We must comply with various financial and other covenants in our credit facility. At December 31, 2011, we remain in compliance with these covenants.

We expect to use our credit facility to acquire additional properties and for other corporate purposes. Any additional borrowings will increase our exposure to interest rate risk. We have the right to request an increase in the borrowing capacity of the credit facility, up to \$200 million, to a total borrowing capacity of \$625 million. Any increase in the borrowing capacity is subject to approval by the lending banks participating in our credit facility.

**Cash Reserves**

We are organized to operate as an equity REIT that acquires and leases properties and distributes to stockholders, in the form of monthly cash distributions, a substantial portion of our net cash flow generated from leases on our properties. We intend to retain an appropriate amount of cash as working capital. At December 31, 2011, we had cash and cash equivalents totaling \$4.2 million.

We believe that our cash and cash equivalents on hand, cash provided from operating activities, and borrowing capacity is sufficient to meet our liquidity needs for the foreseeable future. We intend, however, to use additional sources of capital to fund property acquisitions and to repay future borrowings under our credit facility.



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### Acquisitions During 2011

During 2011, we invested \$1.02 billion in 164 new properties, and properties under development, with an initial weighted average contractual lease rate of 7.8%. The majority of the lease revenue from these properties will be generated from tenants that have investment grade ratings on their senior debt securities. These 164 new properties, and properties under development, are located in 26 states, contain over 6.2 million leasable square feet, and are 100% leased with an average lease term of 13.4 years.

The initial weighted average contractual lease rate is computed as estimated contractual net operating income (in a net-leased property that is equal to the aggregate base rent or, in the case of a property under development, the estimated base rent) for the first year of each lease, divided by the estimated total cost of the properties. Since it is possible that a tenant could default on the payment of contractual rent, we cannot provide assurance that the actual return on the funds invested will remain at the percentages listed above.

Included in the \$1.02 billion invested during 2011 are:

- (1) The acquisition of 33 single-tenant retail, distribution, office and manufacturing properties for approximately \$543.8 million, under long-term, net lease agreements.
- (2) The acquisition of 60 properties operating in the restaurant - quick service industry for \$41.9 million, under long-term, net lease agreements.
- (3) The acquisition of six properties operating in the wholesale clubs industry for \$156.1 million, under long-term, net lease agreements.
- (4) The acquisition of 36 properties operating in the grocery store industry for \$151.4 million under long-term, net lease agreements.
- (5) The acquisition of nine properties operating in the health and fitness industry for \$63.2 million, under long-term, net lease agreements.
- (6) The remaining 20 properties acquired totaled approximately \$59.8 million.

### Portfolio Discussion

#### Leasing Results

At December 31, 2011, we had 87 properties available for lease out of 2,634 properties in our portfolio, which represents a 96.7% occupancy rate. Since December 31, 2010, when we reported 84 properties available for lease and a 96.6% occupancy rate, we:

Leased 37 properties;  
Sold 21 properties available for lease; and  
Have 61 new properties available for lease.

During 2011, 89 properties with expiring leases were leased to either existing or new tenants. The rent on these leases was \$9.6 million, as compared to the previous rent on these same properties of \$10.4 million. At December 31, 2011, our average annualized rental revenue per square foot was approximately \$17.06.

#### Investments in Existing Properties

In 2011, we capitalized costs of \$4.2 million on existing properties in our portfolio, consisting of \$1.7 million for re-leasing costs and \$2.5 million for building and tenant improvements. In 2010, we capitalized costs of \$3.6 million on existing properties in our portfolio, consisting of \$1.5 million for re-leasing costs and \$2.1 million for building improvements.

As part of our re-leasing costs, we pay leasing commissions and sometimes provide tenant rent concessions. Leasing commissions are paid based on the commercial real estate industry standard and any rent concessions provided are minimal. We do not consider the collective impact of the leasing commissions or tenant rent concessions to be material to our financial position or results of operations.

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The majority of our building and tenant improvements are related to roof repairs, HVAC improvements, and parking lot resurfacing and replacements. It is not customary for us to offer significant tenant improvements on our properties as tenant incentives. The amounts of our capital expenditures can vary significantly, depending on the rental market, credit worthiness, and the willingness of tenants to pay higher rents over the terms of the leases.

### Impact of Real Estate and Credit Markets

In the commercial real estate market, property prices generally continue to fluctuate. Likewise, the U.S. credit markets have experienced significant price volatility, dislocations and liquidity disruptions, which may impact our access to and cost of capital. We continue to monitor the commercial real estate and U.S. credit markets carefully and, if required, will make decisions to adjust our business strategy accordingly. See our discussion of "Risk Factors" in this annual report.

### Increases in Monthly Distributions to Common Stockholders

We continue our 43-year policy of paying distributions monthly. Monthly distributions per common share increased \$0.0003125 in April 2011 to \$0.1445625, in July 2011 to \$0.144875, in October 2011 to \$0.1451875 and in January 2012 to \$0.1455. The increase in January 2012 was our 57th consecutive quarterly increase and the 64th increase in the amount of our dividend since our listing on the NYSE in 1994. In 2011, we paid three monthly cash distributions per common share in the amount of \$0.14425, three in the amount of \$0.1445625, three in the amount of \$0.144875 and three in the amount of \$0.1451875, totaling \$1.736625. In December 2011, January 2012 and February 2012, we declared distributions of \$0.1455 per share, which were paid in January 2012 and will be paid in February 2012 and March 2012, respectively.

The current monthly distribution of \$0.1455 per share represents an annualized distribution of \$1.746 per share, and an annualized distribution yield of approximately 5.0% based on the last reported sale price of our common stock on the NYSE of \$34.96 on December 31, 2011. Although we expect to continue our policy of paying monthly distributions, we cannot guarantee that we will maintain our current level of distributions, that we will continue our pattern of increasing distributions per share, or what our actual distribution yield will be in any future period.

### Issuance of Preferred Stock

In February 2012, we issued 14.95 million shares of 6.625% Monthly Income Class F cumulative redeemable preferred stock, including 1.95 million shares purchased by the underwriters upon the exercise of their overallotment option. The net proceeds of approximately \$361.7 million from this issuance will be used to redeem the outstanding Class D preferred stock, repay borrowings under our acquisition credit facility and for other general corporate purposes. Beginning February 15, 2017, the Class F preferred shares are redeemable at our option for \$25.00 per share. The initial dividend of \$0.1702257 will be paid on March 15, 2012, and will cover 37 days. Thereafter, dividends of \$0.1380208 per share will be paid monthly.

### Redemption of Preferred Stock

In January 2012, we announced that we plan to redeem our outstanding Class D preferred stock on March 1, 2012. We will redeem the Class D preferred stock at \$25.00 per share, plus accrued dividends.

### Issuance of Common Stock

In September 2011, we issued 6,300,000 shares of common stock at a price of \$34.00 per share. After underwriting discounts and other offering costs of \$10.6 million, the net proceeds of \$203.6 million were used to repay borrowings under our acquisition credit facility, which were used to fund recent acquisitions.

In March 2011, we issued 8,625,000 shares of common stock at a price of \$34.81 per share. After underwriting discounts and offering costs of \$14.6 million, the net proceeds of \$285.6 million were used to fund property acquisitions.



In December 2010, we issued 7,360,000 shares of common stock at a price of \$33.70 per share. The net proceeds of approximately \$235.7 million were used to repay borrowings of \$179.8 million under our acquisition credit facility and to fund property acquisitions. The remaining net proceeds were used for general corporate purposes and working capital.

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In September 2010, we issued 6,198,500 shares of common stock at a price of \$33.40 per share. The net proceeds of approximately \$196.9 million were used to repay borrowings of \$49.7 million under our acquisition credit facility and to fund \$126.5 million of property acquisitions. The remaining net proceeds were used for general corporate purposes and working capital.

### Re-opening of Unsecured Bonds due 2035

In June 2011, we “re-opened” our 5.875% senior unsecured bonds due 2035, or the 2035 Bonds, and issued \$150 million in aggregate principal amount of additional 2035 Bonds. The public offering price for the additional 2035 Bonds was 94.578% of the principal amount for an effective yield of 6.318% per annum. Those 2035 Bonds constituted an additional issuance of, and a single series with, the \$100 million in aggregate principal amount of 2035 Bonds that we issued in March 2005. The net proceeds of \$140.1 million were used to fund property acquisitions.

### Note Issuance

In June 2010, we issued \$250.0 million in aggregate principal amount of 5.75% senior unsecured notes due January 2021, or the 2021 Notes. The public offering price for the 2021 Notes was 99.404% of the principal amount for an effective yield of 5.826% per annum. The net proceeds of \$246.1 million from this offering were used to repay borrowings under our acquisition credit facility, which were incurred to finance the acquisition of our properties.

### Dividend Reinvestment and Stock Purchase Plan

In March 2011, we established a Dividend Reinvestment and Stock Purchase Plan, or The Plan, to provide our common shareholders, as well as new investors, with a convenient and economical method to purchase our common stock and/or reinvest their distributions. The Plan authorizes up to 6,000,000 common shares to be issued. Through December 31, 2011, we issued 59,605 shares and received net proceeds of approximately \$1.9 million under The Plan.

### Universal Shelf Registration

In March 2009, we filed a shelf registration statement with the SEC, which expires in March 2012. In accordance with the SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific dollar limit. The securities covered by this registration statement include common stock, preferred stock, debt securities, or any combination of these securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if the securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering. Our plan is to file a new shelf registration statement prior to the expiration of our existing shelf registration.

### Credit Agency Ratings

The borrowing rates under our credit facility are based upon our credit ratings. We are currently assigned the following investment grade corporate credit ratings on our senior unsecured notes and bonds: Fitch Ratings has assigned a rating of BBB+, Moody's Investors Service has assigned a rating of Baa1 and Standard & Poor's Ratings Group has assigned a rating of BBB to our senior notes. All of these ratings have "stable" outlooks.

Based on our current ratings, the current facility interest rate is LIBOR plus 185 basis points with a facility commitment fee of 35 basis points, for all-in drawn pricing of 220 basis points over LIBOR. The credit facility provides that the interest rate can range between: (i) LIBOR plus 300 basis points if our credit facility is lower than BBB-/Baa3 and (ii) LIBOR plus 175 basis points if our credit rating is A-/A3 or higher.

In addition, our credit facility provides for a facility commitment fee based on our credit ratings, which ranges from: (i) 50 basis points for a rating lower than BBB-/Baa3, and (ii) 30 basis points for a credit rating of A-/A3 or higher.

We also issue senior debt securities from time to time and our credit ratings can impact the interest rates charged in those transactions. If our credit ratings or ratings outlook change, our cost to obtain debt financing could increase or decrease.

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The credit ratings assigned to us could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies and we cannot assure you that our ratings will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. Moreover, a rating is not a recommendation to buy, sell or hold our debt securities, preferred stock or common stock.

## Notes Outstanding

Our senior unsecured note and bond obligations consist of the following as of December 31, 2011, sorted by maturity date (dollars in millions):

|  |    |       |
|--|----|-------|
| 5.375% notes, issued in March 2003 and due in March 2013                                       | \$ | 100   |
| 5.5% notes, issued in November 2003 and due in November 2015                                   |    | 150   |
| 5.95% notes, issued in September 2006 and due in September 2016                                |    | 275   |
| 5.375% notes, issued in September 2005 and due in September 2017                               |    | 175   |
| 6.75% notes, issued in September 2007 and due in August 2019                                   |    | 550   |
| 5.75% notes, issued in June 2010 and due in January 2021                                       |    | 250   |
| 5.875% bonds, \$100 issued in March 2005 and \$150 issued in June 2011, both due in March 2035 |    | 250   |
|  | \$ | 1,750 |

All of our outstanding notes and bonds have fixed interest rates. Interest on all of our senior note and bond obligations is paid semiannually. All of these notes and bonds contain various covenants, including: (i) a limitation on incurrence of any debt which would cause our debt to total adjusted assets ratio to exceed 60%; (ii) a limitation on incurrence of any secured debt which would cause our secured debt to total adjusted assets ratio to exceed 40%; (iii) a limitation on incurrence of any debt which would cause our debt service coverage ratio to be less than 1.5 times; and (iv) the maintenance at all times of total unencumbered assets not less than 150% of our outstanding unsecured debt. At December 31, 2011, we remain in compliance with these covenants.

The following is a summary of the key financial covenants for our senior unsecured notes, as defined and calculated per the terms of our notes. These calculations, which are not based on U.S. GAAP measurements, are presented to investors to show our ability to incur additional debt under the terms of our notes only and are not measures of our liquidity or performance. The actual amounts as of December 31, 2011 are:

| Note Covenants  | Required                 | Actual  |
|---|--------------------------|---------|
| Limitation on incurrence of total debt                            | ≤ 60% of adjusted assets | 40.7 %  |
| Limitation on incurrence of secured debt                          | ≤ 40% of adjusted assets | 1.3 %   |
| Debt service coverage (trailing 12 months) ≥ 1.5 x                |                          | 3.6 x   |
| Maintenance of total unencumbered assets ≥ 150% of unsecured debt |                          | 247.0 % |

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The following table summarizes the maturity of each of our obligations as of December 31, 2011 (dollars in millions):

## Table of Obligations

| Year of Maturity | Credit Facility(1) | Notes and Mortgages |           | Interest (3) | Ground Leases Paid by Realty | Ground Leases Paid by Our | Other (6) | Totals    |
|------------------|--------------------|---------------------|-----------|--------------|------------------------------|---------------------------|-----------|-----------|
|                  |                    | Bonds Payable(2)    | Income(4) |              | Tenants(5)                   |                           |           |           |
| 2012             | \$ --              | \$--                | \$ 11.3   | \$114.3      | \$ 0.2                       | \$ 4.1                    | \$16.9    | \$146.8   |
| 2013             | --                 | 100.0               | 20.9      | 109.8        | 0.2                          | 4.0                       | --        | 234.9     |
| 2014             | 237.4              | --                  | 11.4      | 103.2        | 0.2                          | 3.8                       | --        | 356.0     |
| 2015             | --                 | 150.0               | 23.6      | 123.4        | 0.2                          | 3.7                       | --        | 300.9     |
| 2016             | --                 | 275.0               | --        | 87.2         | 0.2                          | 3.7                       | --        | 366.1     |
| Thereafter       | --                 | 1,225.0             | --        | 429.3        | 0.4                          | 49.0                      | --        | 1,703.7   |
| Totals           | \$ 237.4           | \$1,750.0           | \$ 67.2   | \$967.2      | \$ 1.4                       | \$ 68.3                   | \$16.9    | \$3,108.4 |

(1) The initial term of the credit facility expires in March 2014 and includes two, one-year extension options.

(2) Excludes net premiums of \$820,000 recorded on the mortgages payable.

(3) Interest on the credit facility, notes, bonds and mortgages payable has been calculated based on outstanding balances as of December 31, 2011 through their respective maturity dates.

(4) Realty Income currently pays the ground lessors directly for the rent under the ground leases.

(5) Our tenants, who are generally sub-tenants under ground leases, are responsible for paying the rent under these ground leases. In the event a tenant fails to pay the ground lease rent, we are primarily responsible.

(6) "Other" consists of \$16.2 million of commitments under construction contracts and \$621,000 of contingent payments for tenant improvements and leasing costs.

Our credit facility and notes payable obligations are unsecured. Accordingly, we have not pledged any assets as collateral for these obligations. Our mortgages payable are secured by the properties on which the debt was placed and are non-recourse.

## Preferred Stock Outstanding

In 2004, we issued 5.1 million shares of 7.375% Class D cumulative redeemable preferred stock. On May 27, 2009, shares of Class D preferred stock became redeemable at our option for \$25 per share, plus any accrued and unpaid dividends. Dividends on shares of Class D preferred stock are paid monthly in arrears. On January 31, 2012, we announced that the Class D preferred stock would be redeemed on March 1, 2012.

In 2006, we issued 8.8 million shares of 6.75% Class E cumulative redeemable preferred stock. Beginning December 7, 2011, shares of Class E preferred stock are redeemable at our option for \$25 per share, plus any accrued and unpaid dividends. Dividends on shares of Class E preferred stock are paid monthly in arrears.

In February 2012, we issued 14.95 million shares of 6.625% Class F cumulative redeemable preferred stock, including 1.95 million shares purchased by the underwriters upon the exercise of their overallotment option. Beginning February 15, 2017, shares of Class F preferred stock are redeemable at our option for \$25 per share, plus any accrued and unpaid dividends. The initial dividend for the Class F preferred stock will be paid on March 15, 2012. Dividends on shares of Class F preferred stock will be paid monthly in arrears.

We are current in our obligations to pay dividends on our Class D and Class E preferred stock. The initial dividend on shares of Class F preferred stock will be paid on March 15, 2012.

No Off-Balance Sheet Arrangements or Unconsolidated Investments

We have no unconsolidated or off-balance sheet investments in "variable interest entities" or off-balance sheet financing, nor do we engage in trading activities involving energy or commodity contracts or other derivative instruments. Additionally, we have no joint ventures or mandatorily redeemable preferred stock. As such, our financial position and results of operations are not affected by accounting regulations regarding the consolidation of off-balance sheet entities and classification of financial instruments with characteristics of both liabilities and equity.

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Matters Pertaining To Certain Tenants

In January 2012, Friendly Ice Cream Corporation, or Friendly's, one of our tenants, announced that it was emerging from voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code (which they had filed for in October 2011). Pursuant to the bankruptcy proceedings, Friendly's accepted 102 of their 121 leases with us. Friendly's rejected 19 leases with us, representing approximately \$1.8 million of annualized rent, and received rent concessions and term reductions on some of their accepted leases with us. Overall, post-bankruptcy, we estimate that we will recover approximately 80% of the \$16.1 million of annualized rent that Friendly's was paying the Company before the bankruptcy filing.

Additionally, in January 2012, Buffets Holding, Inc., or Buffets, another one of our tenants, filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. Buffets leases 86 properties from us that, as of December 31, 2011, represented approximately \$18.2 million, or approximately 3.9% of our annualized rental revenue. Buffets rejected the leases on seven of our 86 properties, representing approximately \$1.8 million of annualized rent. Additionally, we have reached a preliminary agreement (subject to bankruptcy court approval) with Buffets regarding rent concessions and term reductions on some of Buffets' other leases with us. Overall, post-bankruptcy, we estimate that we will recover approximately 65% of the \$18.2 million of annualized rent that Buffets was paying us before the bankruptcy filing. Friendly's and Buffets both operate casual dining restaurants.

For both Friendly's and Buffets, any properties returned to us are immediately available for re-lease to other tenants. We believe that demand in the market for the rejected properties will allow us to find suitable replacement tenants within the next 18 months. However, there can be no assurance that we will be successful in finding replacement tenants for these properties within this timeframe, or at all, or that Friendly's or Buffets will continue to pay rent for the remainder of the lease terms on their accepted leases.

In addition, we have recently concluded an analysis of our portfolio and have identified other tenants, whose leases represented approximately 2% to 3% of our total annualized rent as of December 31, 2011, that we believe may make similar bankruptcy filings in 2012. However, the foregoing percentages are estimates and are subject to numerous assumptions and uncertainties and the actual percentage of annualized rent represented by other tenants who make bankruptcy filings during 2012 may be different.

## RESULTS OF OPERATIONS

### Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles, or GAAP, and are the basis for our discussion and analysis of financial condition and results of operations. Preparing our consolidated financial statements requires us to make a number of estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. We believe that we have made these estimates and assumptions in an appropriate manner and in a way that accurately reflects our financial condition. We continually test and evaluate these estimates and assumptions using our historical knowledge of the business, as well as other factors, to ensure that they are reasonable for reporting purposes. However, actual results may differ from these estimates and assumptions. This summary should be read in conjunction with the more complete discussion of our accounting policies and procedures included in note 2 to our consolidated financial statements.

In order to prepare our consolidated financial statements according to the rules and guidelines set forth by GAAP, many subjective judgments must be made with regard to critical accounting policies. One of these judgments is our estimate for useful lives in determining depreciation expense for our properties. Depreciation on a majority of our buildings and improvements is computed using the straight-line method over an estimated useful life of 25 years. If we use a shorter or longer estimated useful life, it could have a material impact on our results of operations. We believe that 25 years is an appropriate estimate of useful life.

When acquiring a property for investment purposes, we allocate the fair value of real estate acquired to: 1) land and 2) building and improvements, based in each case on their estimated fair values. In addition, any assumed mortgages payable are recorded at their estimated fair values.

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For properties acquired with in-place operating leases, we allocate the fair value of real estate to: (1) land, (2) building and improvements, and (3) identified intangible assets and liabilities, based in each case on their estimated fair values. Intangible assets and liabilities consist of above-market and below-market leases, the value of in-place leases and tenant relationships, as applicable.

Another significant judgment must be made as to if, and when, impairment losses should be taken on our properties when events or a change in circumstances indicate that the carrying amount of the asset may not be recoverable. A provision is made for impairment if estimated future operating cash flows (undiscounted and without interest charges) plus estimated disposition proceeds (undiscounted) are less than the current book value of the property. Key inputs that we estimate in this analysis include projected rental rates, estimated holding periods, capital expenditures, and property sales capitalization rates. If a property is held for sale, it is carried at the lower of carrying cost or estimated fair value, less estimated cost to sell. The carrying value of our real estate is the largest component of our consolidated balance sheet. Our strategy of primarily holding properties, long-term, directly decreases the likelihood of their carrying values not being recoverable, thus requiring the recognition of an impairment. However, if our strategy, or one or more of the above assumptions were to change in the future, an impairment may need to be recognized. If events should occur that require us to reduce the carrying value of our real estate by recording provisions for impairment, it could have a material impact on our results of operations.

The following is a comparison of our results of operations for the years ended December 31, 2011, 2010 and 2009.

**Rental Revenue**

Rental revenue was \$419.4 million for 2011 versus \$342.8 million for 2010, an increase of \$76.6 million, or 22.3%. Rental revenue was \$321.7 million in 2009. The increase in rental revenue in 2011 compared to 2010 is primarily attributable to:

The 164 properties (6.2 million square feet) acquired by Realty Income in 2011, which generated \$31.5 million of rent in 2011;

The 186 properties (2.3 million square feet) acquired by Realty Income in 2010, which generated \$56.16 million of rent in 2011 compared to \$15.94 million in 2010, an increase of \$40.2 million;

Same store rents generated on 2,116 properties (16.5 million square feet) during the entire years of 2011 and 2010, increased by \$4.3 million, or 1.3%, to \$319.86 million from \$315.61 million;

A net increase of \$681,000 relating to the aggregate of (i) rental revenue from 151 properties (1.3 million square feet) that were available for lease during part of 2011 or 2010, (ii) rental revenue related to 54 properties sold during 2011 and 2010, and (iii) lease termination settlements which, in aggregate, totaled \$10.33 million in 2011 compared to \$9.65 million in 2010; and

A net decrease in straight-line rent and other non-cash adjustments to rent of \$7,000 in 2011 as compared to 2010.

For purposes of determining the same store rent property pool, we include all properties that were owned for the entire year-to-date period, for both the current and prior year except for properties during the current or prior year that: (i) were available for lease at any time, (ii) were under development, (iii) we have made an additional investment, (iv) were involved in eminent domain and rent was reduced and (v) were re-leased with rent-free periods. Each of the exclusions from the same store pool is separately addressed within the applicable sentences above explaining the changes in rental revenue for the period.

Of the 2,634 properties in the portfolio at December 31, 2011, 2,619, or 99.4%, are single-tenant properties and the remaining 15 are multi-tenant properties. Of the 2,619 single-tenant properties, 2,533, or 96.7%, were net leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.3 years at December 31, 2011. Of our 2,533 leased single-tenant properties, 2,341 or 92.4% were under leases that provide for increases in rents through:

Primarily base rent increases tied to a consumer price index (typically subject to ceilings);  
Percentage rent based on a percentage of the tenants' gross sales;  
Fixed increases; or  
A combination of two or more of the above rent provisions.

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Percentage rent, which is included in rental revenue, was \$1.4 million in 2011, \$1.3 million in 2010 and \$1.3 million in 2009 (excluding percentage rent reclassified to discontinued operations of \$17,000 in 2011, \$55,000 in 2010 and \$112,000 in 2009). Percentage rent in 2011 was less than 1% of rental revenue and we anticipate percentage rent to be less than 1% of rental revenue in 2012.

Our portfolio of real estate, leased primarily to regional and national commercial enterprises under net leases, continues to perform well and provides dependable lease revenue supporting the payment of monthly dividends to our stockholders. At December 31, 2011, our portfolio of 2,634 properties was 96.7% leased with 87 properties available for lease as compared to 84 at December 31, 2010. It has been our experience that approximately 2% to 4% of our property portfolio will be unleased at any given time; however, it is possible that the number of properties available for lease could exceed these levels in the future.

## Depreciation and Amortization

Depreciation and amortization was \$121.8 million in 2011 versus \$94.9 million in 2010 and \$89.9 million in 2009. The increases in depreciation and amortization in 2011 and 2010 were primarily due to the acquisition of properties in 2011 and 2010, which was partially offset by property sales in those same years. As discussed in the section entitled "Funds from Operations Available to Common Stockholders," depreciation and amortization is a non-cash item that is added back to net income available to common stockholders for our calculation of FFO and AFFO.

## Interest Expense

Interest expense was \$108.3 million in 2011 versus \$93.2 million in 2010 and \$85.5 million in 2009. The increase in interest expense from 2010 to 2011 was primarily due to an increase in borrowings attributable to the issuance of our \$250 million of 5.75% senior unsecured notes in June 2010, the \$150 million re-opening of our 5.875% senior unsecured bonds due 2035 in June 2011 and higher credit facility commitment fees and origination costs as a result of our \$425 million acquisition credit facility, which was entered into in December 2010.

As a result of entering into our current credit facility, we incurred credit facility origination costs of \$4.2 million that were classified as part of other assets on our consolidated balance sheet at December 31, 2010. At December 31, 2011, the balance of these credit facility origination costs was \$3.1 million, which is being amortized over the remaining term of the credit facility.

The following is a summary of the components of our interest expense (dollars in thousands):

|   | 2011         | 2010         | 2009         |
|---|--------------|--------------|--------------|
| Interest on our credit facility, notes, bonds and mortgages   | \$ 104,452   | \$ 89,916    | \$ 82,460    |
| Interest included in discontinued operations  | (785 )       | (557 )       | (595 )       |
| Credit facility commitment fees   | 1,508        | 1,017        | 990          |
| Amortization of credit facility origination costs, deferred financing costs and net mortgage premiums | 3,564        | 2,871        | 2,678        |
| Interest capitalized  | (438 )       | (10 )        | (5 )         |
| Interest expense  | \$ 108,301   | \$ 93,237    | \$ 85,528    |
| Credit facility, mortgages and notes outstanding  | 2011         | 2010         | 2009         |
| Average outstanding balances (dollars in thousands)   | \$ 1,754,935 | \$ 1,496,150 | \$ 1,350,791 |
| Average interest rates  | 6.0 %        | 6.0 %        | 6.1 %        |

At December 31, 2011, the weighted average interest rate on our:

Notes and bonds payable of \$1.75 billion was 6.03%;  
Mortgages payable of \$67.8 million was 5.3%;

Credit facility outstanding borrowings of \$237.4 million was 2.15%; and  
Combined outstanding notes, bonds, mortgages and credit facility borrowings of \$2.1 billion was 5.6%.

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## EBITDA and Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization)

EBITDA and Adjusted EBITDA are non-GAAP financial measures. Our EBITDA and Adjusted EBITDA computation may not be comparable to EBITDA and Adjusted EBITDA reported by other companies that interpret the definitions of EBITDA and Adjusted EBITDA differently than we do. Management believes EBITDA and Adjusted EBITDA to be meaningful measures of a REIT's performance because it is widely followed by industry analysts, lenders and investors and is used by management as one measure of performance. In addition, management utilizes Adjusted EBITDA because our \$425 million credit facility uses a similar metric to measure our compliance with certain covenants. EBITDA and Adjusted EBITDA should be considered along with, but not an alternative to, net income, cash flow and FFO, as measures of our operating performance.

The following is a reconciliation of net income, our most directly comparable GAAP measure, to Adjusted EBITDA (dollars in thousands):

|  | 2011       | 2010       | 2009       |
|--|------------|------------|------------|
| Net income   | \$ 157,032 | \$ 130,784 | \$ 131,127 |
| Interest expense   | 108,301    | 93,237     | 85,528     |
| Interest expense included in discontinued operations     | 785        | 557        | 595        |
| Income taxes   | 1,470      | 1,393      | 677        |
| Income tax benefit included in discontinued operations   | (351 )     | (344 )     | (645 )     |
| Depreciation and amortization                            | 121,751    | 94,907     | 89,902     |
| Depreciation and amortization in discontinued operations | 428        | 1,242      | 2,045      |
| EBITDA   | 389,416    | 321,776    | 309,229    |
| Provisions for impairment                                | 405        | 213        | 110        |
| Amortization of net premiums on mortgages payable        | (189 )     | --         | --         |
| Gain on property sales                                   | (540 )     | --         | --         |
| Gain on property sales in discontinued operations        | (5,193 )   | (8,676 )   | (8,059 )   |
| Adjusted EBITDA  | \$ 383,899 | \$ 313,313 | \$ 301,280 |

## Interest Coverage Ratio

Interest coverage ratio is calculated as: Adjusted EBITDA divided by interest expense, including interest recorded as discontinued operations. We consider interest coverage ratio to be an appropriate supplemental measure of a company's ability to meet its interest expense obligations. Our calculation of interest coverage ratio may be different from the calculation used by other companies and, therefore, comparability may be limited. This information should not be considered as an alternative to any GAAP liquidity measures.

| Dollars in thousands           | 2011       | 2010       | 2009       |
|--------------------------------|------------|------------|------------|
| Adjusted EBITDA                | \$ 383,899 | \$ 313,313 | \$ 301,280 |
| Divided by interest expense(1) | \$ 109,086 | \$ 93,794  | \$ 86,123  |
| Interest coverage ratio        | 3.5        | 3.3        | 3.5        |

(1) Includes interest expense recorded to discontinued operations.

## Fixed Charge Coverage Ratio

Fixed charge coverage ratio is calculated in exactly the same manner as interest coverage ratio, except that preferred stock dividends are also added to the denominator. We consider fixed charge coverage ratio to be an appropriate supplemental measure of a company's ability to make its interest and preferred stock dividend payments. Our calculation of the fixed charge coverage ratio may be different from the calculation used by other companies and, therefore, comparability may be limited. This information should not be considered as an alternative to any GAAP liquidity measures or information presented in Exhibit 12.1 to this Annual Report.

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|   | 2011       | 2010       | 2009       |
|---|------------|------------|------------|
| Adjusted EBITDA   | \$383,899  | \$313,313  | \$301,280  |
| Divided by interest expense plus preferred stock dividends(1) | \$ 133,339 | \$ 118,047 | \$ 110,376 |
| Fixed charge coverage ratio                                   | 2.9        | 2.7        | 2.7        |

(1) Includes interest expense recorded to discontinued operations.

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## General and Administrative Expenses

General and administrative expenses increased by \$5.7 million to \$31.0 million in 2011 as compared to \$25.3 million in 2010. General and administrative expenses were \$20.9 million in 2009. Included in general and administrative expenses are acquisition transaction costs of \$1.5 million for 2011, \$368,000 for 2010 and \$62,000 for 2009. General and administrative expenses increased during 2011 primarily due to increases in employee costs and higher acquisition transaction costs. General and administrative expenses as a percentage of total revenue were 7.4% in 2011, as compared to 7.4% in 2010 and 6.5% in 2009. In February 2012, we had 83 employees, as compared to 79 employees in February 2011 and 72 employees in February 2010.

## Property Expenses

Property expenses consist of costs associated with unleased properties, non-net leased multi-tenant properties and general portfolio expenses. Expenses related to unleased properties and multi-tenant properties include, but are not limited to, property taxes, maintenance, insurance, utilities, property inspections, bad debt expense and legal fees. General portfolio costs include, but are not limited to, insurance, legal, property inspections, and title search fees. At December 31, 2011, 87 properties were available for lease, as compared to 84 at December 31, 2010 and 75 at December 31, 2009.

Property expenses were \$7.4 million in 2011, \$7.1 million in 2010 and \$6.4 million in 2009. The increase in property expenses in 2011 is primarily attributable to an increase in insurance costs and legal fees associated with properties available for lease, partially offset by a decrease in bad debt expense.

## Income Taxes

Income taxes were \$1.5 million in 2011, as compared to \$1.4 million in 2010 and \$677,000 in 2009. These amounts are for city and state income and franchise taxes paid by Realty Income. Income taxes for 2009 were lower primarily a result of a prior year review of our state tax filings, where we determined that it was appropriate to amend some prior year tax returns from which we realized a tax benefit of \$308,000 in 2009.

## Discontinued Operations

Operations from five investment properties classified as held for sale at December 31, 2011, plus properties previously sold, have been classified as discontinued operations. The following is a summary of income from discontinued operations on our consolidated statements of income (dollars in thousands):

| Income from discontinued operations         | 2011     | 2010      | 2009      |
|---|----------|-----------|-----------|
| Gain on sales of investment properties      | \$5,193  | \$8,676   | \$8,059   |
| Rental revenue                              | 1,125    | 3,016     | 5,730     |
| Other revenue                               | 43       | 32        | 588       |
| Depreciation and amortization               | (428 )   | (1,242 )  | (2,045 )  |
| Property expenses                           | (485 )   | (1,207 )  | (1,122 )  |
| Provisions for impairment                   | (395 )   | (171 )    | (110 )    |
| Crest's income from discontinued operations | 842      | 946       | 1,172     |
| Income from discontinued operations         | \$ 5,895 | \$ 10,050 | \$ 12,272 |
| Per common share, basic and diluted         | \$0.05   | \$0.09    | \$0.12    |

The above per share amounts have each been calculated independently.

## Crest's Assets and Property Sales

At December 31, 2011, our wholly-owned taxable REIT subsidiary, Crest Net Lease, Inc., or Crest, had an inventory of three properties, which are classified as held for investment. In addition to the three properties, Crest also holds notes receivable of \$19.0 million at December 31, 2011. During 2011, the principal balance of one note receivable

was paid in full, from which we received proceeds of approximately \$2.9 million.

During 2011 and 2010, Crest did not sell any properties. During 2009, Crest sold two properties for \$2.0 million, which resulted in no gain. Crest's gains on sales are reported before income taxes and are included in discontinued operations.



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Gain on Sales of Investment Properties by Realty Income

During 2011, we sold 26 investment properties for \$21.8 million, which resulted in a gain of \$5.2 million. The results of operations for these properties have been reclassified as discontinued operations. Additionally, we sold excess real estate from six properties for \$2.3 million, which resulted in a gain of \$540,000. This gain is included in other revenue on our consolidated statement of income for 2011, because this excess real estate was associated with properties that continue to be owned as part of our core operations.

During 2010, we sold 28 investment properties and excess land from one property for \$27.2 million, which resulted in a gain of \$8.7 million. The results of operations for these properties have been reclassified as discontinued operations.

During 2009, we sold 25 investment properties and excess land from one property for \$20.5 million, which resulted in a gain of \$8.1 million. The results of operations for these properties have been reclassified as discontinued operations.

We have an active portfolio management program that incorporates the sale of assets when we believe the reinvestment of the sale proceeds will:

- Generate higher returns;
- Enhance the credit quality of our real estate portfolio;
- Extend our average remaining lease term; or
- Decrease tenant or industry concentration.

At December 31, 2011, we classified real estate with a carrying amount of \$2.2 million as held for sale on our balance sheet. In 2012, we intend to employ more active disposition efforts to further enhance the credit quality of our real estate portfolio. As a result, we anticipate selling investment properties from our portfolio that have not yet been specifically identified, from which we anticipate receiving between \$25 million and \$60 million in proceeds during the next 12 months. We intend to invest these proceeds into new property acquisitions, if there are attractive opportunities available. However, we cannot guarantee that we will sell properties during the next 12 months or be able to invest the proceeds from the sales of any properties in new properties.

Provisions for Impairment on Real Estate Acquired for Resale by Crest

During 2011, Crest did not record any provisions for impairment.

During 2010, Crest recorded total provisions for impairment of \$807,000 on three properties held for investment at December 31, 2010. These provisions for impairment are included in continuing operations on our consolidated statement of income for 2010.

During 2009, Crest recorded total provisions for impairment of \$199,000 on three properties classified as held for investment at December 31, 2010. These provisions for impairment are included in continuing operations on our consolidated statement of income for 2009. Additionally, in 2009, Crest recorded total provisions for impairment of \$78,000 on two properties which were sold in 2009. These provisions for impairment are included in income from discontinued operations on our consolidated statement of income for 2009.

Provisions for Impairment on Realty Income Investment Properties

During 2011, Realty Income recorded total provisions for impairment of \$405,000 on two properties in the automotive service industry, one property in the motor vehicle dealerships industry and one property in the pet supplies and services industry. These provisions for impairment are included in income from discontinued operations, except for \$10,000 which is included in income from continuing operations.

During 2010, Realty Income recorded total provisions for impairment of \$213,000 on three properties in the restaurant industry and one property in the child care industry. Provisions for impairment of \$171,000 are included in income from discontinued operations. Since one of these properties was subsequently reclassified from held for sale to held for investment during 2011, a provision for impairment of \$42,000 is included in income from continuing operations.

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During 2009, we recorded a provision for impairment of \$110,000 on one property in the convenience store industry, which was sold during 2010. This provision for impairment is included in income from discontinued operations.

## Preferred Stock Dividends

Preferred stock cash dividends totaled \$24.3 million in 2011, 2010 and 2009.

## Net Income Available to Common Stockholders

Net income available to common stockholders was \$132.8 million in 2011, an increase of \$26.3 million as compared to \$106.5 million in 2010. Net income available to common stockholders in 2009 was \$106.9 million.

The calculation to determine net income available to common stockholders includes gains from the sale of properties and excess land. The amount of gains varies from period to period based on the timing of property sales and can significantly impact net income available to common stockholders.

Gain from the sale of investment properties and the sale of excess real estate recognized during 2011 was \$5.7 million, as compared to an \$8.7 million gain recognized during 2010 and an \$8.1 million gain recognized during 2009.

## FUNDS FROM OPERATIONS AVAILABLE TO COMMON STOCKHOLDERS (FFO)

FFO for 2011 increased by \$55.5 million, or 28.6%, to \$249.4 million, as compared to \$193.9 million in 2010 and \$190.6 million in 2009. The following is a reconciliation of net income available to common stockholders (which we believe is the most comparable GAAP measure) to FFO. Also presented is information regarding distributions paid to common stockholders and the weighted average number of common shares used for the basic and diluted computation per share (dollars in thousands, except per share amounts):

|  | 2011        | 2010        | 2009        |
|--|-------------|-------------|-------------|
| Net income available to common stockholders                              | \$132,779   | \$106,531   | \$106,874   |
| Depreciation and amortization:   |             |             |             |
| Continuing operations  | 121,751     | 94,907      | 89,902      |
| Discontinued operations  | 428         | 1,242       | 2,045       |
| Depreciation of furniture, fixtures and equipment                        | (238)       | (291)       | (318)       |
| Provisions for impairment on Realty Income investment properties         | 405         | 213         | 110         |
| Gain on sales of land and investment properties:                         |             |             |             |
| Continuing operations  | (540)       | --          | --          |
| Discontinued operations  | (5,193)     | (8,676)     | (8,059)     |
| FFO available to common stockholders                                     | \$249,392   | \$193,926   | \$190,554   |
| FFO per common share, basic and diluted:                                 | \$1.98      | \$1.83      | \$1.84      |
| Distributions paid to common stockholders                                | \$219,297   | \$182,500   | \$178,008   |
| FFO in excess of distributions paid to common stockholders               | \$30,095    | \$11,426    | \$12,546    |
| Weighted average number of common shares used for computation per share: |             |             |             |
| Basic  | 126,142,696 | 105,869,637 | 103,577,507 |
| Diluted  | 126,189,399 | 105,942,721 | 103,581,053 |

We define FFO, a non-GAAP measure, consistent with the National Association of Real Estate Investment Trust's definition, as net income available to common stockholders, plus depreciation and amortization of real estate assets, plus impairments of real estate assets, reduced by gains on sales of investment properties and extraordinary items.

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We consider FFO to be an appropriate supplemental measure of a REIT's operating performance as it is based on a net income analysis of property portfolio performance that adds back items such as depreciation and impairments. 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. Since real estate values historically rise and fall with market conditions, presentations of operating results for a REIT, using historical accounting for depreciation, could be less informative. The use of FFO is recommended by the REIT industry as a supplemental performance measure. In addition, FFO is used as a measure of our compliance with the financial covenants of our credit facility.

Presentation of this information is intended to assist the reader in comparing the operating performance of different REITs, although it should be noted that not all REITs calculate FFO the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO is not necessarily indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income as an indication of our performance. In addition, FFO should not be considered as an alternative to reviewing our cash flows from operating, investing and financing activities as a measure of liquidity, of our ability to make cash distributions or of our ability to pay interest payments.

#### ADJUSTED FUNDS FROM OPERATIONS AVAILABLE TO COMMON STOCKHOLDERS (AFFO)

AFFO for 2011 increased by \$56.1 million, or 28.4%, to \$253.4 million as compared to \$197.3 million in 2010 and \$192.7 million in 2009. We consider AFFO to be an appropriate supplemental measure of our performance. Most companies in our industry use a similar measurement, but they may use the term "CAD" (for Cash Available for Distribution) or "FAD" (for Funds Available for Distribution).

The following is a reconciliation of net income available to common stockholders (which we believe is the most comparable GAAP measure) to FFO and AFFO. Also presented is information regarding distributions paid to common stockholders and the weighted average number of common shares used for the basic and diluted computation per share (dollars in thousands, except per share amounts):

|  | 2011        | 2010        | 2009        |
|--|-------------|-------------|-------------|
| Net income available to common stockholders                              | \$ 132,779  | \$ 106,531  | \$ 106,874  |
| Cumulative adjustments to calculate FFO(1)                               | 116,613     | 87,395      | 83,680      |
| FFO available to common stockholders                                     | 249,392     | 193,926     | 190,554     |
| Amortization of share-based compensation                                 | 7,873       | 6,166       | 4,726       |
| Amortization of deferred financing costs(2)                              | 1,881       | 1,548       | 1,363       |
| Provisions for impairment on real estate acquired for resale by Crest    | --          | 807         | 277         |
| Capitalized leasing costs and commissions                                | (1,722 )    | (1,501 )    | (1,185 )    |
| Capitalized building improvements  | (2,450 )    | (2,077 )    | (1,879 )    |
| Other adjustments(3)   | (1,602 )    | (1,613 )    | (1,117 )    |
| Total AFFO available to common stockholders                              | \$ 253,372  | \$ 197,256  | \$ 192,739  |
| AFFO per common share, basic and diluted:                                | \$ 2.01     | \$ 1.86     | \$ 1.86     |
| Distributions paid to common stockholders                                | \$ 219,297  | \$ 182,500  | \$ 178,008  |
| AFFO in excess of distributions paid to common stockholders              | \$ 34,075   | \$ 14,756   | \$ 14,731   |
| Weighted average number of common shares used for computation per share: |             |             |             |
| Basic  | 126,142,696 | 105,869,637 | 103,577,507 |

|         |             |             |             |
|---------|-------------|-------------|-------------|
| Diluted | 126,189,399 | 105,942,721 | 103,581,053 |
|---------|-------------|-------------|-------------|

(1) See reconciling items for FFO presented under “Funds from Operations Available To Common Stockholders (FFO).”

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- (2) Includes the amortization of costs incurred and capitalized when our senior notes were issued in March 2003, November 2003, March 2005, September 2005, September 2006, September 2007, June 2010 and June 2011. Additionally, this includes the amortization of deferred financing costs incurred and capitalized in connection with our assumption of the mortgages payable in 2011. These costs are being amortized over the lives of the respective mortgages. No costs associated with our credit facility agreements or annual fees paid to credit rating agencies have been included.
- (3) Includes straight-line rent revenue and the amortization of above and below-market leases.

We believe the non-GAAP financial measure AFFO provides useful information to investors because it is a widely accepted industry measure of the operating performance of real estate companies that is used by industry analysts and investors who look at and compare those companies. In particular, AFFO provides an additional measure by which to compare the operating performance of different REITs without having to account for differing depreciation assumptions and other unique revenue and expense items which are not pertinent to the measurement of the particular company's on-going operating performance. Therefore, we believe that AFFO is an appropriate supplemental performance metric, and that the most appropriate GAAP performance metric to which AFFO should be reconciled is net income available to common stockholders.

Presentation of the information regarding FFO and AFFO is intended to assist the reader in comparing the operating performance of different REITs, although it should be noted that not all REITs calculate FFO and AFFO in the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO and AFFO are not necessarily indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income as an indication of our performance. FFO and AFFO should not be considered as an alternative to reviewing our cash flows from operating, investing, and financing activities. In addition, FFO and AFFO should not be considered as a measure of liquidity, of our ability to make cash distributions, or of our ability to pay interest payments.

#### IMPACT OF INFLATION

Tenant leases generally provide for limited increases in rent as a result of increases in the tenants' sales volumes, increases in the consumer price index (typically subject to ceilings), and/or fixed increases. We expect that inflation will cause these lease provisions to result in rent increases over time. During times when inflation is greater than increases in rent, as provided for in the leases, rent increases may not keep up with the rate of inflation.

Of our 2,634 properties in our portfolio, approximately 96.2% or 2,533 are leased to tenants under net leases where the tenant is responsible for property expenses. Net leases tend to reduce our exposure to rising property expenses due to inflation. Inflation and increased costs may have an adverse impact on our tenants if increases in their operating expenses exceed increases in revenue.

#### IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

For information on the impact of recent accounting pronouncements on our business, see note 2 of the Notes to Consolidated Financial Statements.

#### Item 7A: Quantitative and Qualitative Disclosures about Market Risk

We are exposed to interest rate changes primarily as a result of our credit facility and long-term notes and bonds used to maintain liquidity and expand our real estate investment portfolio and operations. Our interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flow and to lower our overall borrowing costs. To achieve these objectives we issue long-term notes and bonds, primarily at fixed rates. We do not enter into any derivative transactions for speculative or trading purposes.





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The following table presents by year of expected maturity, the principal amounts, average interest rates and estimated fair values of our fixed and variable rate debt as of December 31, 2011. This information is presented to evaluate the expected cash flows and sensitivity to interest rate changes (dollars in millions):

## Expected Maturity Data

| Year of maturity | Fixed rate debt | Average interest rate on fixed rate debt | Variable rate debt | Average interest rate on variable rate debt |
|------------------|-----------------|--|--------------------|---|
| 2012(1)          | \$11.3          | 5.91                                     | % \$--             | -- %  |
| 2013(2)          | 120.9           | 5.67                                     | --                 | --  |
| 2014(3)          | 11.4            | 6.25                                     | 237.4              | 2.15  |
| 2015(4)          | 150.0           | 5.50                                     | 23.6               | 4.75  |
| 2016(5)          | 275.0           | 5.95                                     | --                 | --  |
| Thereafter(6)    | 1,225.0         | 6.17                                     | --                 | --  |
| Totals(7)        | \$1,793.6       | 6.05                                     | % \$261.0          | 2.38 %                                      |
| Fair Value(8)    | \$1,946.3       |  | \$261.2            |   |

(1) \$11.3 million of fixed rate mortgages mature in 2012. For one \$10.7 million mortgage payable which matures in May 2012, we have provided notice to the lender that we will be paying it off in March 2012.

(2) \$100 million of fixed rate senior notes mature in March 2013 and \$20.9 million of fixed rate mortgages mature in 2013.

(3) \$11.3 million of fixed rate mortgages mature in September 2014 and the credit facility expires in March 2014.

(4) \$150 million of fixed rate senior notes mature in November 2015 and \$23.6 million of variable rate mortgages mature in June 2015. The variable interest rate on the mortgages of \$23.6 million is capped at 5.5%.

(5) \$275 million of fixed rate senior notes mature in September 2016.

(6) As it relates to fixed rate senior notes, \$175 million matures in September 2017, \$550 million matures in August 2019, \$250 million matures in January 2021 and \$250 million matures in March 2035.

(7) Excludes net premiums of \$820,000 recorded on mortgages payable.

(8) We base the estimated fair value of the fixed rate senior notes at December 31, 2011 on the indicative market prices and recent trading activity of our notes payable. We base the estimated fair value of our fixed rate and variable rate mortgages at December 31, 2011 on the current 5-year Treasury yield curve, plus an applicable credit-adjusted spread. We believe that the carrying value of the credit facility balance reasonably approximates its estimated fair value at December 31, 2011.

The table incorporates only those exposures that exist as of December 31, 2011. It does not consider those exposures or positions that could arise after that date. As a result, our ultimate realized gain or loss, with respect to interest rate fluctuations, would depend on the exposures that arise during the period, our hedging strategies at the time, and interest rates.

All of our outstanding senior notes and bonds have fixed interest rates. All of our mortgages payable, except one, have fixed interest rates. Interest on our credit facility balance is variable. Based on our credit facility balance of \$237.4 million at December 31, 2011, a 1% change in interest rates would change our interest costs by \$2.4 million per year. As a result of the issuance of our Class F preferred stock in February 2012, we paid off all outstanding credit facility borrowings on February 7, 2012.



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Item 8: Financial Statements and Supplementary Data

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- A. Reports of Independent Registered Public Accounting Firm
- B. Consolidated Balance Sheets, December 31, 2011 and 2010
- C. Consolidated Statements of Income, Years ended December 31, 2011, 2010 and 2009
- D. Consolidated Statements of Stockholders' Equity, Years ended December 31, 2011, 2010 and 2009
- E. Consolidated Statements of Cash Flows, Years ended December 31, 2011, 2010 and 2009
- F. Notes to Consolidated Financial Statements
- G. Consolidated Quarterly Financial Data (unaudited) for 2011 and 2010
- H. Schedule III Real Estate and Accumulated Depreciation

Schedules not filed: All schedules, other than that indicated in the Table of Contents, have been omitted as the required information is either not material, inapplicable or the information is presented in the financial statements or related notes.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
Realty Income Corporation:

We have audited the accompanying consolidated balance sheets of Realty Income Corporation and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Realty Income Corporation and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Realty Income Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 13, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

San Diego, California  
February 13, 2012

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
Realty Income Corporation:

We have audited Realty Income Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Realty Income Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Realty Income Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Realty Income Corporation and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated February 13, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

San Diego, California  
February 13, 2012

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## REALTY INCOME CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2011 and 2010  
(dollars in thousands, except per share data)

|  | 2011        | 2010        |
|--|-------------|-------------|
| <b>ASSETS</b>  |             |             |
| Real estate, at cost:  |             |             |
| Land   | \$1,749,378 | \$1,520,413 |
| Buildings and improvements   | 3,222,603   | 2,592,449   |
| Total real estate, at cost   | 4,971,981   | 4,112,862   |
| Less accumulated depreciation and amortization   | (814,126 )  | (711,615 )  |
| Net real estate held for investment  | 4,157,855   | 3,401,247   |
| Real estate held for sale, net   | 2,153       | 3,631       |
| Net real estate  | 4,160,008   | 3,404,878   |
| Cash and cash equivalents  | 4,165       | 17,607      |
| Accounts receivable, net   | 15,375      | 11,301      |
| Goodwill   | 17,206      | 17,206      |
| Other assets, net  | 222,635     | 84,598      |
| Total assets   | \$4,419,389 | \$3,535,590 |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |             |             |
| Distributions payable  | \$21,405    | \$19,051    |
| Accounts payable and accrued expenses  | 58,770      | 47,019      |
| Other liabilities  | 29,179      | 22,555      |
| Line of credit payable   | 237,400     | --          |
| Mortgages payable, net   | 67,781      | --          |
| Notes payable  | 1,750,000   | 1,600,000   |
| Total liabilities  | 2,164,535   | 1,688,625   |
| <b>Commitments and contingencies</b>   |             |             |
| <b>Stockholders' equity:</b>   |             |             |
| Preferred stock and paid in capital, par value \$0.01 per share and \$1.00 per share as of December 31, 2011 and 2010, respectively, and 20,000,000 shares authorized, 13,900,000 shares issued and outstanding as of December 31, 2011 and 2010, respectively                                   | 337,790     | 337,790     |
| Common stock and paid in capital, par value \$0.01 per share, 200,000,000 shares authorized, 133,223,338 shares issued and outstanding as of December 31, 2011, and par value \$1.00 per share, 200,000,000 shares authorized, 118,058,988 shares issued and outstanding as of December 31, 2010 | 2,563,048   | 2,066,287   |
| Distributions in excess of net income  | (645,984 )  | (557,112 )  |
| Total stockholders' equity   | 2,254,854   | 1,846,965   |
| Total liabilities and stockholders' equity   | \$4,419,389 | \$3,535,590 |

The accompanying notes to consolidated financial statements are an integral part of these statements.





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## REALTY INCOME CORPORATION AND SUBSIDIARIES

## Consolidated Statements Of Income

Years Ended December 31, 2011, 2010 and 2009

(dollars in thousands, except per share data)

|  | 2011        | 2010        | 2009        |
|--|-------------|-------------|-------------|
| <b>REVENUE</b>   |             |             |             |
| Rental   | \$419,396   | \$342,835   | \$321,682   |
| Other  | 1,663       | 657         | 868         |
| Total revenue  | 421,059     | 343,492     | 322,550     |
| <b>EXPENSES</b>  |             |             |             |
| Depreciation and amortization                              | 121,751     | 94,907      | 89,902      |
| Interest   | 108,301     | 93,237      | 85,528      |
| General and administrative                                 | 30,954      | 25,311      | 20,946      |
| Property   | 7,436       | 7,061       | 6,443       |
| Income taxes   | 1,470       | 1,393       | 677         |
| Provisions for impairment                                  | 10          | 849         | 199         |
| Total expenses   | 269,922     | 222,758     | 203,695     |
| Income from continuing operations                          | 151,137     | 120,734     | 118,855     |
| Income from discontinued operations                        | 5,895       | 10,050      | 12,272      |
| Net income   | 157,032     | 130,784     | 131,127     |
| Preferred stock cash dividends                             | (24,253 )   | (24,253 )   | (24,253 )   |
| Net income available to common stockholders                | \$132,779   | \$106,531   | \$106,874   |
| Amounts available to common stockholders per common share: |             |             |             |
| Income from continuing operations:                         |             |             |             |
| Basic  | \$1.01      | \$0.91      | \$0.91      |
| Diluted  | \$1.01      | \$0.91      | \$0.91      |
| Net income:  |             |             |             |
| Basic  | \$1.05      | \$1.01      | \$1.03      |
| Diluted  | \$1.05      | \$1.01      | \$1.03      |
| Weighted average common shares outstanding:                |             |             |             |
| Basic  | 126,142,696 | 105,869,637 | 103,577,507 |
| Diluted  | 126,189,399 | 105,942,721 | 103,581,053 |

The accompanying notes to consolidated financial statements are an integral part of these statements.

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## REALTY INCOME CORPORATION AND SUBSIDIARIES

## Consolidated Statements Of Stockholders'

## Equity

Years Ended December 31, 2011, 2010 and 2009  
(dollars in thousands)

|  | Shares of<br>preferred<br>stock | Shares of<br>common<br>stock | Preferred<br>stock and<br>paid in<br>capital | Common<br>stock and<br>paid in<br>capital | Distributions<br>in excess of<br>net income | Total       |
|--|---------------------------------|------------------------------|--|---|---|-------------|
| Balance, December 31, 2008   | 13,900,000                      | 104,211,541                  | \$337,790                                    | \$1,624,622                               | \$ (407,751 )                               | \$1,554,661 |
| Net income   | --                              | --                           | --   | --  | 131,127                                     | 131,127     |
| Distributions paid and payable   | --                              | --                           | --   | --  | (202,394 )                                  | (202,394 )  |
| Share-based compensation   | --                              | 75,164                       | --   | 4,615                                     | --  | 4,615       |
| Balance, December 31, 2009   | 13,900,000                      | 104,286,705                  | 337,790                                      | 1,629,237                                 | (479,018 )                                  | 1,488,009   |
| Net income   | --                              | --                           | --   | --  | 130,784                                     | 130,784     |
| Distributions paid and payable   | --                              | --                           | --   | --  | (208,878 )                                  | (208,878 )  |
| Shares issued in stock offerings, net of offering costs of \$22,471          | --                              | 13,558,500                   | --   | 432,591                                   | --  | 432,591     |
| Share-based compensation   | --                              | 213,783                      | --   | 4,459                                     | --  | 4,459       |
| Balance, December 31, 2010   | 13,900,000                      | 118,058,988                  | 337,790                                      | 2,066,287                                 | (557,112 )                                  | 1,846,965   |
| Net income   | --                              | --                           | --   | --  | 157,032                                     | 157,032     |
| Distributions paid and payable   | --                              | --                           | --   | --  | (245,904 )                                  | (245,904 )  |
| Shares issued in stock offerings, net of offering costs of \$25,200          | --                              | 14,925,000                   | --   | 489,236                                   | --  | 489,236     |
| Shares issued pursuant to dividend reinvestment and stock purchase plan, net | --                              | 59,605                       | --   | 1,930                                     | --  | 1,930       |
| Share-based compensation   | --                              | 179,745                      | --   | 5,595                                     | --  | 5,595       |
| Balance, December 31, 2011   | 13,900,000                      | 133,223,338                  | \$337,790                                    | \$2,563,048                               | \$ (645,984 )                               | \$2,254,854 |

The accompanying notes to consolidated financial statements are an integral part of these statements.

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## REALTY INCOME CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Cash  
FlowsYears Ended December 31, 2011, 2010 and 2009  
(dollars in thousands)

|  | 2011       | 2010       | 2009       |
|--|------------|------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |            |            |            |
| Net income   | \$ 157,032 | \$ 130,784 | \$ 131,127 |
| Adjustments to net income:                                       |            |            |            |
| Depreciation and amortization                                    | 121,751    | 94,907     | 89,902     |
| Income from discontinued operations                              | (5,895 )   | (10,050 )  | (12,272 )  |
| Gain on sale of real estate                                      | (540 )     | --         | --         |
| Amortization of share-based compensation                         | 7,873      | 6,166      | 4,726      |
| Amortization of net premiums on mortgages payable                | (189 )     | --         | --         |
| Provisions for impairment on real estate held for investment     | 10         | 849        | 199        |
| Cash provided by discontinued operations:                        |            |            |            |
| Real estate  | 1,525      | 2,787      | 6,446      |
| Proceeds from sales of real estate                               | --         | --         | 1,987      |
| Collection of principal on notes receivable                      | 3,032      | 138        | 129        |
| Changes in assets and liabilities:                               |            |            |            |
| Accounts receivable and other assets                             | 5,209      | 5,270      | 3,607      |
| Accounts payable, accrued expenses and other liabilities         | 9,144      | 12,517     | 856        |
| Net cash provided by operating activities                        | 298,952    | 243,368    | 226,707    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |            |            |            |
| Acquisition of income producing investment properties            | (957,347 ) | (716,776 ) | (61,319 )  |
| Proceeds from sales of real estate:                              |            |            |            |
| Continuing operations  | 2,268      | --         | --         |
| Discontinued operations  | 21,859     | 25,779     | 20,074     |
| Loan receivable  | (1,593 )   | --         | --         |
| Restricted escrow deposits                                       | (50 )      | (6,361 )   | (4,479 )   |
| Net cash used in investing activities                            | (934,863 ) | (697,358 ) | (45,724 )  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |            |            |            |
| Cash distributions to common stockholders                        | (219,297 ) | (182,500 ) | (178,008 ) |
| Cash dividends to preferred stockholders                         | (24,253 )  | (24,253 )  | (24,253 )  |
| Borrowings under lines of credit                                 | 612,800    | 612,200    | 4,600      |
| Payments on lines of credit                                      | (375,400 ) | (616,800 ) | --         |
| Principal payments on mortgages                                  | (279 )     | --         | --         |
| Proceeds from common stock offerings, net                        | 489,236    | 432,591    | --         |
| Proceeds from bonds issued, net                                  | 140,136    | --         | --         |
| Proceeds from notes payable issued, net                          | --         | 246,131    | --         |
| Debt issuance costs  | --         | (4,091 )   | --         |
| Principal payment on notes payable                               | --         | --         | (20,000 )  |
| Proceeds from dividend reinvestment and stock purchase plan, net | 1,894      | --         | --         |
| Other items  | (2,368 )   | (1,707 )   | (111 )     |
| Net cash provided by (used in) financing activities              | 622,469    | 461,571    | (217,772 ) |
| Net increase (decrease) in cash and cash equivalents             | (13,442 )  | 7,581      | (36,789 )  |
| Cash and cash equivalents, beginning of year                     | 17,607     | 10,026     | 46,815     |

|  |         |          |          |
|--|---------|----------|----------|
| Cash and cash equivalents, end of year | \$4,165 | \$17,607 | \$10,026 |
|--|---------|----------|----------|

For supplemental disclosures, see note 14.

The accompanying notes to consolidated financial statements are an integral part of these statements.

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## REALTY INCOME CORPORATION AND SUBSIDIARIES

## Notes To Consolidated Financial Statements

December 31, 2011, 2010 and 2009

## 1. Organization and Operation

Realty Income Corporation ("Realty Income," the "Company," "we", "our" or "us") is organized as a Maryland corporation. We invest in commercial real estate and have elected to be taxed as a real estate investment trust, or REIT.

At December 31, 2011, we owned 2,634 properties, located in 49 states, containing over 27.3 million leasable square feet, along with three properties owned by our wholly-owned taxable REIT subsidiary, Crest Net Lease, Inc., or Crest.

Information with respect to number of properties, square feet, average initial lease term and weighted average contractual lease rate is unaudited.

## 2. Summary of Significant Accounting Policies and Procedures and Recent Accounting Pronouncements

**Federal Income Taxes.** We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code. We believe we have qualified and continue to qualify as a REIT. Under the REIT operating structure, we are permitted to deduct distributions paid to our stockholders and generally will not be required to pay federal corporate income taxes on such income. Accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements, except for the federal income taxes of Crest, which are included in discontinued operations. The income taxes recorded on our consolidated statements of income represent amounts paid by Realty Income for city and state income and franchise taxes.

Earnings and profits that determine the taxability of distributions to stockholders differ from net income reported for financial reporting purposes due to differences in the estimated useful lives and methods used to compute depreciation and the carrying value (basis) of the investments in properties for tax purposes, among other things.

The following reconciles our net income available to common stockholders to taxable income (dollars in thousands):

|  | 2011(1)    | 2010       | 2009       |
|--|------------|------------|------------|
| Net income available to common stockholders              | \$ 132,779 | \$ 106,531 | \$ 106,874 |
| Preferred stock cash dividends                           | 24,253     | 24,253     | 24,253     |
| Depreciation and amortization timing differences         | 32,215     | 23,024     | 27,094     |
| Tax gain on the sales of real estate less than book gain | --         | --         | (5,436 )   |
| Tax loss on the sale of real estate less than book gain  | (6,661 )   | (10,063 )  | --         |
| Elimination of net revenue and expenses from Crest       | 418        | 1,337      | 378        |
| Compensation deduction per Section 162(m) of the Code    | 4,896      | 2,915      | 2,144      |
| Adjustment for share-based compensation                  | (622 )     | 562        | 1,824      |
| Adjustment for straight-line rent                        | (1,562 )   | (1,613 )   | (1,117 )   |
| Adjustment for acquisition expenses                      | 1,503      | 368        | 62         |
| Adjustment for an increase in prepaid rent               | 3,584      | 4,223      | 1,273      |
| Other adjustments  | 6          | (30 )      | (2,958 )   |
| Taxable net income, before our dividends paid deduction  | \$ 190,809 | \$ 151,507 | \$ 154,391 |

(1) The 2011 information presented is a reconciliation of our net income available to common stockholders to estimated taxable net income.

We regularly analyze our various federal and state filing positions and only recognize the income tax effect in our financial statements when certain criteria regarding uncertain income tax positions have been met. We believe that our income tax positions would more likely than not be sustained upon examination by all relevant taxing authorities. Therefore, no reserves for uncertain income tax positions have been recorded in our financial statements.

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Absent an election to the contrary, if a REIT acquires property that is or has been owned by a C corporation in a transaction in which the tax basis of the property in the hands of the REIT is determined by reference to the tax basis of the property in the hands of the C corporation, and the REIT recognizes gain on the disposition of such property during the 10 year period beginning on the date on which it acquired the property, then the REIT will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of the fair value of the property over the REIT's adjusted basis in the property, in each case determined as of the date the REIT acquired the property. In August 2007, we acquired 100% of the stock of a C corporation that owned real property. At the time of acquisition, the C corporation became a Qualified REIT Subsidiary, was deemed to be liquidated for Federal income tax purposes, and the real property was deemed to be transferred to us with a carryover tax basis. As of December 31, 2011, we have built-in gains of \$60.5 million with respect to such property. We do not expect that we will be required to pay income tax on the built-in gains in these properties during the ten-year period ending August 28, 2017. It is our intent, and we have the ability, to defer any dispositions of these properties to periods when the related gains would not be subject to the built-in gain income tax or otherwise to defer the recognition of the built-in gain related to these properties. However, our plans could change and it may be necessary to dispose of one or more of these properties in a taxable transaction before August 28, 2017, in which case we would be required to pay corporate level tax with respect to the built-in gains on these properties as described above.

**Net Income Per Common Share.** Basic net income per common share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted net income per common share is computed by dividing net income available to common stockholders for the period by the weighted average number of common shares that would have been outstanding assuming the issuance of common shares for all potentially dilutive common shares outstanding during the reporting period.

The following is a reconciliation of the denominator of the basic net income per common share computation to the denominator of the diluted net income per common share computation:

|  | 2011        | 2010        | 2009        |
|--|-------------|-------------|-------------|
| Weighted average shares used for the basic net income per share computation        | 126,142,696 | 105,869,637 | 103,577,507 |
| Incremental shares from share-based compensation                                   | 46,703      | 73,084      | 3,546       |
| Adjusted weighted average shares used for diluted net income per share computation | 126,189,399 | 105,942,721 | 103,581,053 |
| Unvested shares from share-based compensation that were anti-dilutive              | 13,020      | 87,600      | 542,368     |

**Other Assets.** Other assets consist of the following (dollars in thousands) at:

| December 31,   | 2011      | 2010     |
|--|-----------|----------|
| Value of in-place leases, net of accumulated amortization          | \$123,255 | \$21,635 |
| Value of above-market leases, net of accumulated amortization      | 30,081    | 4,586    |
| Deferred bond financing costs, net                                 | 22,209    | 14,203   |
| Notes receivable issued in connection with Crest property sales    | 19,025    | 22,075   |
| Prepaid expenses   | 9,833     | 8,431    |
| Note receivable issued in connection with 2011 acquisitions        | 8,780     | --       |
| Credit facility origination costs, net                             | 3,141     | 4,619    |
| Loans receivable   | 2,178     | --       |
| Corporate assets, net of accumulated depreciation and amortization | 849       | 827      |
| Deferred financing costs on mortgages payable, net                 | 751       | --       |
| Restricted escrow deposits   | 50        | 6,361    |

|             |           |          |
|-------------|-----------|----------|
| Other items | 2,483     | 1,861    |
|             | \$222,635 | \$84,598 |



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Distributions Payable. Distributions payable consist of the following declared distributions (dollars in thousands) at:

| December 31,               | 2011     | 2010     |
|----------------------------|----------|----------|
| Common stock distributions | \$19,384 | \$17,030 |
| Preferred stock dividends  | 2,021    | 2,021    |
|                            | \$21,405 | \$19,051 |

Accounts Payable and Accrued Expenses. Accounts payable and accrued expenses consist of the following (dollars in thousands) at:

| December 31,                                  | 2011     | 2010     |
|---|----------|----------|
| Bond interest payable                         | \$35,195 | \$33,240 |
| Accrued costs on properties under development | 4,766    | 420      |
| Other items                                   | 18,809   | 13,359   |
|   | \$58,770 | \$47,019 |

Other Liabilities. Other liabilities consist of the following (dollars in thousands) at:

| December 31,   | 2011     | 2010     |
|--|----------|----------|
| Rent received in advance   | \$18,149 | \$14,564 |
| Value of in-place below-market leases, net of accumulated amortization | 6,423    | 3,452    |
| Security deposits  | 4,607    | 4,539    |
|  | \$29,179 | \$22,555 |

Discontinued Operations. Operations from five investment properties classified as held for sale at December 31, 2011, plus properties previously sold, are reported as discontinued operations. Their respective results of operations have been reclassified as income from discontinued operations on our consolidated statements of income. We do not depreciate properties that are classified as held for sale.

If we determine we have no plans to sell a property asset in the near term (i.e. within the next 12 months), and this property was previously classified as held for sale, the property is reclassified to real estate held for investment. A property that is reclassified to held for investment is measured and recorded at the lower of (i) its carrying amount before the property was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the property been continuously classified as held for investment, or (ii) the fair value at the date of the subsequent decision not to sell.

No debt was assumed by buyers of our investment properties, or repaid as a result of our investment property sales, and we do not allocate interest expense to discontinued operations related to real estate held for investment. We allocate interest expense related to borrowings specifically attributable to Crest. The interest expense amounts allocated to Crest are included in income from discontinued operations.

The following is a summary of income from discontinued operations on our consolidated statements of income (dollars in thousands):

|   | 2011    | 2010     | 2009     |
|---|---------|----------|----------|
| Income from discontinued operations         |         |          |          |
| Gain on sales of investment properties      | \$5,193 | \$8,676  | \$8,059  |
| Rental revenue                              | 1,125   | 3,016    | 5,730    |
| Other revenue                               | 43      | 32       | 588      |
| Depreciation and amortization               | (428 )  | (1,242 ) | (2,045 ) |
| Property expenses                           | (485 )  | (1,207 ) | (1,122 ) |
| Provisions for impairment                   | (395 )  | (171 )   | (110 )   |
| Crest's income from discontinued operations | 842     | 946      | 1,172    |

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|                                     |          |           |           |
|-------------------------------------|----------|-----------|-----------|
| Income from discontinued operations | \$ 5,895 | \$ 10,050 | \$ 12,272 |
| Per common share, basic and diluted | \$0.05   | \$0.09    | \$0.12    |

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The per share amounts for income from discontinued operations above and the income from continuing operations and net income reported on the consolidated statements of income have each been calculated independently.

**Revenue Recognition and Accounts Receivable.** All leases are accounted for as operating leases. Under this method, lease payments that have fixed and determinable rent increases are recognized on a straight-line basis over the lease term. Any rental revenue contingent upon a tenant's sales is recognized only after the tenant exceeds their sales breakpoint. Rental increases based upon changes in the consumer price indexes are recognized only after the changes in the indexes have occurred and are then applied according to the lease agreements.

We recognize an allowance for doubtful accounts relating to accounts receivable for amounts deemed uncollectible. We consider tenant specific issues, such as financial stability and ability to pay, when determining collectibility of accounts receivable and appropriate allowances to record. Our allowance for doubtful accounts was \$507,000 at December 31, 2011 and \$1.1 million at December 31, 2010.

Other revenue includes non-operating interest earned from investments in money market funds and other notes of \$502,000 in 2011, \$96,000 in 2010 and \$51,000 in 2009.

**Principles of Consolidation.** The accompanying consolidated financial statements include the accounts of Realty Income and other entities for which we make operating and financial decisions (i.e. control), after elimination of all material intercompany balances and transactions. We have no unconsolidated or off-balance sheet investments in variable interest entities.

**Cash Equivalents.** We consider all short-term, highly liquid investments that are readily convertible to cash and have an original maturity of three months or less at the time of purchase to be cash equivalents. Our cash equivalents are primarily investments in United States Treasury or government money market funds.

**Gain on Sales of Properties.** When real estate is sold, the related net book value of the applicable assets is removed and a gain from the sale is recognized in our consolidated statements of income. We record a gain from the sale of real estate provided that various criteria, relating to the terms of the sale and any subsequent involvement by us with the real estate, have been met.

**Allocation of the Purchase Price of Real Estate Acquisitions.** When acquiring a property for investment purposes, we allocate the fair value of real estate acquired to: 1) land and 2) building and improvements, based in each case on their estimated fair values. In addition, assumed mortgages payable are recorded at their estimated fair values.

For properties acquired with in-place operating leases, we allocate the fair value of real estate acquired to: 1) land, 2) building and improvements, and 3) identified intangible assets and liabilities, based in each case on their estimated fair values. Intangible assets and liabilities consist of above-market and below-market leases, the value of in-place leases and tenant relationships, as applicable.

Our estimated fair value determinations are based on management's judgment, which is based on various factors, including: (1) market conditions, (2) industry that tenant operates in, (3) characteristics of the real estate, i.e.: location, size, demographics, value and comparative rental rates, (4) tenant credit profile, (5) store profitability and the importance of the location of the real estate to the operations of the tenant's business, and/or (6) real estate valuations, prepared by an independent valuation firm. When real estate valuations are utilized, the measurement of fair value related to the allocation of the purchase price of real estate acquisitions is derived principally from observable market data that is not readily available to the public (and thus should be categorized as level 2 on FASB's three-level valuation hierarchy). Our other methodologies for measuring fair value related to the allocation of the purchase price of real estate acquisitions (except for independent third-party real estate valuations) include unobservable inputs that

reflect our own internal assumptions and calculations (and thus should be categorized as level 3 on FASB's three-level valuation hierarchy).

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The fair value of the tangible assets of an acquired property with an in-place operating lease (which includes land and buildings/improvements) is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land and buildings/improvements based on our determination of the fair value of these assets. Our fair value determinations are based on a real estate valuation for each property, prepared by an independent valuation firm, and consider estimates of carrying costs during the expected lease-up periods, current market conditions, as well as costs to execute similar leases. In allocating the fair value to identified intangibles for above-market or below-market leases, an amount is recorded based on the present value of the difference between (i) the contractual amount to be paid pursuant to the in-place lease and (ii) our estimate of fair market lease rate for the corresponding in-place lease, measured over a period equal to the remaining term of the lease.

Capitalized above-market lease values are amortized as a reduction of rental income over the remaining terms of the respective leases. Capitalized below-market lease values are amortized as an increase to rental income over the remaining terms of the respective leases and expected below-market renewal option periods. The amounts amortized as a net (decrease) increase to rental income for capitalized above-market and below-market leases for 2011 was \$(1.1 million), for 2010 was \$154,000 and for 2009 was \$185,000.

The aggregate value of other acquired intangible assets consists of the value of in-place leases and tenant relationships, as applicable. These are measured by the excess of the purchase price paid for a property, after adjusting for above or below-market lease value, less the estimated fair value of the property "as if vacant," determined as set forth above. The value of in-place leases, exclusive of the value of above-market and below-market in-place leases, is amortized to expense over the remaining periods of the respective leases. The amount amortized to expense for 2011 was \$8.3 million, for 2010 was \$1.4 million and for 2009 was \$1.1 million. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be recorded to revenue or expense as appropriate.

The following table presents the impact during the next five years and thereafter related to the net decrease to rental revenue from the amortization of the acquired above-market and below-market lease intangibles and the increase to amortization expense from the amortization of the in-place lease intangibles for properties owned at December 31, 2011 (in thousands):

|               | Net<br>decrease to<br>rental<br>revenue | Increase to<br>amortization<br>expense |
|---------------|---|--|
| 2012          | \$ (1,930 )                             | \$ 13,280                              |
| 2013          | (1,930 )                                | 13,281                                 |
| 2014          | (2,015 )                                | 13,069                                 |
| 2015          | (1,962 )                                | 12,275                                 |
| 2016          | (1,957 )                                | 12,196                                 |
| Thereafter    | (13,864)                                | 59,154                                 |
| <b>Totals</b> | <b>\$ (23,658)</b>                      | <b>\$ 123,255</b>                      |

In allocating the fair value to assumed mortgages, amounts are recorded to debt premiums or discounts based on the present value of the estimated cash flows, which is calculated to account for either above or below-market interest rates. These assumed mortgage payables are amortized as a reduction to interest expense over the remaining term of the respective mortgages.

Depreciation and Amortization. Land, buildings and improvements are recorded and stated at cost. Major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives, while ordinary repairs and maintenance are expensed as incurred. Buildings and improvements that are under redevelopment, or are being developed, are carried at cost and no depreciation is recorded on these assets. Additionally, amounts essential to the development of the property, such as pre-construction, development, construction, interest and any other costs incurred during the period of development are capitalized. We cease capitalization when the property is available for occupancy upon substantial completion of tenant improvements, but in any event no later than one year from the completion of major construction activity.

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Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

|   |   |
|---|---|
| Buildings                                 | Typically 25 years  |
| Building improvements                     | 4 to 15 years   |
| Tenant improvements and lease commissions | The shorter of the term of the related lease or useful life |
| Acquired in-place leases                  | Remaining terms of the respective leases                    |

**Provisions for Impairment.** We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment is recorded if estimated future operating cash flows (undiscounted and without interest charges) plus estimated disposition proceeds (undiscounted) are less than the current book value of the property. Key factors that we use in this analysis include: projected rental rates, estimated holding periods, capital expenditures and property sales capitalization rates. Additionally, a property classified as held for sale is carried at the lower of carrying cost or estimated fair value, less estimated cost to sell.

In 2011, Realty Income recorded total provisions for impairment of \$405,000 on two properties in the automotive service industry, one property in the motor vehicle dealerships industry and one property in the pet supplies and services industry. These provisions for impairment are included in income from discontinued operations, except for \$10,000 which is included in income from continuing operations.

In 2010, Realty Income recorded total provisions for impairment of \$213,000 on three properties in the restaurant industry and one property in the child care industry. Provisions for impairment of \$171,000 are included in income from discontinued operations. Since one of these properties was subsequently reclassified from held for sale to held for investment during 2011, a provision for impairment of \$42,000 is included in income from continuing operations. Additionally, during 2010, Crest recorded total provisions for impairment of \$807,000 on three properties held for investment at December 31, 2010 and 2011. These provisions for impairment are included in income from continuing operations.

In 2009, Realty Income recorded a provision for impairment of \$110,000 on one property in the convenience store industry, which was sold during 2010. This provision for impairment is included in income from discontinued operations. During 2009, Crest recorded total provisions for impairment of \$199,000 on three properties classified as held for investment at December 31, 2011. These provisions for impairment are included in income from continuing operations. Additionally, Crest recorded total provisions for impairment of \$78,000 on two properties which were sold in 2009. These provisions for impairment are included in income from discontinued operations.

**Asset Retirement Obligations.** We analyze our future legal obligations associated with the other-than-temporary removal of tangible long-lived assets, also referred to as asset retirement obligations. When we determine that we have a legal obligation to provide services upon the retirement of a tangible long-lived asset, we record a liability for this obligation based on the estimated fair value of this obligation and adjust the carrying amount of the related long-lived asset by the same amount. This asset is amortized over its estimated useful life. The estimated fair value of the asset retirement obligation is calculated by discounting the future cash flows using a credit-adjusted risk-free interest rate.

**Goodwill.** Goodwill is tested for impairment during the second quarter of each year as well as when events or circumstances occur indicating that our goodwill might be impaired. During our tests for impairment of goodwill, during the second quarters of 2011, 2010 and 2009, we determined that the estimated fair values of our reporting units exceeded their carrying values. We did not record any impairment on our existing goodwill during 2011, 2010 or 2009.

Government Taxes. We collect and remit sales and property taxes assessed by different governmental authorities that are both imposed on and concurrent with a revenue-producing transaction between us and our tenants. We report the collection of these taxes on a net basis (excluded from revenues). The amounts of these taxes are not significant to our financial position or results of operations.

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Use of Estimates. The consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles, or GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Impact of Recent Accounting Pronouncements. In August 2011, the FASB issued ASU No. 2011-08, Intangibles - Goodwill and Other (Topic 350), which is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Under the amendments in ASU No. 2011-08, an entity, through an assessment of qualitative factors, is not required to calculate the estimated fair value of a reporting unit, in connection with the two-step goodwill impairment test, unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. ASU No. 2011-08 will apply only to our disclosures related to our annual goodwill impairment test.

Par Value Change. In August 2011, we changed the par value of our common and preferred stock from \$1.00 per share to \$0.01 per share. This change did not have an impact on the amount of our total stockholders' equity.

Reclassifications. We report, in discontinued operations, the results of operations of properties that have either been disposed of or are classified as held for sale. As a result of these discontinued operations, certain of the 2010 and 2009 balances have been reclassified to conform to the 2011 presentation.

3. Investments in Real Estate

We acquire the land, buildings and improvements that are necessary for the successful operations of retail and other commercial enterprises.

A. During 2011, we invested \$1.02 billion in 164 new properties, and properties under development, with an initial weighted average contractual lease rate of 7.8%. These 164 new properties, and properties under development, are located in 26 states, contain over 6.2 million leasable square feet, and are 100% leased with an average lease term of 13.4 years. The initial weighted average contractual lease rate is computed by dividing the estimated aggregate base rent for the first year of each lease by the estimated total cost of the properties. Acquisition transaction costs of \$1.5 million were recorded to general and administrative expense on our consolidated statement of income for 2011.

Included in the \$1.02 billion invested during 2011 are:

- (1) The acquisition of 33 single-tenant retail, distribution, office and manufacturing properties for approximately \$543.8 million, under long-term, net lease agreements. All of the properties acquired have in-place leases.
- (2) The acquisition of 60 properties operating in the restaurant – quick service industry for \$41.9 million, under long-term, net lease agreements.
- (3) The acquisition of six properties operating in the wholesale clubs industry for \$156.1 million, under long-term, net lease agreements.
- (4) The acquisition of 36 properties operating in the grocery store industry for \$151.4 million under long-term, net lease agreements.
- (5) The acquisition of nine properties operating in the health and fitness industry for \$63.2 million, under long-term, net lease agreements.
- (6) The remaining 20 properties acquired totaled approximately \$59.8 million.

The 2011 aggregate acquisitions were allocated as follows: \$239.3 million to land, \$645.0 million to buildings and improvements, \$137.0 million to intangible assets and \$5.1 million to intangible and assumed liabilities, which

includes mortgage premiums of \$820,000. The majority of our 2011 acquisitions were cash purchases, except for one that also included the assumption of \$8.8 million in notes receivable and four that also included the assumption of \$67.4 million of mortgages payable. There was no contingent consideration associated with these acquisitions.

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The properties acquired during 2011 generated total revenues of \$32.4 million and income from continuing operations of \$12.6 million.

The following pro forma total revenue and income from continuing operations, for 2011 and 2010, assumes the 2011 property acquisitions took place on January 1, 2010 (in millions):

|   | Total<br>revenue | Income<br>from<br>continuing<br>operations |
|---|------------------|--|
| Supplemental pro forma for the year ended December 31,<br>2011(1) | \$ 467.9         | \$ 156.2                                   |
| Supplemental pro forma for the year ended December 31,<br>2010(1) | \$ 420.8         | \$ 130.5                                   |

(1) This unaudited pro forma supplemental information does not purport to be indicative of what our operating results would have been had the acquisitions occurred on January 1, 2010, and may not be indicative of future operating results. No material, non-recurring pro-forma adjustments were included in the calculation of this information.

In comparison, during 2010, we invested \$713.5 million in 186 new properties with an initial weighted average contractual lease rate of 7.9%. These 186 properties are located in 14 states, contain over 2.2 million leasable square feet, and are 100% leased with an average lease term of 15.7 years. Acquisition transaction costs of \$368,000 were recorded to general and administrative expense on our consolidated statement of income for 2010.

Included in the \$713.5 million invested during 2010 are:

- (1) The acquisition and lease-back of approximately \$304.1 million of winery and vineyard properties under 20-year, triple-net lease arrangements with Diageo Chateau & Estates Wine Company, guaranteed by Diageo plc (NYSE: ADR: DEO), or, together with its subsidiaries, Diageo. The properties are primarily located in California's Napa Valley and include two wineries that produce wines for Diageo's Sterling Vineyards, or Sterling, and Beaulieu Vineyards, or BV, brands and 14 vineyards producing grapes for their Sterling, BV and other brands. The properties include approximately 3,600 acres and 426,000 square feet of winery, production, storage, shipping and tourist buildings. Diageo will continue to operate the wineries and vineyards.
- (2) The acquisition of 23 retail properties leased to 13 tenants in six states, for approximately \$126.5 million, under long-term, net lease agreements. The properties are in eight different industries, all of which are already in our portfolio. All of the properties acquired have in-place leases.
- (3) The acquisition of 135 SuperAmerica convenience stores and one support facility, for approximately \$247.6 million, under long-term, triple-net lease agreements. The stores are located in Minnesota and Wisconsin, and average approximately 3,500 leasable square feet on approximately 1.14 acres.
- (4) The remaining 11 properties acquired totaled approximately \$35.3 million.

The 2010 aggregate acquisitions were allocated as follows: \$358.3 million to land, \$339.8 million to buildings and improvements, \$17.0 million to intangible assets and \$1.6 million to intangible liabilities. All of the 2010 acquisitions were cash purchases and there was no contingent consideration associated with these acquisitions.

In 2011, we capitalized costs of \$4.2 million on existing properties in our portfolio, consisting of \$1.7 million for re-leasing costs and \$2.5 million for building and tenant improvements. In 2010, we capitalized costs of \$3.6 million on existing properties in our portfolio, consisting of \$1.5 million for re-leasing costs and \$2.1 million for building

improvements.

B. Of the \$1.02 billion we invested in 2011, approximately \$592.1 million was used to acquire 94 properties with existing leases. Associated with these 94 properties, we recorded \$109.9 million as the intangible value of the in-place leases, \$27.1 million as the intangible value of above-market leases and \$3.5 million as the intangible value of below-market leases for 2011. The value of the in-place and above-market leases is recorded to other assets on our consolidated balance sheet, and the value of the below-market leases is recorded to other liabilities on our consolidated balance sheet. The value of the in-place leases is amortized as depreciation and amortization expense, while the value of the above-market and below-market leases is amortized as rental revenue on our consolidated statements of income. All of these amounts are amortized over the life of the respective leases.

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Of the \$713.5 million we invested in 2010, approximately \$126.5 million was used to acquire 23 properties with existing leases. Associated with these 23 properties, we recorded \$12.6 million as the intangible value of the in-place leases, \$4.4 million as the intangible value of above-market leases and \$1.6 million as the intangible value of below-market leases for 2010.

## 4. Credit Facility

In December 2010, we entered into a \$425 million unsecured, revolving credit facility that replaced our previous \$355 million acquisition credit facility that was scheduled to expire in May 2011. The initial term of the credit facility expires in March 2014 and includes two, one-year extension options. Under this credit facility, the current investment grade credit ratings on our debt securities provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 185 basis points with a facility commitment fee of 35 basis points, for all-in drawn pricing of 220 basis points over LIBOR. The borrowing rate is not subject to an interest rate floor or ceiling. We also have other interest rate options available to us under the credit facility. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation.

As a result of entering into our current credit facility, we incurred credit facility origination costs of \$4.2 million that were classified as part of other assets on our consolidated balance sheet at December 31, 2010. At December 31, 2011, the balance of these credit facility origination costs was \$3.1 million, which is being amortized over the remaining term of the credit facility.

At December 31, 2011, we had a borrowing capacity of \$187.6 million available on our credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$237.4 million, as compared to no borrowings at December 31, 2010. The average interest rate on outstanding borrowings under our credit facility during 2011 was 2.1% per annum and, during 2010, was 1.3% per annum. During 2009, we did not utilize our credit facility until December and had an effective borrowing rate of 1.2% per annum at December 31, 2009. Our current and prior credit facilities are and were subject to various leverage and interest coverage ratio limitations. We are and have been in compliance with these covenants.

## 5. Notes Payable

## A. General

Our senior unsecured notes and bonds consisted of the following, sorted by maturity date (dollars in millions):

| December 31,   | 2011    | 2010    |
|--|---------|---------|
| 5.375% notes, issued in March 2003 and due in March 2013                                       | \$ 100  | \$ 100  |
| 5.5% notes, issued in November 2003 and due in November 2015                                   | 150     | 150     |
| 5.95% notes, issued in September 2006 and due in September 2016                                | 275     | 275     |
| 5.375% notes, issued in September 2005 and due in September 2017                               | 175     | 175     |
| 6.75% notes, issued in September 2007 and due in August 2019                                   | 550     | 550     |
| 5.75% notes, issued in June 2010 and due in January 2021                                       | 250     | 250     |
| 5.875% bonds, \$100 issued in March 2005 and \$150 issued in June 2011, both due in March 2035 | 250     | 100     |
|  | \$1,750 | \$1,600 |

The following table summarizes the maturity of our notes and bonds payable as of December 31, 2011 (dollars in millions):

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| Year of Maturity | Notes<br>and<br>Bonds |
|------------------|-----------------------|
| 2012             | \$ --                 |
| 2013             | 100                   |
| 2014             | --                    |
| 2015             | 150                   |
| 2016             | 275                   |
| Thereafter       | 1,225                 |
| Totals           | \$ 1,750              |

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Interest incurred on all of the notes and bonds for 2011 was \$101.5 million, for 2010 was \$89.7 million and for 2009 was \$82.5 million. The interest rate on each of these notes and bonds is fixed.

Our outstanding notes and bonds are unsecured; accordingly, we have not pledged any assets as collateral for these or any other obligations. Interest on all of the senior note and bond obligations is paid semiannually.

All of these notes and bonds contain various covenants, including: (i) a limitation on incurrence of any debt which would cause our debt to total adjusted assets ratio to exceed 60%; (ii) a limitation on incurrence of any secured debt which would cause our secured debt to total adjusted assets ratio to exceed 40%; (iii) a limitation on incurrence of any debt which would cause our debt service coverage ratio to be less than 1.5 times; and (iv) the maintenance at all times of total unencumbered assets not less than 150% of our outstanding unsecured debt. At December 31, 2011, we remain in compliance with these covenants.

B. Re-opening of Unsecured Bonds due 2035

In June 2011, we "re-opened" our 5.875% senior unsecured bonds due 2035, or the 2035 Bonds, and issued \$150 million in aggregate principal amount of these 2035 Bonds. The public offering price for the additional 2035 Bonds was 94.578% of the principal amount for an effective yield of 6.318% per annum. Those 2035 Bonds constituted an additional issuance of, and a single series with, the \$100 million in aggregate principal amount of the 2035 Bonds that we issued in March 2005. The net proceeds of \$140.1 million were used to fund property acquisitions. Interest is paid semiannually on the 2035 Bonds.

C. Note Issuance

In June 2010, we issued \$250 million in aggregate principal amount of 5.75% senior unsecured notes due January 2021, or the 2021 Notes. The price to the investor for the 2021 Notes was 99.404% of the principal amount for an effective yield of 5.826% per annum. The net proceeds of \$246.1 million from this offering were used to repay borrowings under our acquisition credit facility, which were incurred to fund property acquisitions. Interest is paid semiannually on the 2021 Notes.

D. Note Redemptions

On their maturity date in January 2009, we redeemed, using cash on hand, all of our outstanding 8.00% notes issued in January 1999 at a redemption price equal to 100% of the principal amount of \$20 million, plus accrued and unpaid interest.

6. Mortgages Payable

As part of the \$1.02 billion invested in new properties during 2011, we assumed \$67.4 million of mortgages payable to third-party lenders. These four mortgages are secured by the properties on which the debt was placed and are non-recourse. We expect to pay off the mortgages as soon as prepayment penalties and costs make it economically feasible to do so. We intend to continue our policy of primarily identifying property acquisitions that are free from mortgage indebtedness.

In aggregate, net premiums totaling \$820,000 were recorded upon assumption of the mortgages at the time of the respective property acquisitions to account for above-market interest rates. Amortization of these net premiums is recorded as a reduction to interest expense over the remaining term of the respective notes, using a method that approximates the effective-interest method. These mortgages contain customary covenants, such as limiting our ability to further mortgage each applicable property or to discontinue insurance coverage, without the prior consent of the

lender.

As a result of assuming these mortgages payable in 2011, we incurred deferred financing costs of \$917,000 that were classified as part of other assets on our consolidated balance sheet. The balance of these deferred financing costs at December 31, 2011, was \$751,000, which is being amortized over the remaining term of each mortgage.

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The following is a summary of our mortgages payable as of December 31, 2011 (principal balance, unamortized premiums (discounts) and mortgage payable balances in thousands):

| Tenant Name               | Stated Interest Rate(1) | Effective Interest Rate | Maturity Date(2) | Remaining Principal Balance(2) | Amortized Premium (Discount) Balance | Mortgage Payable Balance |
|---------------------------|-------------------------|-------------------------|------------------|--------------------------------|--------------------------------------|--------------------------|
| T-Mobile USA, Inc. (3)    | 5.89 %                  | 5.19 %                  | 5/6/12           | \$10,664                       | \$26                                 | \$10,690                 |
| Aviall Services, Inc. (4) | 6.25 %                  | 4.63 %                  | 12/1/13          | 12,410                         | 314                                  | 12,724                   |
| Aviall Services, Inc. (4) | 6.25 %                  | 5.09 %                  | 9/1/14           | 11,671                         | 359                                  | 12,030                   |
| MeadWestvaco Corporation  | 4.73 %                  | 4.84 %                  | 6/10/15          | 23,625                         | (68 )                                | 23,557                   |
| Solae, LLC(4)(5)          | 8.26 %                  | 8.26 %                  | 12/28/13         | 4,510                          | --                                   | 4,510                    |
| Solae, LLC(4)(5)          | 8.26 %                  | 8.26 %                  | 12/28/13         | 4,270                          | --                                   | 4,270                    |
|                           |                         |                         |                  | \$67,150                       | \$631                                | \$67,781                 |

(1) With the exception of the MeadWestvaco Corporation mortgage, the mortgages are at fixed interest rates. The MeadWestvaco Corporation mortgage is at a floating variable interest rate calculated as the sum of the current 1 month LIBOR plus 4.50%, not to exceed an all-in interest rate of 5.5%.

(2) The mortgages require monthly payments, with a principal payment due at maturity.

(3) We have notified the lender that the mortgage will be paid off on March 6, 2012, as allowed for in the agreement.

(4) These are mortgages associated with one property occupied by the applicable tenant.

(5) As part of the assumption of these mortgages payable related to our acquisition of Solae, LLC, we also assumed an \$8.8 million note receivable, upon which we will receive interest income at a stated rate of 8.14% through December 28, 2013.

## 7. Common Stock Offerings

In September 2011, we issued 6,300,000 shares of common stock at a price of \$34.00 per share. After underwriting discounts and other offering costs of \$10.6 million, the net proceeds of \$203.6 million were used to repay borrowings under our acquisition credit facility, which were used to fund recent property acquisitions.

In March 2011, we issued 8,625,000 shares of common stock at a price of \$34.81 per share. After underwriting discounts and other offering costs of \$14.6 million, the net proceeds of \$285.6 million were used to fund property acquisitions.

In December 2010, we issued 7,360,000 shares of common stock at a price of \$33.70 per share. The net proceeds of \$235.7 million were used to repay borrowings of \$179.8 million under our acquisition credit facility and to fund property acquisitions during December 2010. The remaining net proceeds were used for general corporate purposes and working capital.

In September 2010, we issued 6,198,500 shares of common stock at a price of \$33.40 per share. The net proceeds of \$196.9 million were used to repay borrowings of \$49.7 million under our acquisition credit facility and to fund \$126.5 million of property acquisitions during October 2010. The remaining net proceeds were used for general corporate purposes and working capital.

## 8. Preferred Stock

A. In 2004, we issued 5.1 million shares of 7.375% Monthly Income Class D cumulative redeemable preferred stock. On May 27, 2009, the Class D preferred shares became redeemable, at our option, for \$25 per share. During 2011, 2010 and 2009, we paid twelve monthly dividends to holders of our Class D preferred stock totaling \$1.8437508 per share, or \$9.4 million, and at December 31, 2011, a monthly dividend of \$0.1536459 per share was payable and was paid in January 2012. On January 31, 2012, we announced that we plan to redeem our outstanding Class D preferred stock on March 1, 2012. We will redeem the Class D preferred stock at \$25.00 per share, plus accrued dividends.

B. In 2006, we issued 8.8 million shares of 6.75% Monthly Income Class E cumulative redeemable preferred stock. Beginning December 7, 2011, the Class E preferred shares are redeemable, at our option, for \$25 per share. During 2011, 2010 and 2009, we paid twelve monthly dividends to holders of our Class E preferred stock totaling \$1.6875 per share, or \$14.9 million, and at December 31, 2011, a monthly dividend of \$0.140625 per share was payable and was paid in January 2012.

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We are current in our obligations to pay dividends on our Class D and Class E preferred stock.

## 9. Distributions Paid and Payable

## A. Common Stock

We pay monthly distributions to our common stockholders. The following is a summary of monthly distributions paid per common share for the years:

| Month     | 2011        | 2010        | 2009        |
|-----------|-------------|-------------|-------------|
| January   | \$0.1442500 | \$0.1430000 | \$0.1417500 |
| February  | 0.1442500   | 0.1430000   | 0.1417500   |
| March     | 0.1442500   | 0.1430000   | 0.1417500   |
| April     | 0.1445625   | 0.1433125   | 0.1420625   |
| May       | 0.1445625   | 0.1433125   | 0.1420625   |
| June      | 0.1445625   | 0.1433125   | 0.1420625   |
| July      | 0.1448750   | 0.1436250   | 0.1423750   |
| August    | 0.1448750   | 0.1436250   | 0.1423750   |
| September | 0.1448750   | 0.1436250   | 0.1423750   |
| October   | 0.1451875   | 0.1439375   | 0.1426875   |
| November  | 0.1451875   | 0.1439375   | 0.1426875   |
| December  | 0.1451875   | 0.1439375   | 0.1426875   |
| Total     | \$1.7366250 | \$1.7216250 | \$1.7066250 |

The following presents the federal income tax characterization of distributions paid or deemed to be paid per common share for the years:

|                          | 2011        | 2010        | 2009        |
|--------------------------|-------------|-------------|-------------|
| Ordinary income          | \$1.3787863 | \$1.2598879 | \$1.2739214 |
| Nontaxable distributions | 0.3578387   | 0.4617371   | 0.4113034   |
| Capital gain             | --          | --          | 0.0214002   |
| Totals                   | \$1.7366250 | \$1.7216250 | \$1.7066250 |

At December 31, 2011, a distribution of \$0.1455 per common share was payable and was paid in January 2012. At December 31, 2010, a distribution of \$0.14425 per common share was payable and was paid in January 2011.

## B. Class D Preferred Stock

Dividends of \$0.1536459 per share are paid monthly in arrears on the Class D preferred stock. We declared dividends to holders of our Class D preferred stock totaling \$9.4 million in 2011, 2010 and 2009, respectively. On January 31, 2012, we announced that we plan to redeem the Class D preferred stock on March 1, 2012.

The following presents the federal income tax characterization of dividends paid per share to our Class D preferred stockholders for the years:

|                 | 2011        | 2010        | 2009        |
|-----------------|-------------|-------------|-------------|
| Ordinary income | \$1.8437508 | \$1.8437508 | \$1.8206316 |
| Capital gain    | --          | --          | 0.0231192   |
| Totals          | \$1.8437508 | \$1.8437508 | \$1.8437508 |

C. Class E Preferred Stock

Dividends of \$0.140625 per share are paid monthly in arrears on the Class E preferred stock. We declared dividends to holders of our Class E preferred stock totaling \$14.9 million in 2011, 2010 and 2009.

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The following presents the federal income tax characterization of dividends paid per share to our Class E preferred stockholders for the years:

|                 | 2011        | 2010        | 2009        |
|-----------------|-------------|-------------|-------------|
| Ordinary income | \$1.6875000 | \$1.6875000 | \$1.6663392 |
| Capital gain    | --          | --          | 0.0211608   |
| Totals          | \$1.6875000 | \$1.6875000 | \$1.6875000 |

## 10. Operating Leases

A. At December 31, 2011, we owned 2,634 properties in 49 states, plus an additional three properties owned by Crest. Of the 2,634 properties, 2,619, or 99.4%, are single-tenant properties, and the remaining 15 are multi-tenant properties. At December 31, 2011, 87 properties were vacant and available for lease or sale.

Substantially all leases are net leases where the tenant pays property taxes and assessments, maintains the interior and exterior of the building and leased premises, and carries insurance coverage for public liability, property damage, fire and extended coverage.

Rent based on a percentage of a tenants' gross sales (percentage rents) for 2011, 2010 and 2009 was \$1.4 million, including amounts recorded to discontinued operations of \$17,000 in 2011, \$55,000 in 2010 and \$112,000 in 2009.

At December 31, 2011, minimum future annual rents to be received on the operating leases for the next five years and thereafter are as follows (dollars in thousands):

|            |             |
|------------|-------------|
| 2012       | \$454,695   |
| 2013       | 439,836     |
| 2014       | 422,577     |
| 2015       | 407,459     |
| 2016       | 392,067     |
| Thereafter | 3,105,365   |
| Total      | \$5,221,999 |

B. Major Tenants - No individual tenant's rental revenue, including percentage rents, represented more than 10% of our total revenue for each of the years ended December 31, 2011, 2010 or 2009.

## 11. Gain on Sales of Real Estate Acquired for Resale

During 2011 and 2010, Crest did not sell any properties. During 2009, Crest sold two properties for \$2.0 million, which resulted in no gain. Crest's gains on sales are reported before income taxes and are included in income from discontinued operations.

## 12. Gain on Sales of Investment Properties

During 2011, we sold 26 investment properties for \$21.8 million, which resulted in a gain of \$5.2 million. The results of operations for these properties have been reclassified as discontinued operations. Additionally, we sold excess real estate from six properties for \$2.3 million, which resulted in a gain of \$540,000. This gain is included in other revenue on our consolidated statement of income for 2011, because this excess real estate was associated with properties that continue to be owned as part of our core operations.

During 2010, we sold 28 investment properties and excess land from one property for \$27.2 million, which resulted in a gain of \$8.7 million. The results of operations for these properties have been reclassified as discontinued operations.

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During 2009, we sold 25 investment properties and excess land from one property for \$20.5 million, which resulted in a gain of \$8.1 million. The results of operations for these properties have been reclassified as discontinued operations.

## 13. Fair Value of Financial Instruments

Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The disclosure for assets and liabilities measured at fair value requires allocation to a three-level valuation hierarchy. This valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Categorization within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

We believe that the carrying values reflected in our consolidated balance sheets reasonably approximate the fair values for cash and cash equivalents, accounts receivable, escrow deposits, and all liabilities, due to their short-term nature, except for our notes receivable issued in connection with property sales, mortgages payable and our senior notes and bonds payable, which are disclosed below (dollars in millions):

|  | Carrying<br>value per<br>balance<br>sheet | Estimated<br>fair<br>market<br>value |
|--|---|--------------------------------------|
| At December 31, 2011   |   |                                      |
| Notes receivable issued in connection with property sales      | \$19.0                                    | \$19.6                               |
| Note receivable issued in connection with 2011 acquisitions    | \$8.8                                     | \$8.8                                |
| Mortgages payable assumed in connection with 2011 acquisitions | \$67.8                                    | \$68.2                               |
| Notes payable  | \$1,750.0                                 | \$1,901.9                            |
|  | Carrying<br>value per<br>balance<br>sheet | Estimated<br>fair<br>market<br>value |
| At December 31, 2010   |   |                                      |
| Notes receivable issued in connection with property sales      | \$22.1                                    | \$23.2                               |
| Notes payable  | \$1,600.0                                 | \$1,707.1                            |

The estimated fair value of our notes receivable, issued in connection with property sales, has been calculated by discounting the future cash flows using an interest rate based upon the current 5-year or 7-year Treasury yield curve, plus an applicable credit-adjusted spread. These notes receivable were issued in connection with the sale of three Crest properties. Payments to us on these notes receivable are current and no allowance for doubtful accounts has been recorded for them.

The estimated fair value of our mortgages payable has been calculated by discounting the future cash flows using an interest rate based upon the current 5-year Treasury yield curve, plus an applicable credit-adjusted spread.

The estimated fair value of our notes and bonds payable is based upon indicative market prices and recent trading activity of our notes and bonds payable.

## 14. Supplemental Disclosures of Cash Flow Information

Interest paid in 2011 was \$102.0 million, in 2010 was \$82.6 million and in 2009 was \$83.2 million.

Interest capitalized to properties under development in 2011 was \$438,000, in 2010 was \$10,000 and in 2009 was \$5,000.

Income taxes paid in 2011 were \$871,000, in 2010 were \$907,000 and in 2009 were \$1.2 million.

The following non-cash investing and financing activities are included in the accompanying consolidated financial statements:

A. Share-based compensation expense for 2011 was \$7.9 million, for 2010 was \$6.2 million and for 2009 was \$4.7 million.



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- B. See "Provisions for Impairment" in note 2 for a discussion of provisions for impairments recorded by Realty Income and Crest.
- C. As part of the acquisition of four properties during 2011, we assumed \$67.4 million of mortgages payable to third-party lenders and recorded \$820,000 of net premiums. Additionally, we assumed an \$8.8 million note receivable. See note 6 for a discussion of these transactions.
- D. At December 31, 2010, we had escrow deposits of \$6.4 million held for tax-deferred exchanges under Section 1031 of the Code. The \$6.4 million is included in "other assets" on our consolidated balance sheet at December 31, 2010.
- E. At December 31, 2009, we had escrow deposits of \$4.5 million held for tax-deferred exchanges under Section 1031 of the Code. The \$4.5 million is included in "other assets" on our consolidated balance sheet at December 31, 2009.
- F. In 2010, we recorded a \$600,000 receivable for the sale of excess land. This receivable is included in other assets on our consolidated balance sheet at December 31, 2010. We received cash for this excess land in 2011.
- G. In 2010, we recorded a \$799,000 receivable for the sale of an investment property as a result of an eminent domain action. This receivable is included in other assets on our consolidated balance sheet at December 31, 2011 and 2010.
- H. In 2009, Realty Income and Crest amended certain prior year state tax returns and determined that it is more-likely-than-not that we will be collecting refunds in the future as a result of these amendments. As a result of this, in 2009, Realty Income recorded a tax receivable of \$454,000 and Crest recorded a tax receivable of \$303,000.
- I. In accordance with our policy, we recorded adjustments to our estimated legal obligations related to asset retirement obligations on two land leases in the following amounts: an increase of \$152,000 in 2011, an increase of \$82,000 in 2010 and a reduction of \$63,000 in 2009. These asset retirement obligations account for the difference between our obligations to the landlord under the two land leases and our subtenant's obligations to us under the subleases.
- J. Accrued costs on properties under development resulted in an increase in buildings and improvements and accounts payable of \$3.7 million at December 31, 2011, and \$337,000 at December 31, 2010.
- K. In 2011, we entered into loan agreements to fund development of real estate. These loans receivable are included in other assets on our consolidated balance sheet at December 31, 2011, and include accrued costs of \$574,000.

15. Employee Benefit Plan

We have a 401(k) plan covering substantially all of our employees. Under our 401(k) plan, employees may elect to make contributions to the plan up to a maximum of 60% of their compensation, subject to limits under the Code. We match 50% of our employee's contributions, up to 3% of the employee's compensation. Our aggregate matching contributions each year have been immaterial to our results of operations.



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## 16. Common Stock Incentive Plan

In 2003, our Board of Directors adopted, and stockholders approved, the 2003 Incentive Award Plan of Realty Income Corporation, or the Stock Plan, to enable us to attract and retain the services of directors, employees and consultants, considered essential to our long-term success. The Stock Plan offers our directors, employees and consultants an opportunity to own stock in Realty Income and/or rights that will reflect our growth, development and financial success. The Stock Plan was amended and restated by our Board of Directors in February 2006 and in May 2007. Under the terms of this plan, the aggregate number of shares of our common stock subject to options, stock purchase rights, or SPR, stock appreciation rights, or SAR, and other awards will be no more than 3,428,000 shares. The maximum number of shares that may be subject to options, SPR, SAR and other awards granted under the plan to any individual in any calendar year may not exceed 1,600,000 shares. This plan has a term of 10 years from the date it was adopted by our Board of Directors, which was March 12, 2003. To date, we have not issued any SPR or SAR.

The amount of share-based compensation costs recognized in general and administrative expense on our consolidated statements of income during 2011 was \$7.9 million, during 2010 was \$6.2 million and during 2009 was \$4.7 million.

The following table summarizes our common stock grant activity under our Stock Plan. Our common stock grants vest over periods ranging from immediately to 10 years.

|   | 2011             |                           | 2010             |                           | 2009             |                           |
|---|------------------|---------------------------|------------------|---------------------------|------------------|---------------------------|
|   | Number of shares | Weighted average price(1) | Number of shares | Weighted average price(1) | Number of shares | Weighted average price(1) |
| Outstanding nonvested shares, beginning of year | 924,294          | \$ 19.69                  | 853,234          | \$ 19.14                  | 994,453          | \$ 19.70                  |
| Shares granted                                  | 247,214          | 33.94                     | 278,200          | 28.99                     | 142,860          | 22.86                     |
| Shares vested                                   | (245,487 )       | 25.26                     | (206,153 )       | 23.70                     | (214,521 )       | 23.14                     |
| Shares forfeited                                | (495 )           | 31.37                     | (987 )           | 26.03                     | (69,558 )        | 25.95                     |
| Outstanding nonvested shares, end of year       | 925,526          | \$ 20.21                  | 924,294          | \$ 19.69                  | 853,234          | \$ 19.14                  |

(1) Grant date fair value.

During 2011, we issued 247,214 shares of common stock under our Stock Plan. These shares vest over the following service periods: 25,158 vested immediately, 5,000 vest over a service period of one year, 70,400 vest over a service period of three years and 146,656 vest over a service period of five years.

The vesting schedule for shares granted to non-employee directors is as follows:

- For directors with less than six years of service at the date of grant, shares vest in 33.33% increments on each of the first three anniversaries of the date the shares of stock are granted;
- For directors with six years of service at the date of grant, shares vest in 50% increments on each of the first two anniversaries of the date the shares of stock are granted;
- For directors with seven years of service at the date of grant, shares are 100% vested on the first anniversary of the date the shares of stock are granted; and
- For directors with eight or more years of service at the date of grant, there is immediate vesting as of the date the shares of stock are granted.

The vesting schedule for shares granted to employees is as follows:

- For employees age 55 and below at the grant date, shares vest in 20% increments on each of the first five anniversaries of the grant date;
- For employees age 56 at the grant date, shares vest in 25% increments on each of the first four anniversaries of the grant date;

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- For employees age 57 at the grant date, shares vest in 33.33% increments on each of the first three anniversaries of the grant date;
- For employees age 58 at the grant date, shares vest in 50% increments on each of the first two anniversaries of the grant date;
- For employees age 59 at the grant date, shares are 100% vested on the first anniversary of the grant date; and
- For employees age 60 and above at the grant date, shares vest immediately on the grant date.

After they have been employed for six full months, all non-executive employees receive 200 shares of nonvested stock which vests over a five year period. Additionally, depending on certain company performance metrics, non-executive employees may receive grants of nonvested stock which vests over a five year period.

As of December 31, 2011, the remaining unamortized share-based compensation expense totaled \$18.7 million, which is being amortized on a straight-line basis over the service period of each applicable award. The amount of share-based compensation is based on the fair value of the stock at the grant date. We define the grant date as the date the recipient and Realty Income have a mutual understanding of the key terms and condition of the award, and the recipient of the grant begins to benefit from, or be adversely affected by, subsequent changes in the price of the shares.

Due to a historically low turnover rate, we do not estimate a forfeiture rate for our nonvested shares. Accordingly, unexpected forfeitures will lower share-based compensation expense during the applicable period. Under the terms of our Stock Plan, we pay non-refundable dividends to the holders of our nonvested shares. Applicable accounting guidance requires that the dividends paid to holders of these nonvested shares be charged as compensation expense to the extent that they relate to nonvested shares that do not or are not expected to vest. However, since we do not estimate forfeitures given our historical trends, we did not record any amount to compensation expense related to dividends paid in 2011, 2010 or 2009.

As of December 31, 2011, there were no remaining stock options outstanding. All outstanding options were fully vested as of December 31, 2006. Stock options, none of which were granted after January 1, 2002, were granted with an exercise price equal to the underlying stock's fair value at the date of grant.

The following table summarizes our stock option activity for the years:

|  | 2011             |                                 | 2010             |                                 | 2009             |                                 |
|--|------------------|---------------------------------|------------------|---------------------------------|------------------|---------------------------------|
|  | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Outstanding options, beginning of year           | 2,454            | \$ 14.70                        | 5,846            | \$ 14.70                        | 21,294           | \$ 13.33                        |
| Options exercised                                | (2,454 )         | 14.70                           | (3,392 )         | 14.70                           | (15,448 )        | 12.81                           |
| Outstanding and exercisable options, end of year | --               | \$ --                           | 2,454            | \$ 14.70                        | 5,846            | \$ 14.70                        |

The intrinsic value of a stock option is the amount by which the market value of the underlying stock at December 31 of each year exceeds the exercise price of the option. The market value of our stock was \$34.20 and \$25.91 at December 31, 2010 and 2009, respectively. The total intrinsic value of options exercised during the years ended December 31, 2011, 2010 and 2009 was \$48,000, \$61,000 and \$157,000, respectively. The aggregate intrinsic value of options outstanding and exercisable was \$48,000 and \$66,000 at December 31, 2010 and 2009, respectively.



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## 17. Dividend Reinvestment and Stock Purchase Plan

In March 2011, we established a Dividend Reinvestment and Stock Purchase Plan, or The Plan, to provide our common stockholders, as well as new investors, with a convenient and economical method to purchase our common stock and/or reinvest their distributions. The Plan authorizes up to 6,000,000 common shares to be issued. Through December 31, 2011, we issued 59,605 shares and received net proceeds of approximately \$1.9 million under The Plan.

## 18. Segment Information

We evaluate performance and make resource allocation decisions on an industry by industry basis. For financial reporting purposes, we have grouped our tenants into 39 industry and activity segments (including properties owned by Crest that are grouped together as a segment). All of the properties are incorporated into one of the applicable segments. Because almost all of our leases require the tenant to pay operating expenses, revenue is the only component of segment profit and loss we measure.

The following tables set forth certain information regarding the properties owned by us, classified according to the business of the respective tenants, as of December 31, 2011 (dollars in thousands):

| Assets, as of December 31:      | 2011      | 2010      |
|---------------------------------|-----------|-----------|
| Segment net real estate:        |           |           |
| Automotive service              | \$101,280 | \$105,393 |
| Automotive tire services        | 191,577   | 197,997   |
| Beverages                       | 314,832   | 302,159   |
| Child care                      | 66,474    | 72,935    |
| Convenience stores              | 690,246   | 711,667   |
| Drug stores                     | 154,015   | 143,739   |
| Grocery stores                  | 221,678   | 72,122    |
| Health and fitness              | 296,188   | 220,856   |
| Restaurants - casual dining     | 472,471   | 487,048   |
| Restaurants - quick service     | 277,900   | 248,877   |
| Theaters                        | 383,452   | 281,072   |
| Transportation services         | 107,632   | 4,961     |
| Wholesale clubs                 | 154,964   | --        |
| 26 non-reportable segments      | 727,299   | 556,052   |
| Total segment net real estate   | 4,160,008 | 3,404,878 |
| Intangible assets:              |           |           |
| Automotive tire services        | 529       | 588       |
| Beverages                       | 3,571     | --        |
| Drug stores                     | 14,422    | 5,939     |
| Grocery stores                  | 5,655     | 6,031     |
| Health and fitness              | 1,566     | 1,708     |
| Restaurants - quick service     | 4,037     | --        |
| Theaters                        | 31,162    | 1,579     |
| Transportation services         | 28,944    | --        |
| Other - non-reportable segments | 63,450    | 10,376    |
| Goodwill:                       |           |           |
| Automotive service              | 1,338     | 1,338     |
| Child care                      | 5,353     | 5,353     |
| Convenience stores              | 2,074     | 2,074     |

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|                                 |             |             |
|---------------------------------|-------------|-------------|
| Restaurants - casual dining     | 2,461       | 2,461       |
| Restaurants - quick service     | 1,318       | 1,318       |
| Other - non reportable segments | 4,662       | 4,662       |
| Other corporate assets          | 88,839      | 87,285      |
| Total assets                    | \$4,419,389 | \$3,535,590 |

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| For the years ended December 31, | 2011      | Revenue<br>2010 | 2009      |
|----------------------------------|-----------|-----------------|-----------|
| Segment rental revenue:          |           |                 |           |
| Automotive service               | \$ 15,661 | \$ 15,626       | \$ 15,285 |
| Automotive tire services         | 23,335    | 22,303          | 23,128    |
| Beverages                        | 23,458    | 10,292          | --        |
| Child care                       | 22,011    | 21,981          | 22,612    |
| Convenience stores               | 77,808    | 58,837          | 55,054    |
| Drug stores                      | 15,809    | 13,962          | 13,727    |
| Grocery stores                   | 6,858     | 3,147           | 2,339     |
| Health and fitness               | 26,817    | 23,768          | 18,787    |
| Restaurants - casual dining      | 45,725    | 45,955          | 44,378    |
| Restaurants - quick service      | 27,522    | 26,519          | 27,204    |
| Theaters                         | 36,812    | 30,634          | 30,078    |
| Transportation services          | 7,586     | 750             | 750       |
| Wholesale clubs                  | 3,059     | --              | --        |
| 26 non-reportable segments       | 86,935    | 69,061          | 68,340    |
| Total rental revenue             | 419,396   | 342,835         | 321,682   |
| Other revenue                    | 1,663     | 657             | 868       |
| Total revenue                    | \$421,059 | \$343,492       | \$322,550 |

## 19. Commitments and Contingencies

In the ordinary course of our business, we are party to various legal actions which we believe are routine in nature and incidental to the operation of our business. We believe that the outcome of the proceedings will not have a material adverse effect upon our consolidated financial position or results of operations.

At December 31, 2011, we have contingent payments of \$621,000 for tenant improvements and leasing costs. In addition, we have committed \$16.2 million under construction contracts, which is expected to be paid in the next twelve months.

We have certain properties that are subject to ground leases which are accounted for as operating leases. At December 31, 2011, minimum future rental payments for the next five years and thereafter are as follows (dollars in thousands):

|            | Ground<br>Leases<br>Paid by<br>Realty<br>Income (1) | Ground<br>Leases<br>Paid by<br>Our<br>Tenants (2) | Total     |
|------------|---|---|-----------|
| 2012       | \$ 157  | \$ 4,083  | \$ 4,240  |
| 2013       | 158   | 4,016   | 4,174     |
| 2014       | 167   | 3,786   | 3,953     |
| 2015       | 170   | 3,729   | 3,899     |
| 2016       | 171   | 3,702   | 3,873     |
| Thereafter | 421   | 49,021  | 49,442    |
| Total      | \$ 1,244  | \$ 68,337   | \$ 69,581 |

(1) Realty Income currently pays the ground lessors directly for the rent under the ground leases.

(2) Our tenants, who are generally sub-tenants under the ground leases, are responsible for paying the rent under these ground leases. In the event a tenant fails to pay the ground lease rent, we are primarily responsible.



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20. Subsequent Events

In January 2012 and February 2012, we declared the following dividends, which will be paid in February 2012 and March 2012, respectively:

- \$0.1455 per share to our common stockholders;
- \$0.1536459 per share to our Class D preferred stockholders; and
- \$0.140625 per share to our Class E preferred stockholders.

In January 2012, Friendly Ice Cream Corporation, or Friendly's, one of our tenants, announced that it was emerging from voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code (which they had filed for in October 2011). Friendly's accepted 102 of their 121 leases with us, while they rejected 19 leases with us and received modifications to some of their other leases with us.

Additionally, in January 2012, Buffets Holding, Inc., or Buffets, another one of our tenants, filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. As of December 31, 2011, Buffets leased 86 properties from us, representing approximately 3.9% of our annualized rental revenue. Buffets rejected the leases on seven of our properties. Additionally, we have reached a preliminary agreement (subject to bankruptcy court approval) with Buffets regarding modifications to some of Buffets' other leases with us.

In February 2012, we issued 14.95 million shares of 6.625% Monthly Income Class F cumulative redeemable preferred stock, including 1.95 million shares purchased by the underwriters upon the exercise of their overallotment option. The net proceeds of approximately \$361.7 million from this issuance will be used to redeem the outstanding Class D preferred stock on March 1, 2012, repay borrowings under our acquisition credit facility and for other general corporate purposes. Beginning February 15, 2012, the Class F preferred shares are redeemable at our option for \$25.00 per share. The initial dividend of \$0.1702257 per share will be paid on March 15, 2012, and will cover 37 days. Thereafter, dividends of \$0.1380208 per share will be paid monthly.

As a result of the issuance of our Class F preferred stock in February 2012, we paid off all outstanding credit facility borrowings on February 7, 2012.

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## REALTY INCOME CORPORATION AND SUBSIDIARIES

## Consolidated Quarterly Financial Data

(dollars in thousands, except per share data)

(not covered by Report of Independent Registered Public Accounting Firm)

|  | First<br>Quarter | Second<br>Quarter | Third<br>Quarter | Fourth<br>Quarter | Year(2)   |
|--|------------------|-------------------|------------------|-------------------|-----------|
| 2011(1)  |                  |                   |                  |                   |           |
| Total revenue                                  | \$97,546         | \$102,422         | \$107,084        | \$114,007         | \$421,059 |
| Depreciation and amortization expense          | 26,672           | 28,909            | 31,824           | 34,346            | 121,751   |
| Interest expense                               | 25,122           | 25,647            | 28,550           | 28,983            | 108,301   |
| Other expenses                                 | 9,978            | 9,988             | 9,199            | 10,704            | 39,870    |
| Income from continuing operations              | 35,774           | 37,878            | 37,511           | 39,974            | 151,137   |
| Income from discontinued operations            | 225              | 1,370             | 3,269            | 1,030             | 5,895     |
| Net income                                     | 35,999           | 39,248            | 40,780           | 41,004            | 157,032   |
| Net income available to common<br>stockholders | 29,936           | 33,185            | 34,717           | 34,941            | 132,779   |
| Net income per common share:                   |                  |                   |                  |                   |           |
| Basic and diluted                              | 0.25             | 0.26              | 0.27             | 0.26              | 1.05      |
| Dividends paid per common share                | 0.4327500        | 0.4336875         | 0.4346250        | 0.4355625         | 1.7366250 |
| 2010(1)  |                  |                   |                  |                   |           |
| Total revenue                                  | \$82,302         | \$82,219          | \$86,726         | \$92,245          | \$343,492 |
| Depreciation and amortization expense          | 22,911           | 23,205            | 23,897           | 24,894            | 94,907    |
| Interest expense                               | 21,395           | 21,576            | 25,135           | 25,131            | 93,237    |
| Other expenses                                 | 8,913            | 8,559             | 8,235            | 8,906             | 34,614    |
| Income from continuing operations              | 29,083           | 28,879            | 29,459           | 33,314            | 120,734   |
| Income from discontinued operations            | 1,122            | 2,169             | 2,195            | 4,563             | 10,050    |
| Net income                                     | 30,205           | 31,048            | 31,654           | 37,877            | 130,784   |
| Net income available to common<br>stockholders | 24,142           | 24,985            | 25,591           | 31,814            | 106,531   |
| Net income per common share:                   |                  |                   |                  |                   |           |
| Basic and diluted                              | 0.23             | 0.24              | 0.25             | 0.28              | 1.01      |
| Dividends paid per common share                | 0.4290000        | 0.4299375         | 0.4308750        | 0.4318125         | 1.7216250 |

(1) The consolidated quarterly financial data includes revenues and expenses from our continuing and discontinued operations. The results of operations related to certain properties, classified as held for sale or disposed of, have been reclassified to income from discontinued operations. Therefore, some of the information may not agree to our previously filed 10-Qs.

(2) Amounts for each period are calculated independently. The sum of the quarters may differ from the annual amount.

## Item 9: Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

We have had no disagreements with our independent registered public accounting firm on accounting matters or financial disclosure, nor have we changed accountants in the two most recent fiscal years.



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Item 9A: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of and for the year ended December 31, 2011, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- (1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

Management has used the framework set forth in the report entitled "Internal Control--Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's internal control over financial reporting. Management has concluded that the Company's internal control over financial reporting was effective as of the end of the most recent fiscal year. KPMG LLP has issued an attestation report on the effectiveness of the Company's internal control over financial reporting.

Submitted on February 9, 2012 by,

Thomas A Lewis, Chief Executive Officer and Vice Chairman  
Paul M. Meurer, Chief Financial Officer, Executive Vice President and Treasurer



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Changes in Internal Controls

There were no changes to our internal control over financial reporting that occurred during the quarter ended December 31, 2011 that have materially affected, or are reasonably likely to material affect, our internal control over financial reporting. As of December 31, 2011, there were no material weaknesses in our internal controls, and therefore, no corrective actions were taken.

Limitations on the Effectiveness of Controls

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Item 9B: Other Information

None.

PART III

Item 10: Directors, Executive Officers and Corporate Governance

The information required by this item is set forth under the captions “Board of Directors” and “Executive Officers of the Company” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive Proxy Statement for the 2012 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference. The Annual Meeting of Stockholders is presently scheduled to be held on May 8, 2012.

Item 11: Executive Compensation

The information required by this item is set forth under the caption “Executive Compensation” in our definitive Proxy Statement for the 2012 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference.

Item 12: Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” in our definitive Proxy Statement for the 2012 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference.

Item 13: Certain Relationships, Related Transactions and Director Independence

The information required by this item is set forth under the caption “Related Party Transactions” in our definitive Proxy Statement for the 2012 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference.

Item 14: Principal Accounting Fees and Services



The information required by this item is set forth under the caption “Independent Registered Public Accounting Firm Fees and Services” in our definitive Proxy Statement for the 2012 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference.

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PART IV

Item 15: Exhibits and Financial Statement Schedules

A. The following documents are filed as part of this report.

1. Financial Statements (see Item 8)

- a. Reports of Independent Registered Public Accounting Firm
  - b. Consolidated Balance Sheets, December 31, 2011 and 2010
  - c. Consolidated Statements of Income, Years ended December 31, 2011, 2010 and 2009
  - d. Consolidated Statements of Stockholders' Equity, Years ended December 31, 2011, 2010 and 2009
  - e. Consolidated Statements of Cash Flows, Years ended December 31, 2011, 2010 and 2009
  - f. Notes to Consolidated Financial Statements
  - g. Consolidated Quarterly Financial Data, (unaudited) for 2011 and 2010
2. Financial Statement Schedule. Reference is made to page F-1 of this report for Schedule III Real Estate and Accumulated Depreciation (electronically filed with the Securities and Exchange Commission).

Schedules not Filed: All schedules, other than those indicated in the Table of Contents, have been omitted as the required information is either not material, inapplicable or the information is presented in the financial statements or related notes.

3. Exhibits

Articles of Incorporation and By-Laws

Exhibit No. Description

3.1 Articles of Incorporation of the Company, as amended by amendment No. 1 dated May 10, 2005 and amendment No. 2 dated May 10, 2005 (filed as exhibit 3.1 to the Company's Form 10-Q for the quarter ended June 30, 2005, and incorporated herein by reference) and amendment No. 3 dated July 29, 2011 (filed as exhibit 3.1 to the Company's Form 8-K, filed on August 2, 2011 and dated August 1, 2011 and incorporated herein by reference).

3.2 Amended and Restated Bylaws of the Company dated December 12, 2007 (filed as exhibit 3.1 to the Company's Form 8-K, filed on December 13, 2007 and dated December 12, 2007 and incorporated herein by reference), as amended on May 13, 2008 (amendment filed as exhibit 3.1 to the Company's Form 8-K, filed on May 14, 2008 and dated May 13, 2008 and incorporated herein by reference).

3.3 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating the 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock (filed as exhibit 3.8 to the Company's Form 8-A, filed on May 25, 2004 and incorporated herein by reference).



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3.4 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating additional shares of the 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock (filed as exhibit 3.2 to the Company's Form 8-K, filed on October 19, 2004 and dated October 12, 2004 incorporated herein by reference).

3.5 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating the 6.75% Class E Cumulative Redeemable Preferred Stock (filed as exhibit 3.5 to the Company's Form 8-A, filed on December 5, 2006 and incorporated herein by reference).

3.6 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating the 6.625% Class F Cumulative Redeemable Preferred Stock (filed as exhibit 3.1 to the Company's Form 8-K, filed on February 3, 2012 and incorporated herein by reference).

Instruments defining the rights of security holders, including indentures

4.1 Indenture dated as of October 28, 1998 between the Company and The Bank of New York (filed as exhibit 4.1 to the Company's Form 8-K, filed on October 28, 1998 and dated October 27, 1998 and incorporated herein by reference).

4.2 Form of 5.375% Senior Notes due 2013 (filed as exhibit 4.2 to the Company's Form 8-K, filed on March 7, 2003 and dated March 5, 2003 and incorporated herein by reference).

4.3 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.375% Senior Notes due 2013 (filed as exhibit 4.3 to the Company's Form 8-K, filed on March 7, 2003 and dated March 5, 2003 and incorporated herein by reference).

4.4 Form of 5.50% Senior Notes due 2015 (filed as exhibit 4.2 to the Company's Form 8-K, filed on November 24, 2003 and dated November 19, 2003 and incorporated herein by reference).

4.5 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.50% Senior Notes due 2015 (filed as exhibit 4.3 to the Company's Form 8-K, filed on November 24, 2003 and dated November 19, 2003 and incorporated herein by reference).

4.6 Form of 5.875% Senior Notes due 2035 (filed as exhibit 4.2 to the Company's Form 8-K, filed on March 11, 2005 and dated March 8, 2005 and incorporated herein by reference).

4.7 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.875% Senior Debentures due 2035 (filed as exhibit 4.3 to the Company's Form 8-K, filed on March 11, 2005 and dated March 8, 2005 and incorporated herein by reference).

4.8 Form of 5.375% Senior Notes due 2017 (filed as exhibit 4.2 to the Company's Form 8-K, filed on September 16, 2005 and dated September 8, 2005 and incorporated herein by reference).

4.9 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.375% Senior Notes due 2017 (filed as exhibit 4.3 to the Company's Form 8-K, filed on September 16, 2005 and dated September 8, 2005 and incorporated herein by reference).



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4.10 Form of 5.95% Senior Notes due 2016 (filed as exhibit 4.2 to the Company's Form 8-K, filed on September 18, 2006 and dated September 6, 2006 and incorporated herein by reference).

4.11 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.95% Senior Notes due 2016 (filed as exhibit 4.3 to the Company's Form 8-K, filed on September 18, 2006 and dated September 6, 2006 and incorporated herein by reference).

4.12 Form of 6.75% Notes due 2019 (filed as exhibit 4.2 to Company's Form 8-K, filed on September 5, 2007 and dated August 30, 2007 and incorporated herein by reference).

4.13 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Trust Company, N.A., as Trustee, establishing a series of securities entitled 6.75% Senior Notes due 2019 (filed as exhibit 4.3 to the Company's Form 8-K, filed on September 5, 2007 and dated August 30, 2007 and incorporated herein by reference).

4.14 Form of 5.750% Notes due 2021 (filed as exhibit 4.2 to Company's Form 8-K, filed on June 29, 2010 and dated June 24, 2010 and incorporated herein by reference).

4.15 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Mellon Trust Company, N.A., as Successor Trustee, establishing a series of securities entitled 5.750% Notes due 2021 (filed as exhibit 4.3 to the Company's Form 8-K, filed on June 29, 2010 and dated June 24, 2010 and incorporated herein by reference).

4.16 Form of Common Stock Certificate (filed as exhibit 4.16 to the Company's Form 10-Q for the quarter ended September 30, 2011 and incorporated herein by reference)

4.17 Form of Preferred Stock Certificate representing the 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock (filed as exhibit 4.1 to the Company's Form 8-A, filed on May 25, 2004 and incorporated herein by reference).

4.18 Form of Preferred Stock Certificate representing the 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock (filed as exhibit 4.1 to the Company's Form 8-A, filed on December 5, 2006 and incorporated herein by reference).

4.19 Form of Preferred Stock Certificate representing the 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock (filed as exhibit 4.1 to the Company's Form 8-K, filed on February 3, 2012 and incorporated herein by reference).

Material Contracts

10.1 Form indemnification agreement between the Company and each executive officer and each director of the Board of Directors of the Company (filed as exhibit 10.1 to the Company's Form 8-K, filed on May 4, 2011 and dated May 3, 2011 and incorporated herein by reference).

10.2 1994 Stock Option and Incentive Plan (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (registration number 33-95708), dated August 11, 1995 and incorporated herein by reference).



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|       |  |
|-------|--|
| 10.3  | First Amendment to the 1994 Stock Option and Incentive Plan, dated June 12, 1997 (filed as Exhibit 10.9 to the Company's Form 8-B, filed on July 29, 1997 and incorporated herein by reference).   |
| 10.4  | Second Amendment to the 1994 Stock Option and Incentive Plan, dated December 16, 1997 (filed as Exhibit 10.9 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).  |
| 10.5  | Management Incentive Plan (filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).   |
| 10.6  | Form of Nonqualified Stock Option Agreement for Independent Directors (filed as Exhibit 10.11 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).   |
| 10.7  | Form of Restricted Stock Agreement between the Company and Executive Officers (filed as exhibit 10.11 to the Company's Form 8-K, filed on January 6, 2005 and dated January 1, 2005 and incorporated herein by reference).   |
| 10.8  | 2003 Stock Incentive Award Plan of Realty Income Corporation, as amended and restated February 21, 2006 (filed as exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2005 and incorporated herein by reference).   |
| 10.9  | Amendment dated May 15, 2007 to the Amended and Restated 2003 Stock Incentive Award Plan of Realty Income Corporation (filed as exhibit 10.1 to the Company's Form 10-Q, for the quarter ended June 30, 2007 and incorporated herein by reference).  |
| 10.10 | Form of Restricted Stock Agreement (filed as exhibit 10.2 to the Company's Form 10-Q, for the quarter ended June 30, 2007 and incorporated herein by reference).   |
| 10.11 | Amended and Restated Form of Employment Agreement between the Company and its Executive Officers (filed as exhibit 10.1 to the Company's Form 8-K, filed on January 7, 2010 and dated January 5, 2010 and incorporated herein by reference).   |
| 10.12 | Form of Restricted Stock Agreement for John P. Case (filed as exhibit 10.1 to the Company's Form 10-Q, filed on April 29, 2010 and dated March 31, 2010 and incorporated herein by reference).   |
| 10.13 | Credit Agreement dated December 13, 2010 (filed as exhibit 10.1 to the Company's Form 8-K, filed on and dated December 13, 2010 and incorporated herein by reference).   |
| 10.14 | Dividend Reinvestment and Stock Purchase Plan (filed as Company's Registration Statement 333-158169 on Form 424B5, filed on and dated March 23, 2011 and incorporated herein by reference).  |
| 10.15 | The First Amendment to Credit Agreement among the Company, as Borrower, each of the Lenders party thereto (as defined in the original Credit Agreement, dated December 13, 2010), and Wells Fargo Bank, National Association (filed as exhibit 10.1 to the Company's Form 8-K, filed on March 29, 2011 and dated March 25, 2011 and incorporated herein by reference). |

Statement of Ratios

|       |                                      |
|-------|--------------------------------------|
| *12.1 | Statements re computation of ratios. |
|-------|--------------------------------------|

Subsidiaries of the Registrant



\*21.1

Subsidiaries of the Company as of February 9, 2012.

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Consents of Experts and Counsel

\*23.1 Consent of Independent Registered Public Accounting Firm.

Certifications

\*31.1 Rule 13a-14(a) Certifications as filed by the Chief Executive Officer pursuant to SEC release No. 33-8212 and 34-47551.

\*31.2 Rule 13a-14(a) Certifications as filed by the Chief Financial Officer pursuant to SEC release No. 33-8212 and 34-47551.

\*32 Section 1350 Certifications as furnished by the Chief Executive Officer and the Chief Financial Officer pursuant to SEC release No. 33-8212 and 34-47551.

\* Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

REALTY INCOME CORPORATION

By: /s/THOMAS A. LEWIS  
Thomas A. Lewis  
Vice Chairman of the Board of Directors,  
Chief Executive Officer

Date: February 9, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/DONALD R. CAMERON  
Donald R. Cameron  
Non-Executive Chairman of the Board of Directors

Date: February 9, 2012

By: /s/THOMAS A. LEWIS  
Thomas A. Lewis  
Vice Chairman of the Board of Directors,  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 9, 2012

By: /s/KATHLEEN R. ALLEN, Ph.D.  
Kathleen R. Allen, Ph.D.  
Director

Date: February 9, 2012

By: /s/PRIYA CHERIAN HUSKINS  
Priya Cheria Huskins  
Director

Date: February 9, 2012

By: /s/MICHAEL D. MCKEE  
Michael D. McKee  
Director

Date: February 9, 2012

By: /s/GREGORY T. MCLAUGHLIN  
Gregory T. McLaughlin  
Director

Date: February 9, 2012

By: /s/RONALD L. MERRIMAN  
Ronald L. Merriman  
Director

Date: February 9, 2012

By: /s/PAUL M. MEURER  
Paul M. Meurer  
Executive Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: February 9, 2012

By: /s/GREGORY J. FAHEY  
Gregory J. Fahey  
Vice President, Controller  
(Principal Accounting Officer)

Date: February 9, 2012

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REALTY INCOME CORPORATION  
AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND  
ACCUMULATED DEPRECIATION

| Description<br>(Note 1)              | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |           | Total     |
|--------------------------------------|---|-----------|--|-------------------|--|-----------|-----------|-----------|
|                                      | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Fees      |           |           |
| <b>Apparel Stores</b>                |   |           |  |                   |  |           |           |           |
| Mesa                                 | AZ  | 619,035   | 867,013  | 6,484             | 43,549   | 619,035   | 917,046   | 1,536,081 |
| South Lake Tahoe                     | CA  | 3,110,000 | 3,176,091  | None              | None   | 3,110,000 | 3,176,091 | 6,286,091 |
| Danbury                              | CT  | 1,096,861 | 6,217,688  | 70,819            | 56   | 1,096,861 | 6,288,563 | 7,385,424 |
| Manchester                           | CT  | 771,660   | 3,653,539  | 1,661             | 161  | 771,660   | 3,655,361 | 4,427,021 |
| Manchester                           | CT  | 1,250,464 | 5,917,037  | 3,555             | None   | 1,250,464 | 5,920,592 | 7,171,056 |
| Deerfield Beach                      | FL  | 3,160,000 | 4,832,848  | None              | None   | 3,160,000 | 4,832,848 | 7,992,848 |
| Staten Island                        | NY  | 4,202,093 | 3,385,021  | None              | None   | 4,202,093 | 3,385,021 | 7,587,114 |
| Dallas                               | TX  | 1,210,000 | 2,675,265  | None              | None   | 1,210,000 | 2,675,265 | 3,885,265 |
| The Colony                           | TX  | 2,580,000 | 2,214,133  | 20,700            | None   | 2,580,000 | 2,234,833 | 4,814,833 |
| <b>Automotive Collision Services</b> |   |           |  |                   |  |           |           |           |
| Denver                               | CO  | 480,348   | 525,270  | None              | None   | 480,348   | 525,270   | 1,005,618 |
| Highlands Ranch                      | CO  | 583,289   | 2,139,057  | None              | None   | 583,289   | 2,139,057 | 2,722,346 |
| Littleton                            | CO  | 601,388   | 2,169,898  | None              | None   | 601,388   | 2,169,898 | 2,771,286 |
| Parker                               | CO  | 868,768   | 2,101,248  | None              | None   | 868,768   | 2,101,248 | 2,970,016 |
| Thornton                             | CO  | 693,323   | 1,896,616  | None              | 128  | 693,323   | 1,896,744 | 2,590,067 |
| Cumming                              | GA  | 661,624   | 1,822,363  | None              | None   | 661,624   | 1,822,363 | 2,483,987 |
| Douglasville                         | GA  | 679,868   | 1,935,515  | None              | None   | 679,868   | 1,935,515 | 2,615,383 |
| Morrow                               | GA  | 725,948   | 1,846,315  | None              | None   | 725,948   | 1,846,315 | 2,572,263 |
| Peachtree City                       | GA  | 1,190,380 | 689,284  | None              | None   | 1,190,380 | 689,284   | 1,879,664 |
| Roswell                              | GA  | 1,825,000 | 1,632,396  | None              | None   | 1,825,000 | 1,632,396 | 3,457,396 |
| Warner Robbins                       | GA  | 1,250,000 | 798,619  | None              | None   | 1,250,000 | 798,619   | 2,048,619 |
| Ham Lake                             | MN  | 192,610   | 1,930,958  | None              | None   | 192,610   | 1,930,958 | 2,123,568 |
| Olive Branch                         | MS  | 350,000   | 1,965,718  | None              | None   | 350,000   | 1,965,718 | 2,315,718 |
| Cary                                 | NC  | 610,389   | 1,492,235  | None              | None   | 610,389   | 1,492,235 | 2,102,624 |

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|                |    |           |           |      |      |           |           |           |
|----------------|----|-----------|-----------|------|------|-----------|-----------|-----------|
| Durham         | NC | 680,969   | 1,323,140 | None | 24   | 680,969   | 1,323,164 | 2,004,133 |
| Wilmington     | NC | 378,813   | 1,150,679 | None | None | 378,813   | 1,150,679 | 1,529,492 |
| Bartlett       | TN | 648,526   | 1,960,733 | None | None | 648,526   | 1,960,733 | 2,609,259 |
| Salt Lake City | UT | 2,900,000 | 772,471   | None | None | 2,900,000 | 772,471   | 3,672,471 |

Automotive  
Parts

|                 |    |         |         |        |        |         |         |           |
|-----------------|----|---------|---------|--------|--------|---------|---------|-----------|
| Millbrook       | AL | 108,000 | 518,741 | 4,157  | 211    | 108,000 | 523,109 | 631,109   |
| Montgomery      | AL | 254,465 | 502,350 | 10,819 | 295    | 254,465 | 513,464 | 767,929   |
| Phoenix         | AZ | 231,000 | 513,057 | None   | None   | 231,000 | 513,057 | 744,057   |
| Phoenix         | AZ | 222,950 | 495,178 | None   | 102    | 222,950 | 495,280 | 718,230   |
| Tucson          | AZ | 194,250 | 431,434 | None   | None   | 194,250 | 431,434 | 625,684   |
| Grass Valley    | CA | 325,000 | 384,955 | None   | None   | 325,000 | 384,955 | 709,955   |
| Sacramento      | CA | 210,000 | 466,419 | None   | 127    | 210,000 | 466,546 | 676,546   |
| Turlock         | CA | 222,250 | 493,627 | None   | None   | 222,250 | 493,627 | 715,877   |
| Denver          | CO | 141,400 | 314,056 | None   | 82     | 141,400 | 314,138 | 455,538   |
| Denver          | CO | 315,000 | 699,623 | None   | 211    | 315,000 | 699,834 | 1,014,834 |
| Littleton       | CO | 252,925 | 561,758 | None   | 181    | 252,925 | 561,939 | 814,864   |
| Smyrna          | DE | 232,273 | 472,855 | None   | None   | 232,273 | 472,855 | 705,128   |
| Deerfield Beach | FL | 475,000 | 871,738 | 2,420  | 31,798 | 475,000 | 905,956 | 1,380,956 |
| Merritt Island  | FL | 309,652 | 482,459 | 25,854 | 21,831 | 309,652 | 530,144 | 839,796   |
| Atlanta         | GA | 652,551 | 763,360 | None   | 45,476 | 652,551 | 808,836 | 1,461,387 |
| Council Bluffs  | IA | 194,355 | 431,668 | None   | None   | 194,355 | 431,668 | 626,023   |
| Lewiston        | ID | 138,950 | 308,612 | None   | None   | 138,950 | 308,612 | 447,562   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 8) |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|---|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Moscow ID               | 117,250                    | 260,417  | None   | None              | 117,250  | 260,417  | 377,667   |   |
| Peoria IL               | 193,868                    | 387,737  | 19,808   | 85                | 193,868  | 407,630  | 601,498   |   |
| Brazil IN               | 183,952                    | 453,831  | 8,942  | 173               | 183,952  | 462,946  | 646,898   |   |
| Muncie IN               | 148,901                    | 645,660  | 147,678  | 28,327            | 148,901  | 821,665  | 970,566   |   |
| Plainfield IN           | 453,645                    | 908,485  | 42,619   | 47,114            | 453,645  | 998,218  | 1,451,863 |   |
| Princeton IN            | 134,209                    | 560,113  | None   | 211               | 134,209  | 560,324  | 694,533   |   |
| Vincennes IN            | 185,312                    | 489,779  | None   | 173               | 185,312  | 489,952  | 675,264   |   |
| Kansas City             | 222,000                    | 455,881  | 18,738   | 146               | 222,000  | 474,765  | 696,765   |   |
| Alma MI                 | 155,000                    | 600,282  | 13,902   | 122               | 155,000  | 614,306  | 769,306   |   |
| Lansing MI              | 265,000                    | 574,931  | 100,951  | 209               | 265,000  | 676,091  | 941,091   |   |
| Sturgis MI              | 109,558                    | 550,274  | 10,272   | None              | 109,558  | 560,546  | 670,104   |   |
| Batesville MS           | 190,124                    | 485,670  | None   | 168               | 190,124  | 485,838  | 675,962   |   |
| Horn Lake MS            | 142,702                    | 514,779  | None   | 211               | 142,702  | 514,990  | 657,692   |   |
| Richland MS             | 243,565                    | 558,645  | 10,302   | 211               | 243,565  | 569,158  | 812,723   |   |
| Missoula MT             | 163,100                    | 362,249  | None   | None              | 163,100  | 362,249  | 525,349   |   |
| Omaha NE                | 196,000                    | 435,321  | None   | None              | 196,000  | 435,321  | 631,321   |   |
| Omaha NE                | 199,100                    | 412,042  | None   | None              | 199,100  | 412,042  | 611,142   |   |
| Rio Rancho NM           | 211,577                    | 469,923  | None   | None              | 211,577  | 469,923  | 681,500   |   |
| Las Vegas NV            | 161,000                    | 357,585  | 260,000  | None              | 161,000  | 617,585  | 778,585   |   |
| Canton OH               | 396,560                    | 597,553  | None   | 25,682            | 396,560  | 623,235  | 1,019,795 |   |
| Hamilton OH             | 183,000                    | 515,727  | 2,941  | 122               | 183,000  | 518,790  | 701,790   |   |
| Albany OR               | 152,250                    | 338,153  | None   | None              | 152,250  | 338,153  | 490,403   |   |
| Beaverton OR            | 210,000                    | 466,419  | None   | None              | 210,000  | 466,419  | 676,419   |   |
| Portland OR             | 190,750                    | 423,664  | None   | None              | 190,750  | 423,664  | 614,414   |   |
| Portland OR             | 147,000                    | 326,493  | None   | None              | 147,000  | 326,493  | 473,493   |   |
| Salem OR                | 136,500                    | 303,170  | None   | None              | 136,500  | 303,170  | 439,670   |   |
| Butler PA               | 339,929                    | 633,078  | 20,558   | 230               | 339,929  | 653,866  | 993,795   |   |
| Dover PA                | 265,112                    | 593,341  | None   | None              | 265,112  | 593,341  | 858,453   |   |
| Enola PA                | 220,228                    | 546,026  | 11,416   | 172               | 220,228  | 557,614  | 777,842   |   |
| Hanover PA              | 132,500                    | 719,511  | None   | 232               | 132,500  | 719,743  | 852,243   |   |
| Harrisburg PA           | 283,417                    | 352,473  | None   | 172               | 283,417  | 352,645  | 636,062   |   |
| Harrisburg PA           | 327,781                    | 608,291  | 7,138  | 172               | 327,781  | 615,601  | 943,382   |   |
| Lancaster PA            | 199,899                    | 774,838  | 24,235   | None              | 199,899  | 799,073  | 998,972   |   |
| New Castle PA           | 180,009                    | 525,774  | 91,802   | 230               | 180,009  | 617,806  | 797,815   |   |
| Reading PA              | 378,961                    | 658,879  | 9,928  | 202               | 378,961  | 669,009  | 1,047,970 |   |
| Columbia TN             | 273,120                    | 431,716  | None   | 211               | 273,120  | 431,927  | 705,047   |   |
| Bellevue WA             | 185,500                    | 411,997  | None   | 107               | 185,500  | 412,104  | 597,604   |   |
| Bellingham WA           | 168,000                    | 373,133  | None   | 107               | 168,000  | 373,240  | 541,240   |   |

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|            |    |         |         |      |      |         |         |         |
|------------|----|---------|---------|------|------|---------|---------|---------|
| Hazel Dell | WA | 168,000 | 373,135 | None | None | 168,000 | 373,135 | 541,135 |
| Kenmore    | WA | 199,500 | 443,098 | None | 107  | 199,500 | 443,205 | 642,705 |
| Kent       | WA | 199,500 | 443,091 | None | 107  | 199,500 | 443,198 | 642,698 |
| Lakewood   | WA | 191,800 | 425,996 | None | 107  | 191,800 | 426,103 | 617,903 |
| Moses Lake | WA | 138,600 | 307,831 | None | 107  | 138,600 | 307,938 | 446,538 |
| Renton     | WA | 185,500 | 412,003 | None | 107  | 185,500 | 412,110 | 597,610 |
| Seattle    | WA | 162,400 | 360,697 | None | 107  | 162,400 | 360,804 | 523,204 |
| Silverdale | WA | 183,808 | 419,777 | None | 107  | 183,808 | 419,884 | 603,692 |
| Tacoma     | WA | 196,000 | 435,324 | None | 107  | 196,000 | 435,431 | 631,431 |
| Vancouver  | WA | 180,250 | 400,343 | None | None | 180,250 | 400,343 | 580,593 |
| Wenatchee  | WA | 148,400 | 329,602 | None | 107  | 148,400 | 329,709 | 478,109 |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accrued<br>Depreciation<br>(Note 8) |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|-------------------------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                     |
| Automotive Service      |                            |  |  |                   |  |  |           |                                     |
| Flagstaff               | AZ                         | 144,821  | 417,485  | None              | None   | 144,821  | 417,485   | 562,306                             |
| Mesa                    | AZ                         | 210,620  | 475,072  | None              | None   | 210,620  | 475,072   | 685,692                             |
| Phoenix                 | AZ                         | 384,608  | 279,824  | None              | None   | 384,608  | 279,824   | 664,432                             |
| Phoenix                 | AZ                         | 189,341  | 546,984  | None              | 110  | 189,341  | 547,094   | 736,435                             |
| Sierra Vista            | AZ                         | 175,114  | 345,508  | None              | None   | 175,114  | 345,508   | 520,622                             |
| Tucson                  | AZ                         | 226,596  | 437,972  | None              | None   | 226,596  | 437,972   | 664,568                             |
| Tucson                  | AZ                         | 287,369  | 533,684  | None              | None   | 287,369  | 533,684   | 821,053                             |
| Bakersfield             | CA                         | 65,165   | 206,927  | None              | None   | 65,165   | 206,927   | 272,092                             |
| Chula Vista             | CA                         | 313,293  | 409,654  | None              | None   | 313,293  | 409,654   | 722,947                             |
| Dublin                  | CA                         | 415,620  | 1,153,928  | None              | None   | 415,620  | 1,153,928 | 1,569,548                           |
| Folsom                  | CA                         | 471,813  | 325,610  | None              | None   | 471,813  | 325,610   | 797,423                             |
| Indio                   | CA                         | 264,956  | 265,509  | None              | None   | 264,956  | 265,509   | 530,465                             |
| Los Angeles             | CA                         | 580,446  | 158,876  | None              | None   | 580,446  | 158,876   | 739,322                             |
| Oxnard                  | CA                         | 186,980  | 198,236  | None              | None   | 186,980  | 198,236   | 385,216                             |
| Simi Valley             | CA                         | 213,920  | 161,012  | None              | None   | 213,920  | 161,012   | 374,932                             |
| Vacaville               | CA                         | 358,067  | 284,931  | None              | None   | 358,067  | 284,931   | 642,998                             |
| Aurora                  | CO                         | 231,314  | 430,495  | None              | 115  | 231,314  | 430,610   | 661,924                             |
| Broomfield              | CO                         | 154,930  | 503,626  | None              | 135  | 154,930  | 503,761   | 658,691                             |
| Denver                  | CO                         | 239,024  | 444,785  | None              | 115  | 239,024  | 444,900   | 683,924                             |
| Denver                  | CO                         | 79,717   | 369,587  | None              | 128  | 79,717   | 369,715   | 449,432                             |
| Lakewood                | CO                         | 70,422   | 132,296  | None              | None   | 70,422   | 132,296   | 202,718                             |
| Longmont                | CO                         | 87,385   | 163,169  | None              | 115  | 87,385   | 163,284   | 250,669                             |
| Thornton                | CO                         | 276,084  | 415,464  | None              | 115  | 276,084  | 415,579   | 691,663                             |
| Hartford                | CT                         | 248,540  | 482,460  | 2,114             | 31   | 248,540  | 484,605   | 733,145                             |
| Southington             | CT                         | 225,882  | 672,910  | None              | 172  | 225,882  | 673,082   | 898,964                             |
| Vernon                  | CT                         | 81,529   | 300,518  | None              | None   | 81,529   | 300,518   | 382,047                             |
| Jacksonville            | FL                         | 76,585   | 355,066  | 6,980             | 420  | 76,585   | 362,466   | 439,051                             |
| Lauderdale              | FL                         | 65,987   | 305,931  | None              | 79   | 65,987   | 306,010   | 371,997                             |
| Lakes                   |                            |  |  |                   |  |  |           |                                     |
| Miami                   | FL                         | 163,239  | 262,726  | None              | None   | 163,239  | 262,726   | 425,965                             |
| Gardens                 |                            |  |  |                   |  |  |           |                                     |
| Orange City             | FL                         | 99,613   | 139,008  | None              | None   | 99,613   | 139,008   | 238,621                             |
| Seminole                | FL                         | 68,000   | 315,266  | None              | None   | 68,000   | 315,266   | 383,266                             |
| Sunrise                 | FL                         | 80,253   | 372,070  | None              | None   | 80,253   | 372,070   | 452,323                             |
| Tampa                   | FL                         | 70,000   | 324,538  | None              | None   | 70,000   | 324,538   | 394,538                             |
| Tampa                   | FL                         | 67,000   | 310,629  | None              | None   | 67,000   | 310,629   | 377,629                             |
| Tampa                   | FL                         | 86,502   | 401,041  | None              | 79   | 86,502   | 401,120   | 487,622                             |

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|              |    |         |         |        |        |         |         |           |
|--------------|----|---------|---------|--------|--------|---------|---------|-----------|
| Atlanta      | GA | 309,474 | 574,737 | None   | None   | 309,474 | 574,737 | 884,211   |
| Bogart       | GA | 66,807  | 309,733 | None   | None   | 66,807  | 309,733 | 376,540   |
| Douglasville | GA | 214,771 | 129,519 | None   | None   | 214,771 | 129,519 | 344,290   |
| Duluth       | GA | 290,842 | 110,056 | None   | None   | 290,842 | 110,056 | 400,898   |
| Duluth       | GA | 222,275 | 316,925 | None   | 84     | 222,275 | 317,009 | 539,284   |
| Gainesville  | GA | 53,589  | 248,452 | None   | None   | 53,589  | 248,452 | 302,041   |
| Kennesaw     | GA | 266,865 | 139,425 | None   | None   | 266,865 | 139,425 | 406,290   |
| Marietta     | GA | 69,561  | 346,024 | None   | 281    | 69,561  | 346,305 | 415,866   |
| Marietta     | GA | 60,900  | 293,461 | 67,871 | 499    | 60,900  | 361,831 | 422,731   |
| Norcross     | GA | 244,124 | 151,831 | None   | None   | 244,124 | 151,831 | 395,955   |
| Norcross     | GA | 503,773 | 937,121 | 39,032 | 21,600 | 503,773 | 997,753 | 1,501,526 |
| Riverdale    | GA | 58,444  | 270,961 | None   | None   | 58,444  | 270,961 | 329,405   |
| Rome         | GA | 56,454  | 261,733 | None   | None   | 56,454  | 261,733 | 318,187   |
| Snellville   | GA | 253,316 | 132,124 | None   | None   | 253,316 | 132,124 | 385,440   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  |              | Cost Capitalized<br>Subsequent<br>to Acquisition | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |         | Ac<br>De<br>( |  |
|-------------------------|----------------------------|--|--------------|--|--|--|---------|---------------|--|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total   |               |  |
| Tucker                  | GA                         | 78,646   | 364,625      | None   | 9,589  | 78,646   | 374,214 | 452,860       |  |
| Arlington Hts           | IL                         | 441,437  | 215,983      | None   | None   | 441,437  | 215,983 | 657,420       |  |
| Chicago                 | IL                         | 329,076  | 255,294      | None   | None   | 329,076  | 255,294 | 584,370       |  |
| Round Lake<br>Beach     | IL                         | 472,132  | 236,585      | None   | None   | 472,132  | 236,585 | 708,717       |  |
| Westchester             | IL                         | 421,239  | 184,812      | None   | None   | 421,239  | 184,812 | 606,051       |  |
| Anderson                | IN                         | 232,170  | 385,661      | None   | 85   | 232,170  | 385,746 | 617,916       |  |
| Indianapolis            | IN                         | 231,384  | 428,307      | None   | 130  | 231,384  | 428,437 | 659,821       |  |
| Michigan<br>City        | IN                         | 392,638  | 297,650      | (3,065)  | None   | 389,573  | 297,650 | 687,223       |  |
| Warsaw                  | IN                         | 140,893  | 228,116      | None   | None   | 140,893  | 228,116 | 369,009       |  |
| Olathe                  | KS                         | 217,995  | 367,055      | None   | 21   | 217,995  | 367,076 | 585,071       |  |
| Topeka                  | KS                         | 32,022   | 60,368       | None   | None   | 32,022   | 60,368  | 92,390        |  |
| Louisville              | KY                         | 56,054   | 259,881      | None   | None   | 56,054   | 259,881 | 315,935       |  |
| Newport                 | KY                         | 323,511  | 289,017      | None   | 85   | 323,511  | 289,102 | 612,613       |  |
| Billerica               | MA                         | 399,043  | 462,240      | None   | 172  | 399,043  | 462,412 | 861,455       |  |
| East<br>Falmouth        | MA                         | 191,302  | 340,539      | None   | None   | 191,302  | 340,539 | 531,841       |  |
| East<br>Wareham         | MA                         | 149,680  | 278,669      | None   | None   | 149,680  | 278,669 | 428,349       |  |
| Fairhaven               | MA                         | 138,957  | 289,294      | None   | None   | 138,957  | 289,294 | 428,251       |  |
| Gardner                 | MA                         | 138,990  | 289,361      | None   | None   | 138,990  | 289,361 | 428,351       |  |
| Hyannis                 | MA                         | 180,653  | 458,522      | None   | None   | 180,653  | 458,522 | 639,175       |  |
| Lenox                   | MA                         | 287,769  | 535,273      | None   | 232  | 287,769  | 535,505 | 823,274       |  |
| Newburyport             | MA                         | 274,698  | 466,449      | None   | None   | 274,698  | 466,449 | 741,147       |  |
| North<br>Reading        | MA                         | 180,546  | 351,161      | None   | None   | 180,546  | 351,161 | 531,707       |  |
| Orleans                 | MA                         | 138,212  | 394,065      | None   | None   | 138,212  | 394,065 | 532,277       |  |
| Aberdeen                | MD                         | 223,617  | 225,605      | None   | None   | 223,617  | 225,605 | 449,222       |  |
| Bethesda                | MD                         | 282,717  | 525,928      | None   | None   | 282,717  | 525,928 | 808,645       |  |
| Capital<br>Heights      | MD                         | 547,173  | 219,979      | (12,319)   | None   | 534,854  | 219,979 | 754,833       |  |
| Clinton                 | MD                         | 70,880   | 328,620      | 11,440   | None   | 70,880   | 340,060 | 410,940       |  |
| Lexington<br>Park       | MD                         | 111,396  | 335,288      | (7,600)  | None   | 103,796  | 335,288 | 439,084       |  |
| Kalamazoo               | MI                         | 391,745  | 296,975      | (2,196)  | None   | 389,549  | 296,975 | 686,524       |  |
| Portage                 | MI                         | 402,409  | 286,441      | (2,112)  | None   | 400,297  | 286,441 | 686,738       |  |
| Southfield              | MI                         | 275,952  | 350,765      | None   | None   | 275,952  | 350,765 | 626,717       |  |
| Troy                    | MI                         | 214,893  | 199,299      | None   | None   | 214,893  | 199,299 | 414,192       |  |

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|              |    |         |         |        |        |         |         |           |
|--------------|----|---------|---------|--------|--------|---------|---------|-----------|
| St. Cloud    | MN | 203,338 | 258,626 | None   | None   | 203,338 | 258,626 | 461,964   |
| Independence | MO | 297,641 | 233,152 | None   | None   | 297,641 | 233,152 | 530,793   |
| Asheville    | NC | 441,746 | 242,565 | None   | None   | 441,746 | 242,565 | 684,311   |
| Concord      | NC | 237,688 | 357,976 | None   | None   | 237,688 | 357,976 | 595,664   |
| Durham       | NC | 354,676 | 361,203 | 3,400  | 168    | 354,676 | 364,771 | 719,447   |
| Durham       | NC | 55,074  | 255,336 | None   | 1,490  | 55,074  | 256,826 | 311,900   |
| Fayetteville | NC | 224,326 | 257,733 | None   | 205    | 224,326 | 257,938 | 482,264   |
| Greensboro   | NC | 286,068 | 244,606 | None   | None   | 286,068 | 244,606 | 530,674   |
| Matthews     | NC | 295,580 | 338,472 | 10,000 | 13,703 | 295,580 | 362,175 | 657,755   |
| Pineville    | NC | 254,460 | 355,630 | None   | 358    | 254,460 | 355,988 | 610,448   |
| Raleigh      | NC | 89,145  | 413,301 | None   | None   | 89,145  | 413,301 | 502,446   |
| Raleigh      | NC | 398,694 | 263,621 | None   | None   | 398,694 | 263,621 | 662,315   |
| Salisbury    | NC | 235,614 | 150,592 | None   | None   | 235,614 | 150,592 | 386,206   |
| Fargo        | ND | 53,973  | 100,262 | None   | None   | 53,973  | 100,262 | 154,235   |
| Lincoln      | NE | 337,138 | 316,958 | None   | None   | 337,138 | 316,958 | 654,096   |
| Scotts Bluff | NE | 33,307  | 63,355  | None   | None   | 33,307  | 63,355  | 96,662    |
| Cherry Hill  | NJ | 463,808 | 862,240 | None   | None   | 463,808 | 862,240 | 1,326,048 |
| Edison       | NJ | 448,936 | 238,773 | None   | None   | 448,936 | 238,773 | 687,709   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Acc<br>Dep<br>( |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|-----------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                 |
| Glassboro NJ            | 182,013                    | 312,480  | None   | None              | 182,013  | 312,480  | 494,493   |                 |
| Hamilton NJ             | 422,477                    | 291,555  | None   | None              | 422,477  | 291,555  | 714,032   |                 |
| Square                  |                            |  |  |                   |  |  |           |                 |
| Hamilton NJ             | 265,238                    | 298,167  | None   | None              | 265,238  | 298,167  | 563,405   |                 |
| Township                |                            |  |  |                   |  |  |           |                 |
| Pleasantville NJ        | 77,105                     | 144,693  | None   | None              | 77,105   | 144,693  | 221,798   |                 |
| Randolph NJ             | 452,629                    | 390,163  | None   | None              | 452,629  | 390,163  | 842,792   |                 |
| Westfield NJ            | 705,337                    | 288,720  | None   | None              | 705,337  | 288,720  | 994,057   |                 |
| Woodbury NJ             | 212,788                    | 320,283  | None   | None              | 212,788  | 320,283  | 533,071   |                 |
| Albuquerque NM          | 231,553                    | 430,026  | None   | None              | 231,553  | 430,026  | 661,579   |                 |
| Las Vegas NV            | 326,879                    | 359,101  | None   | None              | 326,879  | 359,101  | 685,980   |                 |
| Las Vegas NV            | 316,441                    | 369,768  | None   | None              | 316,441  | 369,768  | 686,209   |                 |
| Las Vegas NV            | 252,169                    | 562,715  | None   | None              | 252,169  | 562,715  | 814,884   |                 |
| Sparks NV               | 326,813                    | 306,311  | None   | None              | 326,813  | 306,311  | 633,124   |                 |
| Albion NY               | 170,589                    | 317,424  | None   | None              | 170,589  | 317,424  | 488,013   |                 |
| Bethpage NY             | 334,120                    | 621,391  | None   | None              | 334,120  | 621,391  | 955,511   |                 |
| Commack NY              | 400,427                    | 744,533  | None   | None              | 400,427  | 744,533  | 1,144,960 |                 |
| Dansville NY            | 181,664                    | 337,991  | None   | None              | 181,664  | 337,991  | 519,655   |                 |
| East Amherst NY         | 260,708                    | 484,788  | None   | 156               | 260,708  | 484,944  | 745,652   |                 |
| East Syracuse NY        | 250,609                    | 466,264  | None   | 156               | 250,609  | 466,420  | 717,029   |                 |
| Freeport NY             | 134,828                    | 251,894  | None   | None              | 134,828  | 251,894  | 386,722   |                 |
| Johnson City NY         | 242,863                    | 451,877  | None   | 156               | 242,863  | 452,033  | 694,896   |                 |
| Queens Village NY       | 242,775                    | 451,749  | None   | None              | 242,775  | 451,749  | 694,524   |                 |
| Riverhead NY            | 143,929                    | 268,795  | None   | None              | 143,929  | 268,795  | 412,724   |                 |
| Wellsville NY           | 161,331                    | 300,231  | None   | None              | 161,331  | 300,231  | 461,562   |                 |
| West Amherst NY         | 268,692                    | 499,619  | None   | 156               | 268,692  | 499,775  | 768,467   |                 |
| Akron OH                | 139,126                    | 460,334  | None   | 114               | 139,126  | 460,448  | 599,574   |                 |
| Beaver Creek OH         | 349,091                    | 251,127  | None   | None              | 349,091  | 251,127  | 600,218   |                 |
| Beavercreek OH          | 205,000                    | 492,538  | None   | None              | 205,000  | 492,538  | 697,538   |                 |
| Canal Winchester OH     | 443,751                    | 825,491  | None   | None              | 443,751  | 825,491  | 1,269,242 |                 |
| Centerville OH          | 305,000                    | 420,448  | None   | None              | 305,000  | 420,448  | 725,448   |                 |
| Cincinnati OH           | 211,185                    | 392,210  | None   | None              | 211,185  | 392,210  | 603,395   |                 |
| Cincinnati OH           | 305,556                    | 244,662  | None   | None              | 305,556  | 244,662  | 550,218   |                 |

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|                |    |         |         |        |      |         |         |           |
|----------------|----|---------|---------|--------|------|---------|---------|-----------|
| Cincinnati     | OH | 589,286 | 160,932 | None   | None | 589,286 | 160,932 | 750,218   |
| Cincinnati     | OH | 159,375 | 265,842 | None   | None | 159,375 | 265,842 | 425,217   |
| Cincinnati     | OH | 350,000 | 300,217 | None   | None | 350,000 | 300,217 | 650,217   |
| Cincinnati     | OH | 293,005 | 0       | None   | 85   | 293,005 | 85      | 293,090   |
| Cleveland      | OH | 215,111 | 216,517 | None   | None | 215,111 | 216,517 | 431,628   |
| Columbus       | OH | 71,098  | 329,627 | None   | None | 71,098  | 329,627 | 400,725   |
| Columbus       | OH | 75,761  | 351,247 | None   | None | 75,761  | 351,247 | 427,008   |
| Columbus       | OH | 432,110 | 386,553 | None   | None | 432,110 | 386,553 | 818,663   |
| Columbus       | OH | 466,696 | 548,133 | None   | None | 466,696 | 548,133 | 1,014,829 |
| Columbus       | OH | 337,679 | 272,484 | None   | None | 337,679 | 272,484 | 610,163   |
| Columbus       | OH | 190,000 | 260,162 | None   | None | 190,000 | 260,162 | 450,162   |
| Columbus       | OH | 371,429 | 278,734 | None   | None | 371,429 | 278,734 | 650,163   |
| Columbus       | OH | 214,737 | 85,425  | 24,485 | 118  | 214,737 | 110,028 | 324,765   |
| Cuyahoga Falls | OH | 253,750 | 271,400 | None   | None | 253,750 | 271,400 | 525,150   |
| Dayton         | OH | 70,000  | 324,538 | None   | 122  | 70,000  | 324,660 | 394,660   |
| Dublin         | OH | 437,887 | 428,046 | None   | None | 437,887 | 428,046 | 865,933   |
| Eastlake       | OH | 321,347 | 459,774 | None   | 209  | 321,347 | 459,983 | 781,330   |
| Fairfield      | OH | 323,408 | 235,024 | None   | 85   | 323,408 | 235,109 | 558,517   |
| Fairlawn       | OH | 280,000 | 270,150 | None   | None | 280,000 | 270,150 | 550,150   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Acc<br>De<br>( |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|----------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                |
| Findlay                 | OH 283,515                 | 397,004  | None   | 114               | 283,515  | 397,118  | 680,633   |                |
| Hamilton                | OH 252,608                 | 413,279  | None   | None              | 252,608  | 413,279  | 665,887   |                |
| Huber<br>Heights        | OH 282,000                 | 449,381  | None   | None              | 282,000  | 449,381  | 731,381   |                |
| Lima                    | OH 241,132                 | 114,085  | None   | None              | 241,132  | 114,085  | 355,217   |                |
| Marion                  | OH 100,000                 | 275,162  | None   | None              | 100,000  | 275,162  | 375,162   |                |
| Mason                   | OH 310,990                 | 405,373  | None   | None              | 310,990  | 405,373  | 716,363   |                |
| Middleburg<br>Hghts     | OH 317,308                 | 307,842  | None   | None              | 317,308  | 307,842  | 625,150   |                |
| Milford                 | OH 353,324                 | 269,997  | (36,723)   | 85                | 314,484  | 272,199  | 586,683   |                |
| Mt. Vernon              | OH 216,115                 | 375,357  | None   | 114               | 216,115  | 375,471  | 591,586   |                |
| Norwalk                 | OH 200,205                 | 366,000  | None   | 114               | 200,205  | 366,114  | 566,319   |                |
| Parma                   | OH 268,966                 | 381,184  | None   | None              | 268,966  | 381,184  | 650,150   |                |
| Reynoldsburg            | OH 267,750                 | 497,371  | None   | None              | 267,750  | 497,371  | 765,121   |                |
| Reynoldsburg            | OH 374,000                 | 176,162  | None   | None              | 374,000  | 176,162  | 550,162   |                |
| S. Euclid               | OH 337,593                 | 451,944  | None   | None              | 337,593  | 451,944  | 789,537   |                |
| Sandusky                | OH 264,708                 | 404,011  | None   | 343               | 264,708  | 404,354  | 669,062   |                |
| Solon                   | OH 794,305                 | 222,797  | None   | None              | 794,305  | 222,797  | 1,017,102 |                |
| Springboro              | OH 191,911                 | 522,902  | None   | None              | 191,911  | 522,902  | 714,813   |                |
| Springfield             | OH 320,000                 | 280,217  | None   | None              | 320,000  | 280,217  | 600,217   |                |
| Springfield             | OH 189,091                 | 136,127  | None   | None              | 189,091  | 136,127  | 325,218   |                |
| Stow                    | OH 310,000                 | 415,150  | None   | None              | 310,000  | 415,150  | 725,150   |                |
| Toledo                  | OH 120,000                 | 230,217  | None   | None              | 120,000  | 230,217  | 350,217   |                |
| Toledo                  | OH 320,000                 | 280,217  | None   | None              | 320,000  | 280,217  | 600,217   |                |
| Toledo                  | OH 250,000                 | 530,217  | None   | None              | 250,000  | 530,217  | 780,217   |                |
| Toledo                  | OH 250,000                 | 175,217  | None   | 25                | 250,000  | 175,242  | 425,242   |                |
| West Chester            | OH 446,449                 | 768,644  | None   | None              | 446,449  | 768,644  | 1,215,093 |                |
| Zanesville              | OH 125,000                 | 300,162  | None   | None              | 125,000  | 300,162  | 425,162   |                |
| Midwest City            | OK 106,312                 | 333,551  | None   | None              | 106,312  | 333,551  | 439,863   |                |
| Oklahoma<br>City        | OK 143,655                 | 295,422  | None   | None              | 143,655  | 295,422  | 439,077   |                |
| Tulsa                   | OK 133,648                 | 249,702  | None   | None              | 133,648  | 249,702  | 383,350   |                |
| Portland                | OR 251,499                 | 345,952  | None   | None              | 251,499  | 345,952  | 597,451   |                |
| Salem                   | OR 337,711                 | 253,855  | None   | None              | 337,711  | 253,855  | 591,566   |                |
| Bethel Park             | PA 299,595                 | 331,264  | None   | 114               | 299,595  | 331,378  | 630,973   |                |
| Bethlehem               | PA 229,162                 | 310,526  | None   | 172               | 229,162  | 310,698  | 539,860   |                |
| Bethlehem               | PA 275,328                 | 389,067  | None   | 629               | 275,328  | 389,696  | 665,024   |                |
| Bridgeville             | PA 275,000                 | 375,150  | None   | None              | 275,000  | 375,150  | 650,150   |                |
| Coraopolis              | PA 225,000                 | 375,150  | None   | None              | 225,000  | 375,150  | 600,150   |                |

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|              |    |         |         |         |       |         |         |           |
|--------------|----|---------|---------|---------|-------|---------|---------|-----------|
| Harrisburg   | PA | 131,529 | 220,317 | (2,515) | None  | 129,014 | 220,317 | 349,331   |
| Monroeville  | PA | 275,000 | 250,150 | None    | None  | 275,000 | 250,150 | 525,150   |
| Philadelphia | PA | 858,500 | 877,744 | 2,319   | 1,701 | 858,500 | 881,764 | 1,740,264 |
| Pittsburgh   | PA | 378,715 | 685,374 | None    | None  | 378,715 | 685,374 | 1,064,089 |
| Pittsburgh   | PA | 219,938 | 408,466 | None    | None  | 219,938 | 408,466 | 628,404   |
| Pittsburgh   | PA | 175,000 | 300,150 | None    | None  | 175,000 | 300,150 | 475,150   |
| Pittsburgh   | PA | 243,750 | 406,400 | None    | None  | 243,750 | 406,400 | 650,150   |
| Pittsburgh   | PA | 208,333 | 416,817 | None    | None  | 208,333 | 416,817 | 625,150   |
| Pittsburgh   | PA | 121,429 | 303,721 | None    | None  | 121,429 | 303,721 | 425,150   |
| Warminster   | PA | 323,847 | 216,999 | (3,929) | None  | 319,918 | 216,999 | 536,917   |
| Wexford      | PA | 284,375 | 240,775 | None    | None  | 284,375 | 240,775 | 525,150   |
| York         | PA | 249,436 | 347,424 | None    | 404   | 249,436 | 347,828 | 597,264   |
| Charleston   | SC | 217,250 | 294,079 | None    | 159   | 217,250 | 294,238 | 511,488   |
| Columbia     | SC | 267,622 | 298,594 | None    | 428   | 267,622 | 299,022 | 566,644   |

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Table of contents

| Description<br>(Note 1)     | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |         |           |
|-----------------------------|----------------------------|--|--|-------------------|--|--|---------|-----------|
|                             | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total   |           |
| Greenville                  | SC                         | 221,946  | 315,163  | None              | 168  | 221,946  | 315,331 | 537,277   |
| Lexington                   | SC                         | 241,534  | 342,182  | None              | 302  | 241,534  | 342,484 | 584,018   |
| North<br>Charleston         | SC                         | 174,980  | 341,466  | 5,875             | 5,413  | 174,980  | 352,754 | 527,734   |
| Sioux Falls                 | SD                         | 48,833   | 91,572   | None              | None   | 48,833   | 91,572  | 140,405   |
| Brentwood                   | TN                         | 305,546  | 505,728  | None              | None   | 305,546  | 505,728 | 811,274   |
| Hendersonville              | TN                         | 175,764  | 327,096  | None              | None   | 175,764  | 327,096 | 502,860   |
| Hermitage                   | TN                         | 204,296  | 172,695  | None              | None   | 204,296  | 172,695 | 376,991   |
| Madison                     | TN                         | 175,769  | 327,068  | None              | None   | 175,769  | 327,068 | 502,837   |
| Memphis                     | TN                         | 108,094  | 217,079  | None              | None   | 108,094  | 217,079 | 325,173   |
| Memphis                     | TN                         | 214,110  | 193,591  | None              | None   | 214,110  | 193,591 | 407,701   |
| Memphis                     | TN                         | 215,017  | 216,794  | None              | None   | 215,017  | 216,794 | 431,811   |
| Murfreesboro                | TN                         | 150,411  | 215,528  | None              | None   | 150,411  | 215,528 | 365,939   |
| Nashville                   | TN                         | 342,960  | 227,440  | None              | None   | 342,960  | 227,440 | 570,400   |
| Carrollton                  | TX                         | 174,284  | 98,623   | None              | None   | 174,284  | 98,623  | 272,907   |
| Carrollton                  | TX                         | 177,041  | 199,088  | None              | None   | 177,041  | 199,088 | 376,129   |
| Dallas                      | TX                         | 234,604  | 325,951  | 12,719            | 15,373   | 234,604  | 354,043 | 588,647   |
| Fort Worth                  | TX                         | 83,530   | 111,960  | None              | None   | 83,530   | 111,960 | 195,490   |
| Houston                     | TX                         | 285,000  | 369,697  | None              | 128  | 285,000  | 369,825 | 654,825   |
| Humble                      | TX                         | 257,169  | 325,652  | None              | None   | 257,169  | 325,652 | 582,821   |
| Hurst                       | TX                         | 373,084  | 871,163  | 23,096            | None   | 373,084  | 894,259 | 1,267,343 |
| Lake Jackson                | TX                         | 197,170  | 256,376  | None              | None   | 197,170  | 256,376 | 453,546   |
| Lewisville                  | TX                         | 130,238  | 207,683  | None              | None   | 130,238  | 207,683 | 337,921   |
| Lewisville                  | TX                         | 199,942  | 324,736  | None              | 149  | 199,942  | 324,885 | 524,827   |
| Mansfield                   | TX                         | 420,000  | 780,000  | None              | None   | 420,000  | 780,000 | 1,200,000 |
| Waco                        | TX                         | 232,105  | 431,053  | None              | None   | 232,105  | 431,053 | 663,158   |
| Wylie                       | TX                         | 252,000  | 468,000  | None              | None   | 252,000  | 468,000 | 720,000   |
| Richmond                    | VA                         | 403,549  | 876,981  | None              | None   | 403,549  | 876,981 | 1,280,530 |
| Roanoke                     | VA                         | 349,628  | 322,545  | None              | 153  | 349,628  | 322,698 | 672,326   |
| Warrenton                   | VA                         | 186,723  | 241,173  | None              | None   | 186,723  | 241,173 | 427,896   |
| Bremerton                   | WA                         | 261,172  | 373,080  | None              | 2,621  | 261,172  | 375,701 | 636,873   |
| Tacoma                      | WA                         | 109,127  | 202,691  | None              | None   | 109,127  | 202,691 | 311,818   |
| Milwaukee                   | WI                         | 173,005  | 499,244  | None              | None   | 173,005  | 499,244 | 672,249   |
| Milwaukee                   | WI                         | 152,509  | 475,480  | None              | 197  | 152,509  | 475,677 | 628,186   |
| New Berlin                  | WI                         | 188,491  | 466,268  | None              | 375  | 188,491  | 466,643 | 655,134   |
| Racine                      | WI                         | 184,002  | 114,167  | None              | None   | 184,002  | 114,167 | 298,169   |
| Automotive Tire<br>Services |                            |  |  |                   |  |  |         |           |

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|            |    |         |           |      |      |         |           |           |
|------------|----|---------|-----------|------|------|---------|-----------|-----------|
| Athens     | AL | 760,031 | 1,413,494 | None | None | 760,031 | 1,413,494 | 2,173,525 |
| Auburn     | AL | 660,210 | 1,228,112 | None | 500  | 660,210 | 1,228,612 | 1,888,822 |
| Birmingham | AL | 635,111 | 1,180,909 | None | 500  | 635,111 | 1,181,409 | 1,816,520 |
| Daphne     | AL | 876,139 | 1,629,123 | None | 500  | 876,139 | 1,629,623 | 2,505,762 |
| Decatur    | AL | 635,111 | 1,181,499 | None | 500  | 635,111 | 1,181,999 | 1,817,110 |
| Dothan     | AL | 455,651 | 565,343   | None | None | 455,651 | 565,343   | 1,020,994 |
| Foley      | AL | 870,031 | 1,617,357 | None | 500  | 870,031 | 1,617,857 | 2,487,888 |
| Gardendale | AL | 610,055 | 1,134,554 | None | 500  | 610,055 | 1,135,054 | 1,745,109 |
| Hoover     | AL | 504,396 | 938,299   | None | None | 504,396 | 938,299   | 1,442,695 |
| Hoover     | AL | 620,270 | 1,153,493 | None | None | 620,270 | 1,153,493 | 1,773,763 |
| Huntsville | AL | 635,111 | 1,181,499 | None | None | 635,111 | 1,181,499 | 1,816,610 |
| Huntsville | AL | 499,843 | 929,863   | None | 500  | 499,843 | 930,363   | 1,430,206 |
| Madison    | AL | 635,111 | 1,181,532 | None | None | 635,111 | 1,181,532 | 1,816,643 |

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| Description<br>(Note 1) | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |              | Cost Capitalized<br>Subsequent<br>to Acquisition | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |           | Total     |
|-------------------------|---|-----------|--------------|--|--|-----------|-----------|-----------|
|                         | Land  | Fees      | Improvements | Carrying<br>Costs                                | Land   | Fees      |           |           |
| Mobile                  | AL  | 635,111   | 1,181,499    | None   | None   | 635,111   | 1,181,499 | 1,816,610 |
| Mobile                  | AL  | 525,750   | 977,810      | None   | None   | 525,750   | 977,810   | 1,503,560 |
| Montgomery              | AL  | 544,181   | 654,046      | None   | 500  | 544,181   | 654,546   | 1,198,727 |
| Orange Beach            | AL  | 630,244   | 1,172,036    | None   | 500  | 630,244   | 1,172,536 | 1,802,780 |
| Pelham                  | AL  | 635,111   | 1,180,909    | None   | None   | 635,111   | 1,180,909 | 1,816,020 |
| Phenix City             | AL  | 630,244   | 1,172,024    | None   | 500  | 630,244   | 1,172,524 | 1,802,768 |
| Tucson                  | AZ  | 178,297   | 396,004      | None   | None   | 178,297   | 396,004   | 574,301   |
| Arvada                  | CO  | 301,489   | 931,092      | None   | None   | 301,489   | 931,092   | 1,232,581 |
| Aurora                  | CO  | 221,691   | 492,382      | None   | None   | 221,691   | 492,382   | 714,073   |
| Aurora                  | CO  | 353,283   | 1,135,051    | None   | None   | 353,283   | 1,135,051 | 1,488,334 |
| Colorado Springs        | CO  | 280,193   | 622,317      | None   | None   | 280,193   | 622,317   | 902,510   |
| Colorado Springs        | CO  | 192,988   | 433,542      | None   | None   | 192,988   | 433,542   | 626,530   |
| Denver                  | CO  | 688,292   | 1,331,224    | None   | None   | 688,292   | 1,331,224 | 2,019,516 |
| Westminster             | CO  | 526,620   | 1,099,523    | None   | None   | 526,620   | 1,099,523 | 1,626,143 |
| Destin                  | FL  | 1,034,411 | 1,922,591    | None   | None   | 1,034,411 | 1,922,591 | 2,957,002 |
| Ft. Walton Bch          | FL  | 635,111   | 1,181,032    | None   | 500  | 635,111   | 1,181,532 | 1,816,643 |
| Ft. Walton Bch          | FL  | 635,111   | 1,181,032    | None   | 500  | 635,111   | 1,181,532 | 1,816,643 |
| Lakeland                | FL  | 500,000   | 645,402      | None   | None   | 500,000   | 645,402   | 1,145,402 |
| Milton                  | FL  | 635,111   | 1,181,145    | None   | None   | 635,111   | 1,181,145 | 1,816,256 |
| Niceville               | FL  | 920,803   | 1,711,621    | None   | None   | 920,803   | 1,711,621 | 2,632,424 |
| Orlando                 | FL  | 630,244   | 1,172,023    | None   | None   | 630,244   | 1,172,023 | 1,802,267 |
| Orlando                 | FL  | 635,111   | 1,181,076    | None   | 500  | 635,111   | 1,181,576 | 1,816,687 |
| Oviedo                  | FL  | 971,996   | 1,806,780    | None   | None   | 971,996   | 1,806,780 | 2,778,776 |
| Pace                    | FL  | 630,244   | 1,171,993    | None   | 500  | 630,244   | 1,172,493 | 1,802,737 |
| Panama City             | FL  | 635,111   | 1,181,076    | None   | 500  | 635,111   | 1,181,576 | 1,816,687 |
| Pensacola               | FL  | 635,111   | 1,181,063    | None   | None   | 635,111   | 1,181,063 | 1,816,174 |
| Pensacola               | FL  | 588,305   | 1,094,130    | None   | None   | 588,305   | 1,094,130 | 1,682,435 |
| Pensacola               | FL  | 308,067   | 573,708      | 23,430   | 143  | 308,067   | 597,281   | 905,348   |
| Sanford                 | FL  | 630,244   | 1,172,023    | None   | None   | 630,244   | 1,172,023 | 1,802,267 |
| St. Cloud               | FL  | 525,207   | 976,968      | None   | None   | 525,207   | 976,968   | 1,502,175 |
| Tallahassee             | FL  | 419,902   | 781,405      | None   | None   | 419,902   | 781,405   | 1,201,307 |
| Tallahassee             | FL  | 611,916   | 1,137,986    | None   | 500  | 611,916   | 1,138,486 | 1,750,402 |
| Tampa                   | FL  | 427,395   | 472,030      | None   | None   | 427,395   | 472,030   | 899,425   |
| Union Park              | FL  | 1,004,103 | 1,866,287    | None   | None   | 1,004,103 | 1,866,287 | 2,870,390 |
| Alpharetta              | GA  | 630,244   | 1,171,870    | None   | 500  | 630,244   | 1,172,370 | 1,802,614 |
| Atlanta                 | GA  | 55,840    | 258,889      | 1,750  | 7,080  | 55,840    | 267,719   | 323,559   |

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|                   |    |         |           |      |      |         |           |           |
|-------------------|----|---------|-----------|------|------|---------|-----------|-----------|
| Columbus          | GA | 630,244 | 1,171,988 | None | None | 630,244 | 1,171,988 | 1,802,232 |
| Conyers           | GA | 531,935 | 1,180,296 | None | None | 531,935 | 1,180,296 | 1,712,231 |
| Conyers           | GA | 635,111 | 1,181,027 | None | None | 635,111 | 1,181,027 | 1,816,138 |
| Duluth            | GA | 638,509 | 1,186,594 | None | None | 638,509 | 1,186,594 | 1,825,103 |
| Hiram             | GA | 635,111 | 1,181,017 | None | None | 635,111 | 1,181,017 | 1,816,128 |
| Kennesaw          | GA | 519,903 | 967,180   | None | None | 519,903 | 967,180   | 1,487,083 |
| Lawrenceville     | GA | 635,111 | 1,181,137 | None | 500  | 635,111 | 1,181,637 | 1,816,748 |
| Marietta          | GA | 500,293 | 930,657   | None | None | 500,293 | 930,657   | 1,430,950 |
| McDonough         | GA | 635,111 | 1,181,032 | None | 500  | 635,111 | 1,181,532 | 1,816,643 |
| Peachtree<br>City | GA | 625,316 | 1,162,827 | None | None | 625,316 | 1,162,827 | 1,788,143 |
| Roswell           | GA | 515,617 | 959,138   | None | None | 515,617 | 959,138   | 1,474,755 |
| Sandy Springs     | GA | 586,211 | 1,090,241 | None | None | 586,211 | 1,090,241 | 1,676,452 |
| Stockbridge       | GA | 632,128 | 1,175,478 | None | 500  | 632,128 | 1,175,978 | 1,808,106 |
| Aurora            | IL | 513,204 | 953,885   | None | None | 513,204 | 953,885   | 1,467,089 |

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Table of contents

| Description<br>(Note 1) |    | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  | Total     |
|-------------------------|----|-------------------------|--|--|-------------------|--|--|-----------|
|                         |    | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |           |
| Joliet                  | IL | 452,267                 | 840,716  | None   | None              | 452,267  | 840,716  | 1,292,983 |
| Lombard                 | IL | 428,170                 | 795,965  | None   | 2,000             | 428,170  | 797,965  | 1,226,135 |
| Niles                   | IL | 366,969                 | 682,306  | None   | None              | 366,969  | 682,306  | 1,049,275 |
| Orland Park             | IL | 663,087                 | 1,232,240  | None   | None              | 663,087  | 1,232,240  | 1,895,327 |
| Vernon Hills            | IL | 524,948                 | 975,668  | None   | None              | 524,948  | 975,668  | 1,500,616 |
| West Dundee             | IL | 530,835                 | 986,628  | None   | None              | 530,835  | 986,628  | 1,517,463 |
| Overland Park           | KS | 1,101,841               | 2,047,067  | None   | None              | 1,101,841  | 2,047,067  | 3,148,908 |
| Winchester              | KY | 355,474                 | 929,177  | 20,045   | 22,651            | 355,474  | 971,873  | 1,327,347 |
| Allston                 | MA | 576,505                 | 1,071,520  | None   | None              | 576,505  | 1,071,520  | 1,648,025 |
| Shrewsbury              | MA | 721,065                 | 1,339,913  | None   | None              | 721,065  | 1,339,913  | 2,060,978 |
| Waltham                 | MA | 338,955                 | 630,279  | None   | None              | 338,955  | 630,279  | 969,234   |
| Weymouth                | MA | 752,234                 | 1,397,799  | None   | None              | 752,234  | 1,397,799  | 2,150,033 |
| Woburn                  | MA | 676,968                 | 1,258,018  | None   | None              | 676,968  | 1,258,018  | 1,934,986 |
| Annapolis               | MD | 780,806                 | 1,450,860  | None   | None              | 780,806  | 1,450,860  | 2,231,666 |
| Bowie                   | MD | 734,558                 | 1,364,970  | None   | None              | 734,558  | 1,364,970  | 2,099,528 |
| Capital Heights         | MD | 701,705                 | 1,303,958  | None   | None              | 701,705  | 1,303,958  | 2,005,663 |
| Germantown              | MD | 808,296                 | 1,501,913  | None   | None              | 808,296  | 1,501,913  | 2,310,209 |
| Waldorf                 | MD | 427,033                 | 793,854  | None   | None              | 427,033  | 793,854  | 1,220,887 |
| Eagan                   | MN | 902,443                 | 845,536  | None   | None              | 902,443  | 845,536  | 1,747,979 |
| Ferguson                | MO | 386,112                 | 717,856  | None   | None              | 386,112  | 717,856  | 1,103,968 |
| Grandview               | MO | 347,150                 | 711,024  | None   | None              | 347,150  | 711,024  | 1,058,174 |
| Independence            | MO | 721,020                 | 1,339,829  | None   | None              | 721,020  | 1,339,829  | 2,060,849 |
| Charlotte               | NC | 508,100                 | 457,295  | None   | None              | 508,100  | 457,295  | 965,395   |
| Charlotte               | NC | 181,662                 | 338,164  | None   | None              | 181,662  | 338,164  | 519,826   |
| Clemmons                | NC | 630,000                 | 1,100,160  | None   | None              | 630,000  | 1,100,160  | 1,730,160 |
| Jamestown               | NC | 650,000                 | 857,823  | None   | None              | 650,000  | 857,823  | 1,507,823 |
| Matthews                | NC | 489,063                 | 909,052  | None   | None              | 489,063  | 909,052  | 1,398,115 |
| Omaha                   | NE | 253,128                 | 810,922  | None   | None              | 253,128  | 810,922  | 1,064,050 |
| Manchester              | NH | 722,532                 | 1,342,636  | None   | None              | 722,532  | 1,342,636  | 2,065,168 |
| Newington               | NH | 690,753                 | 1,283,624  | None   | None              | 690,753  | 1,283,624  | 1,974,377 |
| Salem                   | NH | 597,833                 | 1,111,059  | None   | None              | 597,833  | 1,111,059  | 1,708,892 |
| Deptford                | NJ | 619,376                 | 1,151,062  | None   | None              | 619,376  | 1,151,062  | 1,770,438 |
| Maple Shade             | NJ | 508,285                 | 944,750  | None   | None              | 508,285  | 944,750  | 1,453,035 |
| Akron                   | OH | 242,133                 | 450,467  | None   | None              | 242,133  | 450,467  | 692,600   |
| Cambridge               | OH | 103,368                 | 192,760  | None   | None              | 103,368  | 192,760  | 296,128   |
| Canton                  | OH | 337,161                 | 626,948  | None   | None              | 337,161  | 626,948  | 964,109   |
| Cleveland               | OH | 582,107                 | 1,081,848  | None   | None              | 582,107  | 1,081,848  | 1,663,955 |
| Columbus                | OH | 385,878                 | 717,422  | None   | None              | 385,878  | 717,422  | 1,103,300 |
| Oklahoma City           | OK | 509,370                 | 752,691  | None   | None              | 509,370  | 752,691  | 1,262,061 |
| Oklahoma City           | OK | 404,815                 | 771,625  | None   | None              | 404,815  | 771,625  | 1,176,440 |

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|                |    |         |           |         |      |         |           |           |
|----------------|----|---------|-----------|---------|------|---------|-----------|-----------|
| Greensburg     | PA | 594,891 | 1,105,589 | None    | None | 594,891 | 1,105,589 | 1,700,480 |
| Lancaster      | PA | 431,050 | 801,313   | None    | None | 431,050 | 801,313   | 1,232,363 |
| Mechanicsburg  | PA | 455,854 | 847,377   | None    | None | 455,854 | 847,377   | 1,303,231 |
| Monroeville    | PA | 723,660 | 1,344,733 | None    | None | 723,660 | 1,344,733 | 2,068,393 |
| Philadelphia   | PA | 334,939 | 622,821   | None    | None | 334,939 | 622,821   | 957,760   |
| Pittsburgh     | PA | 384,756 | 715,339   | None    | None | 384,756 | 715,339   | 1,100,095 |
| York           | PA | 389,291 | 723,760   | None    | None | 389,291 | 723,760   | 1,113,051 |
| Columbia       | SC | 343,785 | 295,001   | 183,130 | None | 343,785 | 478,131   | 821,916   |
| Sioux Falls    | SD | 332,979 | 498,108   | None    | None | 332,979 | 498,108   | 831,087   |
| Goodlettsville | TN | 601,306 | 1,117,504 | None    | None | 601,306 | 1,117,504 | 1,718,810 |

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| Description<br>(Note 1) | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |              | Cost Capitalized<br>Subsequent<br>to Acquisition |           | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |           |
|-------------------------|---|-----------|--------------|--|-----------|--|-----------|-----------|
|                         | Land  | Fees      | Improvements | Carrying<br>Costs                                | Land      | Fees   | Total     |           |
| Hermitage TN            | 560,443   | 1,011,799 | None         | None   | 560,443   | 1,011,799  | 1,572,242 |           |
| Arlington TX            | 599,558   | 1,114,256 | None         | None   | 599,558   | 1,114,256  | 1,713,814 |           |
| Austin TX               | 185,454   | 411,899   | None         | None   | 185,454   | 411,899  | 597,353   |           |
| Austin TX               | 710,485   | 1,320,293 | None         | None   | 710,485   | 1,320,293  | 2,030,778 |           |
| Austin TX               | 590,828   | 1,098,073 | None         | None   | 590,828   | 1,098,073  | 1,688,901 |           |
| Austin TX               | 569,909   | 1,059,195 | None         | None   | 569,909   | 1,059,195  | 1,629,104 |           |
| Austin TX               | 532,497   | 989,715   | None         | None   | 532,497   | 989,715  | 1,522,212 |           |
| Carrollton TX           | 568,401   | 1,056,394 | None         | None   | 568,401   | 1,056,394  | 1,624,795 |           |
| Conroe TX               | 396,068   | 736,346   | None         | None   | 396,068   | 736,346  | 1,132,414 |           |
| Dallas TX               | 191,267   | 424,811   | None         | 73   | 191,267   | 424,884  | 616,151   |           |
| Fort Worth TX           | 543,950   | 1,010,984 | None         | None   | 543,950   | 1,010,984  | 1,554,934 |           |
| Garland TX              | 242,887   | 539,461   | None         | None   | 242,887   | 539,461  | 782,348   |           |
| Harlingen TX            | 134,599   | 298,948   | None         | None   | 134,599   | 298,948  | 433,547   |           |
| Houston TX              | 151,018   | 335,417   | None         | None   | 151,018   | 335,417  | 486,435   |           |
| Houston TX              | 392,113   | 729,002   | None         | None   | 392,113   | 729,002  | 1,121,115 |           |
| Houston TX              | 1,030,379   | 1,914,353 | None         | None   | 1,030,379 | 1,914,353  | 2,944,732 |           |
| Houston TX              | 619,101   | 1,150,551 | None         | None   | 619,101   | 1,150,551  | 1,769,652 |           |
| Houston TX              | 642,495   | 1,193,997 | None         | None   | 642,495   | 1,193,997  | 1,836,492 |           |
| Houston TX              | 872,866   | 1,621,829 | None         | None   | 872,866   | 1,621,829  | 2,494,695 |           |
| Humble TX               | 612,414   | 1,138,132 | None         | None   | 612,414   | 1,138,132  | 1,750,546 |           |
| Leon Valley TX          | 178,221   | 395,834   | None         | None   | 178,221   | 395,834  | 574,055   |           |
| Leon Valley TX          | 529,967   | 985,046   | None         | None   | 529,967   | 985,046  | 1,515,013 |           |
| Mesquite TX             | 591,538   | 1,099,363 | None         | None   | 591,538   | 1,099,363  | 1,690,901 |           |
| N. Richland Hills TX    | 509,861   | 947,707   | (189,562)    | 95   | 320,299   | 947,802  | 1,268,101 |           |
| Pasadena TX             | 107,391   | 238,519   | None         | None   | 107,391   | 238,519  | 345,910   |           |
| Plano TX                | 494,407   | 918,976   | None         | None   | 494,407   | 918,976  | 1,413,383 |           |
| Plano TX                | 187,564   | 417,157   | 700          | None   | 187,564   | 417,857  | 605,421   |           |
| Richardson TX           | 555,188   | 1,031,855 | None         | None   | 555,188   | 1,031,855  | 1,587,043 |           |
| San Antonio TX          | 245,164   | 544,518   | None         | None   | 245,164   | 544,518  | 789,682   |           |
| San Antonio TX          | 688,249   | 1,278,967 | None         | None   | 688,249   | 1,278,967  | 1,967,216 |           |
| Stafford TX             | 706,786   | 1,313,395 | None         | None   | 706,786   | 1,313,395  | 2,020,181 |           |
| Waco TX                 | 401,999   | 747,362   | None         | None   | 401,999   | 747,362  | 1,149,361 |           |
| Webster TX              | 600,261   | 1,115,563 | None         | None   | 600,261   | 1,115,563  | 1,715,824 |           |
| Bountiful UT            | 183,750   | 408,115   | None         | 111  | 183,750   | 408,226  | 591,976   |           |
| Alexandria VA           | 542,791   | 1,008,832 | None         | None   | 542,791   | 1,008,832  | 1,551,623 |           |
| Alexandria VA           | 592,698   | 1,101,517 | None         | None   | 592,698   | 1,101,517  | 1,694,215 |           |
| Chesapeake VA           | 770,000   | 1,112,334 | None         | None   | 770,000   | 1,112,334  | 1,882,334 |           |
| Lynchburg VA            | 342,751   | 637,329   | None         | None   | 342,751   | 637,329  | 980,080   |           |
|                         | VA  | 780,000   | 1,026,384    | None   | None      | 780,000  | 1,026,384 | 1,806,384 |

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Virginia  
Beach

|               |         |           |      |      |         |           |           |
|---------------|---------|-----------|------|------|---------|-----------|-----------|
| Woodbridge VA | 774,854 | 1,439,806 | None | None | 774,854 | 1,439,806 | 2,214,660 |
| Tacoma WA     | 187,111 | 415,579   | None | None | 187,111 | 415,579   | 602,690   |
| Brown Deer WI | 257,408 | 802,141   | None | None | 257,408 | 802,141   | 1,059,549 |
| Delafield WI  | 324,574 | 772,702   | None | None | 324,574 | 772,702   | 1,097,276 |
| Madison WI    | 452,630 | 811,977   | None | None | 452,630 | 811,977   | 1,264,607 |
| Oak Creek WI  | 420,465 | 852,408   | None | None | 420,465 | 852,408   | 1,272,873 |

Aviation

|                              |   |            |      |      |   |            |            |
|------------------------------|---|------------|------|------|---|------------|------------|
| Dallas Fort Worth Airport TX | 0 | 37,503,886 | None | None | 0 | 37,503,886 | 37,503,886 |
|------------------------------|---|------------|------|------|---|------------|------------|

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| Description<br>(Note 1)  | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |            | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |            |            |            |
|--------------------------|---|------------|--|-------------------|--|------------|------------|------------|
|                          | Land  | Fees       | Improvements                                     | Carrying<br>Costs | Land   | Fees       | Total      |            |
| <b>Beverages</b>         |   |            |  |                   |  |            |            |            |
| Calistoga                | CA  | 12,677,285 | 2,750,715  | None              | None   | 12,677,285 | 2,750,715  | 15,428,000 |
| Calistoga                | CA  | 5,445,030  | 21,154,970                                       | None              | None   | 5,445,030  | 21,154,970 | 26,600,000 |
| Calistoga                | CA  | 6,039,131  | 1,576,869  | None              | None   | 6,039,131  | 1,576,869  | 7,616,000  |
| Calistoga                | CA  | 4,988,527  | 1,999,473  | None              | None   | 4,988,527  | 1,999,473  | 6,988,000  |
| Calistoga                | CA  | 8,146,907  | 2,067,093  | None              | None   | 8,146,907  | 2,067,093  | 10,214,000 |
| Calistoga                | CA  | 12,675,172 | 4,907,828  | None              | None   | 12,675,172 | 4,907,828  | 17,583,000 |
| Calistoga                | CA  | 45,184,528 | 10,437,472                                       | None              | None   | 45,184,528 | 10,437,472 | 55,622,000 |
| Calistoga                | CA  | 10,630,191 | 5,580,929  | None              | None   | 10,630,191 | 5,580,929  | 16,211,120 |
| Napa                     | CA  | 6,000,000  | 25,000,000                                       | None              | None   | 6,000,000  | 25,000,000 | 31,000,000 |
| Napa                     | CA  | 11,253,989 | 2,846,011  | None              | None   | 11,253,989 | 2,846,011  | 14,100,000 |
| Napa                     | CA  | 17,590,091 | 5,898,149  | None              | None   | 17,590,091 | 5,898,149  | 23,488,240 |
| Napa                     | CA  | 10,777,485 | 390,515  | None              | None   | 10,777,485 | 390,515    | 11,168,000 |
| Napa                     | CA  | 4,675,262  | 298,928  | None              | None   | 4,675,262  | 298,928    | 4,974,190  |
| Napa                     | CA  | 6,860,862  | 524,117  | None              | None   | 6,860,862  | 524,117    | 7,384,979  |
| Paicines                 | CA  | 12,058,127 | 1,607,783  | None              | None   | 12,058,127 | 1,607,783  | 13,665,910 |
| St. Helena               | CA  | 15,254,700 | 4,150,300  | None              | None   | 15,254,700 | 4,150,300  | 19,405,000 |
| St. Helena               | CA  | 23,471,336 | 6,589,664  | None              | None   | 23,471,336 | 6,589,664  | 30,061,000 |
| Shreveport               | LA  | 1,320,003  | 8,130,438  | None              | 147  | 1,320,003  | 8,130,585  | 9,450,588  |
| <b>Book Stores</b>       |   |            |  |                   |  |            |            |            |
| Tampa                    | FL  | 998,250    | 3,696,707  | None              | 79   | 998,250    | 3,696,786  | 4,695,036  |
| <b>Business Services</b> |   |            |  |                   |  |            |            |            |
| Midland                  | TX  | 45,500     | 101,058  | None              | 295  | 45,500     | 101,353    | 146,853    |
| <b>Child Care</b>        |   |            |  |                   |  |            |            |            |
| Birmingham               | AL  | 63,800     | 295,791  | None              | 84   | 63,800     | 295,875    | 359,675    |
| Avondale                 | AZ  | 242,723    | 1,129,139  | None              | None   | 242,723    | 1,129,139  | 1,371,862  |
| Chandler                 | AZ  | 271,695    | 603,446  | 9,758             | 39   | 271,695    | 613,243    | 884,938    |
| Chandler                 | AZ  | 291,720    | 647,923  | None              | 171  | 291,720    | 648,094    | 939,814    |
| Mesa                     | AZ  | 308,951    | 1,025,612  | None              | None   | 308,951    | 1,025,612  | 1,334,563  |
| Phoenix                  | AZ  | 318,500    | 707,397  | 32,420            | None   | 318,500    | 739,817    | 1,058,317  |
| Phoenix                  | AZ  | 115,000    | 285,172  | 39,971            | 22,279   | 115,000    | 347,422    | 462,422    |
| Phoenix                  | AZ  | 260,719    | 516,181  | None              | 32,234   | 260,719    | 548,415    | 809,134    |
| Scottsdale               | AZ  | 291,993    | 648,529  | None              | 171  | 291,993    | 648,700    | 940,693    |
| Scottsdale               | AZ  | 264,504    | 587,471  | None              | 27,466   | 264,504    | 614,937    | 879,441    |
| Tempe                    | AZ  | 292,200    | 648,989  | None              | 16,613   | 292,200    | 665,602    | 957,802    |
| Tucson                   | AZ  | 304,500    | 676,303  | None              | 61   | 304,500    | 676,364    | 980,864    |

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|               |    |         |         |         |        |         |         |           |
|---------------|----|---------|---------|---------|--------|---------|---------|-----------|
| Tucson        | AZ | 283,500 | 546,878 | None    | 254    | 283,500 | 547,132 | 830,632   |
| Calabasas     | CA | 156,430 | 725,248 | 100,838 | 58,741 | 156,430 | 884,827 | 1,041,257 |
| Carmichael    | CA | 131,035 | 607,507 | 43,568  | None   | 131,035 | 651,075 | 782,110   |
| Chino         | CA | 155,000 | 634,071 | None    | 22     | 155,000 | 634,093 | 789,093   |
| Chula Vista   | CA | 350,563 | 778,614 | None    | 43,353 | 350,563 | 821,967 | 1,172,530 |
| El Cajon      | CA | 157,804 | 731,621 | 2,540   | 44,802 | 157,804 | 778,963 | 936,767   |
| Escondido     | CA | 276,286 | 613,638 | 5,000   | 44,389 | 276,286 | 663,027 | 939,313   |
| Folsom        | CA | 281,563 | 625,363 | None    | 46     | 281,563 | 625,409 | 906,972   |
| Mission Viejo | CA | 353,891 | 744,367 | 12,500  | None   | 353,891 | 756,867 | 1,110,758 |
| Oceanside     | CA | 145,568 | 674,889 | 17,000  | None   | 145,568 | 691,889 | 837,457   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and<br>7) |  |           | Acc<br>Dep<br>( |
|-------------------------|----------------------------|--|--|-------------------|---|--|-----------|-----------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land  | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                 |
| Palmdale                | CA 249,490                 | 554,125  | 9,864  | None              | 249,490   | 563,989  | 813,479   |                 |
| Rancho<br>Cordova       | CA 276,328                 | 613,733  | 24,967   | None              | 276,328   | 638,700  | 915,028   |                 |
| Rancho<br>Cucamonga     | CA 471,733                 | 1,047,739  | 49,000   | 80                | 471,733   | 1,096,819  | 1,568,552 |                 |
| Roseville               | CA 297,343                 | 660,411  | 27,496   | None              | 297,343   | 687,907  | 985,250   |                 |
| Sacramento              | CA 290,734                 | 645,732  | None   | 127               | 290,734   | 645,859  | 936,593   |                 |
| Santee                  | CA 248,418                 | 551,748  | None   | None              | 248,418   | 551,748  | 800,166   |                 |
| Simi Valley             | CA 208,585                 | 967,055  | 22,800   | 31                | 208,585   | 989,886  | 1,198,471 |                 |
| Valencia                | CA 301,295                 | 669,185  | 67,995   | 46                | 301,295   | 737,226  | 1,038,521 |                 |
| Walnut                  | CA 217,365                 | 1,007,753  | 1,200  | 51,164            | 217,365   | 1,060,117  | 1,277,482 |                 |
| Aurora                  | CO 287,000                 | 637,440  | None   | 278               | 287,000   | 637,718  | 924,718   |                 |
| Broomfield              | CO 155,306                 | 344,941  | 25,000   | 211               | 155,306   | 370,152  | 525,458   |                 |
| Colorado<br>Springs     | CO 115,542                 | 535,700  | None   | None              | 115,542   | 535,700  | 651,242   |                 |
| Colorado<br>Springs     | CO 58,400                  | 271,217  | 25,000   | 211               | 58,400  | 296,428  | 354,828   |                 |
| Fort Collins            | CO 55,200                  | 256,356  | None   | None              | 55,200  | 256,356  | 311,556   |                 |
| Fort Collins            | CO 137,734                 | 638,593  | 41,477   | 22,120            | 137,734   | 702,190  | 839,924   |                 |
| Greeley                 | CO 58,400                  | 270,755  | 25,000   | 278               | 58,400  | 296,033  | 354,433   |                 |
| Greenwood<br>Village    | CO 131,216                 | 608,372  | 6,862  | 21,189            | 131,216   | 636,423  | 767,639   |                 |
| Littleton               | CO 161,617                 | 358,956  | None   | 82                | 161,617   | 359,038  | 520,655   |                 |
| Longmont                | CO 115,592                 | 535,931  | None   | 71                | 115,592   | 536,002  | 651,594   |                 |
| Louisville              | CO 58,089                  | 269,313  | None   | 211               | 58,089  | 269,524  | 327,613   |                 |
| Parker                  | CO 153,551                 | 341,042  | None   | 211               | 153,551   | 341,253  | 494,804   |                 |
| Westminster             | CO 306,387                 | 695,737  | None   | 504               | 306,387   | 696,241  | 1,002,628 |                 |
| Bradenton               | FL 160,060                 | 355,501  | 25,000   | 79                | 160,060   | 380,580  | 540,640   |                 |
| Clearwater              | FL 42,223                  | 269,380  | None   | 79                | 42,223  | 269,459  | 311,682   |                 |
| Jacksonville            | FL 184,800                 | 410,447  | 22,872   | 189               | 184,800   | 433,508  | 618,308   |                 |
| Jacksonville            | FL 48,000                  | 243,060  | None   | 420               | 48,000  | 243,480  | 291,480   |                 |
| Margate                 | FL 66,686                  | 309,183  | None   | 240               | 66,686  | 309,423  | 376,109   |                 |
| Melbourne               | FL 256,439                 | 549,345  | None   | 79                | 256,439   | 549,424  | 805,863   |                 |
| Niceville               | FL 73,696                  | 341,688  | None   | 420               | 73,696  | 342,108  | 415,804   |                 |
| Orlando                 | FL 159,177                 | 353,538  | None   | 154               | 159,177   | 353,692  | 512,869   |                 |
| Orlando                 | FL 68,001                  | 313,922  | None   | 189               | 68,001  | 314,111  | 382,112   |                 |
| Orlando                 | FL 190,050                 | 422,107  | 5,707  | 342               | 190,050   | 428,156  | 618,206   |                 |
| Oviedo                  | FL 166,409                 | 369,598  | None   | 154               | 166,409   | 369,752  | 536,161   |                 |
| Panama City             | FL 69,500                  | 244,314  | 78,565   | 4,560             | 69,500  | 327,439  | 396,939   |                 |

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|                  |    |         |           |         |        |         |           |           |
|------------------|----|---------|-----------|---------|--------|---------|-----------|-----------|
| Pensacola        | FL | 147,000 | 326,492   | 20,000  | 240    | 147,000 | 346,732   | 493,732   |
| Royal Palm Beach | FL | 194,193 | 431,309   | 25,000  | None   | 194,193 | 456,309   | 650,502   |
| St. Augustine    | FL | 44,800  | 213,040   | 23,090  | 189    | 44,800  | 236,319   | 281,119   |
| Sunrise          | FL | 245,000 | 533,280   | 92,266  | 28,616 | 245,000 | 654,162   | 899,162   |
| Tampa            | FL | 53,385  | 199,846   | None    | 154    | 53,385  | 200,000   | 253,385   |
| Duluth           | GA | 310,000 | 1,040,008 | None    | None   | 310,000 | 1,040,008 | 1,350,008 |
| Ellenwood        | GA | 119,678 | 275,414   | 58,545  | 479    | 119,678 | 334,438   | 454,116   |
| Lawrenceville    | GA | 141,449 | 314,161   | 110,068 | 7,446  | 141,449 | 431,675   | 573,124   |
| Lithia Springs   | GA | 187,444 | 363,358   | None    | 84     | 187,444 | 363,442   | 550,886   |
| Lithonia         | GA | 239,715 | 524,459   | 24,410  | 25,836 | 239,715 | 574,705   | 814,420   |
| Marietta         | GA | 292,250 | 649,095   | None    | None   | 292,250 | 649,095   | 941,345   |
| Marietta         | GA | 148,620 | 330,090   | 25,000  | 205    | 148,620 | 355,295   | 503,915   |
| Marietta         | GA | 301,000 | 668,529   | 36,480  | 9,981  | 301,000 | 714,990   | 1,015,990 |
| Marietta         | GA | 295,750 | 596,299   | None    | 17,678 | 295,750 | 613,977   | 909,727   |
| Smyrna           | GA | 274,750 | 610,229   | None    | 415    | 274,750 | 610,644   | 885,394   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Ac<br>De<br>( |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|---------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |               |
| Stockbridge GA          | 168,700                    | 374,688  | 24,894   | 499               | 168,700  | 400,081  | 568,781   |               |
| Stone Mountain GA       | 65,000                     | 0  | None   | 84                | 65,000   | 84   | 65,084    |               |
| Cedar Rapids IA         | 194,950                    | 427,085  | None   | None              | 194,950  | 427,085  | 622,035   |               |
| Iowa City IA            | 186,900                    | 408,910  | None   | None              | 186,900  | 408,910  | 595,810   |               |
| Addison IL              | 125,780                    | 583,146  | None   | 134               | 125,780  | 583,280  | 709,060   |               |
| Algonquin IL            | 241,500                    | 509,629  | 28,260   | 134               | 241,500  | 538,023  | 779,523   |               |
| Aurora IL               | 468,000                    | 1,259,926  | None   | None              | 468,000  | 1,259,926  | 1,727,926 |               |
| Aurora IL               | 165,679                    | 398,738  | 27,450   | 21,087            | 165,679  | 447,275  | 612,954   |               |
| Bartlett IL             | 120,824                    | 560,166  | None   | None              | 120,824  | 560,166  | 680,990   |               |
| Carol Stream IL         | 122,831                    | 586,416  | None   | 134               | 122,831  | 586,550  | 709,381   |               |
| Crystal Lake IL         | 400,000                    | 1,259,424  | None   | None              | 400,000  | 1,259,424  | 1,659,424 |               |
| Elk Grove Village IL    | 126,860                    | 588,175  | 2,394  | None              | 126,860  | 590,569  | 717,429   |               |
| Glendale Heights IL     | 318,500                    | 707,399  | None   | 172               | 318,500  | 707,571  | 1,026,071 |               |
| Hoffman Estates IL      | 318,500                    | 707,399  | None   | 257               | 318,500  | 707,656  | 1,026,156 |               |
| Lake in the Hills IL    | 375,000                    | 1,127,678  | None   | None              | 375,000  | 1,127,678  | 1,502,678 |               |
| Lockport IL             | 189,477                    | 442,018  | None   | 85                | 189,477  | 442,103  | 631,580   |               |
| Naperville IL           | 425,000                    | 1,230,654  | None   | None              | 425,000  | 1,230,654  | 1,655,654 |               |
| O'Fallon IL             | 141,250                    | 313,722  | None   | 232               | 141,250  | 313,954  | 455,204   |               |
| Oswego IL               | 380,000                    | 1,165,818  | None   | None              | 380,000  | 1,165,818  | 1,545,818 |               |
| Palatine IL             | 121,911                    | 565,232  | None   | 134               | 121,911  | 565,366  | 687,277   |               |
| Roselle IL              | 297,541                    | 561,037  | None   | 172               | 297,541  | 561,209  | 858,750   |               |
| Schaumburg IL           | 218,798                    | 485,955  | 20,461   | None              | 218,798  | 506,416  | 725,214   |               |
| Vernon Hills IL         | 132,523                    | 614,430  | None   | 134               | 132,523  | 614,564  | 747,087   |               |
| Westmont IL             | 124,742                    | 578,330  | None   | 172               | 124,742  | 578,502  | 703,244   |               |
| Fishers IN              | 60,000                     | 278,175  | 2,500  | 85                | 60,000   | 280,760  | 340,760   |               |
| Fishers IN              | 212,118                    | 419,958  | None   | 278               | 212,118  | 420,236  | 632,354   |               |
| Highland IN             | 220,460                    | 436,476  | None   | 314               | 220,460  | 436,790  | 657,250   |               |
| Indianapolis IN         | 245,000                    | 544,153  | None   | 211               | 245,000  | 544,364  | 789,364   |               |
| Lenexa KS               | 318,500                    | 707,399  | 14,200   | None              | 318,500  | 721,599  | 1,040,099 |               |
| Olathe KS               | 304,500                    | 676,308  | 66,918   | 186               | 304,500  | 743,412  | 1,047,912 |               |
| Overland Park KS        | 357,500                    | 1,115,171  | None   | None              | 357,500  | 1,115,171  | 1,472,671 |               |
| Shawnee KS              | 288,246                    | 935,875  | None   | None              | 288,246  | 935,875  | 1,224,121 |               |
| Shawnee KS              | 315,000                    | 699,629  | None   | 302               | 315,000  | 699,931  | 1,014,931 |               |

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|               |    |         |           |        |        |         |           |           |
|---------------|----|---------|-----------|--------|--------|---------|-----------|-----------|
| Wichita       | KS | 108,569 | 352,287   | 8,286  | 100    | 108,569 | 360,673   | 469,242   |
| Wichita       | KS | 209,890 | 415,549   | 26,399 | 16,270 | 209,890 | 458,218   | 668,108   |
| Lexington     | KY | 210,427 | 420,883   | None   | 187    | 210,427 | 421,070   | 631,497   |
| Acton         | MA | 315,533 | 700,813   | None   | 278    | 315,533 | 701,091   | 1,016,624 |
| Marlborough   | MA | 352,765 | 776,488   | None   | 232    | 352,765 | 776,720   | 1,129,485 |
| Westborough   | MA | 359,412 | 773,877   | 42,842 | 12,173 | 359,412 | 828,892   | 1,188,304 |
| Ellicott City | MD | 219,368 | 630,839   | 26,550 | None   | 219,368 | 657,389   | 876,757   |
| Frederick     | MD | 203,352 | 1,017,109 | None   | None   | 203,352 | 1,017,109 | 1,220,461 |
| Olney         | MD | 342,500 | 760,701   | 4,400  | 41,605 | 342,500 | 806,706   | 1,149,206 |
| Waldorf       | MD | 237,207 | 526,844   | None   | 172    | 237,207 | 527,016   | 764,223   |
| Waldorf       | MD | 130,430 | 604,702   | None   | 278    | 130,430 | 604,980   | 735,410   |
| Canton        | MI | 55,000  | 378,848   | 2,913  | 10,977 | 55,000  | 392,738   | 447,738   |
| Apple Valley  | MN | 113,523 | 526,319   | None   | 197    | 113,523 | 526,516   | 640,039   |
| Brooklyn Park | MN | 118,111 | 547,587   | None   | 197    | 118,111 | 547,784   | 665,895   |
| Eden Prairie  | MN | 124,286 | 576,243   | None   | 197    | 124,286 | 576,440   | 700,726   |
| Maple Grove   | MN | 313,250 | 660,149   | None   | 278    | 313,250 | 660,427   | 973,677   |
| Plymouth      | MN | 134,221 | 622,350   | None   | 197    | 134,221 | 622,547   | 756,768   |

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Table of contents

| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accu<br>Dep<br>(N |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|-------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                   |
| White Bear<br>Lake      | MN 242,165                 | 537,856  | None   | 278               | 242,165  | 538,134  | 780,299   |                   |
| Florissant              | MO 318,500                 | 707,399  | 78,556   | 10,975            | 318,500  | 796,930  | 1,115,430 |                   |
| Florissant              | MO 181,300                 | 402,672  | 34,635   | 12,499            | 181,300  | 449,806  | 631,106   |                   |
| Gladstone               | MO 294,000                 | 652,987  | None   | 9,295             | 294,000  | 662,282  | 956,282   |                   |
| Lee's<br>Summit         | MO 330,000                 | 993,787  | None   | None              | 330,000  | 993,787  | 1,323,787 |                   |
| Lee's<br>Summit         | MO 313,740                 | 939,367  | None   | None              | 313,740  | 939,367  | 1,253,107 |                   |
| Lee's<br>Summit         | MO 239,627                 | 532,220  | None   | 179               | 239,627  | 532,399  | 772,026   |                   |
| Liberty                 | MO 65,400                  | 303,211  | 25,000   | 123               | 65,400   | 328,334  | 393,734   |                   |
| North<br>Kansas City    | MO 307,784                 | 910,401  | None   | None              | 307,784  | 910,401  | 1,218,185 |                   |
| Jackson                 | MS 248,483                 | 572,522  | 17,627   | 17,780            | 248,483  | 607,929  | 856,412   |                   |
| Pearl                   | MS 121,801                 | 270,524  | 18,837   | 4,207             | 121,801  | 293,568  | 415,369   |                   |
| Tupelo                  | MS 121,697                 | 637,691  | 26,216   | 9,587             | 121,697  | 673,494  | 795,191   |                   |
| Cary                    | NC 75,200                  | 262,973  | 15,000   | 187               | 75,200   | 278,160  | 353,360   |                   |
| Charlotte               | NC 134,582                 | 268,222  | 24,478   | 139               | 134,582  | 292,839  | 427,421   |                   |
| Concord                 | NC 32,441                  | 190,859  | None   | 326               | 32,441   | 191,185  | 223,626   |                   |
| Durham                  | NC 175,700                 | 390,234  | 26,312   | 187               | 175,700  | 416,733  | 592,433   |                   |
| Durham                  | NC 220,728                 | 429,380  | None   | 321               | 220,728  | 429,701  | 650,429   |                   |
| Kernersville            | NC 162,216                 | 316,300  | None   | 223               | 162,216  | 316,523  | 478,739   |                   |
| Bellevue                | NE 60,568                  | 280,819  | None   | 179               | 60,568   | 280,998  | 341,566   |                   |
| Omaha                   | NE 142,867                 | 317,315  | None   | 146               | 142,867  | 317,461  | 460,328   |                   |
| Omaha                   | NE 60,500                  | 280,491  | None   | 179               | 60,500   | 280,670  | 341,170   |                   |
| Omaha                   | NE 53,000                  | 245,720  | 22,027   | 179               | 53,000   | 267,926  | 320,926   |                   |
| Londonderry             | NH 335,467                 | 745,082  | None   | 278               | 335,467  | 745,360  | 1,080,827 |                   |
| Clementon               | NJ 279,851                 | 554,060  | 18,899   | None              | 279,851  | 572,959  | 852,810   |                   |
| Las Vegas               | NV 201,250                 | 446,983  | None   | 126               | 201,250  | 447,109  | 648,359   |                   |
| Beavercreek             | OH 179,552                 | 398,786  | None   | 122               | 179,552  | 398,908  | 578,460   |                   |
| Centerville             | OH 174,519                 | 387,613  | None   | 237               | 174,519  | 387,850  | 562,369   |                   |
| Dublin                  | OH 84,000                  | 389,446  | None   | 230               | 84,000   | 389,676  | 473,676   |                   |
| Englewood               | OH 74,000                  | 343,083  | None   | 258               | 74,000   | 343,341  | 417,341   |                   |
| Forest Park             | OH 170,778                 | 379,305  | None   | 85                | 170,778  | 379,390  | 550,168   |                   |
| Huber<br>Heights        | OH 245,000                 | 544,153  | None   | 122               | 245,000  | 544,275  | 789,275   |                   |
| Pickerington            | OH 87,580                  | 406,055  | None   | 116               | 87,580   | 406,171  | 493,751   |                   |
| Westerville             | OH 82,000                  | 380,173  | None   | 122               | 82,000   | 380,295  | 462,295   |                   |

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|               |    |         |         |        |      |         |         |         |
|---------------|----|---------|---------|--------|------|---------|---------|---------|
| Westerville   | OH | 294,350 | 646,557 | None   | 122  | 294,350 | 646,679 | 941,029 |
| Broken Arrow  | OK | 78,705  | 220,434 | None   | None | 78,705  | 220,434 | 299,139 |
| Midwest City  | OK | 67,800  | 314,338 | None   | None | 67,800  | 314,338 | 382,138 |
| Oklahoma City | OK | 50,800  | 214,474 | None   | 173  | 50,800  | 214,647 | 265,447 |
| Oklahoma City | OK | 79,000  | 366,261 | 17,659 | 173  | 79,000  | 384,093 | 463,093 |
| Yukon         | OK | 61,000  | 282,812 | 27,000 | 173  | 61,000  | 309,985 | 370,985 |
| Charleston    | SC | 140,700 | 312,498 | 25,000 | 376  | 140,700 | 337,874 | 478,574 |
| Charleston    | SC | 125,593 | 278,947 | None   | 514  | 125,593 | 279,461 | 405,054 |
| Columbia      | SC | 58,160  | 269,643 | None   | 139  | 58,160  | 269,782 | 327,942 |
| Columbia      | SC | 160,831 | 313,600 | None   | 223  | 160,831 | 313,823 | 474,654 |
| Goose Creek   | SC | 61,635  | 192,905 | None   | 376  | 61,635  | 193,281 | 254,916 |
| Summerville   | SC | 44,400  | 174,500 | None   | 321  | 44,400  | 174,821 | 219,221 |
| Sumter        | SC | 56,010  | 268,903 | None   | 344  | 56,010  | 269,247 | 325,257 |
| Memphis       | TN | 238,263 | 504,897 | None   | None | 238,263 | 504,897 | 743,160 |
| Memphis       | TN | 238,000 | 528,608 | 2,734  | 111  | 238,000 | 531,453 | 769,453 |
| Arlington     | TX | 241,500 | 550,559 | 33,725 | 54   | 241,500 | 584,338 | 825,838 |
| Arlington     | TX | 82,109  | 380,677 | 12,321 | 95   | 82,109  | 393,093 | 475,202 |



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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accum<br>Deprec<br>(Not |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|-------------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                         |
| Arlington TX            | 238,000                    | 528,604  | (24,713)   | 605               | 238,000  | 504,496  | 742,496   |                         |
| Austin TX               | 217,878                    | 483,913  | 29,469   | None              | 217,878  | 513,382  | 731,260   |                         |
| Austin TX               | 103,600                    | 230,532  | 8,750  | 142               | 103,600  | 239,424  | 343,024   |                         |
| Austin TX               | 236,733                    | 640,023  | 36,746   | 254               | 236,733  | 677,023  | 913,756   |                         |
| Austin TX               | 191,636                    | 425,629  | 15,530   | 294               | 191,636  | 441,453  | 633,089   |                         |
| Austin TX               | 134,383                    | 623,103  | 2,379  | 7,064             | 134,383  | 632,546  | 766,929   |                         |
| Austin TX               | 88,872                     | 222,684  | 48,416   | 15,026            | 88,872   | 286,126  | 374,998   |                         |
| Bedford TX              | 241,500                    | 550,559  | 34,949   | 73                | 241,500  | 585,581  | 827,081   |                         |
| Carrollton TX           | 277,850                    | 617,113  | 12,086   | 18,443            | 277,850  | 647,642  | 925,492   |                         |
| Cedar Park TX           | 168,857                    | 375,036  | 5,200  | 282               | 168,857  | 380,518  | 549,375   |                         |
| Colleyville TX          | 250,000                    | 1,070,360  | None   | None              | 250,000  | 1,070,360  | 1,320,360 |                         |
| Converse TX             | 217,000                    | 481,963  | None   | 294               | 217,000  | 482,257  | 699,257   |                         |
| Corinth TX              | 285,000                    | 1,041,626  | None   | None              | 285,000  | 1,041,626  | 1,326,626 |                         |
| Eules TX                | 234,111                    | 519,962  | None   | 217               | 234,111  | 520,179  | 754,290   |                         |
| Flower Mound TX         | 281,735                    | 1,099,726  | None   | None              | 281,735  | 1,099,726  | 1,381,461 |                         |
| Flower Mound TX         | 202,773                    | 442,845  | 32,069   | 16,315            | 202,773  | 491,229  | 694,002   |                         |
| Fort Worth TX           | 216,160                    | 427,962  | None   | 149               | 216,160  | 428,111  | 644,271   |                         |
| Fort Worth TX           | 238,000                    | 528,608  | None   | 2,095             | 238,000  | 530,703  | 768,703   |                         |
| Fort Worth TX           | 85,518                     | 396,495  | 33,279   | 6,266             | 85,518   | 436,040  | 521,558   |                         |
| Garland TX              | 211,050                    | 468,749  | 19,199   | 17,532            | 211,050  | 505,480  | 716,530   |                         |
| Grand Prairie TX        | 167,164                    | 371,276  | 58,206   | 16,412            | 167,164  | 445,894  | 613,058   |                         |
| Houston TX              | 294,582                    | 919,276  | None   | None              | 294,582  | 919,276  | 1,213,858 |                         |
| Houston TX              | 149,109                    | 323,314  | 5,000  | 87                | 149,109  | 328,401  | 477,510   |                         |
| Houston TX              | 139,125                    | 308,997  | 19,128   | 128               | 139,125  | 328,253  | 467,378   |                         |
| Houston TX              | 219,100                    | 486,631  | None   | 261               | 219,100  | 486,892  | 705,992   |                         |
| Houston TX              | 60,000                     | 278,175  | 22,168   | 597               | 60,000   | 300,940  | 360,940   |                         |
| Houston TX              | 141,296                    | 313,824  | 12,442   | 2,308             | 141,296  | 328,574  | 469,870   |                         |
| Humble TX               | 278,915                    | 1,034,868  | None   | None              | 278,915  | 1,034,868  | 1,313,783 |                         |
| Katy TX                 | 309,898                    | 983,041  | None   | None              | 309,898  | 983,041  | 1,292,939 |                         |
| Lewisville TX           | 192,777                    | 428,121  | None   | 95                | 192,777  | 428,216  | 620,993   |                         |
| Mansfield TX            | 181,375                    | 402,839  | 46,878   | 17,274            | 181,375  | 466,991  | 648,366   |                         |
| Mesquite TX             | 85,000                     | 394,079  | 9,855  | 12,885            | 85,000   | 416,819  | 501,819   |                         |
| Mesquite TX             | 139,466                    | 326,525  | 39,638   | 13,047            | 139,466  | 379,210  | 518,676   |                         |
| Pasadena TX             | 60,000                     | 278,173  | 21,315   | 14,967            | 60,000   | 314,455  | 374,455   |                         |
| Plano TX                | 250,514                    | 556,399  | 19,869   | 10,306            | 250,514  | 586,574  | 837,088   |                         |
| Plano TX                | 261,912                    | 581,658  | 30,831   | 18,268            | 261,912  | 630,757  | 892,669   |                         |

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|             |    |         |           |        |        |         |           |           |
|-------------|----|---------|-----------|--------|--------|---------|-----------|-----------|
| Round Rock  | TX | 186,380 | 413,957   | 30,800 | 272    | 186,380 | 445,029   | 631,409   |
| Round Rock  | TX | 80,525  | 373,347   | None   | 19,117 | 80,525  | 392,464   | 472,989   |
| San Antonio | TX | 182,868 | 406,155   | 18,940 | None   | 182,868 | 425,095   | 607,963   |
| San Antonio | TX | 220,500 | 447,108   | None   | 115    | 220,500 | 447,223   | 667,723   |
| San Antonio | TX | 217,000 | 481,967   | 32,529 | 115    | 217,000 | 514,611   | 731,611   |
| San Antonio | TX | 130,833 | 606,596   | None   | 254    | 130,833 | 606,850   | 737,683   |
| San Antonio | TX | 81,530  | 378,007   | None   | 266    | 81,530  | 378,273   | 459,803   |
| San Antonio | TX | 234,500 | 520,831   | None   | 282    | 234,500 | 521,113   | 755,613   |
| San Antonio | TX | 102,512 | 475,288   | None   | 294    | 102,512 | 475,582   | 578,094   |
| San Antonio | TX | 181,412 | 402,923   | None   | 396    | 181,412 | 403,319   | 584,731   |
| San Antonio | TX | 139,125 | 308,997   | 30,885 | 13,386 | 139,125 | 353,268   | 492,393   |
| Sugar Land  | TX | 339,310 | 1,000,876 | None   | None   | 339,310 | 1,000,876 | 1,340,186 |
| Layton      | UT | 136,574 | 269,008   | None   | 314    | 136,574 | 269,322   | 405,896   |
| Sandy       | UT | 168,089 | 373,330   | None   | 314    | 168,089 | 373,644   | 541,733   |

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| Description<br>(Note 1)     | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |            | Total |
|-----------------------------|---|-----------|--|-------------------|--|-----------|------------|-------|
|                             | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Fees      |            |       |
| Centreville VA              | 371,000   | 824,003   | None   | 290               | 371,000  | 824,293   | 1,195,293  |       |
| Chesapeake VA               | 190,050   | 422,107   | 24,568   | None              | 190,050  | 446,675   | 636,725    |       |
| Glen Allen VA               | 74,643  | 346,060   | None   | 283               | 74,643   | 346,343   | 420,986    |       |
| Portsmouth VA               | 171,575   | 381,073   | 24,932   | None              | 171,575  | 406,005   | 577,580    |       |
| Richmond VA                 | 269,500   | 598,567   | 2,740  | 199               | 269,500  | 601,506   | 871,006    |       |
| Virginia Beach              | 69,080  | 320,270   | 29,024   | 13,825            | 69,080   | 363,119   | 432,199    |       |
| Federal Way WA              | 150,785   | 699,101   | None   | 107               | 150,785  | 699,208   | 849,993    |       |
| Federal Way WA              | 261,943   | 581,782   | 27,500   | 107               | 261,943  | 609,389   | 871,332    |       |
| Kent WA                     | 128,300   | 539,141   | None   | None              | 128,300  | 539,141   | 667,441    |       |
| Kent WA                     | 140,763   | 678,809   | 36,500   | None              | 140,763  | 715,309   | 856,072    |       |
| Kirkland WA                 | 301,000   | 668,534   | None   | 107               | 301,000  | 668,641   | 969,641    |       |
| Puyallup WA                 | 195,552   | 434,327   | 27,000   | 107               | 195,552  | 461,434   | 656,986    |       |
| Redmond WA                  | 279,830   | 621,513   | None   | 107               | 279,830  | 621,620   | 901,450    |       |
| Renton WA                   | 111,183   | 515,490   | None   | None              | 111,183  | 515,490   | 626,673    |       |
| Appleton WI                 | 196,000   | 424,038   | None   | 370               | 196,000  | 424,408   | 620,408    |       |
| Waukesha WI                 | 233,100   | 461,500   | None   | 370               | 233,100  | 461,870   | 694,970    |       |
| Waukesha WI                 | 215,950   | 427,546   | None   | 370               | 215,950  | 427,916   | 643,866    |       |
| <b>Consumer Electronics</b> |   |           |  |                   |  |           |            |       |
| Mary Esther FL              | 149,696   | 363,263   | 60,014   | 57                | 149,696  | 423,334   | 573,030    |       |
| Melbourne FL                | 269,697   | 522,414   | None   | 716               | 269,697  | 523,130   | 792,827    |       |
| Tampa FL                    | 401,874   | 933,768   | 103,336  | 31,913            | 401,874  | 1,069,017 | 1,470,891  |       |
| Smyrna GA                   | 1,094,058   | 3,090,236 | None   | None              | 1,094,058  | 3,090,236 | 4,184,294  |       |
| Richmond IN                 | 93,999  | 193,753   | 2,822  | 85                | 93,999   | 196,660   | 290,659    |       |
| Jackson MI                  | 550,162   | 571,590   | None   | None              | 550,162  | 571,590   | 1,121,752  |       |
| Pineville NC                | 567,864   | 840,284   | 37,249   | 39,217            | 567,864  | 916,750   | 1,484,614  |       |
| Westbury NY                 | 6,333,590   | 3,952,773 | 20,493   | None              | 6,333,590  | 3,973,266 | 10,306,856 |       |
| Bartlett TN                 | 420,000   | 674,437   | 38,966   | 6,323             | 420,000  | 719,726   | 1,139,726  |       |
| <b>Convenience Stores</b>   |   |           |  |                   |  |           |            |       |
| Daphne AL                   | 140,000   | 391,637   | None   | None              | 140,000  | 391,637   | 531,637    |       |
| Mobile AL                   | 190,000   | 301,637   | None   | None              | 190,000  | 301,637   | 491,637    |       |
| Mobile AL                   | 180,000   | 421,637   | None   | None              | 180,000  | 421,637   | 601,637    |       |
| Florence AZ                 | 150,000   | 371,637   | None   | None              | 150,000  | 371,637   | 521,637    |       |
| Gilbert AZ                  | 680,000   | 1,111,637 | None   | None              | 680,000  | 1,111,637 | 1,791,637  |       |
| Litchfield Park AZ          | 610,000   | 531,637   | None   | None              | 610,000  | 531,637   | 1,141,637  |       |

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|          |    |         |           |      |      |         |           |           |
|----------|----|---------|-----------|------|------|---------|-----------|-----------|
| Marana   | AZ | 180,000 | 331,637   | None | None | 180,000 | 331,637   | 511,637   |
| Marana   | AZ | 330,000 | 911,637   | None | None | 330,000 | 911,637   | 1,241,637 |
| Maricopa | AZ | 170,000 | 361,637   | None | None | 170,000 | 361,637   | 531,637   |
| Mesa     | AZ | 560,000 | 821,637   | None | None | 560,000 | 821,637   | 1,381,637 |
| Mesa     | AZ | 750,000 | 1,071,637 | None | None | 750,000 | 1,071,637 | 1,821,637 |
| Mesa     | AZ | 810,000 | 1,061,637 | None | None | 810,000 | 1,061,637 | 1,871,637 |
| Mesa     | AZ | 890,000 | 1,081,637 | None | None | 890,000 | 1,081,637 | 1,971,637 |
| Mesa     | AZ | 780,000 | 1,071,637 | None | None | 780,000 | 1,071,637 | 1,851,637 |
| Mesa     | AZ | 900,000 | 1,191,637 | None | None | 900,000 | 1,191,637 | 2,091,637 |
| Payson   | AZ | 210,000 | 351,637   | None | None | 210,000 | 351,637   | 561,637   |
| Payson   | AZ | 260,000 | 311,637   | None | None | 260,000 | 311,637   | 571,637   |
| Peoria   | AZ | 520,000 | 751,637   | None | None | 520,000 | 751,637   | 1,271,637 |
| Phoenix  | AZ | 440,000 | 511,637   | None | None | 440,000 | 511,637   | 951,637   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 4) |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|---|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Phoenix                 | AZ 360,000                 | 421,637  | None   | None              | 360,000  | 421,637  | 781,637   | 131,                                    |
| Phoenix                 | AZ 710,000                 | 591,637  | None   | None              | 710,000  | 591,637  | 1,301,637 | 184,                                    |
| Phoenix                 | AZ 320,000                 | 661,637  | None   | None              | 320,000  | 661,637  | 981,637   | 206,                                    |
| Phoenix                 | AZ 450,000                 | 651,637  | None   | None              | 450,000  | 651,637  | 1,101,637 | 203,                                    |
| Phoenix                 | AZ 430,000                 | 711,637  | None   | None              | 430,000  | 711,637  | 1,141,637 | 221,                                    |
| Phoenix                 | AZ 730,000                 | 931,637  | None   | None              | 730,000  | 931,637  | 1,661,637 | 290,                                    |
| Phoenix                 | AZ 400,000                 | 931,637  | None   | None              | 400,000  | 931,637  | 1,331,637 | 290,                                    |
| Phoenix                 | AZ 790,000                 | 1,051,637  | None   | None              | 790,000  | 1,051,637  | 1,841,637 | 327,                                    |
| Pinetop                 | AZ 170,000                 | 311,637  | None   | None              | 170,000  | 311,637  | 481,637   | 97,                                     |
| Queen<br>Creek          | AZ 520,000                 | 891,637  | None   | None              | 520,000  | 891,637  | 1,411,637 | 277,                                    |
| Scottsdale              | AZ 210,000                 | 201,637  | None   | None              | 210,000  | 201,637  | 411,637   | 62,                                     |
| Scottsdale              | AZ 660,000                 | 1,031,637  | None   | None              | 660,000  | 1,031,637  | 1,691,637 | 321,                                    |
| Sierra Vista            | AZ 110,000                 | 301,637  | None   | None              | 110,000  | 301,637  | 411,637   | 94,                                     |
| Tempe                   | AZ 620,000                 | 1,071,637  | None   | None              | 620,000  | 1,071,637  | 1,691,637 | 333,                                    |
| Tempe                   | AZ 270,000                 | 461,637  | None   | None              | 270,000  | 461,637  | 731,637   | 143,                                    |
| Tolleson                | AZ 460,000                 | 1,231,637  | None   | None              | 460,000  | 1,231,637  | 1,691,637 | 383,                                    |
| Tombstone               | AZ 110,000                 | 381,637  | None   | None              | 110,000  | 381,637  | 491,637   | 118,                                    |
| Tucson                  | AZ 220,000                 | 311,637  | None   | None              | 220,000  | 311,637  | 531,637   | 97,                                     |
| Tucson                  | AZ 240,000                 | 341,637  | None   | None              | 240,000  | 341,637  | 581,637   | 106,                                    |
| Tucson                  | AZ 550,000                 | 511,637  | None   | None              | 550,000  | 511,637  | 1,061,637 | 159,                                    |
| Tucson                  | AZ 126,000                 | 234,565  | None   | None              | 126,000  | 234,565  | 360,565   | 72,                                     |
| Wellton                 | AZ 120,000                 | 291,637  | None   | None              | 120,000  | 291,637  | 411,637   | 90,                                     |
| Wickenburg              | AZ 150,000                 | 291,637  | None   | None              | 150,000  | 291,637  | 441,637   | 90,                                     |
| Manchester              | CT 118,262                 | 305,510  | None   | None              | 118,262  | 305,510  | 423,772   | 205,                                    |
| Vernon                  | CT 179,646                 | 319,372  | None   | None              | 179,646  | 319,372  | 499,018   | 214,                                    |
| Westbrook               | CT 98,247                  | 373,340  | None   | None              | 98,247   | 373,340  | 471,587   | 250,                                    |
| Camden                  | DE 113,811                 | 174,435  | None   | None              | 113,811  | 174,435  | 288,246   | 61,                                     |
| Camden                  | DE 250,528                 | 379,165  | None   | None              | 250,528  | 379,165  | 629,693   | 133,                                    |
| Dewey                   | DE 147,465                 | 224,665  | None   | None              | 147,465  | 224,665  | 372,130   | 79,                                     |
| Dover                   | DE 278,804                 | 421,707  | None   | None              | 278,804  | 421,707  | 700,511   | 148,                                    |
| Dover                   | DE 367,137                 | 554,207  | None   | None              | 367,137  | 554,207  | 921,344   | 194,                                    |
| Dover                   | DE 367,425                 | 554,884  | None   | None              | 367,425  | 554,884  | 922,309   | 195,                                    |
| Felton                  | DE 307,260                 | 464,391  | None   | None              | 307,260  | 464,391  | 771,651   | 163,                                    |
| Greenwood               | DE 632,303                 | 1,176,711  | None   | None              | 632,303  | 1,176,711  | 1,809,014 | 194,                                    |
| Harrington              | DE 563,812                 | 849,220  | None   | None              | 563,812  | 849,220  | 1,413,032 | 298,                                    |
| Milford                 | DE 310,049                 | 468,575  | None   | None              | 310,049  | 468,575  | 778,624   | 164,                                    |
| Newcastle               | DE 589,325                 | 887,488  | None   | None              | 589,325  | 887,488  | 1,476,813 | 312,                                    |
| Smyrna                  | DE 121,774                 | 186,436  | None   | None              | 121,774  | 186,436  | 308,210   | 65,                                     |

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|             |    |         |         |      |      |         |         |           |      |
|-------------|----|---------|---------|------|------|---------|---------|-----------|------|
| Smyrna      | DE | 401,135 | 605,332 | None | None | 401,135 | 605,332 | 1,006,467 | 212, |
| Townsend    | DE | 241,416 | 365,749 | None | None | 241,416 | 365,749 | 607,165   | 128, |
| Wilmington  | DE | 280,682 | 424,525 | None | None | 280,682 | 424,525 | 705,207   | 149, |
| Archer      | FL | 296,238 | 578,145 | None | None | 296,238 | 578,145 | 874,383   | 291, |
| Bushnell    | FL | 130,000 | 291,637 | None | None | 130,000 | 291,637 | 421,637   | 90,  |
| Clearwater  | FL | 359,792 | 311,845 | None | None | 359,792 | 311,845 | 671,637   | 97,  |
| Cocoa       | FL | 323,827 | 287,810 | None | None | 323,827 | 287,810 | 611,637   | 89,  |
| Deltona     | FL | 140,000 | 321,637 | None | None | 140,000 | 321,637 | 461,637   | 100, |
| Ellenton    | FL | 250,000 | 261,637 | None | None | 250,000 | 261,637 | 511,637   | 81,  |
| Englewood   | FL | 270,000 | 331,637 | None | None | 270,000 | 331,637 | 601,637   | 103, |
| Gainesville | FL | 515,834 | 873,187 | None | None | 515,834 | 873,187 | 1,389,021 | 440, |
| Gainesville | FL | 480,318 | 600,633 | None | None | 480,318 | 600,633 | 1,080,951 | 303, |

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| Description<br>(Note 1) | Initial Cost to<br>Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |         |              | Cost Capitalized<br>Subsequent<br>to Acquisition | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accum<br>Depre<br>(No |
|-------------------------|--|---------|--------------|--|--|--|-----------|-----------------------|
|                         | Land   | Fees    | Improvements | Carrying<br>Costs                                | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                       |
| Gainesville             | FL 347,310   | 694,859 | None         | None   | 347,310  | 694,859  | 1,042,169 |                       |
| Gainesville             | FL 339,263   | 658,807 | None         | None   | 339,263  | 658,807  | 998,070   |                       |
| Gainesville             | FL 351,921   | 552,557 | None         | None   | 351,921  | 552,557  | 904,478   |                       |
| Gainesville             | FL 500,032   | 850,291 | None         | None   | 500,032  | 850,291  | 1,350,323 |                       |
| Homosassa<br>Springs    | FL 740,000   | 621,637 | None         | None   | 740,000  | 621,637  | 1,361,637 |                       |
| Hudson                  | FL 300,000   | 351,637 | None         | None   | 300,000  | 351,637  | 651,637   |                       |
| Intercession<br>City    | FL 161,776   | 319,861 | None         | None   | 161,776  | 319,861  | 481,637   |                       |
| Jacksonville            | FL 522,188   | 371,885 | None         | None   | 522,188  | 371,885  | 894,073   |                       |
| Jacksonville            | FL 266,111   | 494,206 | None         | None   | 266,111  | 494,206  | 760,317   |                       |
| Key West                | FL 873,700   | 627,937 | None         | None   | 873,700  | 627,937  | 1,501,637 |                       |
| Key West                | FL 492,785   | 208,852 | None         | None   | 492,785  | 208,852  | 701,637   |                       |
| Lakeland                | FL 527,076   | 464,561 | None         | None   | 527,076  | 464,561  | 991,637   |                       |
| Lakeland                | FL 300,000   | 321,637 | None         | None   | 300,000  | 321,637  | 621,637   |                       |
| Lakeport                | FL 180,342   | 331,295 | None         | None   | 180,342  | 331,295  | 511,637   |                       |
| Land O'<br>Lakes        | FL 120,000   | 361,637 | None         | None   | 120,000  | 361,637  | 481,637   |                       |
| Lutz                    | FL 480,000   | 421,637 | None         | None   | 480,000  | 421,637  | 901,637   |                       |
| Naples                  | FL 150,000   | 301,637 | None         | None   | 150,000  | 301,637  | 451,637   |                       |
| Naples                  | FL 620,000   | 381,637 | None         | None   | 620,000  | 381,637  | 1,001,637 |                       |
| New Port<br>Richey      | FL 190,000   | 601,637 | None         | None   | 190,000  | 601,637  | 791,637   |                       |
| North Fort<br>Meyers    | FL 140,000   | 281,637 | None         | None   | 140,000  | 281,637  | 421,637   |                       |
| Okeechobee              | FL 195,075   | 346,562 | None         | None   | 195,075  | 346,562  | 541,637   |                       |
| Orlando                 | FL 240,000   | 301,637 | None         | None   | 240,000  | 301,637  | 541,637   |                       |
| Palm Bay                | FL 230,880   | 300,757 | None         | None   | 230,880  | 300,757  | 531,637   |                       |
| Palm Harbor             | FL 510,000   | 381,637 | None         | None   | 510,000  | 381,637  | 891,637   |                       |
| Panama City             | FL 210,000   | 431,637 | None         | None   | 210,000  | 431,637  | 641,637   |                       |
| Pensacola               | FL 168,000   | 312,727 | None         | None   | 168,000  | 312,727  | 480,727   |                       |
| Port<br>Charlotte       | FL 170,000   | 311,637 | None         | None   | 170,000  | 311,637  | 481,637   |                       |
| Port<br>Charlotte       | FL 200,000   | 356,637 | None         | None   | 200,000  | 356,637  | 556,637   |                       |
| Port Orange             | FL 609,438   | 512,199 | None         | None   | 609,438  | 512,199  | 1,121,637 |                       |
| Punta Gorda             | FL 400,000   | 511,637 | None         | None   | 400,000  | 511,637  | 911,637   |                       |
| Tallahassee             | FL 600,000   | 341,637 | None         | None   | 600,000  | 341,637  | 941,637   |                       |
| Tampa                   | FL 300,000   | 301,637 | None         | None   | 300,000  | 301,637  | 601,637   |                       |

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|                |    |         |           |      |      |         |           |           |
|----------------|----|---------|-----------|------|------|---------|-----------|-----------|
| Tampa          | FL | 380,000 | 361,637   | None | None | 380,000 | 361,637   | 741,637   |
| Tampa          | FL | 320,000 | 591,637   | None | None | 320,000 | 591,637   | 911,637   |
| Webster        | FL | 640,000 | 1,071,637 | None | None | 640,000 | 1,071,637 | 1,711,637 |
| Winter Springs | FL | 150,000 | 291,637   | None | None | 150,000 | 291,637   | 441,637   |
| Augusta        | GA | 620,000 | 383,232   | None | None | 620,000 | 383,232   | 1,003,232 |
| Augusta        | GA | 540,000 | 337,853   | None | None | 540,000 | 337,853   | 877,853   |
| Augusta        | GA | 510,000 | 392,929   | None | None | 510,000 | 392,929   | 902,929   |
| Augusta        | GA | 180,000 | 422,020   | None | None | 180,000 | 422,020   | 602,020   |
| Augusta        | GA | 260,000 | 392,171   | None | None | 260,000 | 392,171   | 652,171   |
| Augusta        | GA | 240,000 | 451,637   | None | None | 240,000 | 451,637   | 691,637   |
| Cahutta        | GA | 437,500 | 813,742   | None | None | 437,500 | 813,742   | 1,251,242 |
| Calhoun        | GA | 122,500 | 228,742   | None | None | 122,500 | 228,742   | 351,242   |
| Calhoun        | GA | 262,500 | 488,742   | None | None | 262,500 | 488,742   | 751,242   |
| Cartersville   | GA | 262,500 | 488,742   | None | None | 262,500 | 488,742   | 751,242   |
| Chatsworth     | GA | 140,000 | 261,242   | None | 47   | 140,000 | 261,289   | 401,289   |
| Chatsworth     | GA | 140,000 | 261,242   | None | 47   | 140,000 | 261,289   | 401,289   |
| Chatsworth     | GA | 140,000 | 261,242   | None | 47   | 140,000 | 261,289   | 401,289   |
| Chickamauga    | GA | 181,731 | 338,742   | None | None | 181,731 | 338,742   | 520,473   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accu<br>Depr<br>(N |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|--------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                    |
| Dalton                  | GA 171,500                 | 319,742  | None   | None              | 171,500  | 319,742  | 491,242   |                    |
| Dalton                  | GA 87,500                  | 163,742  | None   | None              | 87,500   | 163,742  | 251,242   |                    |
| Dalton                  | GA 485,650                 | 903,162  | None   | None              | 485,650  | 903,162  | 1,388,812 |                    |
| Dalton                  | GA 146,000                 | 272,385  | None   | None              | 146,000  | 272,385  | 418,385   |                    |
| Dalton                  | GA 420,000                 | 781,242  | None   | None              | 420,000  | 781,242  | 1,201,242 |                    |
| Dalton                  | GA 210,000                 | 391,242  | None   | None              | 210,000  | 391,242  | 601,242   |                    |
| Dalton                  | GA 332,500                 | 618,742  | None   | None              | 332,500  | 618,742  | 951,242   |                    |
| Decatur                 | GA 529,383                 | 532,429  | None   | None              | 529,383  | 532,429  | 1,061,812 |                    |
| Dunwoody                | GA 545,462                 | 724,254  | None   | None              | 545,462  | 724,254  | 1,269,716 |                    |
| Flintstone              | GA 157,500                 | 293,742  | None   | None              | 157,500  | 293,742  | 451,242   |                    |
| Lafayette               | GA 122,500                 | 228,742  | None   | None              | 122,500  | 228,742  | 351,242   |                    |
| Lithonia                | GA 386,784                 | 776,436  | None   | None              | 386,784  | 776,436  | 1,163,220 |                    |
| Mableton                | GA 491,069                 | 355,957  | None   | None              | 491,069  | 355,957  | 847,026   |                    |
| Martinez                | GA 450,000                 | 402,777  | None   | None              | 450,000  | 402,777  | 852,777   |                    |
| Martinez                | GA 830,000                 | 871,637  | None   | None              | 830,000  | 871,637  | 1,701,637 |                    |
| Norcross                | GA 384,162                 | 651,273  | None   | None              | 384,162  | 651,273  | 1,035,435 |                    |
| Ringgold                | GA 385,000                 | 716,242  | (21,175)   | None              | 363,825  | 716,242  | 1,080,067 |                    |
| Ringgold                | GA 350,000                 | 0  | None   | None              | 350,000  | -  | 350,000   |                    |
| Ringgold                | GA 234,500                 | 1,168,914  | None   | None              | 234,500  | 1,168,914  | 1,403,414 |                    |
| Ringgold                | GA 482,251                 | 896,851  | None   | None              | 482,251  | 896,851  | 1,379,102 |                    |
| Rocky Face              | GA 164,231                 | 306,241  | None   | None              | 164,231  | 306,241  | 470,472   |                    |
| Rome                    | GA 210,000                 | 391,242  | None   | None              | 210,000  | 391,242  | 601,242   |                    |
| Rome                    | GA 199,199                 | 371,183  | None   | None              | 199,199  | 371,183  | 570,382   |                    |
| Rome                    | GA 201,791                 | 375,997  | None   | None              | 201,791  | 375,997  | 577,788   |                    |
| Rome                    | GA 315,000                 | 586,242  | None   | None              | 315,000  | 586,242  | 901,242   |                    |
| Rossville               | GA 157,500                 | 293,742  | None   | None              | 157,500  | 293,742  | 451,242   |                    |
| Summerville             | GA 66,231                  | 124,242  | None   | None              | 66,231   | 124,242  | 190,473   |                    |
| Trenton                 | GA 129,231                 | 241,242  | None   | None              | 129,231  | 241,242  | 370,473   |                    |
| Belvidere               | IL 768,748                 | 1,426,176  | 1,500  | None              | 768,748  | 1,427,676  | 2,196,424 |                    |
| Dekalb                  | IL 661,500                 | 1,226,500  | 2,000  | None              | 661,500  | 1,228,500  | 1,890,000 |                    |
| Godfrey                 | IL 374,586                 | 733,190  | None   | 314               | 374,586  | 733,504  | 1,108,090 |                    |
| Granite City            | IL 362,287                 | 737,255  | None   | 314               | 362,287  | 737,569  | 1,099,856 |                    |
| Harford                 | IL 599,172                 | 1,110,747  | 2,000  | None              | 599,172  | 1,112,747  | 1,711,919 |                    |
| Loves Park              | IL 547,582                 | 1,016,523  | 1,500  | None              | 547,582  | 1,018,023  | 1,565,605 |                    |
| Loves Park              | IL 760,725                 | 1,410,775  | 2,000  | None              | 760,725  | 1,412,775  | 2,173,500 |                    |
| Machesney<br>Park       | IL 562,275                 | 1,043,225  | 1,000  | None              | 562,275  | 1,044,225  | 1,606,500 |                    |
| Madison                 | IL 173,812                 | 625,030  | None   | 314               | 173,812  | 625,344  | 799,156   |                    |
| Marengo                 | IL 501,948                 | 930,688  | 1,500  | None              | 501,948  | 932,188  | 1,434,136 |                    |

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|            |    |         |           |       |      |         |           |           |
|------------|----|---------|-----------|-------|------|---------|-----------|-----------|
| Rochelle   | IL | 607,418 | 1,128,145 | 1,000 | None | 607,418 | 1,129,145 | 1,736,563 |
| Rockford   | IL | 463,050 | 858,450   | 1,500 | None | 463,050 | 859,950   | 1,323,000 |
| Rockford   | IL | 388,631 | 720,244   | 1,500 | None | 388,631 | 721,744   | 1,110,375 |
| Tuscola    | IL | 752,456 | 1,394,419 | 3,000 | None | 752,456 | 1,397,419 | 2,149,875 |
| Albany     | IN | 427,437 | 794,632   | 2,000 | None | 427,437 | 796,632   | 1,224,069 |
| Alexandria | IN | 139,219 | 259,369   | None  | None | 139,219 | 259,369   | 398,588   |
| Anderson   | IN | 147,263 | 274,307   | None  | None | 147,263 | 274,307   | 421,570   |
| Anderson   | IN | 283,430 | 527,190   | 2,000 | None | 283,430 | 529,190   | 812,620   |
| Elkhart    | IN | 495,914 | 922,471   | 1,500 | None | 495,914 | 923,971   | 1,419,885 |
| Frankfort  | IN | 208,666 | 388,345   | 2,000 | None | 208,666 | 390,345   | 599,011   |
| Greenwood  | IN | 173,250 | 323,022   | None  | None | 173,250 | 323,022   | 496,272   |
| Hartford   | IN | 250,310 | 465,702   | 2,000 | None | 250,310 | 467,702   | 718,012   |
| City       |    |         |           |       |      |         |           |           |

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| Description<br>(Note 1) |    | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  | Total     |
|-------------------------|----|-------------------------|--|--|-------------------|--|--|-----------|
|                         |    | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |           |
| Indianapolis            | IN | 129,938                 | 242,134  | None   | None              | 129,938  | 242,134  | 372,072   |
| Indianapolis            | IN | 269,294                 | 500,939  | 1,500  | None              | 269,294  | 502,439  | 771,733   |
| Indianapolis            | IN | 318,432                 | 592,193  | 1,500  | None              | 318,432  | 593,693  | 912,125   |
| Knox                    | IN | 341,250                 | 633,499  | 1,500  | None              | 341,250  | 634,999  | 976,249   |
| Lafayette               | IN | 147,263                 | 274,309  | None   | None              | 147,263  | 274,309  | 421,572   |
| Lafayette               | IN | 112,613                 | 209,959  | None   | None              | 112,613  | 209,959  | 322,572   |
| Marion                  | IN | 209,196                 | 389,995  | 1,500  | None              | 209,196  | 391,495  | 600,691   |
| Michigan City           | IN | 227,500                 | 422,249  | 1,500  | None              | 227,500  | 423,749  | 651,249   |
| Mishawaka               | IN | 123,983                 | 231,743  | 2,000  | None              | 123,983  | 233,743  | 357,726   |
| Morristown              | IN | 366,590                 | 682,082  | 2,000  | None              | 366,590  | 684,082  | 1,050,672 |
| Muncie                  | IN | 103,950                 | 193,870  | None   | None              | 103,950  | 193,870  | 297,820   |
| Muncie                  | IN | 184,237                 | 342,974  | 2,000  | None              | 184,237  | 344,974  | 529,211   |
| New Albany              | IN | 181,459                 | 289,353  | None   | 211               | 181,459  | 289,564  | 471,023   |
| New Albany              | IN | 262,465                 | 331,796  | None   | 211               | 262,465  | 332,007  | 594,472   |
| New Castle              | IN | 138,600                 | 258,672  | None   | None              | 138,600  | 258,672  | 397,272   |
| New Castle              | IN | 79,854                  | 149,572  | 1,000  | None              | 79,854   | 150,572  | 230,426   |
| New Castle              | IN | 203,941                 | 380,019  | 1,500  | None              | 203,941  | 381,519  | 585,460   |
| Richmond                | IN | 281,248                 | 523,589  | 1,500  | None              | 281,248  | 525,089  | 806,337   |
| Richmond                | IN | 255,908                 | 476,528  | 2,000  | None              | 255,908  | 478,528  | 734,436   |
| Rushville               | IN | 138,600                 | 258,672  | None   | None              | 138,600  | 258,672  | 397,272   |
| Rushville               | IN | 121,275                 | 226,497  | None   | None              | 121,275  | 226,497  | 347,772   |
| South Bend              | IN | 372,387                 | 693,064  | 2,000  | None              | 372,387  | 695,064  | 1,067,451 |
| Wabash                  | IN | 334,923                 | 623,488  | 1,500  | None              | 334,923  | 624,988  | 959,911   |
| Wabash                  | IN | 430,437                 | 800,871  | 2,000  | None              | 430,437  | 802,871  | 1,233,308 |
| Warsaw                  | IN | 415,275                 | 772,713  | 1,500  | None              | 415,275  | 774,213  | 1,189,488 |
| West Lafayette          | IN | 1,052,628               | 1,340,855  | 2,000  | None              | 1,052,628  | 1,342,855  | 2,395,483 |
| Zionsville              | IN | 910,595                 | 1,691,926  | 2,000  | None              | 910,595  | 1,693,926  | 2,604,521 |
| Berea                   | KY | 252,077                 | 360,815  | None   | 197               | 252,077  | 361,012  | 613,089   |
| Elizabethtown           | KY | 286,106                 | 286,106  | None   | 364               | 286,106  | 286,470  | 572,576   |
| Lebanon                 | KY | 158,052                 | 316,105  | None   | 350               | 158,052  | 316,455  | 474,507   |
| Louisville              | KY | 216,849                 | 605,697  | None   | 187               | 216,849  | 605,884  | 822,733   |
| Louisville              | KY | 198,926                 | 368,014  | None   | 211               | 198,926  | 368,225  | 567,151   |
| Mt. Washington          | KY | 327,245                 | 479,593  | None   | None              | 327,245  | 479,593  | 806,838   |
| Owensboro               | KY | 360,000                 | 590,000  | None   | None              | 360,000  | 590,000  | 950,000   |
| Alexandria              | LA | 170,000                 | 371,637  | None   | None              | 170,000  | 371,637  | 541,637   |
| Baton Rouge             | LA | 500,000                 | 521,637  | None   | None              | 500,000  | 521,637  | 1,021,637 |
| Baton Rouge             | LA | 210,000                 | 361,637  | None   | None              | 210,000  | 361,637  | 571,637   |
| Bossier City            | LA | 230,000                 | 431,637  | None   | None              | 230,000  | 431,637  | 661,637   |
| Destrehan               | LA | 200,000                 | 411,637  | None   | None              | 200,000  | 411,637  | 611,637   |

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|                |    |           |           |      |      |           |           |           |
|----------------|----|-----------|-----------|------|------|-----------|-----------|-----------|
| Lafayette      | LA | 240,000   | 391,637   | None | None | 240,000   | 391,637   | 631,637   |
| Shreveport     | LA | 192,500   | 358,227   | None | None | 192,500   | 358,227   | 550,727   |
| Amherst        | MA | 110,969   | 639,806   | None | None | 110,969   | 639,806   | 750,775   |
| North Reading  | MA | 574,601   | 756,174   | None | None | 574,601   | 756,174   | 1,330,775 |
| Seekonk        | MA | 298,354   | 268,518   | None | None | 298,354   | 268,518   | 566,872   |
| Berlin         | MD | 255,951   | 387,395   | None | None | 255,951   | 387,395   | 643,346   |
| Crisfield      | MD | 219,704   | 333,024   | None | None | 219,704   | 333,024   | 552,728   |
| Hebron         | MD | 376,251   | 567,844   | None | None | 376,251   | 567,844   | 944,095   |
| La Plata       | MD | 1,017,544 | 2,706,729 | None | None | 1,017,544 | 2,706,729 | 3,724,273 |
| Mechanicsville | MD | 1,540,335 | 2,860,928 | None | None | 1,540,335 | 2,860,928 | 4,401,263 |
| Millersville   | MD | 830,737   | 2,696,245 | None | None | 830,737   | 2,696,245 | 3,526,982 |

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Table of contents

| Description<br>(Note 1) | Initial Cost to<br>Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Acc<br>Dep<br>(1) |
|-------------------------|--|-----------|--|-------------------|--|--|-----------|-------------------|
|                         | Land   | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                   |
| Breckenridge MI         | 437,500  | 811,968   | 1,500  | None              | 437,500  | 813,468  | 1,250,968 |                   |
| Carson City MI          | 262,500  | 486,468   | 2,000  | None              | 262,500  | 488,468  | 750,968   |                   |
| Charlevoix MI           | 385,000  | 713,013   | 2,500  | None              | 385,000  | 715,513  | 1,100,513 |                   |
| Cheboygan MI            | 280,000  | 518,013   | 2,500  | None              | 280,000  | 520,513  | 800,513   |                   |
| Clare MI                | 229,250  | 426,218   | 500  | None              | 229,250  | 426,718  | 655,968   |                   |
| Clare MI                | 306,250  | 567,718   | 2,000  | None              | 306,250  | 569,718  | 875,968   |                   |
| Comstock MI             | 315,000  | 583,761   | 2,500  | None              | 315,000  | 586,261  | 901,261   |                   |
| Farwell MI              | 437,500  | 811,468   | 2,000  | None              | 437,500  | 813,468  | 1,250,968 |                   |
| Flint MI                | 194,492  | 476,504   | None   | 348               | 194,492  | 476,852  | 671,344   |                   |
| Gladwin MI              | 140,000  | 259,013   | 1,500  | None              | 140,000  | 260,513  | 400,513   |                   |
| Grand Rapids MI         | 437,500  | 812,261   | 1,500  | None              | 437,500  | 813,761  | 1,251,261 |                   |
| Kalamazoo MI            | 238,000  | 442,249   | 1,000  | None              | 238,000  | 443,249  | 681,249   |                   |
| Kalkaska MI             | 437,500  | 809,513   | 3,500  | None              | 437,500  | 813,013  | 1,250,513 |                   |
| Lake City MI            | 115,500  | 213,513   | 1,500  | None              | 115,500  | 215,013  | 330,513   |                   |
| Lakeview MI             | 96,250   | 177,718   | 2,000  | None              | 96,250   | 179,718  | 275,968   |                   |
| Mackinaw City MI        | 455,000  | 844,513   | 1,000  | None              | 455,000  | 845,513  | 1,300,513 |                   |
| Mecosta MI              | 122,500  | 227,468   | 1,000  | None              | 122,500  | 228,468  | 350,968   |                   |
| Midland MI              | 437,500  | 811,013   | 2,000  | None              | 437,500  | 813,013  | 1,250,513 |                   |
| Mount Pleasant MI       | 463,750  | 860,718   | 1,500  | None              | 463,750  | 862,218  | 1,325,968 |                   |
| Mount Pleasant MI       | 350,000  | 649,468   | 1,500  | None              | 350,000  | 650,968  | 1,000,968 |                   |
| Mount Pleasant MI       | 175,000  | 324,468   | 1,500  | None              | 175,000  | 325,968  | 500,968   |                   |
| Mount Pleasant MI       | 210,000  | 388,968   | 2,000  | None              | 210,000  | 390,968  | 600,968   |                   |
| Mount Pleasant MI       | 162,750  | 300,794   | 2,500  | None              | 162,750  | 303,294  | 466,044   |                   |
| Mount Pleasant MI       | 437,500  | 810,968   | 2,500  | None              | 437,500  | 813,468  | 1,250,968 |                   |
| Petoskey MI             | 490,000  | 909,513   | 1,000  | None              | 490,000  | 910,513  | 1,400,513 |                   |
| Prudenville MI          | 133,000  | 245,013   | 2,500  | None              | 133,000  | 247,513  | 380,513   |                   |
| Saginaw MI              | 262,500  | 486,513   | 1,500  | None              | 262,500  | 488,013  | 750,513   |                   |
| Standish MI             | 92,750   | 171,263   | 1,500  | None              | 92,750   | 172,763  | 265,513   |                   |
| Traverse City MI        | 210,000  | 389,002   | 2,000  | None              | 210,000  | 391,002  | 601,002   |                   |
| Walker MI               | 586,250  | 1,088,499 | 1,500  | None              | 586,250  | 1,089,999  | 1,676,249 |                   |
| Alexandria MN           | 132,924  | 244,858   | 2,000  | None              | 132,924  | 246,858  | 379,782   |                   |

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|                  |    |         |           |       |      |         |           |           |
|------------------|----|---------|-----------|-------|------|---------|-----------|-----------|
| Andover          | MN | 888,706 | 1,648,454 | 2,000 | None | 888,706 | 1,650,454 | 2,539,160 |
| Apple Valley     | MN | 350,000 | 648,000   | 2,000 | None | 350,000 | 650,000   | 1,000,000 |
| Baxter           | MN | 350,000 | 648,000   | 2,000 | None | 350,000 | 650,000   | 1,000,000 |
| Blaine           | MN | 767,270 | 1,422,929 | 2,000 | None | 767,270 | 1,424,929 | 2,192,199 |
| Bloomington      | MN | 676,771 | 1,255,359 | 1,500 | None | 676,771 | 1,256,859 | 1,933,630 |
| Bloomington      | MN | 262,500 | 485,500   | 2,000 | None | 262,500 | 487,500   | 750,000   |
| Brainerd         | MN | 490,000 | 907,000   | 3,000 | None | 490,000 | 910,000   | 1,400,000 |
| Brooklyn Center  | MN | 979,764 | 1,818,061 | 1,500 | None | 979,764 | 1,819,561 | 2,799,325 |
| Brooklyn Center  | MN | 979,764 | 1,817,561 | 2,000 | None | 979,764 | 1,819,561 | 2,799,325 |
| Brooklyn Center  | MN | 979,764 | 1,817,561 | 2,000 | None | 979,764 | 1,819,561 | 2,799,325 |
| Brooklyn Park    | MN | 830,336 | 1,540,052 | 2,000 | None | 830,336 | 1,542,052 | 2,372,388 |
| Brooklyn Park    | MN | 578,964 | 1,073,220 | 2,000 | None | 578,964 | 1,075,220 | 1,654,184 |
| Burnsville       | MN | 615,240 | 1,141,089 | 1,500 | None | 615,240 | 1,142,589 | 1,757,829 |
| Burnsville       | MN | 515,298 | 954,981   | 2,000 | None | 515,298 | 956,981   | 1,472,279 |
| Burnsville       | MN | 350,000 | 648,000   | 2,000 | None | 350,000 | 650,000   | 1,000,000 |
| Burnsville       | MN | 932,558 | 1,729,892 | 2,000 | None | 932,558 | 1,731,892 | 2,664,450 |
| Chaska           | MN | 979,764 | 1,817,561 | 2,000 | None | 979,764 | 1,819,561 | 2,799,325 |
| Chaska           | MN | 490,000 | 908,000   | 2,000 | None | 490,000 | 910,000   | 1,400,000 |
| Columbia Heights | MN | 673,068 | 1,248,483 | 1,500 | None | 673,068 | 1,249,983 | 1,923,051 |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 4) |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|---|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Coon Rapids             | MN 490,000                 | 908,000  | 2,000  | None              | 490,000  | 910,000  | 1,400,000 | 3                                       |
| Cottage Grove           | MN 805,888                 | 1,494,650  | 2,000  | None              | 805,888  | 1,496,650  | 2,302,538 | 6                                       |
| Crystal                 | MN 552,641                 | 1,024,332  | 2,000  | None              | 552,641  | 1,026,332  | 1,578,973 | 4                                       |
| Crystal                 | MN 740,518                 | 1,373,248  | 2,000  | None              | 740,518  | 1,375,248  | 2,115,766 | 5                                       |
| Eagan                   | MN 699,277                 | 1,296,658  | 2,000  | None              | 699,277  | 1,298,658  | 1,997,935 | 5                                       |
| Eagan                   | MN 906,287                 | 1,680,604  | 2,500  | None              | 906,287  | 1,683,104  | 2,589,391 | 7                                       |
| Eden Prairie            | MN 947,702                 | 1,758,519  | 1,500  | None              | 947,702  | 1,760,019  | 2,707,721 | 7                                       |
| Eden Prairie            | MN 485,526                 | 899,690  | 2,000  | None              | 485,526  | 901,690  | 1,387,216 | 3                                       |
| Edina                   | MN 568,893                 | 1,054,516  | 2,000  | None              | 568,893  | 1,056,516  | 1,625,409 | 4                                       |
| Elk River               | MN 613,113                 | 1,137,137  | 1,500  | None              | 613,113  | 1,138,637  | 1,751,750 | 4                                       |
| Elk River               | MN 456,850                 | 846,435  | 2,000  | None              | 456,850  | 848,435  | 1,305,285 | 3                                       |
| Excelsior               | MN 262,500                 | 485,500  | 2,000  | None              | 262,500  | 487,500  | 750,000   | 2                                       |
| Falcon Heights          | MN 494,415                 | 916,199  | 2,000  | None              | 494,415  | 918,199  | 1,412,614 | 3                                       |
| Farmington              | MN 437,500                 | 810,500  | 2,000  | None              | 437,500  | 812,500  | 1,250,000 | 3                                       |
| Forest Lake             | MN 398,985                 | 739,473  | 1,500  | None              | 398,985  | 740,973  | 1,139,958 | 3                                       |
| Fridley                 | MN 519,325                 | 962,461  | 2,000  | None              | 519,325  | 964,461  | 1,483,786 | 4                                       |
| Fridley                 | MN 706,295                 | 1,309,691  | 2,000  | None              | 706,295  | 1,311,691  | 2,017,986 | 5                                       |
| Fridley                 | MN 175,000                 | 323,000  | 2,000  | None              | 175,000  | 325,000  | 500,000   | 1                                       |
| Golden Valley           | MN 979,764                 | 1,817,561  | 2,000  | None              | 979,764  | 1,819,561  | 2,799,325 | 7                                       |
| Ham Lake                | MN 979,764                 | 1,817,561  | 2,000  | None              | 979,764  | 1,819,561  | 2,799,325 | 7                                       |
| Hastings                | MN 979,764                 | 1,817,561  | 2,000  | None              | 979,764  | 1,819,561  | 2,799,325 | 7                                       |
| Inver Grove Hghts       | MN 134,705                 | 248,666  | 1,500  | None              | 134,705  | 250,166  | 384,871   | 1                                       |
| Inver Grove Hghts       | MN 979,764                 | 1,817,561  | 2,000  | None              | 979,764  | 1,819,561  | 2,799,325 | 7                                       |
| Lakeville               | MN 631,855                 | 1,171,446  | 2,000  | None              | 631,855  | 1,173,446  | 1,805,301 | 4                                       |
| Lakeville               | MN 654,912                 | 1,214,266  | 2,000  | None              | 654,912  | 1,216,266  | 1,871,178 | 5                                       |
| Litchfield              | MN 388,788                 | 720,536  | 1,500  | None              | 388,788  | 722,036  | 1,110,824 | 3                                       |
| Little Falls            | MN 175,000                 | 323,500  | 1,500  | None              | 175,000  | 325,000  | 500,000   | 1                                       |
| Long Lake               | MN 808,543                 | 1,499,579  | 2,000  | None              | 808,543  | 1,501,579  | 2,310,122 | 6                                       |
| Maplewood               | MN 931,427                 | 1,728,293  | 1,500  | None              | 931,427  | 1,729,793  | 2,661,220 | 7                                       |
| Maplewood               | MN 175,000                 | 323,000  | 2,000  | None              | 175,000  | 325,000  | 500,000   | 1                                       |
| Mendota Heights         | MN 827,026                 | 1,533,906  | 2,000  | None              | 827,026  | 1,535,906  | 2,362,932 | 6                                       |
|                         | MN 717,808                 | 1,331,072  | 2,000  | None              | 717,808  | 1,333,072  | 2,050,880 | 5                                       |

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Mendota  
Heights

|                         |           |       |      |         |           |           |   |
|-------------------------|-----------|-------|------|---------|-----------|-----------|---|
| Minneapolis MN 365,977  | 678,171   | 1,500 | None | 365,977 | 679,671   | 1,045,648 | 2 |
| Minneapolis MN 738,535  | 1,370,064 | 1,500 | None | 738,535 | 1,371,564 | 2,110,099 | 5 |
| Minneapolis MN 811,510  | 1,505,590 | 1,500 | None | 811,510 | 1,507,090 | 2,318,600 | 6 |
| Minneapolis MN 350,000  | 648,500   | 1,500 | None | 350,000 | 650,000   | 1,000,000 | 2 |
| Minneapolis MN 759,822  | 1,409,597 | 1,500 | None | 759,822 | 1,411,097 | 2,170,919 | 5 |
| Minneapolis MN 967,640  | 1,795,045 | 2,000 | None | 967,640 | 1,797,045 | 2,764,685 | 7 |
| Minneapolis MN 856,122  | 1,587,941 | 2,000 | None | 856,122 | 1,589,941 | 2,446,063 | 6 |
| Minneapolis MN 979,764  | 1,817,561 | 2,000 | None | 979,764 | 1,819,561 | 2,799,325 | 7 |
| Minneapolis MN 979,764  | 1,817,561 | 2,000 | None | 979,764 | 1,819,561 | 2,799,325 | 7 |
| Minneapolis MN 938,237  | 1,740,440 | 2,000 | None | 938,237 | 1,742,440 | 2,680,677 | 7 |
| Minneapolis MN 979,764  | 1,817,561 | 2,000 | None | 979,764 | 1,819,561 | 2,799,325 | 7 |
| Minneapolis MN 539,242  | 999,450   | 2,000 | None | 539,242 | 1,001,450 | 1,540,692 | 4 |
| Minneapolis MN 577,070  | 1,069,702 | 2,000 | None | 577,070 | 1,071,702 | 1,648,772 | 4 |
| Minneapolis MN 175,000  | 323,000   | 2,000 | None | 175,000 | 325,000   | 500,000   | 1 |
| Minneapolis MN 979,764  | 1,817,561 | 2,000 | None | 979,764 | 1,819,561 | 2,799,325 | 7 |
| Monticello MN 589,643   | 1,093,051 | 2,000 | None | 589,643 | 1,095,051 | 1,684,694 | 4 |
| Mounds MN 743,926       | 1,379,578 | 2,000 | None | 743,926 | 1,381,578 | 2,125,504 | 5 |
| View                    |           |       |      |         |           |           |   |
| New Brighton MN 585,039 | 1,085,002 | 1,500 | None | 585,039 | 1,086,502 | 1,671,541 | 4 |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 4) |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|---|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| New Hope                | MN 175,000                 | 323,500  | 1,500  | None              | 175,000  | 325,000  | 500,000   |   |
| Newport                 | MN 967,228                 | 1,794,280  | 2,000  | None              | 967,228  | 1,796,280  | 2,763,508 |   |
| Oak Park<br>Heights     | MN 635,158                 | 1,177,579  | 2,000  | None              | 635,158  | 1,179,579  | 1,814,737 |   |
| Pine City               | MN 644,412                 | 1,194,265  | 2,500  | None              | 644,412  | 1,196,765  | 1,841,177 |   |
| Princeton               | MN 546,257                 | 1,012,476  | 2,000  | None              | 546,257  | 1,014,476  | 1,560,733 |   |
| Ramsey                  | MN 650,205                 | 1,205,523  | 2,000  | None              | 650,205  | 1,207,523  | 1,857,728 |   |
| Richfield               | MN 436,919                 | 809,921  | 1,500  | None              | 436,919  | 811,421  | 1,248,340 |   |
| Richfield               | MN 630,540                 | 1,169,003  | 2,000  | None              | 630,540  | 1,171,003  | 1,801,543 |   |
| Richfield               | MN 678,216                 | 1,257,543  | 2,000  | None              | 678,216  | 1,259,543  | 1,937,759 |   |
| Richfield               | MN 839,497                 | 1,557,065  | 2,000  | None              | 839,497  | 1,559,065  | 2,398,562 |   |
| Rochester               | MN 110,113                 | 202,995  | 1,500  | None              | 110,113  | 204,495  | 314,608   |   |
| Rochester               | MN 585,831                 | 1,085,971  | 2,000  | None              | 585,831  | 1,087,971  | 1,673,802 |   |
| Rochester               | MN 262,500                 | 485,500  | 2,000  | None              | 262,500  | 487,500  | 750,000   |   |
| Rochester               | MN 66,848                  | 122,146  | 2,000  | None              | 66,848   | 124,146  | 190,994   |   |
| Rochester               | MN 594,385                 | 1,101,857  | 2,000  | None              | 594,385  | 1,103,857  | 1,698,242 |   |
| Rogers                  | MN 781,303                 | 1,448,991  | 2,000  | None              | 781,303  | 1,450,991  | 2,232,294 |   |
| Roseville               | MN 403,786                 | 748,387  | 1,500  | None              | 403,786  | 749,887  | 1,153,673 |   |
| Roseville               | MN 979,764                 | 1,817,561  | 2,000  | None              | 979,764  | 1,819,561  | 2,799,325 |   |
| Roseville               | MN 979,764                 | 1,817,561  | 2,000  | None              | 979,764  | 1,819,561  | 2,799,325 |   |
| Roseville               | MN 979,764                 | 1,817,561  | 2,000  | None              | 979,764  | 1,819,561  | 2,799,325 |   |
| Sauk<br>Rapids          | MN 175,000                 | 323,000  | 2,000  | None              | 175,000  | 325,000  | 500,000   |   |
| Savage                  | MN 605,220                 | 1,122,481  | 1,500  | None              | 605,220  | 1,123,981  | 1,729,201 |   |
| Savage                  | MN 569,195                 | 1,055,575  | 1,500  | None              | 569,195  | 1,057,075  | 1,626,270 |   |
| Savage                  | MN 175,000                 | 323,000  | 2,000  | None              | 175,000  | 325,000  | 500,000   |   |
| Shakopee                | MN 783,764                 | 1,454,062  | 1,500  | None              | 783,764  | 1,455,562  | 2,239,326 |   |
| Shakopee                | MN 688,324                 | 1,276,317  | 2,000  | None              | 688,324  | 1,278,317  | 1,966,641 |   |
| Shakopee                | MN 477,517                 | 883,817  | 3,000  | None              | 477,517  | 886,817  | 1,364,334 |   |
| Shakopee                | MN 522,391                 | 966,156  | 4,000  | None              | 522,391  | 970,156  | 1,492,547 |   |
| St. Cloud               | MN 786,129                 | 1,458,454  | 1,500  | None              | 786,129  | 1,459,954  | 2,246,083 |   |
| St. Cloud               | MN 677,052                 | 1,255,383  | 2,000  | None              | 677,052  | 1,257,383  | 1,934,435 |   |
| St. Cloud               | MN 175,000                 | 322,000  | 3,000  | None              | 175,000  | 325,000  | 500,000   |   |
| St. Louis<br>Park       | MN 175,000                 | 323,500  | 1,500  | None              | 175,000  | 325,000  | 500,000   |   |
| St. Michael             | MN 561,604                 | 1,040,480  | 2,500  | None              | 561,604  | 1,042,980  | 1,604,584 |   |
| St. Paul                | MN 827,608                 | 1,535,987  | 1,000  | None              | 827,608  | 1,536,987  | 2,364,595 |   |
| St. Paul                | MN 808,755                 | 1,500,473  | 1,500  | None              | 808,755  | 1,501,973  | 2,310,728 |   |
| St. Paul                | MN 418,774                 | 776,223  | 1,500  | None              | 418,774  | 777,723  | 1,196,497 |   |

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|          |            |           |       |      |         |           |           |
|----------|------------|-----------|-------|------|---------|-----------|-----------|
| St. Paul | MN 175,000 | 323,500   | 1,500 | None | 175,000 | 325,000   | 500,000   |
| St. Paul | MN 175,000 | 323,500   | 1,500 | None | 175,000 | 325,000   | 500,000   |
| St. Paul | MN 979,764 | 1,818,061 | 1,500 | None | 979,764 | 1,819,561 | 2,799,325 |
| St. Paul | MN 576,820 | 1,069,736 | 1,500 | None | 576,820 | 1,071,236 | 1,648,056 |
| St. Paul | MN 592,617 | 1,099,075 | 1,500 | None | 592,617 | 1,100,575 | 1,693,192 |
| St. Paul | MN 739,277 | 1,371,444 | 1,500 | None | 739,277 | 1,372,944 | 2,112,221 |
| St. Paul | MN 788,752 | 1,463,324 | 1,500 | None | 788,752 | 1,464,824 | 2,253,576 |
| St. Paul | MN 950,678 | 1,764,046 | 1,500 | None | 950,678 | 1,765,546 | 2,716,224 |
| St. Paul | MN 175,000 | 323,500   | 1,500 | None | 175,000 | 325,000   | 500,000   |
| St. Paul | MN 262,500 | 486,000   | 1,500 | None | 262,500 | 487,500   | 750,000   |
| St. Paul | MN 541,547 | 1,004,231 | 1,500 | None | 541,547 | 1,005,731 | 1,547,278 |
| St. Paul | MN 832,144 | 1,543,409 | 2,000 | None | 832,144 | 1,545,409 | 2,377,553 |
| St. Paul | MN 979,764 | 1,817,561 | 2,000 | None | 979,764 | 1,819,561 | 2,799,325 |
| St. Paul | MN 531,091 | 984,311   | 2,000 | None | 531,091 | 986,311   | 1,517,402 |

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| Description<br>(Note 1) | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           |           |
|-------------------------|-------------------------|--|--|-------------------|--|--|-----------|-----------|
|                         | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |           |
| St. Paul                | MN                      | 789,790  | 1,464,752  | 2,000             | None   | 789,790  | 1,466,752 | 2,256,542 |
| St. Paul                | MN                      | 1,925,000  | 3,575,000  | None              | None   | 1,925,000  | 3,575,000 | 5,500,000 |
| Park                    |                         |  |  |                   |  |  |           |           |
| St. Paul                | MN                      | 979,764  | 1,818,061  | 1,500             | None   | 979,764  | 1,819,561 | 2,799,325 |
| Park                    |                         |  |  |                   |  |  |           |           |
| Vadnais                 | MN                      | 931,400  | 1,727,742  | 2,000             | None   | 931,400  | 1,729,742 | 2,661,142 |
| Heights                 |                         |  |  |                   |  |  |           |           |
| West St.                | MN                      | 979,764  | 1,818,061  | 1,500             | None   | 979,764  | 1,819,561 | 2,799,325 |
| Paul                    |                         |  |  |                   |  |  |           |           |
| White Bear              | MN                      | 943,945  | 1,751,040  | 2,000             | None   | 943,945  | 1,753,040 | 2,696,985 |
| Lake                    |                         |  |  |                   |  |  |           |           |
| White Bear              | MN                      | 860,523  | 1,596,113  | 2,000             | None   | 860,523  | 1,598,113 | 2,458,636 |
| Lake                    |                         |  |  |                   |  |  |           |           |
| Willmar                 | MN                      | 919,366  | 1,705,395  | 2,000             | None   | 919,366  | 1,707,395 | 2,626,761 |
| Woodbury                | MN                      | 962,500  | 1,786,000  | 1,500             | None   | 962,500  | 1,787,500 | 2,750,000 |
| Zimmerman               | MN                      | 979,764  | 1,817,561  | 2,000             | None   | 979,764  | 1,819,561 | 2,799,325 |
| Brandon                 | MS                      | 671,486  | 1,247,588  | None              | None   | 671,486  | 1,247,588 | 1,919,074 |
| Flowood                 | MS                      | 437,926  | 813,832  | None              | None   | 437,926  | 813,832   | 1,251,758 |
| Flowood                 | MS                      | 399,972  | 743,347  | None              | None   | 399,972  | 743,347   | 1,143,319 |
| Jackson                 | MS                      | 329,904  | 613,221  | None              | None   | 329,904  | 613,221   | 943,125   |
| Jackson                 | MS                      | 540,108  | 1,003,600  | None              | None   | 540,108  | 1,003,600 | 1,543,708 |
| Marion                  | MS                      | 350,341  | 651,013  | None              | None   | 350,341  | 651,013   | 1,001,354 |
| Meridian                | MS                      | 437,926  | 813,671  | None              | None   | 437,926  | 813,671   | 1,251,597 |
| Meridian                | MS                      | 405,811  | 754,030  | None              | None   | 405,811  | 754,030   | 1,159,841 |
| Meridian                | MS                      | 145,975  | 271,478  | None              | None   | 145,975  | 271,478   | 417,453   |
| Meridian                | MS                      | 280,273  | 520,887  | None              | None   | 280,273  | 520,887   | 801,160   |
| Meridian                | MS                      | 321,146  | 596,794  | None              | None   | 321,146  | 596,794   | 917,940   |
| Newton                  | MS                      | 467,121  | 867,891  | None              | None   | 467,121  | 867,891   | 1,335,012 |
| Pearl                   | MS                      | 544,488  | 1,011,733  | None              | None   | 544,488  | 1,011,733 | 1,556,221 |
| Philadelphia            | MS                      | 472,960  | 878,735  | None              | None   | 472,960  | 878,735   | 1,351,695 |
| Southaven               | MS                      | 310,000  | 641,637  | None              | None   | 310,000  | 641,637   | 951,637   |
| Terry                   | MS                      | 583,901  | 1,084,930  | None              | None   | 583,901  | 1,084,930 | 1,668,831 |
| Waveland                | MS                      | 180,000  | 331,637  | None              | None   | 180,000  | 331,637   | 511,637   |
| Aberdeen                | NC                      | 600,000  | 300,625  | None              | None   | 600,000  | 300,625   | 900,625   |
| Archdale                | NC                      | 410,000  | 731,637  | None              | None   | 410,000  | 731,637   | 1,141,637 |
| Banner Elk              | NC                      | 355,330  | 660,558  | 1,500             | None   | 355,330  | 662,058   | 1,017,388 |
| Banner Elk              | NC                      | 386,993  | 718,861  | 2,000             | None   | 386,993  | 720,861   | 1,107,854 |
| Blowing                 | NC                      | 369,403  | 685,693  | 2,500             | None   | 369,403  | 688,193   | 1,057,596 |
| Rock                    |                         |  |  |                   |  |  |           |           |
| Burgaw                  | NC                      | 198,774  | 369,653  | 1,000             | None   | 198,774  | 370,653   | 569,427   |

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|                |    |         |           |       |      |         |           |           |
|----------------|----|---------|-----------|-------|------|---------|-----------|-----------|
| Burgaw         | NC | 457,356 | 849,377   | 1,500 | None | 457,356 | 850,877   | 1,308,233 |
| Carolina Beach | NC | 457,356 | 848,929   | 2,000 | None | 457,356 | 850,929   | 1,308,285 |
| Cary           | NC | 255,064 | 473,349   | 2,500 | None | 255,064 | 475,849   | 730,913   |
| Charlotte      | NC | 300,000 | 291,637   | None  | None | 300,000 | 291,637   | 591,637   |
| Charlotte      | NC | 640,000 | 581,637   | None  | None | 640,000 | 581,637   | 1,221,637 |
| Durham         | NC | 720,000 | 851,637   | None  | None | 720,000 | 851,637   | 1,571,637 |
| Goldsboro      | NC | 460,000 | 740,625   | None  | None | 460,000 | 740,625   | 1,200,625 |
| Greensboro     | NC | 700,000 | 655,000   | None  | None | 700,000 | 655,000   | 1,355,000 |
| Greenville     | NC | 330,000 | 515,000   | None  | None | 330,000 | 515,000   | 845,000   |
| Hampstead      | NC | 562,900 | 1,045,971 | 1,000 | None | 562,900 | 1,046,971 | 1,609,871 |
| Holly Ridge    | NC | 721,215 | 1,339,486 | 1,500 | None | 721,215 | 1,340,986 | 2,062,201 |
| Hubert         | NC | 404,584 | 750,372   | 2,500 | None | 404,584 | 752,872   | 1,157,456 |
| Jacksonville   | NC | 150,000 | 530,000   | None  | None | 150,000 | 530,000   | 680,000   |
| Jacksonville   | NC | 180,000 | 371,637   | None  | None | 180,000 | 371,637   | 551,637   |
| Jacksonville   | NC | 140,000 | 260,727   | None  | None | 140,000 | 260,727   | 400,727   |
| Jacksonville   | NC | 351,812 | 653,367   | 1,500 | None | 351,812 | 654,867   | 1,006,679 |
| Kinston        | NC | 550,000 | 1,057,833 | None  | 153  | 550,000 | 1,057,986 | 1,607,986 |

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| Description<br>(Note 1) | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |           | Total     |
|-------------------------|---|-----------|--|-------------------|--|-----------|-----------|-----------|
|                         | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Fees      |           |           |
| Raleigh                 | NC  | 740,000   | 791,637  | None              | None   | 740,000   | 791,637   | 1,531,637 |
| Richlands               | NC  | 492,537   | 914,735  | 1,500             | None   | 492,537   | 916,235   | 1,408,772 |
| Richlands               | NC  | 376,439   | 698,103  | 2,500             | None   | 376,439   | 700,603   | 1,077,042 |
| Riegelwood              | NC  | 0         | 452,416  | 1,500             | None   | 0         | 453,916   | 453,916   |
| Rose Hill               | NC  | 198,774   | 369,153  | 1,500             | None   | 198,774   | 370,653   | 569,427   |
| Roxboro                 | NC  | 243,112   | 368,107  | None              | None   | 243,112   | 368,107   | 611,219   |
| Salisbury               | NC  | 474,946   | 882,203  | 2,000             | None   | 474,946   | 884,203   | 1,359,149 |
| Shallotte               | NC  | 492,537   | 914,766  | 1,500             | None   | 492,537   | 916,266   | 1,408,803 |
| Wallace                 | NC  | 0         | 175,408  | 2,000             | None   | 0         | 177,408   | 177,408   |
| Whitelake               | NC  | 351,812   | 653,367  | 1,500             | None   | 351,812   | 654,867   | 1,006,679 |
| Wilmington              | NC  | 351,812   | 653,930  | 1,000             | None   | 351,812   | 654,930   | 1,006,742 |
| Wilmington              | NC  | 439,765   | 817,271  | 1,000             | None   | 439,765   | 818,271   | 1,258,036 |
| Wilmington              | NC  | 334,222   | 621,320  | 1,000             | None   | 334,222   | 622,320   | 956,542   |
| Wilmington              | NC  | 228,678   | 424,774  | 1,500             | None   | 228,678   | 426,274   | 654,952   |
| Wilmington              | NC  | 364,126   | 676,287  | 1,500             | None   | 364,126   | 677,787   | 1,041,913 |
| Wilmington              | NC  | 0         | 804,196  | 1,500             | None   | 0         | 805,696   | 805,696   |
| Wilmington              | NC  | 386,993   | 718,788  | 1,500             | None   | 386,993   | 720,288   | 1,107,281 |
| Wilmington              | NC  | 334,222   | 620,751  | 1,500             | None   | 334,222   | 622,251   | 956,473   |
| Wilmington              | NC  | 474,946   | 881,640  | 2,000             | None   | 474,946   | 883,640   | 1,358,586 |
| Wilmington              | NC  | 0         | 351,366  | 2,000             | None   | 0         | 353,366   | 353,366   |
| Wilmington              | NC  | 334,222   | 620,284  | 2,000             | None   | 334,222   | 622,284   | 956,506   |
| Wilmington              | NC  | 527,718   | 979,145  | 2,500             | None   | 527,718   | 981,645   | 1,509,363 |
| Wilmington              | NC  | 439,765   | 815,793  | 2,500             | None   | 439,765   | 818,293   | 1,258,058 |
| Wilmington              | NC  | 527,718   | 979,102  | 2,500             | None   | 527,718   | 981,602   | 1,509,320 |
| Winston-Salem           | NC  | 320,000   | 311,637  | None              | None   | 320,000   | 311,637   | 631,637   |
| Zebulon                 | NC  | 306,077   | 568,087  | 2,500             | None   | 306,077   | 570,587   | 876,664   |
| Farmingdale             | NJ  | 1,459,957 | 2,712,264  | None              | None   | 1,459,957 | 2,712,264 | 4,172,221 |
| Galloway                | NJ  | 1,367,872 | 2,540,604  | None              | None   | 1,367,872 | 2,540,604 | 3,908,476 |
| Hamilton                | NJ  | 1,539,117 | 2,858,630  | None              | None   | 1,539,117 | 2,858,630 | 4,397,747 |
| Millville               | NJ  | 953,891   | 1,771,782  | None              | None   | 953,891   | 1,771,782 | 2,725,673 |
| Toms River              | NJ  | 1,265,861 | 2,351,154  | None              | None   | 1,265,861 | 2,351,154 | 3,617,015 |
| Toms River              | NJ  | 982,526   | 1,824,961  | None              | None   | 982,526   | 1,824,961 | 2,807,487 |
| Albuquerque             | NM  | 200,000   | 271,637  | None              | None   | 200,000   | 271,637   | 471,637   |
| Kingston                | NY  | 257,763   | 456,042  | None              | None   | 257,763   | 456,042   | 713,805   |
| Alliance                | OH  | 454,440   | 841,460  | 2,500             | None   | 454,440   | 843,960   | 1,298,400 |
| Atwater                 | OH  | 118,555   | 266,748  | None              | 209  | 118,555   | 266,957   | 385,512   |
| Bellefontaine           | OH  | 455,000   | 845,610  | 1,500             | None   | 455,000   | 847,110   | 1,302,110 |
| Bellefontaine           | OH  | 560,000   | 1,039,610  | 2,500             | None   | 560,000   | 1,042,110 | 1,602,110 |
| Columbus                | OH  | 273,085   | 471,693  | None              | None   | 273,085   | 471,693   | 744,778   |
| Columbus                | OH  | 147,296   | 304,411  | None              | 122  | 147,296   | 304,533   | 451,829   |

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|                |    |         |           |        |      |         |           |           |
|----------------|----|---------|-----------|--------|------|---------|-----------|-----------|
| Cuyahoga Falls | OH | 321,792 | 1,144,619 | None   | None | 321,792 | 1,144,619 | 1,466,411 |
| De Graff       | OH | 302,750 | 561,860   | 2,500  | None | 302,750 | 564,360   | 867,110   |
| Eaton          | OH | 164,588 | 306,934   | None   | None | 164,588 | 306,934   | 471,522   |
| Galion         | OH | 138,981 | 327,597   | None   | 209  | 138,981 | 327,806   | 466,787   |
| Groveport      | OH | 277,198 | 445,497   | 16,091 | 237  | 277,198 | 461,825   | 739,023   |
| Jackson Center | OH | 367,500 | 682,110   | 2,500  | None | 367,500 | 684,610   | 1,052,110 |
| Kenton         | OH | 140,000 | 261,462   | 1,000  | None | 140,000 | 262,462   | 402,462   |
| Marysville     | OH | 507,500 | 943,110   | 1,500  | None | 507,500 | 944,610   | 1,452,110 |
| Marysville     | OH | 700,000 | 1,300,610 | 1,500  | None | 700,000 | 1,302,110 | 2,002,110 |
| Marysville     | OH | 350,000 | 650,610   | 1,500  | None | 350,000 | 652,110   | 1,002,110 |

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| Description<br>(Note 1) |    | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           |
|-------------------------|----|-------------------------|--|--|-------------------|--|--|-----------|
|                         |    | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |
| Perrysburg              | OH | 211,678                 | 390,680  | None   | 134               | 211,678  | 390,814  | 602,492   |
| Russells<br>Point       | OH | 546,000                 | 1,013,610  | 2,500  | None              | 546,000  | 1,016,110  | 1,562,110 |
| Streetsboro             | OH | 402,988                 | 533,349  | None   | 114               | 402,988  | 533,463  | 936,451   |
| Tiffin                  | OH | 117,017                 | 273,040  | None   | 209               | 117,017  | 273,249  | 390,266   |
| Tipp City               | OH | 355,009                 | 588,111  | None   | 85                | 355,009  | 588,196  | 943,205   |
| Wadsworth               | OH | 266,507                 | 496,917  | None   | 116               | 266,507  | 497,033  | 763,540   |
| Tulsa                   | OK | 126,545                 | 508,266  | None   | 173               | 126,545  | 508,439  | 634,984   |
| Aliquippa               | PA | 226,195                 | 452,631  | None   | None              | 226,195  | 452,631  | 678,826   |
| Beaver                  | PA | 95,626                  | 223,368  | None   | None              | 95,626   | 223,368  | 318,994   |
| Beaver Falls            | PA | 92,207                  | 230,758  | None   | None              | 92,207   | 230,758  | 322,965   |
| Cornwell                | PA | 569,763                 | 387,611  | None   | None              | 569,763  | 387,611  | 957,374   |
| Heights                 |    |                         |  |  |                   |  |  |           |
| Doylestown              | PA | 800,134                 | 1,226,452  | None   | None              | 800,134  | 1,226,452  | 2,026,586 |
| East Caln               | PA | 1,722,222               | 576  | None   | None              | 1,722,222  | 576  | 1,722,798 |
| Lansdale                | PA | 1,356,324               | 385,761  | None   | None              | 1,356,324  | 385,761  | 1,742,085 |
| Penndel                 | PA | 739,487                 | 1,003,809  | None   | None              | 739,487  | 1,003,809  | 1,743,296 |
| Perryopolis             | PA | 148,953                 | 134,299  | None   | None              | 148,953  | 134,299  | 283,252   |
| Philadelphia            | PA | 808,681                 | 256,843  | None   | None              | 808,681  | 256,843  | 1,065,524 |
| Philadelphia            | PA | 425,928                 | 167,147  | None   | None              | 425,928  | 167,147  | 593,075   |
| Philadelphia            | PA | 390,342                 | 226,919  | None   | None              | 390,342  | 226,919  | 617,261   |
| Philadelphia            | PA | 541,792                 | 236,049  | None   | None              | 541,792  | 236,049  | 777,841   |
| Philadelphia            | PA | 530,018                 | 214,977  | None   | None              | 530,018  | 214,977  | 744,995   |
| Philadelphia            | PA | 614,101                 | 277,277  | None   | None              | 614,101  | 277,277  | 891,378   |
| Philadelphia            | PA | 1,011,389               | 491,302  | None   | None              | 1,011,389  | 491,302  | 1,502,691 |
| Philadelphia            | PA | 935,672                 | 448,426  | None   | None              | 935,672  | 448,426  | 1,384,098 |
| Philadelphia            | PA | 689,172                 | 426,596  | None   | None              | 689,172  | 426,596  | 1,115,768 |
| Philadelphia            | PA | 349,294                 | 134,485  | None   | None              | 349,294  | 134,485  | 483,779   |
| Philadelphia            | PA | 557,515                 | 244,121  | None   | None              | 557,515  | 244,121  | 801,636   |
| Pittsburgh              | PA | 497,668                 | 320,170  | None   | None              | 497,668  | 320,170  | 817,838   |
| Pittsburgh              | PA | 296,277                 | 287,540  | None   | None              | 296,277  | 287,540  | 583,817   |
| Pittsburgh              | PA | 395,417                 | 474,741  | None   | None              | 395,417  | 474,741  | 870,158   |
| Pittsburgh              | PA | 118,118                 | 231,108  | None   | None              | 118,118  | 231,108  | 349,226   |
| South Park              | PA | 252,247                 | 436,182  | None   | None              | 252,247  | 436,182  | 688,429   |
| Southampton             | PA | 783,279                 | 163,721  | None   | None              | 783,279  | 163,721  | 947,000   |
| Valencia                | PA | 440,565                 | 278,492  | None   | None              | 440,565  | 278,492  | 719,057   |
| Verona                  | PA | 171,411                 | 257,358  | None   | None              | 171,411  | 257,358  | 428,769   |
| Willow<br>Grove         | PA | 329,934                 | 73,123   | None   | None              | 329,934  | 73,123   | 403,057   |
| Aiken                   | SC | 320,000                 | 432,527  | None   | None              | 320,000  | 432,527  | 752,527   |

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|              |    |         |         |       |      |         |         |           |
|--------------|----|---------|---------|-------|------|---------|---------|-----------|
| Aiken        | SC | 330,000 | 472,679 | None  | None | 330,000 | 472,679 | 802,679   |
| Aiken        | SC | 560,000 | 543,588 | None  | None | 560,000 | 543,588 | 1,103,588 |
| Aiken        | SC | 360,000 | 542,982 | None  | None | 360,000 | 542,982 | 902,982   |
| Aiken        | SC | 540,000 | 388,058 | None  | None | 540,000 | 388,058 | 928,058   |
| Aiken        | SC | 250,000 | 251,770 | None  | None | 250,000 | 251,770 | 501,770   |
| Beach Island | SC | 330,000 | 481,637 | None  | None | 330,000 | 481,637 | 811,637   |
| Belvedere    | SC | 490,000 | 463,080 | None  | None | 490,000 | 463,080 | 953,080   |
| Bishopville  | SC | 191,738 | 356,130 | 1,500 | None | 191,738 | 357,630 | 549,368   |
| Bonneau      | SC | 128,411 | 239,191 | 1,500 | None | 128,411 | 240,691 | 369,102   |
| Camden       | SC | 269,136 | 499,897 | 1,500 | None | 269,136 | 501,397 | 770,533   |
| Charleston   | SC | 170,000 | 350,000 | None  | None | 170,000 | 350,000 | 520,000   |
| Columbia     | SC | 150,000 | 450,000 | None  | None | 150,000 | 450,000 | 600,000   |
| Columbia     | SC | 520,000 | 471,637 | None  | None | 520,000 | 471,637 | 991,637   |

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Table of contents

| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accumulat<br>Depreciatio<br>(Note 4) |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|--------------------------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                      |
| Conway                  | SC                         | 0  | 251,890  | 1,000             | None   | 0  | 252,890   | 252,890                              |
| Cordova                 | SC                         | 137,207  | 255,025  | 2,000             | None   | 137,207  | 257,025   | 394,232                              |
| Eastover                | SC                         | 138,966  | 258,625  | 1,000             | None   | 138,966  | 259,625   | 398,591                              |
| Florence                | SC                         | 193,497  | 359,413  | 1,500             | None   | 193,497  | 360,913   | 554,410                              |
| Florence                | SC                         | 337,740  | 627,293  | 1,500             | None   | 337,740  | 628,793   | 966,533                              |
| Goose Creek             | SC                         | 150,000  | 241,637  | None              | None   | 150,000  | 241,637   | 391,637                              |
| Greenville              | SC                         | 390,000  | 462,847  | None              | None   | 390,000  | 462,847   | 852,847                              |
| Greenville              | SC                         | 300,000  | 402,392  | None              | None   | 300,000  | 402,392   | 702,392                              |
| Greenville              | SC                         | 370,000  | 432,695  | None              | None   | 370,000  | 432,695   | 802,695                              |
| Greenville              | SC                         | 620,000  | 483,604  | None              | None   | 620,000  | 483,604   | 1,103,604                            |
| Greenville              | SC                         | 680,000  | 423,604  | None              | None   | 680,000  | 423,604   | 1,103,604                            |
| Greer                   | SC                         | 400,000  | 502,879  | None              | None   | 400,000  | 502,879   | 902,879                              |
| Hemingway               | SC                         | 246,269  | 458,069  | 1,500             | None   | 246,269  | 459,569   | 705,838                              |
| Hilton Head             | SC                         | 500,000  | 691,637  | None              | None   | 500,000  | 691,637   | 1,191,637                            |
| Hilton Head             | SC                         | 185,500  | 344,510  | None              | None   | 185,500  | 344,510   | 530,010                              |
| Irmo                    | SC                         | 690,000  | 461,637  | None              | None   | 690,000  | 461,637   | 1,151,637                            |
| Jackson                 | SC                         | 170,000  | 632,626  | None              | None   | 170,000  | 632,626   | 802,626                              |
| Kingstree               | SC                         | 209,328  | 389,965  | 1,000             | None   | 209,328  | 390,965   | 600,293                              |
| Kingstree               | SC                         | 0  | 301,766  | 2,000             | None   | 0  | 303,766   | 303,766                              |
| Lake City               | SC                         | 202,292  | 376,398  | 1,500             | None   | 202,292  | 377,898   | 580,190                              |
| Lexington               | SC                         | 255,000  | 545,000  | None              | None   | 255,000  | 545,000   | 800,000                              |
| Lexington               | SC                         | 640,000  | 563,891  | None              | None   | 640,000  | 563,891   | 1,203,891                            |
| Lexington               | SC                         | 540,000  | 563,588  | None              | None   | 540,000  | 563,588   | 1,103,588                            |
| Lexington               | SC                         | 360,000  | 843,891  | None              | None   | 360,000  | 843,891   | 1,203,891                            |
| Lugoff                  | SC                         | 200,533  | 372,490  | 1,500             | None   | 200,533  | 373,990   | 574,523                              |
| Moncks<br>Corner        | SC                         | 351,812  | 654,578  | 1,000             | None   | 351,812  | 655,578   | 1,007,390                            |
| Mt. Pleasant            | SC                         | 668,443  | 1,241,940  | 1,000             | None   | 668,443  | 1,242,940 | 1,911,383                            |
| Myrtle<br>Beach         | SC                         | 140,725  | 261,942  | 1,000             | None   | 140,725  | 262,942   | 403,667                              |
| Myrtle<br>Beach         | SC                         | 703,624  | 1,307,326  | 1,000             | None   | 703,624  | 1,308,326 | 2,011,950                            |
| Myrtle<br>Beach         | SC                         | 0  | 327,278  | 1,000             | None   | 0  | 328,278   | 328,278                              |
| Myrtle<br>Beach         | SC                         | 0  | 277,019  | 1,000             | None   | 0  | 278,019   | 278,019                              |
| Myrtle<br>Beach         | SC                         | 527,718  | 980,766  | 1,500             | None   | 527,718  | 982,266   | 1,509,984                            |
|                         | SC                         | 0  | 176,002  | 1,500             | None   | 0  | 177,502   | 177,502                              |

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|                  |    |         |           |       |      |         |           |           |   |
|------------------|----|---------|-----------|-------|------|---------|-----------|-----------|---|
| Myrtle Beach     |    |         |           |       |      |         |           |           |   |
| Myrtle Beach     | SC | 0       | 753,979   | 1,500 | None | 0       | 755,479   | 755,479   | 1 |
| Myrtle Beach     | SC | 492,537 | 913,807   | 2,500 | None | 492,537 | 916,307   | 1,408,844 | 1 |
| North Augusta    | SC | 400,000 | 452,777   | None  | None | 400,000 | 452,777   | 852,777   | 2 |
| North Augusta    | SC | 490,000 | 1,221,637 | None  | None | 490,000 | 1,221,637 | 1,711,637 | 3 |
| North Charleston | SC | 400,000 | 650,000   | None  | None | 400,000 | 650,000   | 1,050,000 | 4 |
| Orangeburg       | SC | 320,000 | 691,637   | None  | None | 320,000 | 691,637   | 1,011,637 | 2 |
| Pinewood         | SC | 325,426 | 605,076   | 1,500 | None | 325,426 | 606,576   | 932,002   | 1 |
| Simpsonville     | SC | 530,000 | 573,485   | None  | None | 530,000 | 573,485   | 1,103,485 | 2 |
| Spartanburg      | SC | 470,000 | 432,879   | None  | None | 470,000 | 432,879   | 902,879   | 2 |
| Summerton        | SC | 142,484 | 265,326   | 1,500 | None | 142,484 | 266,826   | 409,310   | 1 |
| Summerville      | SC | 115,000 | 515,000   | None  | None | 115,000 | 515,000   | 630,000   | 3 |
| Summerville      | SC | 297,500 | 553,227   | None  | None | 297,500 | 553,227   | 850,727   | 1 |
| Sumter           | SC | 184,701 | 344,620   | None  | None | 184,701 | 344,620   | 529,321   | 1 |
| Sumter           | SC | 149,520 | 278,284   | 1,000 | None | 149,520 | 279,284   | 428,804   | 1 |
| Sumter           | SC | 372,921 | 693,113   | 1,000 | None | 372,921 | 694,113   | 1,067,034 | 1 |
| Sumter           | SC | 211,087 | 392,065   | 1,500 | None | 211,087 | 393,565   | 604,652   | 1 |
| Sumter           | SC | 263,859 | 490,128   | 1,500 | None | 263,859 | 491,628   | 755,487   | 1 |

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Table of contents

| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 4) |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|---|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Sumter                  | SC 362,367                 | 673,012  | 1,500  | None              | 362,367  | 674,512  | 1,036,879 | 10                                      |
| Sumter                  | SC 181,183                 | 336,587  | 1,500  | None              | 181,183  | 338,087  | 519,270   | 5                                       |
| Sumter                  | SC 154,797                 | 287,584  | 1,500  | None              | 154,797  | 289,084  | 443,881   | 4                                       |
| Sumter                  | SC 351,812                 | 653,469  | 1,500  | None              | 351,812  | 654,969  | 1,006,781 | 9                                       |
| Sumter                  | SC 334,222                 | 620,801  | 1,500  | None              | 334,222  | 622,301  | 956,523   | 9                                       |
| Sumter                  | SC 281,450                 | 522,796  | 1,500  | None              | 281,450  | 524,296  | 805,746   | 7                                       |
| Sumter                  | SC 146,002                 | 271,250  | 1,500  | None              | 146,002  | 272,750  | 418,752   | 4                                       |
| Sumter                  | SC 149,520                 | 277,726  | 1,500  | None              | 149,520  | 279,226  | 428,746   | 4                                       |
| Sumter                  | SC 262,100                 | 486,861  | 1,500  | None              | 262,100  | 488,361  | 750,461   | 7                                       |
| West Aiken              | SC 400,000                 | 402,665  | None   | None              | 400,000  | 402,665  | 802,665   | 20                                      |
| West<br>Columbia        | SC 410,000                 | 693,574  | None   | None              | 410,000  | 693,574  | 1,103,574 | 34                                      |
| West<br>Columbia        | SC 336,000                 | 624,727  | None   | None              | 336,000  | 624,727  | 960,727   | 19                                      |
| Arrington               | TN 385,000                 | 716,242  | None   | None              | 385,000  | 716,242  | 1,101,242 | 23                                      |
| Athens                  | TN 175,000                 | 326,242  | None   | None              | 175,000  | 326,242  | 501,242   | 10                                      |
| Athens                  | TN 124,179                 | 231,860  | None   | None              | 124,179  | 231,860  | 356,039   | 7                                       |
| Benton                  | TN 192,500                 | 358,742  | None   | None              | 192,500  | 358,742  | 551,242   | 11                                      |
| Chattanooga             | TN 175,000                 | 326,242  | (79,571)   | None              | 162,879  | 258,792  | 421,671   | 8                                       |
| Chattanooga             | TN 300,373                 | 559,077  | (39,679)   | None              | 260,694  | 559,077  | 819,771   | 18                                      |
| Chattanooga             | TN 175,000                 | 326,242  | (24,664)   | None              | 150,336  | 326,242  | 476,578   | 10                                      |
| Chattanooga             | TN 181,731                 | 338,741  | None   | None              | 181,731  | 338,741  | 520,472   | 11                                      |
| Chattanooga             | TN 168,000                 | 313,242  | None   | None              | 168,000  | 313,242  | 481,242   | 10                                      |
| Chattanooga             | TN 159,979                 | 298,346  | None   | None              | 159,979  | 298,346  | 458,325   | 9                                       |
| Chattanooga             | TN 105,000                 | 196,242  | None   | None              | 105,000  | 196,242  | 301,242   | 6                                       |
| Chattanooga             | TN 245,000                 | 456,242  | None   | None              | 245,000  | 456,242  | 701,242   | 14                                      |
| Chattanooga             | TN 297,500                 | 553,742  | None   | None              | 297,500  | 553,742  | 851,242   | 18                                      |
| Chattanooga             | TN 323,750                 | 822,529  | None   | None              | 323,750  | 822,529  | 1,146,279 | 25                                      |
| Chattanooga             | TN 280,000                 | 521,242  | None   | None              | 280,000  | 521,242  | 801,242   | 17                                      |
| Chattanooga             | TN 257,250                 | 478,992  | None   | None              | 257,250  | 478,992  | 736,242   | 15                                      |
| Chattanooga             | TN 283,209                 | 527,201  | None   | None              | 283,209  | 527,201  | 810,410   | 17                                      |
| Chattanooga             | TN 542,500                 | 1,008,742  | None   | None              | 542,500  | 1,008,742  | 1,551,242 | 33                                      |
| Chattanooga             | TN 332,500                 | 618,742  | None   | None              | 332,500  | 618,742  | 951,242   | 20                                      |
| Cleveland               | TN 110,009                 | 205,545  | None   | None              | 110,009  | 205,545  | 315,554   | 6                                       |
| Cleveland               | TN 227,500                 | 423,742  | None   | None              | 227,500  | 423,742  | 651,242   | 13                                      |
| Cleveland               | TN 280,000                 | 521,242  | None   | None              | 280,000  | 521,242  | 801,242   | 17                                      |
| Cleveland               | TN 245,000                 | 456,242  | None   | None              | 245,000  | 456,242  | 701,242   | 14                                      |
| Cleveland               | TN 157,500                 | 293,742  | None   | None              | 157,500  | 293,742  | 451,242   | 9                                       |
| Cleveland               | TN 122,500                 | 228,742  | None   | None              | 122,500  | 228,742  | 351,242   | 7                                       |

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|           |            |         |      |      |         |         |           |    |
|-----------|------------|---------|------|------|---------|---------|-----------|----|
| Cleveland | TN 300,373 | 559,077 | None | None | 300,373 | 559,077 | 859,450   | 18 |
| Dayton    | TN 262,500 | 488,742 | None | None | 262,500 | 488,742 | 751,242   | 16 |
| Decatur   | TN 181,731 | 338,742 | None | None | 181,731 | 338,742 | 520,473   | 11 |
| Dunlap    | TN 315,000 | 586,242 | None | None | 315,000 | 586,242 | 901,242   | 19 |
| Etowah    | TN 192,500 | 358,742 | None | None | 192,500 | 358,742 | 551,242   | 11 |
| Gallatin  | TN 525,000 | 976,242 | None | None | 525,000 | 976,242 | 1,501,242 | 32 |
| Gray      | TN 191,151 | 355,563 | None | None | 191,151 | 355,563 | 546,714   | 5  |
| Harrison  | TN 484,313 | 900,680 | None | None | 484,313 | 900,680 | 1,384,993 | 29 |
| Hixson    | TN 271,250 | 504,992 | None | None | 271,250 | 504,992 | 776,242   | 16 |
| Hixson    | TN 513,215 | 954,355 | None | None | 513,215 | 954,355 | 1,467,570 | 31 |
| Hixson    | TN 94,500  | 176,742 | None | None | 94,500  | 176,742 | 271,242   | 5  |
| Hixson    | TN 300,373 | 559,077 | None | None | 300,373 | 559,077 | 859,450   | 18 |
| Kimball   | TN 332,500 | 618,742 | None | None | 332,500 | 618,742 | 951,242   | 20 |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accu<br>Dep<br>(N |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|-------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                   |
| Kingsport               | TN 155,603                 | 289,545  | None   | None              | 155,603  | 289,545  | 445,148   |                   |
| Kingsport               | TN 310,303                 | 576,845  | None   | None              | 310,303  | 576,845  | 887,148   |                   |
| La Vergne               | TN 577,500                 | 1,073,742  | (15,745)   | None              | 561,755  | 1,073,742  | 1,635,497 |                   |
| La Vergne               | TN 340,000                 | 650,000  | None   | None              | 340,000  | 650,000  | 990,000   |                   |
| Manchester              | TN 266,119                 | 495,463  | None   | None              | 266,119  | 495,463  | 761,582   |                   |
| Manchester              | TN 281,675                 | 524,352  | None   | None              | 281,675  | 524,352  | 806,027   |                   |
| Manchester              | TN 319,846                 | 595,242  | None   | None              | 319,846  | 595,242  | 915,088   |                   |
| Monteagle               | TN 271,173                 | 504,849  | None   | None              | 271,173  | 504,849  | 776,022   |                   |
| Mt. Juliet              | TN 397,128                 | 738,764  | None   | None              | 397,128  | 738,764  | 1,135,892 |                   |
| Murfreesboro            | TN 549,500                 | 1,021,742  | None   | None              | 549,500  | 1,021,742  | 1,571,242 |                   |
| Murfreesboro            | TN 467,810                 | 870,032  | None   | None              | 467,810  | 870,032  | 1,337,842 |                   |
| Murfreesboro            | TN 300,373                 | 559,077  | None   | None              | 300,373  | 559,077  | 859,450   |                   |
| Nashville               | TN 498,628                 | 927,264  | None   | None              | 498,628  | 927,264  | 1,425,892 |                   |
| Ocoee                   | TN 119,792                 | 223,713  | (11,239)   | None              | 108,553  | 223,713  | 332,266   |                   |
| Ooltewah                | TN 700,000                 | 1,301,242  | (190,623)  | None              | 635,909  | 1,174,710  | 1,810,619 |                   |
| Ooltewah                | TN 234,231                 | 436,241  | None   | None              | 234,231  | 436,241  | 670,472   |                   |
| Ooltewah                | TN 105,000                 | 196,242  | None   | None              | 105,000  | 196,242  | 301,242   |                   |
| Red Bank                | TN 350,000                 | 651,242  | None   | None              | 350,000  | 651,242  | 1,001,242 |                   |
| Roan<br>Mountain        | TN 286,303                 | 532,274  | None   | None              | 286,303  | 532,274  | 818,577   |                   |
| Shelbyville             | TN 320,229                 | 595,953  | None   | None              | 320,229  | 595,953  | 916,182   |                   |
| Smyrna                  | TN 426,466                 | 793,251  | None   | None              | 426,466  | 793,251  | 1,219,717 |                   |
| Smyrna                  | TN 630,000                 | 1,170,036  | None   | None              | 630,000  | 1,170,036  | 1,800,036 |                   |
| Soddy Daisy             | TN 297,500                 | 553,732  | None   | None              | 297,500  | 553,732  | 851,232   |                   |
| Soddy Daisy             | TN 350,000                 | 651,242  | None   | None              | 350,000  | 651,242  | 1,001,242 |                   |
| Soddy Daisy             | TN 245,000                 | 456,242  | None   | None              | 245,000  | 456,242  | 701,242   |                   |
| Sweetwater              | TN 122,500                 | 228,742  | None   | None              | 122,500  | 228,742  | 351,242   |                   |
| Sweetwater              | TN 339,231                 | 1,131,287  | None   | None              | 339,231  | 1,131,287  | 1,470,518 |                   |
| Sweetwater              | TN 133,000                 | 248,242  | None   | None              | 133,000  | 248,242  | 381,242   |                   |
| Abingdon                | VA 57,847                  | 107,997  | None   | None              | 57,847   | 107,997  | 165,844   |                   |
| Big Stone<br>Gap        | VA 527,303                 | 979,860  | None   | None              | 527,303  | 979,860  | 1,507,163 |                   |
| Bristol                 | VA 213,369                 | 396,824  | None   | None              | 213,369  | 396,824  | 610,193   |                   |
| Bristol                 | VA 268,303                 | 498,845  | None   | None              | 268,303  | 498,845  | 767,148   |                   |
| Bristol                 | VA 171,156                 | 318,428  | None   | None              | 171,156  | 318,428  | 489,584   |                   |
| Castlewood              | VA 387,303                 | 720,307  | None   | None              | 387,303  | 720,307  | 1,107,610 |                   |
| Cedar Bluff             | VA 492,303                 | 915,307  | None   | None              | 492,303  | 915,307  | 1,407,610 |                   |
| Chatham                 | VA 347,728                 | 525,031  | None   | None              | 347,728  | 525,031  | 872,759   |                   |
| Chesapeake              | VA 225,000                 | 400,366  | None   | None              | 225,000  | 400,366  | 625,366   |                   |

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|                  |    |         |         |      |      |         |         |           |
|------------------|----|---------|---------|------|------|---------|---------|-----------|
| Clintwood        | VA | 378,553 | 703,610 | None | None | 378,553 | 703,610 | 1,082,163 |
| Coeburn          | VA | 168,934 | 314,764 | None | None | 168,934 | 314,764 | 483,698   |
| Coeburn          | VA | 312,303 | 581,021 | None | None | 312,303 | 581,021 | 893,324   |
| Coeburn          | VA | 282,303 | 525,307 | None | None | 282,303 | 525,307 | 807,610   |
| Collinsville     | VA | 84,465  | 130,137 | None | None | 84,465  | 130,137 | 214,602   |
| Danville         | VA | 149,276 | 227,333 | None | None | 149,276 | 227,333 | 376,609   |
| Danville         | VA | 83,644  | 128,884 | None | None | 83,644  | 128,884 | 212,528   |
| Danville         | VA | 266,722 | 403,501 | None | None | 266,722 | 403,501 | 670,223   |
| Franklin         | VA | 536,667 | 863,699 | None | None | 536,667 | 863,699 | 1,400,366 |
| Gate City        | VA | 422,303 | 784,845 | None | None | 422,303 | 784,845 | 1,207,148 |
| Glen Allen       | VA | 700,000 | 440,965 | None | 17   | 700,000 | 440,982 | 1,140,982 |
| Hampton          | VA | 433,985 | 459,108 | None | 300  | 433,985 | 459,408 | 893,393   |
| Highland Springs | VA | 396,720 | 598,547 | None | None | 396,720 | 598,547 | 995,267   |

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| Description<br>(Note 1) | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |           | Total     |
|-------------------------|---|-----------|--|-------------------|--|-----------|-----------|-----------|
|                         | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Fees      |           |           |
| Honaker                 | VA  | 492,303   | 915,307  | None              | None   | 492,303   | 915,307   | 1,407,610 |
| Martinsville            | VA  | 246,820   | 373,653  | None              | None   | 246,820   | 373,653   | 620,473   |
| Martinsville            | VA  | 83,521    | 128,706  | None              | None   | 83,521    | 128,706   | 212,227   |
| Midlothian              | VA  | 325,000   | 302,872  | None              | 153  | 325,000   | 303,025   | 628,025   |
| Newport News            | VA  | 490,616   | 605,304  | None              | 300  | 490,616   | 605,604   | 1,096,220 |
| Norton                  | VA  | 157,826   | 293,688  | None              | None   | 157,826   | 293,688   | 451,514   |
| Norton                  | VA  | 457,303   | 849,860  | None              | None   | 457,303   | 849,860   | 1,307,163 |
| Norton                  | VA  | 222,256   | 413,344  | None              | None   | 222,256   | 413,344   | 635,600   |
| Pound                   | VA  | 256,170   | 476,327  | None              | None   | 256,170   | 476,327   | 732,497   |
| Pound                   | VA  | 276,303   | 513,717  | None              | None   | 276,303   | 513,717   | 790,020   |
| Richlands               | VA  | 140,051   | 261,125  | None              | None   | 140,051   | 261,125   | 401,176   |
| Richmond                | VA  | 1,144,841 | 3,371,146  | None              | None   | 1,144,841 | 3,371,146 | 4,515,987 |
| Richmond                | VA  | 298,227   | 451,014  | None              | None   | 298,227   | 451,014   | 749,241   |
| Richmond                | VA  | 329,698   | 498,015  | None              | None   | 329,698   | 498,015   | 827,713   |
| Richmond                | VA  | 213,982   | 324,659  | None              | None   | 213,982   | 324,659   | 538,641   |
| Richmond                | VA  | 482,735   | 727,776  | None              | None   | 482,735   | 727,776   | 1,210,511 |
| Richmond                | VA  | 350,453   | 529,365  | None              | None   | 350,453   | 529,365   | 879,818   |
| Richmond                | VA  | 323,496   | 488,918  | None              | None   | 323,496   | 488,918   | 812,414   |
| Richmond                | VA  | 278,443   | 421,584  | None              | None   | 278,443   | 421,584   | 700,027   |
| Richmond                | VA  | 700,000   | 400,740  | None              | 300  | 700,000   | 401,040   | 1,101,040 |
| Richmond                | VA  | 400,000   | 250,875  | None              | 300  | 400,000   | 251,175   | 651,175   |
| Richmond                | VA  | 1,000,000 | 740  | None              | 300  | 1,000,000 | 1,040     | 1,001,040 |
| Richmond                | VA  | 700,000   | 100,695  | None              | 300  | 700,000   | 100,995   | 800,995   |
| Roanoke                 | VA  | 325,000   | 575,366  | None              | None   | 325,000   | 575,366   | 900,366   |
| Rosedale                | VA  | 211,147   | 393,160  | None              | None   | 211,147   | 393,160   | 604,307   |
| Sandston                | VA  | 152,535   | 232,528  | None              | None   | 152,535   | 232,528   | 385,063   |
| South Boston            | VA  | 160,893   | 244,778  | None              | None   | 160,893   | 244,778   | 405,671   |
| St. Paul                | VA  | 334,803   | 622,807  | None              | None   | 334,803   | 622,807   | 957,610   |
| St. Paul                | VA  | 422,303   | 785,307  | None              | None   | 422,303   | 785,307   | 1,207,610 |
| Stafford                | VA  | 271,865   | 601,997  | None              | 167  | 271,865   | 602,164   | 874,029   |
| Staunton                | VA  | 675,000   | 1,000,366  | None              | None   | 675,000   | 1,000,366 | 1,675,366 |
| Suffolk                 | VA  | 700,000   | 1,000,366  | None              | None   | 700,000   | 1,000,366 | 1,700,366 |
| Tazewell                | VA  | 153,382   | 285,882  | None              | None   | 153,382   | 285,882   | 439,264   |
| Troutville              | VA  | 575,000   | 975,366  | None              | None   | 575,000   | 975,366   | 1,550,366 |
| Virginia Beach          | VA  | 1,194,560 | 2,218,773  | None              | None   | 1,194,560 | 2,218,773 | 3,413,333 |
| Warrenton               | VA  | 515,971   | 649,125  | None              | 161  | 515,971   | 649,286   | 1,165,257 |
| Weber City              | VA  | 369,803   | 687,345  | None              | None   | 369,803   | 687,345   | 1,057,148 |
| Williamsburg            | VA  | 838,172   | 1,556,910  | None              | None   | 838,172   | 1,556,910 | 2,395,082 |

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|            |    |           |           |        |       |           |           |           |
|------------|----|-----------|-----------|--------|-------|-----------|-----------|-----------|
| Wise       | VA | 334,803   | 622,360   | None   | None  | 334,803   | 622,360   | 957,163   |
| Wise       | VA | 66,733    | 124,517   | None   | None  | 66,733    | 124,517   | 191,250   |
| Wise       | VA | 527,303   | 979,860   | None   | None  | 527,303   | 979,860   | 1,507,163 |
| Wytheville | VA | 1,222,535 | 1,577,830 | None   | None  | 1,222,535 | 1,577,830 | 2,800,365 |
| Yorktown   | VA | 309,435   | 447,144   | None   | 300   | 309,435   | 447,444   | 756,879   |
| Spokane    | WA | 66,150    | 146,921   | 55,528 | 7,650 | 66,150    | 210,099   | 276,249   |
| East Troy  | WI | 578,813   | 1,072,938 | 2,000  | None  | 578,813   | 1,074,938 | 1,653,751 |
| Ellsworth  | WI | 175,000   | 323,500   | 1,500  | None  | 175,000   | 325,000   | 500,000   |
| Menomonie  | WI | 441,256   | 817,975   | 1,500  | None  | 441,256   | 819,475   | 1,260,731 |
| Menomonie  | WI | 770,442   | 1,428,821 | 2,000  | None  | 770,442   | 1,430,821 | 2,201,263 |
| Menomonie  | WI | 175,000   | 323,000   | 2,000  | None  | 175,000   | 325,000   | 500,000   |
| Mondovi    | WI | 175,000   | 323,500   | 1,500  | None  | 175,000   | 325,000   | 500,000   |

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| Description<br>(Note 1)     |    | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried |  |           |
|-----------------------------|----|-------------------------|--|--------------|------------------------------|-------------------------------|--|-----------|
|                             |    | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent<br>to Acquisition | Land                          | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |
|                             |    |                         |  |              | Carrying<br>Costs            |                               |  |           |
| Osseo                       | WI | 613,373                 | 1,136,622  | 2,500        | None                         | 613,373                       | 1,139,122  | 1,752,495 |
| <b>Crafts and Novelties</b> |    |                         |  |              |                              |                               |  |           |
| Cutler Ridge                | FL | 743,498                 | 657,485  | 200,746      | 154                          | 743,498                       | 858,385  | 1,601,883 |
| Rockford                    | IL | 159,587                 | 618,398  | None         | None                         | 159,587                       | 618,398  | 777,985   |
| Stony Brook                 | NY | 980,000                 | 1,801,586  | 5,641        | 232                          | 980,000                       | 1,807,459  | 2,787,459 |
| Pleasant Hills              | PA | 631,084                 | 1,172,563  | None         | None                         | 631,084                       | 1,172,563  | 1,803,647 |
| <b>Drug Stores</b>          |    |                         |  |              |                              |                               |  |           |
| Montgomery                  | AL | 1,150,000               | 1,479,627  | None         | None                         | 1,150,000                     | 1,479,627  | 2,629,627 |
| Bakersfield                 | CA | 0                       | 3,501,678  | None         | None                         | 0                             | 3,501,678  | 3,501,678 |
| Encinitas                   | CA | 0                       | 3,751,713  | None         | None                         | 0                             | 3,751,713  | 3,751,713 |
| Indio                       | CA | 2,205,539               | 4,096,524  | None         | None                         | 2,205,539                     | 4,096,524  | 6,302,063 |
| Sacramento                  | CA | 1,490,000               | 3,473,583  | None         | None                         | 1,490,000                     | 3,473,583  | 4,963,583 |
| Tracy                       | CA | 2,467,993               | 4,584,246  | None         | None                         | 2,467,993                     | 4,584,246  | 7,052,239 |
| Colorado Springs            | CO | 1,025,000               | 1,645,371  | None         | None                         | 1,025,000                     | 1,645,371  | 2,670,371 |
| Fort Collins                | CO | 1,100,000               | 1,385,014  | None         | None                         | 1,100,000                     | 1,385,014  | 2,485,014 |
| Casselberry                 | FL | 1,075,020               | 1,664,284  | None         | None                         | 1,075,020                     | 1,664,284  | 2,739,304 |
| Milton                      | FL | 500,000                 | 1,774,311  | None         | None                         | 500,000                       | 1,774,311  | 2,274,311 |
| Adel                        | GA | 500,000                 | 1,056,116  | None         | None                         | 500,000                       | 1,056,116  | 1,556,116 |
| Blackshear                  | GA | 430,000                 | 1,005,393  | None         | None                         | 430,000                       | 1,005,393  | 1,435,393 |
| Bowdon                      | GA | 410,000                 | 1,010,615  | None         | None                         | 410,000                       | 1,010,615  | 1,420,615 |
| Cairo                       | GA | 330,000                 | 1,152,243  | None         | None                         | 330,000                       | 1,152,243  | 1,482,243 |
| Quitman                     | GA | 730,000                 | 856,586  | None         | None                         | 730,000                       | 856,586  | 1,586,586 |
| Blackfoot                   | ID | 560,000                 | 1,932,186  | None         | None                         | 560,000                       | 1,932,186  | 2,492,186 |
| Burley                      | ID | 700,000                 | 2,011,543  | None         | None                         | 700,000                       | 2,011,543  | 2,711,543 |
| Chubbuck                    | ID | 890,000                 | 1,267,183  | None         | None                         | 890,000                       | 1,267,183  | 2,157,183 |
| Maryville                   | IL | 780,685                 | 2,344,436  | None         | None                         | 780,685                       | 2,344,436  | 3,125,121 |
| Troy                        | IL | 768,515                 | 1,991,358  | None         | None                         | 768,515                       | 1,991,358  | 2,759,873 |
| Salem                       | IN | 0                       | 2,351,296  | None         | None                         | 0                             | 2,351,296  | 2,351,296 |
| Elkton                      | MD | 1,751,013               | 3,252,546  | None         | None                         | 1,751,013                     | 3,252,546  | 5,003,559 |
| Laurel                      | MD | 0                       | 2,400,696  | None         | None                         | 0                             | 2,400,696  | 2,400,696 |
| Portland                    | ME | 2,100,849               | 3,902,402  | None         | None                         | 2,100,849                     | 3,902,402  | 6,003,251 |
| Gladwin                     | MI | 1,365,747               | 2,536,910  | None         | None                         | 1,365,747                     | 2,536,910  | 3,902,657 |
| Metamora                    | MI | 859,139                 | 2,291,557  | None         | None                         | 859,139                       | 2,291,557  | 3,150,696 |
| Dellwood                    | MO | 766,461                 | 2,438,272  | None         | None                         | 766,461                       | 2,438,272  | 3,204,733 |
| St. Louis                   | MO | 744,817                 | 2,300,087  | None         | None                         | 744,817                       | 2,300,087  | 3,044,904 |

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|             |    |           |           |       |      |           |           |           |
|-------------|----|-----------|-----------|-------|------|-----------|-----------|-----------|
| Wildwood    | MO | 681,200   | 2,649,759 | None  | None | 681,200   | 2,649,759 | 3,330,959 |
| Carson City | NV | 800,000   | 2,770,950 | None  | None | 800,000   | 2,770,950 | 3,570,950 |
| Reno        | NV | 1,100,000 | 2,602,911 | None  | None | 1,100,000 | 2,602,911 | 3,702,911 |
| Reno        | NV | 850,000   | 2,306,647 | None  | None | 850,000   | 2,306,647 | 3,156,647 |
| Sparks      | NV | 1,000,000 | 2,271,513 | None  | None | 1,000,000 | 2,271,513 | 3,271,513 |
| Sun Valley  | NV | 550,000   | 2,678,380 | None  | None | 550,000   | 2,678,380 | 3,228,380 |
| Cortland    | OH | 1,440,000 | 1,364,725 | 1,250 | None | 1,440,000 | 1,365,975 | 2,805,975 |
| Madison     | OH | 580,000   | 1,272,742 | None  | None | 580,000   | 1,272,742 | 1,852,742 |
| Mayfield    | OH | 0         | 2,703,730 | None  | None | 0         | 2,703,730 | 2,703,730 |
| Heights     |    |           |           |       |      |           |           |           |
| Warren      | OH | 960,000   | 1,326,083 | None  | None | 960,000   | 1,326,083 | 2,286,083 |
| Warren      | OH | 800,000   | 1,241,503 | None  | None | 800,000   | 1,241,503 | 2,041,503 |
| Willowick   | OH | 530,000   | 1,241,308 | None  | None | 530,000   | 1,241,308 | 1,771,308 |

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| Description<br>(Note 1) | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |           | Total     |
|-------------------------|---|-----------|--|-------------------|--|-----------|-----------|-----------|
|                         | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Fees      |           |           |
| Beaver                  | PA  | 1,933,000 | 3,003,160  | None              | None   | 1,933,000 | 3,003,160 | 4,936,160 |
| Delmont                 | PA  | 720,000   | 1,246,023  | 10,475            | None   | 720,000   | 1,256,498 | 1,976,498 |
| Gettysburg              | PA  | 0         | 2,500,750  | None              | None   | 0         | 2,500,750 | 2,500,750 |
| Girard                  | PA  | 0         | 1,352,590  | 540,618           | None   | 0         | 1,893,208 | 1,893,208 |
| Johnstown               | PA  | 250,000   | 2,593,436  | None              | None   | 250,000   | 2,593,436 | 2,843,436 |
| Johnstown               | PA  | 600,000   | 2,010,255  | None              | None   | 600,000   | 2,010,255 | 2,610,255 |
| Murrysville             | PA  | 710,000   | 1,666,912  | None              | None   | 710,000   | 1,666,912 | 2,376,912 |
| Oakdale                 | PA  | 1,255,750 | 2,995,001  | None              | None   | 1,255,750 | 2,995,001 | 4,250,751 |
| Philadelphia            | PA  | 0         | 3,803,732  | None              | None   | 0         | 3,803,732 | 3,803,732 |
| Reading                 | PA  | 1,400,000 | 3,304,996  | None              | None   | 1,400,000 | 3,304,996 | 4,704,996 |
| Saint Marys             | PA  | 1,663,632 | 3,090,403  | None              | None   | 1,663,632 | 3,090,403 | 4,754,035 |
| Slippery Rock           | PA  | 0         | 1,295,495  | 606,566           | None   | 0         | 1,902,061 | 1,902,061 |
| West Norriton           | PA  | 0         | 3,603,611  | None              | None   | 0         | 3,603,611 | 3,603,611 |
| Wexford                 | PA  | 2,300,000 | 2,606,080  | None              | None   | 2,300,000 | 2,606,080 | 4,906,080 |
| Yeadon                  | PA  | 0         | 3,253,285  | None              | None   | 0         | 3,253,285 | 3,253,285 |
| Fredericksburg          | VA  | 0         | 2,901,815  | None              | None   | 0         | 2,901,815 | 2,901,815 |
| Buckhannon              | WV  | 1,716,898 | 3,189,190  | None              | None   | 1,716,898 | 3,189,190 | 4,906,088 |
| <b>Education</b>        |   |           |  |                   |  |           |           |           |
| Peoria                  | AZ  | 281,750   | 625,779  | 69,854            | 32,404   | 281,750   | 728,037   | 1,009,787 |
| Corona                  | CA  | 144,856   | 671,584  | None              | 26,846   | 144,856   | 698,430   | 843,286   |
| Coconut Creek           | FL  | 310,111   | 1,243,682  | None              | None   | 310,111   | 1,243,682 | 1,553,793 |
| Las Vegas               | NV  | 1,080,444 | 3,346,772  | None              | 73   | 1,080,444 | 3,346,845 | 4,427,289 |
| Beaverton               | OR  | 135,148   | 626,647  | None              | 13,521   | 135,148   | 640,168   | 775,316   |
| Arlington               | TX  | 195,650   | 387,355  | 851               | 2,816  | 195,650   | 391,022   | 586,672   |
| Austin                  | TX  | 238,000   | 528,604  | 90,133            | 24,911   | 238,000   | 643,648   | 881,648   |
| Coppell                 | TX  | 208,641   | 463,398  | 28,600            | 8,317  | 208,641   | 500,315   | 708,956   |
| Mesquite                | TX  | 1,049,287 | 1,949,085  | 164,665           | 64,012   | 1,049,287 | 2,177,762 | 3,227,049 |
| Missouri City           | TX  | 221,025   | 437,593  | 2,202             | 128  | 221,025   | 439,923   | 660,948   |
| Southlake               | TX  | 228,279   | 511,750  | None              | 25,453   | 228,279   | 537,203   | 765,482   |
| Sugar Land              | TX  | 1,600,000 | 6,300,995  | None              | None   | 1,600,000 | 6,300,995 | 7,900,995 |
| Chantilly               | VA  | 688,917   | 3,208,607  | None              | None   | 688,917   | 3,208,607 | 3,897,524 |
| Kingstowne              | VA  | 300,000   | 1,191,396  | None              | None   | 300,000   | 1,191,396 | 1,491,396 |
| <b>Entertainment</b>    |   |           |  |                   |  |           |           |           |
| Riverside               | CA  | 7,800,000 | 130  | (416,985)         | None   | 7,383,015 | 130       | 7,383,145 |
| Vista                   | CA  | 2,300,000 | 22   | None              | None   | 2,300,000 | 22        | 2,300,022 |
| Dania                   | FL  | 8,272,080 | 1,713  | None              | 36   | 8,272,080 | 1,749     | 8,273,829 |
| Marietta                | GA  | 1,500,000 | 768  | None              | None   | 1,500,000 | 768       | 1,500,768 |
| Norcross                | GA  | 1,600,000 | 768  | None              | None   | 1,600,000 | 768       | 1,600,768 |

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|            |    |           |     |      |      |           |     |           |
|------------|----|-----------|-----|------|------|-----------|-----|-----------|
| Greensboro | NC | 4,000,000 | 463 | None | None | 4,000,000 | 463 | 4,000,463 |
| Brookhaven | NY | 1,500,000 | 745 | None | None | 1,500,000 | 745 | 1,500,745 |
| Riverhead  | NY | 6,200,000 | 744 | None | None | 6,200,000 | 744 | 6,200,744 |

Equipment  
Services

|            |    |           |            |      |      |           |            |            |
|------------|----|-----------|------------|------|------|-----------|------------|------------|
| Lake Worth | FL | 679,079   | 1,262,568  | None | None | 679,079   | 1,262,568  | 1,941,647  |
| Elko       | NV | 1,401,115 | 10,342,501 | None | None | 1,401,115 | 10,342,501 | 11,743,616 |
| Lewisville | TX | 1,010,134 | 1,877,384  | None | None | 1,010,134 | 1,877,384  | 2,887,518  |

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| Description<br>(Note 1)    | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent<br>to Acquisition |        | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |            |            |
|----------------------------|-------------------------|--|--------------|--|--------|--|------------|------------|
|                            | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees                     | Total      |            |
| <b>Financial Services</b>  |                         |  |              |  |        |  |            |            |
| Phoenix                    | AZ                      | 245,137  | 456,324      | None   | None   | 245,137  | 456,324    | 701,461    |
| Canon City                 | CO                      | 66,500   | 147,699      | None   | None   | 66,500   | 147,699    | 214,199    |
| Colorado Springs           | CO                      | 313,250  | 695,730      | 40,500   | None   | 313,250  | 736,230    | 1,049,480  |
| Clearwater                 | FL                      | 476,179  | 725,023      | 10,154   | 224    | 476,179  | 735,401    | 1,211,580  |
| Orlando                    | FL                      | 532,556  | 940,177      | None   | None   | 532,556  | 940,177    | 1,472,733  |
| Hinesville                 | GA                      | 172,611  | 383,376      | 23,850   | 17,822 | 172,611  | 425,048    | 597,659    |
| Couer D'Alene              | ID                      | 165,900  | 368,468      | None   | None   | 165,900  | 368,468    | 534,368    |
| Blue Springs               | MO                      | 222,569  | 494,333      | None   | None   | 222,569  | 494,333    | 716,902    |
| Albuquerque                | NM                      | 80,500   | 178,794      | 8,003  | 299    | 80,500   | 187,096    | 267,596    |
| Santa Fe                   | NM                      | 70,000   | 155,473      | None   | 295    | 70,000   | 155,768    | 225,768    |
| Dublin                     | OH                      | 2,399,969  | 17,044,099   | None   | None   | 2,399,969  | 17,044,099 | 19,444,068 |
| Pasadena                   | TX                      | 385,199  | 716,468      | None   | None   | 385,199  | 716,468    | 1,101,667  |
| Madison                    | WI                      | 154,375  | 287,794      | None   | None   | 154,375  | 287,794    | 442,169    |
| Milwaukee                  | WI                      | 265,985  | 495,071      | None   | None   | 265,985  | 495,071    | 761,056    |
| <b>Food Processing</b>     |                         |  |              |  |        |  |            |            |
| St. Louis                  | MO                      | 3,112,401  | 32,725,202   | None   | 147    | 3,112,401  | 32,725,349 | 35,837,750 |
| Weldon Springs             | MO                      | 3,675,034  | 13,827,581   | None   | None   | 3,675,034  | 13,827,581 | 17,502,615 |
| <b>General Merchandise</b> |                         |  |              |  |        |  |            |            |
| Canon City                 | CO                      | 339,045  | 630,531      | None   | None   | 339,045  | 630,531    | 969,576    |
| Monte Vista                | CO                      | 47,652   | 582,159      | None   | None   | 47,652   | 582,159    | 629,811    |
| Groveland                  | FL                      | 101,782  | 189,258      | None   | 189    | 101,782  | 189,447    | 291,229    |
| Clarinda                   | IA                      | 439,267  | 816,010      | None   | None   | 439,267  | 816,010    | 1,255,277  |
| Garnett                    | KS                      | 59,690   | 518,121      | None   | None   | 59,690   | 518,121    | 577,811    |
| Hillsboro                  | KS                      | 335,292  | 622,914      | None   | None   | 335,292  | 622,914    | 958,206    |
| Phillipsburg               | KS                      | 423,725  | 787,146      | None   | None   | 423,725  | 787,146    | 1,210,871  |
| Caledonia                  | MN                      | 89,723   | 559,300      | None   | None   | 89,723   | 559,300    | 649,023    |
| Long Prairie               | MN                      | 88,892   | 553,997      | None   | None   | 88,892   | 553,997    | 642,889    |
| Paynesville                | MN                      | 49,483   | 525,406      | None   | None   | 49,483   | 525,406    | 574,889    |
| Spring Valley              | MN                      | 69,785   | 579,238      | None   | None   | 69,785   | 579,238    | 649,023    |
| Warroad                    | MN                      | 70,000   | 580,000      | None   | None   | 70,000   | 580,000    | 650,000    |
| Independence               | MO                      | 210,643  | 467,844      | None   | None   | 210,643  | 467,844    | 678,487    |

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|                |    |         |           |        |        |         |           |           |
|----------------|----|---------|-----------|--------|--------|---------|-----------|-----------|
| Kansas City    | MO | 210,070 | 466,571   | None   | 146    | 210,070 | 466,717   | 676,787   |
| Kansas City    | MO | 168,350 | 373,910   | None   | 146    | 168,350 | 374,056   | 542,406   |
| Willow Springs | MO | 416,494 | 773,718   | None   | None   | 416,494 | 773,718   | 1,190,212 |
| Mayville       | ND | 59,333  | 565,562   | None   | None   | 59,333  | 565,562   | 624,895   |
| Ainsworth      | NE | 362,675 | 673,768   | None   | None   | 362,675 | 673,768   | 1,036,443 |
| Imperial       | NE | 388,599 | 721,914   | None   | None   | 388,599 | 721,914   | 1,110,513 |
| Bloomfield     | NM | 59,559  | 616,252   | None   | None   | 59,559  | 616,252   | 675,811   |
| Milwaukie      | OR | 180,250 | 400,336   | 49,088 | 23,867 | 180,250 | 473,291   | 653,541   |
| Memphis        | TN | 197,708 | 507,647   | 17,670 | 23,118 | 197,708 | 548,435   | 746,143   |
| Amarillo       | TX | 140,000 | 419,734   | None   | 173    | 140,000 | 419,907   | 559,907   |
| Coleman        | TX | 243,060 | 451,661   | None   | None   | 243,060 | 451,661   | 694,721   |
| Colorado City  | TX | 92,535  | 505,276   | None   | None   | 92,535  | 505,276   | 597,811   |
| Devine         | TX | 212,408 | 394,735   | None   | None   | 212,408 | 394,735   | 607,143   |
| Midland        | TX | 544,075 | 1,322,431 | None   | None   | 544,075 | 1,322,431 | 1,866,506 |
| Presidio       | TX | 407,657 | 757,362   | None   | None   | 407,657 | 757,362   | 1,165,019 |

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| Description<br>(Note 1) | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |  | Total      |
|-------------------------|---|-----------|--|-------------------|--|-----------|--|------------|
|                         | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Fees      |  |            |
| Winnsboro TX            | 79,280  | 1,299,056 | None   | None              | 79,280   | 1,299,056 |  | 1,378,336  |
| Yoakum TX               | 390,147   | 724,821   | None   | None              | 390,147  | 724,821   |  | 1,114,968  |
| Puyallup WA             | 173,250   | 384,795   | None   | 22,814            | 173,250  | 407,609   |  | 580,859    |
| Redmond WA              | 196,000   | 435,317   | 42,356   | 29,173            | 196,000  | 506,846   |  | 702,846    |
| Tacoma WA               | 189,000   | 419,777   | None   | 19,146            | 189,000  | 438,923   |  | 627,923    |
| <b>Grocery Stores</b>   |   |           |  |                   |  |           |  |            |
| Mesa AZ                 | 807,252   | 1,499,183 | None   | None              | 807,252  | 1,499,183 |  | 2,306,435  |
| Phoenix AZ              | 664,796   | 1,234,621 | None   | None              | 664,796  | 1,234,621 |  | 1,899,417  |
| Phoenix AZ              | 546,083   | 1,014,153 | None   | None              | 546,083  | 1,014,153 |  | 1,560,236  |
| Yuma AZ                 | 783,510   | 1,455,089 | None   | None              | 783,510  | 1,455,089 |  | 2,238,599  |
| Buena Park CA           | 2,136,844   | 3,968,425 | None   | None              | 2,136,844  | 3,968,425 |  | 6,105,269  |
| Burbank CA              | 2,193,827   | 4,074,250 | None   | None              | 2,193,827  | 4,074,250 |  | 6,268,077  |
| Carson CA               | 949,709   | 1,763,744 | None   | None              | 949,709  | 1,763,744 |  | 2,713,453  |
| Chula Vista CA          | 1,044,679   | 1,940,119 | None   | None              | 1,044,679  | 1,940,119 |  | 2,984,798  |
| Cloverdale CA           | 1,505,000   | 2,795,321 | None   | None              | 1,505,000  | 2,795,321 |  | 4,300,321  |
| El Centro CA            | 394,903   | 733,392   | None   | None              | 394,903  | 733,392   |  | 1,128,295  |
| Fortuna CA              | 1,190,000   | 2,210,308 | None   | None              | 1,190,000  | 2,210,308 |  | 3,400,308  |
| Glendale CA             | 3,270,797   | 6,074,336 | None   | None              | 3,270,797  | 6,074,336 |  | 9,345,133  |
| Hanford CA              | 1,234,621   | 2,292,868 | None   | None              | 1,234,621  | 2,292,868 |  | 3,527,489  |
| Inglewood CA            | 1,661,990   | 3,086,553 | None   | None              | 1,661,990  | 3,086,553 |  | 4,748,543  |
| Los Angeles             | 712,282   | 1,322,809 | None   | None              | 712,282  | 1,322,809 |  | 2,035,091  |
| Los Angeles             | 1,424,563   | 2,645,617 | None   | None              | 1,424,563  | 2,645,617 |  | 4,070,180  |
| Los Angeles             | 1,576,516   | 2,927,816 | None   | None              | 1,576,516  | 2,927,816 |  | 4,504,332  |
| Los Angeles             | 1,638,247   | 3,042,460 | None   | None              | 1,638,247  | 3,042,460 |  | 4,680,707  |
| Los Angeles             | 1,994,388   | 3,703,864 | None   | None              | 1,994,388  | 3,703,864 |  | 5,698,252  |
| Los Angeles             | 3,111,111   | 5,777,778 | None   | None              | 3,111,111  | 5,777,778 |  | 8,888,889  |
| Monrovia CA             | 1,139,650   | 2,116,494 | None   | None              | 1,139,650  | 2,116,494 |  | 3,256,144  |
| N. Hollywood            | 4,036,263   | 7,495,917 | None   | None              | 4,036,263  | 7,495,917 |  | 11,532,180 |
| Oakland CA              | 2,374,272   | 4,409,361 | None   | None              | 2,374,272  | 4,409,361 |  | 6,783,633  |
| Pacoima CA              | 949,709   | 1,763,744 | None   | None              | 949,709  | 1,763,744 |  | 2,713,453  |
| Pasadena CA             | 2,113,102   | 3,924,331 | None   | None              | 2,113,102  | 3,924,331 |  | 6,037,433  |

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|                |    |           |           |        |        |           |           |           |
|----------------|----|-----------|-----------|--------|--------|-----------|-----------|-----------|
| Redlands       | CA | 1,187,136 | 2,204,680 | None   | None   | 1,187,136 | 2,204,680 | 3,391,816 |
| Redondo Beach  | CA | 1,306,667 | 2,426,666 | None   | None   | 1,306,667 | 2,426,666 | 3,733,333 |
| Redwood City   | CA | 1,638,247 | 3,042,460 | None   | None   | 1,638,247 | 3,042,460 | 4,680,707 |
| Riverside      | CA | 1,068,422 | 1,984,213 | None   | None   | 1,068,422 | 1,984,213 | 3,052,635 |
| Sacramento     | CA | 759,767   | 1,410,995 | None   | None   | 759,767   | 1,410,995 | 2,170,762 |
| Sacramento     | CA | 1,139,650 | 2,116,494 | None   | None   | 1,139,650 | 2,116,494 | 3,256,144 |
| Salinas        | CA | 1,044,679 | 1,940,119 | None   | None   | 1,044,679 | 1,940,119 | 2,984,798 |
| San Diego      | CA | 1,633,333 | 3,033,334 | None   | None   | 1,633,333 | 3,033,334 | 4,666,667 |
| Stockton       | CA | 1,424,563 | 2,645,617 | None   | None   | 1,424,563 | 2,645,617 | 4,070,180 |
| Thousand Oaks  | CA | 2,018,131 | 3,747,957 | None   | None   | 2,018,131 | 3,747,957 | 5,766,088 |
| Boulder        | CO | 426,675   | 1,199,508 | None   | 91,455 | 426,675   | 1,290,963 | 1,717,638 |
| Brandon        | FL | 2,570,000 | 676,996   | None   | 154    | 2,570,000 | 677,150   | 3,247,150 |
| Tampa          | FL | 2,610,000 | 5,769,576 | 1,200  | None   | 2,610,000 | 5,770,776 | 8,380,776 |
| Council Bluffs | IA | 255,217   | 117,792   | 47,188 | 16,661 | 255,217   | 181,641   | 436,858   |
| Warsaw         | IN | 2,140,000 | 4,689,646 | None   | None   | 2,140,000 | 4,689,646 | 6,829,646 |
| Reno           | NV | 456,000   | 562,344   | 19,733 | 30,571 | 456,000   | 612,648   | 1,068,648 |
| Reno           | NV | 721,365   | 1,339,679 | None   | None   | 721,365   | 1,339,679 | 2,061,044 |
| Bartlesville   | OK | 1,650,000 | 1,573,823 | 1,000  | None   | 1,650,000 | 1,574,823 | 3,224,823 |



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| Description<br>(Note 1)   | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |           | Total      |
|---------------------------|---|-----------|--|-------------------|--|-----------|-----------|------------|
|                           | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Fees      |           |            |
| Norman                    | OK  | 1,580,000 | 1,900,618  | 1,000             | None   | 1,580,000 | 1,901,618 | 3,481,618  |
| Norman                    | OK  | 3,000,000 | 2,474,669  | 1,000             | None   | 3,000,000 | 2,475,669 | 5,475,669  |
| Stillwater                | OK  | 2,590,000 | 2,472,123  | 1,000             | None   | 2,590,000 | 2,473,123 | 5,063,123  |
| Tulsa                     | OK  | 1,550,000 | 203,990  | None              | None   | 1,550,000 | 203,990   | 1,753,990  |
| Tulsa                     | OK  | 2,000,000 | 753,609  | None              | None   | 2,000,000 | 753,609   | 2,753,609  |
| Tulsa                     | OK  | 1,850,000 | 1,785,277  | None              | None   | 1,850,000 | 1,785,277 | 3,635,277  |
| Tulsa                     | OK  | 1,700,000 | 978,092  | None              | None   | 1,700,000 | 978,092   | 2,678,092  |
| Tulsa                     | OK  | 2,900,000 | 1,197,386  | None              | None   | 2,900,000 | 1,197,386 | 4,097,386  |
| Tulsa                     | OK  | 3,000,000 | 3,485,618  | 1,000             | None   | 3,000,000 | 3,486,618 | 6,486,618  |
| Central<br>Point          | OR  | 840,000   | 1,560,308  | None              | None   | 840,000   | 1,560,308 | 2,400,308  |
| Pendleton                 | OR  | 546,083   | 1,014,153  | None              | None   | 546,083   | 1,014,153 | 1,560,236  |
| Phoenix                   | OR  | 840,000   | 1,560,308  | None              | None   | 840,000   | 1,560,308 | 2,400,308  |
| Rapid City                | SD  | 2,140,000 | 1,465,451  | None              | None   | 2,140,000 | 1,465,451 | 3,605,451  |
| Richland                  | WA  | 1,756,961 | 3,262,927  | None              | None   | 1,756,961 | 3,262,927 | 5,019,888  |
| Sheboygan                 | WI  | 1,513,216 | 4,427,968  | 15,220            | 180  | 1,513,216 | 4,443,368 | 5,956,584  |
| <b>Health and Fitness</b> |   |           |  |                   |  |           |           |            |
| Wynne                     | AR  | 70,000    | 547,576  | 30,029            | 824  | 70,000    | 578,429   | 648,429    |
| Paradise<br>Valley        | AZ  | 2,608,389 | 3,418,783  | None              | None   | 2,608,389 | 3,418,783 | 6,027,172  |
| Phoenix                   | AZ  | 2,100,000 | 3,623,590  | None              | None   | 2,100,000 | 3,623,590 | 5,723,590  |
| Antioch                   | CA  | 5,375,000 | 9,982,143  | None              | None   | 5,375,000 | 9,982,143 | 15,357,143 |
| Bakersfield               | CA  | 2,259,649 | 4,698,845  | None              | None   | 2,259,649 | 4,698,845 | 6,958,494  |
| Bakersfield               | CA  | 3,260,933 | 6,056,019  | None              | None   | 3,260,933 | 6,056,019 | 9,316,952  |
| Ceres                     | CA  | 2,145,750 | 3,984,963  | None              | None   | 2,145,750 | 3,984,963 | 6,130,713  |
| Chula Vista               | CA  | 4,226,250 | 7,848,750  | None              | None   | 4,226,250 | 7,848,750 | 12,075,000 |
| Diamond<br>Bar            | CA  | 3,038,879 | 5,383,274  | None              | 882  | 3,038,879 | 5,384,156 | 8,423,035  |
| Los Banos                 | CA  | 1,378,343 | 2,559,779  | None              | None   | 1,378,343 | 2,559,779 | 3,938,122  |
| Norco                     | CA  | 1,247,243 | 4,814,516  | None              | 130  | 1,247,243 | 4,814,646 | 6,061,889  |
| Stockton                  | CA  | 2,320,442 | 4,309,392  | None              | None   | 2,320,442 | 4,309,392 | 6,629,834  |
| Stockton                  | CA  | 1,602,459 | 2,975,994  | None              | None   | 1,602,459 | 2,975,994 | 4,578,453  |
| Tracy                     | CA  | 556,906   | 1,034,254  | None              | None   | 556,906   | 1,034,254 | 1,591,160  |
| Tracy                     | CA  | 3,228,902 | 5,996,532  | None              | None   | 3,228,902 | 5,996,532 | 9,225,434  |
| Danbury                   | CT  | 643,736   | 3,621,163  | 68,366            | 161  | 643,736   | 3,689,690 | 4,333,426  |
| Casselberry               | FL  | 1,979,598 | 8,256,394  | 14,554            | 167,804  | 1,979,598 | 8,438,752 | 10,418,350 |
| Hialeah                   | FL  | 2,104,393 | 3,910,500  | None              | None   | 2,104,393 | 3,910,500 | 6,014,893  |
| Miami                     | FL  | 3,115,101 | 5,665,079  | None              | 106  | 3,115,101 | 5,665,185 | 8,780,286  |

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|                  |    |           |           |      |      |           |           |            |
|------------------|----|-----------|-----------|------|------|-----------|-----------|------------|
| Oakland Park     | FL | 2,800,000 | 2,196,480 | None | None | 2,800,000 | 2,196,480 | 4,996,480  |
| Orlando          | FL | 2,144,778 | 3,755,905 | None | None | 2,144,778 | 3,755,905 | 5,900,683  |
| Pembroke Pines   | FL | 1,714,388 | 4,387,824 | None | None | 1,714,388 | 4,387,824 | 6,102,212  |
| Sunrise          | FL | 2,850,000 | 3,601,884 | None | None | 2,850,000 | 3,601,884 | 6,451,884  |
| Alsip            | IL | 2,944,221 | 5,467,839 | None | None | 2,944,221 | 5,467,839 | 8,412,060  |
| Bolinbrook       | IL | 3,010,512 | 8,161,186 | None | None | 3,010,512 | 8,161,186 | 11,171,698 |
| Glendale Heights | IL | 1,213,770 | 2,255,063 | None | None | 1,213,770 | 2,255,063 | 3,468,833  |
| Waukegan         | IL | 2,961,951 | 5,500,766 | None | None | 2,961,951 | 5,500,766 | 8,462,717  |
| Carmel           | IN | 3,675,000 | 6,825,000 | None | None | 3,675,000 | 6,825,000 | 10,500,000 |
| Indianapolis     | IN | 3,008,186 | 6,999,881 | None | None | 3,008,186 | 6,999,881 | 10,008,067 |
| Southport        | IN | 2,121,873 | 7,522,735 | None | None | 2,121,873 | 7,522,735 | 9,644,608  |
| Nottingham       | MD | 3,055,453 | 5,675,230 | None | None | 3,055,453 | 5,675,230 | 8,730,683  |
| Roseville        | MN | 3,611,925 | 8,804,654 | None | None | 3,611,925 | 8,804,654 | 12,416,579 |
| East Brunswick   | NJ | 1,654,529 | 3,073,912 | None | None | 1,654,529 | 3,073,912 | 4,728,441  |

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| Description<br>(Note 1) | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |            | Total |
|-------------------------|---|-----------|--|-------------------|--|-----------|------------|-------|
|                         | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Fees      |            |       |
| Yonkers NY              | 1,488,894   | 2,765,894 | None   | None              | 1,488,894  | 2,765,894 | 4,254,788  |       |
| Beachwood OH            | 1,504,354   | 2,794,305 | None   | 114               | 1,504,354  | 2,794,419 | 4,298,773  |       |
| Philadelphia PA         | 2,254,830   | 4,188,725 | None   | None              | 2,254,830  | 4,188,725 | 6,443,555  |       |
| Pittsburgh PA           | 4,420,799   | 5,542,644 | None   | None              | 4,420,799  | 5,542,644 | 9,963,443  |       |
| Cypress TX              | 1,417,377   | 5,696,789 | None   | None              | 1,417,377  | 5,696,789 | 7,114,166  |       |
| Dallas TX               | 5,293,733   | 6,555,637 | None   | None              | 5,293,733  | 6,555,637 | 11,849,370 |       |
| Fort Worth TX           | 1,445,901   | 5,277,886 | None   | None              | 1,445,901  | 5,277,886 | 6,723,787  |       |
| Keller TX               | 1,478,222   | 5,679,604 | None   | None              | 1,478,222  | 5,679,604 | 7,157,826  |       |
| McKinney TX             | 1,805,460   | 5,972,111 | None   | None              | 1,805,460  | 5,972,111 | 7,777,571  |       |
| Plano TX                | 3,178,115   | 5,832,224 | None   | None              | 3,178,115  | 5,832,224 | 9,010,339  |       |
| San Antonio TX          | 1,120,000   | 2,075,196 | None   | None              | 1,120,000  | 2,075,196 | 3,195,196  |       |
| San Antonio TX          | 1,200,000   | 2,489,568 | None   | None              | 1,200,000  | 2,489,568 | 3,689,568  |       |
| Kent WA                 | 4,086,250   | 7,588,750 | None   | None              | 4,086,250  | 7,588,750 | 11,675,000 |       |
| Walla Walla WA          | 170,100   | 377,793   | 6,831  | 6,711             | 170,100  | 391,335   | 561,435    |       |
| Home Furnishings        |   |           |  |                   |  |           |            |       |
| Little Rock AR          | 1,079,232   | 2,594,956 | 102,839  | 8,059             | 1,079,232  | 2,705,854 | 3,785,086  |       |
| Osceola AR              | 88,759  | 520,047   | 4,083  | None              | 88,759   | 524,130   | 612,889    |       |
| Jackson CA              | 300,000   | 390,849   | 6,775  | 8,819             | 300,000  | 406,443   | 706,443    |       |
| Brandon FL              | 430,000   | 1,020,608 | None   | 218               | 430,000  | 1,020,826 | 1,450,826  |       |
| Ocala FL                | 339,690   | 543,504   | None   | 25,254            | 339,690  | 568,758   | 908,448    |       |
| Tampa FL                | 685,000   | 885,624   | None   | 218               | 685,000  | 885,842   | 1,570,842  |       |
| Tampa FL                | 494,763   | 767,737   | 71,880   | 233               | 494,763  | 839,850   | 1,334,613  |       |
| West Palm Beach FL      | 347,651   | 706,081   | 69,111   | 233               | 347,651  | 775,425   | 1,123,076  |       |
| Rome GA                 | 254,902   | 486,812   | None   | 499               | 254,902  | 487,311   | 742,213    |       |
| Davenport IA            | 270,000   | 930,689   | None   | 146               | 270,000  | 930,835   | 1,200,835  |       |
| Boise ID                | 158,400   | 351,812   | None   | 28                | 158,400  | 351,840   | 510,240    |       |
| Nampa ID                | 183,743   | 408,101   | None   | 24                | 183,743  | 408,125   | 591,868    |       |
| Joliet IL               | 440,000   | 910,689   | None   | 244               | 440,000  | 910,933   | 1,350,933  |       |
| Anderson IN             | 180,628   | 653,162   | 100,170  | 15,258            | 180,628  | 768,590   | 949,218    |       |
| Kansas City KS          | 185,955   | 413,014   | 31,870   | 8,629             | 185,955  | 453,513   | 639,468    |       |
| Wichita KS              | 430,000   | 740,725   | None   | 146               | 430,000  | 740,871   | 1,170,871  |       |
| Alexandria LA           | 400,000   | 810,608   | None   | 168               | 400,000  | 810,776   | 1,210,776  |       |
| Monroe LA               | 450,000   | 835,608   | None   | None              | 450,000  | 835,608   | 1,285,608  |       |
| Shreveport LA           | 525,000   | 725,642   | None   | 73                | 525,000  | 725,715   | 1,250,715  |       |
| Battle Creek MI         | 485,000   | 895,689   | None   | 209               | 485,000  | 895,898   | 1,380,898  |       |
| Eden Prairie MN         | 500,502   | 1,055,244 | None   | None              | 500,502  | 1,055,244 | 1,555,746  |       |
| Gulfport MS             | 299,464   | 502,326   | 49,988   | 16,923            | 299,464  | 569,237   | 868,701    |       |

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|             |    |           |           |        |        |           |           |           |
|-------------|----|-----------|-----------|--------|--------|-----------|-----------|-----------|
| Hattiesburg | MS | 300,000   | 660,608   | None   | 168    | 300,000   | 660,776   | 960,776   |
| Ridgeland   | MS | 281,867   | 769,890   | None   | 211    | 281,867   | 770,101   | 1,051,968 |
| Matthews    | NC | 768,222   | 843,401   | 46,414 | 38,052 | 768,222   | 927,867   | 1,696,089 |
| Omaha       | NE | 1,956,296 | 3,949,402 | 27,005 | 81     | 1,956,296 | 3,976,488 | 5,932,784 |
| Dayton      | OH | 401,723   | 698,872   | 13,435 | 11,195 | 401,723   | 723,502   | 1,125,225 |
| Lancaster   | OH | 250,000   | 830,689   | None   | 319    | 250,000   | 831,008   | 1,081,008 |
| Altoona     | PA | 455,000   | 745,694   | None   | None   | 455,000   | 745,694   | 1,200,694 |
| Erie        | PA | 510,000   | 900,689   | None   | None   | 510,000   | 900,689   | 1,410,689 |
| Pennsdale   | PA | 315,000   | 835,648   | None   | None   | 315,000   | 835,648   | 1,150,648 |
| Whitehall   | PA | 515,525   | 1,146,868 | None   | 457    | 515,525   | 1,147,325 | 1,662,850 |
| Columbia    | SC | 600,000   | 900,725   | None   | 428    | 600,000   | 901,153   | 1,501,153 |
| Jackson     | TN | 381,076   | 857,261   | 35,685 | 16,534 | 381,076   | 909,480   | 1,290,556 |

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| Description<br>(Note 1) |    | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  | Total      |
|-------------------------|----|-------------------------|--|--|-------------------|--|--|------------|
|                         |    | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |            |
| Jackson                 | TN | 380,000                 | 750,608  | None   | 82                | 380,000  | 750,690  | 1,130,690  |
| Memphis                 | TN | 804,262                 | 1,432,520  | 35,328   | 223               | 804,262  | 1,468,071  | 2,272,333  |
| Abilene                 | TX | 400,000                 | 680,616  | None   | None              | 400,000  | 680,616  | 1,080,616  |
| Cedar Park              | TX | 253,591                 | 827,237  | None   | 3,010             | 253,591  | 830,247  | 1,083,838  |
| Plainview               | TX | 125,000                 | 734,558  | 40,000   | None              | 125,000  | 774,558  | 899,558    |
| San Antonio             | TX | 323,451                 | 637,991  | 47,914   | 115               | 323,451  | 686,020  | 1,009,471  |
| Webster                 | TX | 283,604                 | 538,002  | 2,470  | 354               | 283,604  | 540,826  | 824,430    |
| Pasco                   | WA | 161,700                 | 359,142  | 56,707   | 14,444            | 161,700  | 430,293  | 591,993    |
| Eau Claire              | WI | 260,000                 | 820,689  | None   | 146               | 260,000  | 820,835  | 1,080,835  |
| La Crosse               | WI | 372,883                 | 877,812  | None   | 146               | 372,883  | 877,958  | 1,250,841  |
| Home Improvement        |    |                         |  |  |                   |  |  |            |
| Lawndale                | CA | 667,007                 | 1,238,841  | None   | None              | 667,007  | 1,238,841  | 1,905,848  |
| Los Angeles             | CA | 902,494                 | 1,676,204  | None   | 31                | 902,494  | 1,676,235  | 2,578,729  |
| Los Angeles             | CA | 163,668                 | 304,097  | None   | 78                | 163,668  | 304,175  | 467,843    |
| Van Nuys                | CA | 750,293                 | 1,393,545  | None   | None              | 750,293  | 1,393,545  | 2,143,838  |
| West Covina             | CA | 311,040                 | 577,733  | None   | None              | 311,040  | 577,733  | 888,773    |
| Pensacola               | FL | 419,842                 | 1,899,287  | 91,217   | 261               | 419,842  | 1,990,765  | 2,410,607  |
| Broadview               | IL | 345,166                 | 641,739  | None   | None              | 345,166  | 641,739  | 986,905    |
| Lenexa                  | KS | 1,051,077               | 1,952,233  | None   | None              | 1,051,077  | 1,952,233  | 3,003,310  |
| Lenexa                  | KS | 3,688,591               | 6,850,770  | None   | None              | 3,688,591  | 6,850,770  | 10,539,361 |
| Baltimore               | MD | 171,320                 | 318,882  | None   | 86                | 171,320  | 318,968  | 490,288    |
| Blue Springs            | MO | 870,071                 | 1,616,080  | None   | None              | 870,071  | 1,616,080  | 2,486,151  |
| Chillicothe             | MO | 804,948                 | 1,495,138  | None   | None              | 804,948  | 1,495,138  | 2,300,086  |
| Columbia                | MO | 2,039,436               | 3,787,757  | None   | 30                | 2,039,436  | 3,787,787  | 5,827,223  |
| Columbia                | MO | 1,080,521               | 2,006,915  | None   | None              | 1,080,521  | 2,006,915  | 3,087,436  |
| Fulton                  | MO | 791,603                 | 1,470,353  | None   | None              | 791,603  | 1,470,353  | 2,261,956  |
| Jefferson City          | MO | 1,481,299               | 2,751,217  | None   | None              | 1,481,299  | 2,751,217  | 4,232,516  |
| Kirksville              | MO | 1,421,788               | 2,640,696  | None   | None              | 1,421,788  | 2,640,696  | 4,062,484  |
| Macon                   | MO | 493,394                 | 916,537  | None   | None              | 493,394  | 916,537  | 1,409,931  |
| Moberly                 | MO | 1,293,387               | 2,402,283  | None   | None              | 1,293,387  | 2,402,283  | 3,695,670  |
| Omaha                   | NE | 1,515,773               | 2,816,678  | None   | None              | 1,515,773  | 2,816,678  | 4,332,451  |
| Rochester               | NY | 158,168                 | 294,456  | None   | None              | 158,168  | 294,456  | 452,624    |
| Carrollton              | TX | 201,569                 | 374,342  | None   | None              | 201,569  | 374,342  | 575,911    |
| Midland                 | TX | 1,590,052               | 2,953,473  | None   | None              | 1,590,052  | 2,953,473  | 4,543,525  |
| Odessa                  | TX | 1,346,834               | 2,501,783  | None   | None              | 1,346,834  | 2,501,783  | 3,848,617  |
| Pasadena                | TX | 147,535                 | 274,521  | None   | 128               | 147,535  | 274,649  | 422,184    |
| Plano                   | TX | 363,851                 | 676,249  | None   | None              | 363,851  | 676,249  | 1,040,100  |
| San Antonio             | TX | 367,890                 | 683,750  | None   | None              | 367,890  | 683,750  | 1,051,640  |

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|            |    |         |         |      |        |         |         |         |
|------------|----|---------|---------|------|--------|---------|---------|---------|
| Chesapeake | VA | 144,014 | 649,869 | None | 11,754 | 144,014 | 661,623 | 805,637 |
| Des Moines | IA | 225,771 | 682,604 | None | None   | 225,771 | 682,604 | 908,375 |

Motor Vehicle Dealerships

|             |    |           |           |      |      |           |           |           |
|-------------|----|-----------|-----------|------|------|-----------|-----------|-----------|
| Robertsdale | AL | 3,026,015 | 6,117,490 | None | None | 3,026,015 | 6,117,490 | 9,143,505 |
| Longmont    | CO | 2,502,092 | 6,906,609 | None | 115  | 2,502,092 | 6,906,724 | 9,408,816 |
| Gulf Breeze | FL | 3,518,413 | 905,480   | None | None | 3,518,413 | 905,480   | 4,423,893 |
| Woodstock   | GA | 2,509,102 | 2,509,993 | None | None | 2,509,102 | 2,509,993 | 5,019,095 |
| Island Lake | IL | 2,107,134 | 6,383,412 | None | None | 2,107,134 | 6,383,412 | 8,490,546 |
| Colfax      | NC | 1,125,979 | 2,196,033 | None | None | 1,125,979 | 2,196,033 | 3,322,012 |

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| Description<br>(Note 1)   | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |            |            |
|---------------------------|-------------------------|--|--|-------------------|--|--|------------|------------|
|                           | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total      |            |
| Statesville               | NC                      | 2,353,825  | 4,159,653  | None              | None   | 2,353,825  | 4,159,653  | 6,513,478  |
| Chichester                | NH                      | 578,314  | 4,546,307  | None              | None   | 578,314  | 4,546,307  | 5,124,621  |
| Churchville               | NY                      | 1,000,000  | 5,755,166  | None              | None   | 1,000,000  | 5,755,166  | 6,755,166  |
| Green                     | OH                      | 715,953  | 554,589  | None              | None   | 715,953  | 554,589    | 1,270,542  |
| Hillsboro                 | OR                      | 1,611,084  | 1,936,755  | None              | None   | 1,611,084  | 1,936,755  | 3,547,839  |
| Woods<br>Village          | OR                      | 3,822,277  | 5,687,110  | None              | None   | 3,822,277  | 5,687,110  | 9,509,387  |
| Myrtle Beach              | SC                      | 4,099,824  | 2,081,997  | (1,800,804)       | None   | 2,299,020  | 2,081,997  | 4,381,017  |
| Austin                    | TX                      | 2,100,000  | 3,900,895  | None              | None   | 2,100,000  | 3,900,895  | 6,000,895  |
| Katy                      | TX                      | 1,347,454  | 8,564,135  | None              | None   | 1,347,454  | 8,564,135  | 9,911,589  |
| Office Supplies           |                         |  |  |                   |  |  |            |            |
| Lakewood                  | CA                      | 1,398,387  | 3,098,607  | None              | 192  | 1,398,387  | 3,098,799  | 4,497,186  |
| Riverside                 | CA                      | 1,410,177  | 1,659,850  | None              | None   | 1,410,177  | 1,659,850  | 3,070,027  |
| Casselberry               | FL                      | 0  | 1,277,112  | None              | None   | 0  | 1,277,112  | 1,277,112  |
| Hutchinson                | KS                      | 269,964  | 1,704,013  | 52,136            | None   | 269,964  | 1,756,149  | 2,026,113  |
| Salina                    | KS                      | 240,423  | 1,829,837  | 51,939            | None   | 240,423  | 1,881,776  | 2,122,199  |
| Sikeston                  | MO                      | 409,114  | 2,005,416  | None              | None   | 409,114  | 2,005,416  | 2,414,530  |
| Helena                    | MT                      | 564,241  | 1,503,118  | 14,233            | None   | 564,241  | 1,517,351  | 2,081,592  |
| Asheboro                  | NC                      | 465,557  | 2,176,416  | 21,418            | 340  | 465,557  | 2,198,174  | 2,663,731  |
| Westbury                  | NY                      | 3,808,076  | 2,377,932  | 7,206             | 338,968  | 3,808,076  | 2,724,106  | 6,532,182  |
| New<br>Philadelphia       | OH                      | 726,636  | 1,650,672  | 7,960             | 114  | 726,636  | 1,658,746  | 2,385,382  |
| Edmond                    | OK                      | 1,390,000  | 3,009,650  | 8,201             | None   | 1,390,000  | 3,017,851  | 4,407,851  |
| Packaging                 |                         |  |  |                   |  |  |            |            |
| Raphine                   | VA                      | 2,679,884  | 21,236,904                                       | None              | None   | 2,679,884  | 21,236,904 | 23,916,788 |
| Paper                     |                         |  |  |                   |  |  |            |            |
| Marianna                  | FL                      | 1,473,182  | 6,930,359  | None              | None   | 1,473,182  | 6,930,359  | 8,403,541  |
| Pet Supplies and Services |                         |  |  |                   |  |  |            |            |
| Duluth                    | GA                      | 361,058  | 1,591,629  | None              | None   | 361,058  | 1,591,629  | 1,952,687  |
| Marietta                  | GA                      | 495,412  | 1,526,370  | None              | None   | 495,412  | 1,526,370  | 2,021,782  |
| Indianapolis              | IN                      | 427,000  | 1,296,901  | None              | None   | 427,000  | 1,296,901  | 1,723,901  |
| Sudbury                   | MA                      | 543,038  | 2,477,213  | None              | None   | 543,038  | 2,477,213  | 3,020,251  |
| Tyngsborough              | MA                      | 312,204  | 1,222,522  | None              | None   | 312,204  | 1,222,522  | 1,534,726  |
| Warren                    | MI                      | 356,348  | 903,351  | 155,408           | 31,687   | 356,348  | 1,090,446  | 1,446,794  |
| Matthews                  | NC                      | 610,177  | 1,394,743  | 66,945            | None   | 610,177  | 1,461,688  | 2,071,865  |

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|                             |    |         |           |         |        |         |           |           |
|-----------------------------|----|---------|-----------|---------|--------|---------|-----------|-----------|
| North Plainfield            | NJ | 985,430 | 1,590,447 | None    | None   | 985,430 | 1,590,447 | 2,575,877 |
| Albuquerque                 | NM | 684,036 | 874,914   | 305,425 | 21,585 | 684,036 | 1,201,924 | 1,885,960 |
| Franklin                    | OH | 337,572 | 777,943   | 41,328  | 22,715 | 337,572 | 841,986   | 1,179,558 |
| Maineville                  | OH | 173,105 | 384,468   | 24,215  | 12,804 | 173,105 | 421,487   | 594,592   |
| Dickson City                | PA | 659,790 | 1,880,722 | 5,396   | 161    | 659,790 | 1,886,279 | 2,546,069 |
| Mt Pleasant                 | SC | 40,700  | 180,400   | 17,385  | 19,091 | 40,700  | 216,876   | 257,576   |
| Clarksville                 | TN | 290,775 | 395,870   | None    | 340    | 290,775 | 396,210   | 686,985   |
| Restaurants - casual dining |    |         |           |         |        |         |           |           |
| Boaz                        | AL | 829,001 | 1,541,245 | None    | None   | 829,001 | 1,541,245 | 2,370,246 |
| Enterprise                  | AL | 840,946 | 1,563,474 | None    | None   | 840,946 | 1,563,474 | 2,404,420 |

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| Description<br>(Note 1) | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |           | Total     |
|-------------------------|---|-----------|--|-------------------|--|-----------|-----------|-----------|
|                         | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Fees      |           |           |
| Fort Payne              | AL  | 814,113   | 1,513,596  | None              | None   | 814,113   | 1,513,596 | 2,327,709 |
| Gadsden                 | AL  | 851,124   | 1,582,332  | 5,209             | 108  | 851,124   | 1,587,649 | 2,438,773 |
| Huntsville              | AL  | 811,599   | 1,508,927  | None              | None   | 811,599   | 1,508,927 | 2,320,526 |
| Huntsville              | AL  | 826,840   | 1,537,233  | 2,855             | 24   | 826,840   | 1,540,112 | 2,366,952 |
| Sylacauga               | AL  | 801,413   | 1,490,012  | 19,613            | 108  | 801,413   | 1,509,733 | 2,311,146 |
| Conway                  | AR  | 941,465   | 1,750,100  | None              | None   | 941,465   | 1,750,100 | 2,691,565 |
| El Dorado               | AR  | 907,534   | 1,687,608  | None              | 149  | 907,534   | 1,687,757 | 2,595,291 |
| Russellville            | AR  | 864,497   | 1,607,158  | None              | None   | 864,497   | 1,607,158 | 2,471,655 |
| Glendale                | AZ  | 1,511,430 | 3,264,231  | None              | None   | 1,511,430 | 3,264,231 | 4,775,661 |
| Glendale                | AZ  | 624,761   | 895,976  | None              | 50,952   | 624,761   | 946,928   | 1,571,689 |
| Goodyear                | AZ  | 794,360   | 1,274,445  | None              | None   | 794,360   | 1,274,445 | 2,068,805 |
| Surprise                | AZ  | 681,288   | 1,008,310  | None              | None   | 681,288   | 1,008,310 | 1,689,598 |
| San Dimas               | CA  | 240,562   | 445,521  | 46,026            | 2,639  | 240,562   | 494,186   | 734,748   |
| Denver                  | CO  | 540,250   | 1,132,450  | None              | None   | 540,250   | 1,132,450 | 1,672,700 |
| Lakewood                | CO  | 1,606,511 | 5,865  | None              | None   | 1,606,511 | 5,865     | 1,612,376 |
| Parker                  | CO  | 778,054   | 1,148,443  | None              | 13,550   | 778,054   | 1,161,993 | 1,940,047 |
| Cromwell                | CT  | 531,861   | 989,638  | None              | None   | 531,861   | 989,638   | 1,521,499 |
| Danbury                 | CT  | 548,459   | 284,639  | None              | None   | 548,459   | 284,639   | 833,098   |
| East Windsor            | CT  | 0         | 1,235,134  | None              | None   | 0         | 1,235,134 | 1,235,134 |
| Manchester              | CT  | 0         | 1,353,727  | None              | None   | 0         | 1,353,727 | 1,353,727 |
| New Milford             | CT  | 0         | 705,127  | None              | None   | 0         | 705,127   | 705,127   |
| Norwich                 | CT  | 644,000   | 1,198,741  | None              | None   | 644,000   | 1,198,741 | 1,842,741 |
| Plainville              | CT  | 0         | 1,452,933  | None              | None   | 0         | 1,452,933 | 1,452,933 |
| Torrington              | CT  | 504,167   | 939,051  | 957               | 317  | 504,167   | 940,325   | 1,444,492 |
| Unionville              | CT  | 167,740   | 316,672  | None              | None   | 167,740   | 316,672   | 484,412   |
| Waterbury               | CT  | 521,021   | 705,163  | None              | None   | 521,021   | 705,163   | 1,226,184 |
| West Haven              | CT  | 540,663   | 1,006,829  | None              | None   | 540,663   | 1,006,829 | 1,547,492 |
| Windsor Locks           | CT  | 844,967   | 1,571,965  | None              | None   | 844,967   | 1,571,965 | 2,416,932 |
| Casselberry             | FL  | 403,900   | 897,075  | 2,816             | 223  | 403,900   | 900,114   | 1,304,014 |
| Jacksonville            | FL  | 1,451,180 | 658,461  | 25,752            | 23,207   | 1,451,180 | 707,420   | 2,158,600 |
| Land O' Lakes           | FL  | 770,136   | 1,190,937  | None              | None   | 770,136   | 1,190,937 | 1,961,073 |
| Melbourne               | FL  | 0         | 790,083  | 669               | 306  | 0         | 791,058   | 791,058   |
| New Port Richey         | FL  | 929,402   | 1,459,392  | 56,969            | 32,400   | 929,402   | 1,548,761 | 2,478,163 |
| Orlando                 | FL  | 230,000   | 1,066,339  | None              | None   | 230,000   | 1,066,339 | 1,296,339 |
| Orlando                 | FL  | 209,800   | 972,679  | None              | None   | 209,800   | 972,679   | 1,182,479 |

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|                |    |           |           |        |        |           |           |           |
|----------------|----|-----------|-----------|--------|--------|-----------|-----------|-----------|
| Orlando        | FL | 735,000   | 1,367,891 | None   | None   | 735,000   | 1,367,891 | 2,102,891 |
| Orlando        | FL | 0         | 790,583   | None   | 278    | 0         | 790,861   | 790,861   |
| Orlando        | FL | 1,135,310 | 1,306,940 | None   | 18,336 | 1,135,310 | 1,325,276 | 2,460,586 |
| Americus       | GA | 709,624   | 1,319,578 | None   | 24     | 709,624   | 1,319,602 | 2,029,226 |
| Augusta        | GA | 827,895   | 1,539,237 | None   | None   | 827,895   | 1,539,237 | 2,367,132 |
| Gainesville    | GA | 952,660   | 1,770,931 | None   | None   | 952,660   | 1,770,931 | 2,723,591 |
| Lagrange       | GA | 853,599   | 1,586,959 | None   | None   | 853,599   | 1,586,959 | 2,440,558 |
| Lithonia       | GA | 89,220    | 413,647   | None   | None   | 89,220    | 413,647   | 502,867   |
| Norcross       | GA | 827,707   | 1,538,875 | None   | None   | 827,707   | 1,538,875 | 2,366,582 |
| Savannah       | GA | 719,188   | 1,337,352 | None   | None   | 719,188   | 1,337,352 | 2,056,540 |
| Snellville     | GA | 710,600   | 1,321,389 | 64,999 | 882    | 710,600   | 1,387,270 | 2,097,870 |
| Statesboro     | GA | 926,462   | 1,722,290 | None   | None   | 926,462   | 1,722,290 | 2,648,752 |
| Stone Mountain | GA | 215,940   | 1,001,188 | 51,876 | None   | 215,940   | 1,053,064 | 1,269,004 |
| Thomasville    | GA | 894,504   | 1,662,939 | None   | None   | 894,504   | 1,662,939 | 2,557,443 |
| Valdosta       | GA | 901,658   | 1,676,225 | None   | None   | 901,658   | 1,676,225 | 2,577,883 |

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| Description<br>(Note 1) |    | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  | Total     |
|-------------------------|----|-------------------------|--|--|-------------------|--|--|-----------|
|                         |    | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |           |
| Warner Robins           | GA | 896,841                 | 1,667,267  | None   | None              | 896,841  | 1,667,267  | 2,564,108 |
| Waycross                | GA | 956,765                 | 1,778,566  | None   | None              | 956,765  | 1,778,566  | 2,735,331 |
| Altoona                 | IA | 654,179                 | 1,285,639  | None   | None              | 654,179  | 1,285,639  | 1,939,818 |
| Ankeny                  | IA | 100,000                 | 349,218  | 25,075   | None              | 100,000  | 374,293  | 474,293   |
| Burlington              | IA | 653,057                 | 1,214,571  | None   | 284               | 653,057  | 1,214,855  | 1,867,912 |
| Cedar Rapids            | IA | 822,331                 | 1,528,939  | None   | None              | 822,331  | 1,528,939  | 2,351,270 |
| Clive                   | IA | 840,697                 | 1,563,046  | None   | None              | 840,697  | 1,563,046  | 2,403,743 |
| Nampa                   | ID | 74,156                  | 343,820  | None   | 127               | 74,156   | 343,947  | 418,103   |
| Alton                   | IL | 225,785                 | 419,315  | None   | None              | 225,785  | 419,315  | 645,100   |
| Champaign               | IL | 805,888                 | 1,498,402  | None   | 400               | 805,888  | 1,498,802  | 2,304,690 |
| Effingham               | IL | 783,528                 | 1,456,874  | None   | None              | 783,528  | 1,456,874  | 2,240,402 |
| Marion                  | IL | 831,323                 | 1,545,566  | None   | None              | 831,323  | 1,545,566  | 2,376,889 |
| Moline                  | IL | 781,044                 | 1,452,262  | None   | None              | 781,044  | 1,452,262  | 2,233,306 |
| Mt Vernon               | IL | 883,110                 | 1,641,741  | None   | None              | 883,110  | 1,641,741  | 2,524,851 |
| Oswego                  | IL | 953,394                 | 1,208,677  | 1,988  | 32,452            | 953,394  | 1,243,117  | 2,196,511 |
| Peoria                  | IL | 662,460                 | 1,060,577  | 14,651   | 24,139            | 662,460  | 1,099,367  | 1,761,827 |
| Springfield             | IL | 846,830                 | 1,574,436  | None   | None              | 846,830  | 1,574,436  | 2,421,266 |
| Swansea                 | IL | 890,625                 | 1,655,743  | 94,462   | 11,230            | 890,625  | 1,761,435  | 2,652,060 |
| Waukegan                | IL | 1,330,000               | 2,470,909  | None   | None              | 1,330,000  | 2,470,909  | 3,800,909 |
| Anderson                | IN | 831,077                 | 1,545,131  | None   | None              | 831,077  | 1,545,131  | 2,376,208 |
| Elkhart                 | IN | 835,890                 | 1,554,487  | None   | None              | 835,890  | 1,554,487  | 2,390,377 |
| Marion                  | IN | 685,194                 | 1,274,206  | 11,792   | 9,608             | 685,194  | 1,295,606  | 1,980,800 |
| Michigan City           | IN | 840,998                 | 1,563,545  | None   | None              | 840,998  | 1,563,545  | 2,404,543 |
| Terre Haute             | IN | 767,189                 | 1,426,532  | None   | None              | 767,189  | 1,426,532  | 2,193,721 |
| Derby                   | KS | 96,060                  | 445,359  | None   | 196               | 96,060   | 445,555  | 541,615   |
| El Dorado               | KS | 87,400                  | 405,206  | None   | None              | 87,400   | 405,206  | 492,606   |
| Shawnee                 | KS | 953,916                 | 1,773,245  | None   | None              | 953,916  | 1,773,245  | 2,727,161 |
| Wichita                 | KS | 787,377                 | 1,463,936  | None   | None              | 787,377  | 1,463,936  | 2,251,313 |
| Hopkinsville            | KY | 801,532                 | 1,490,241  | None   | None              | 801,532  | 1,490,241  | 2,291,773 |
| Louisville              | KY | 821,990                 | 1,528,282  | None   | None              | 821,990  | 1,528,282  | 2,350,272 |
| Middlesboro             | KY | 859,709                 | 1,598,332  | None   | None              | 859,709  | 1,598,332  | 2,458,041 |
| Murray                  | KY | 831,246                 | 1,545,422  | None   | 187               | 831,246  | 1,545,609  | 2,376,855 |
| Richmond                | KY | 913,770                 | 1,698,726  | None   | None              | 913,770  | 1,698,726  | 2,612,496 |
| Alexandria              | LA | 1,270,223               | 2,361,174  | None   | None              | 1,270,223  | 2,361,174  | 3,631,397 |
| Hammond                 | LA | 1,011,084               | 1,879,972  | None   | None              | 1,011,084  | 1,879,972  | 2,891,056 |
| Houma                   | LA | 1,061,671               | 1,973,864  | None   | None              | 1,061,671  | 1,973,864  | 3,035,535 |
| Jennings                | LA | 107,120                 | 496,636  | None   | 168               | 107,120  | 496,804  | 603,924   |
| Morgan City             | LA | 832,895                 | 1,548,993  | None   | None              | 832,895  | 1,548,993  | 2,381,888 |
| New Iberia              | LA | 917,582                 | 1,706,269  | 80,944   | 30,339            | 917,582  | 1,817,552  | 2,735,134 |

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|            |    |           |           |        |        |           |           |           |
|------------|----|-----------|-----------|--------|--------|-----------|-----------|-----------|
| Opelousas  | LA | 949,157   | 1,764,908 | 36,600 | 20,658 | 949,157   | 1,822,166 | 2,771,323 |
| Pineville  | LA | 1,136,612 | 2,113,040 | None   | None   | 1,136,612 | 2,113,040 | 3,249,652 |
| Ruston     | LA | 982,427   | 1,826,696 | None   | None   | 982,427   | 1,826,696 | 2,809,123 |
| Zachary    | LA | 898,306   | 1,670,527 | None   | None   | 898,306   | 1,670,527 | 2,568,833 |
| Amesbury   | MA | 0         | 790,494   | None   | None   | 0         | 790,494   | 790,494   |
| Attleboro  | MA | 369,815   | 693,655   | None   | None   | 369,815   | 693,655   | 1,063,470 |
| Auburn     | MA | 418,250   | 779,623   | 500    | None   | 418,250   | 780,123   | 1,198,373 |
| Billerica  | MA | 398,292   | 740,107   | None   | 317    | 398,292   | 740,424   | 1,138,716 |
| Chicopee   | MA | 761,606   | 1,417,624 | None   | None   | 761,606   | 1,417,624 | 2,179,230 |
| Chicopee   | MA | 302,982   | 565,894   | None   | 317    | 302,982   | 566,211   | 869,193   |
| Falls      |    |           |           |        |        |           |           |           |
| East       | MA | 614,319   | 1,144,128 | None   | None   | 614,319   | 1,144,128 | 1,758,447 |
| Longmeadow |    |           |           |        |        |           |           |           |

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| Description<br>(Note 1) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent<br>to Acquisition |           | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |            |  |
|-------------------------|-------------------------|--|--------------|--|-----------|--|------------|--|
|                         | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land      | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees                     | Total      |  |
| Gardner MA              | 0                       | 828,564  | None         | None   | 0         | 828,564  | 828,564    |  |
| Great Barrington MA     | 422,625                 | 788,089  | None         | None   | 422,625   | 788,089  | 1,210,714  |  |
| Greenfield MA           | 761,417                 | 1,417,273  | None         | None   | 761,417   | 1,417,273  | 2,178,690  |  |
| Greenfield MA           | 389,436                 | 726,452  | None         | 145  | 389,436   | 726,597  | 1,116,033  |  |
| Hanover MA              | 397,203                 | 281,202  | None         | None   | 397,203   | 281,202  | 678,405    |  |
| Haverhill MA            | 568,635                 | 1,058,815  | None         | None   | 568,635   | 1,058,815  | 1,627,450  |  |
| Holyoke MA              | 577,667                 | 1,076,023  | None         | None   | 577,667   | 1,076,023  | 1,653,690  |  |
| Hyannis MA              | 687,917                 | 1,280,767  | None         | None   | 687,917   | 1,280,767  | 1,968,684  |  |
| Lee MA                  | 540,506                 | 1,007,010  | None         | None   | 540,506   | 1,007,010  | 1,547,516  |  |
| North Adams MA          | 377,300                 | 703,914  | None         | None   | 377,300   | 703,914  | 1,081,214  |  |
| Norwood MA              | 840,616                 | 1,563,923  | None         | None   | 840,616   | 1,563,923  | 2,404,539  |  |
| Palmer MA               | 141,524                 | 598,480  | None         | None   | 141,524   | 598,480  | 740,004    |  |
| Peabody MA              | 529,555                 | 222,590  | None         | None   | 529,555   | 222,590  | 752,145    |  |
| Pittsfield MA           | 286,241                 | 950,022  | None         | None   | 286,241   | 950,022  | 1,236,263  |  |
| Quincy MA               | 289,121                 | 539,719  | None         | 317  | 289,121   | 540,036  | 829,157    |  |
| Raynham MA              | 761,417                 | 1,417,287  | None         | None   | 761,417   | 1,417,287  | 2,178,704  |  |
| Sagamore Beach MA       | 620,188                 | 1,155,007  | None         | None   | 620,188   | 1,155,007  | 1,775,195  |  |
| Saugus MA               | 0                       | 737,971  | None         | None   | 0         | 737,971  | 737,971    |  |
| Seekonk MA              | 614,417                 | 1,144,267  | None         | None   | 614,417   | 1,144,267  | 1,758,684  |  |
| South Dartmouth MA      | 379,217                 | 707,492  | None         | None   | 379,217   | 707,492  | 1,086,709  |  |
| Springfield MA          | 230,030                 | 865,572  | None         | None   | 230,030   | 865,572  | 1,095,602  |  |
| Springfield MA          | 227,207                 | 958,444  | None         | None   | 227,207   | 958,444  | 1,185,651  |  |
| Stoneham MA             | 397,544                 | 191,717  | None         | None   | 397,544   | 191,717  | 589,261    |  |
| Sudbury MA              | 0                       | 633,843  | None         | None   | 0         | 633,843  | 633,843    |  |
| Swansea MA              | 173,853                 | 488,699  | None         | None   | 173,853   | 488,699  | 662,552    |  |
| Tewksbury MA            | 392,079                 | 730,927  | None         | None   | 392,079   | 730,927  | 1,123,006  |  |
| Ware MA                 | 220,457                 | 412,133  | 500          | 317  | 220,457   | 412,950  | 633,407    |  |
| West Springfield MA     | 761,417                 | 1,417,273  | None         | None   | 761,417   | 1,417,273  | 2,178,690  |  |
| West Springfield MA     | 243,556                 | 455,532  | None         | 317  | 243,556   | 455,849  | 699,405    |  |
| Wilbraham MA            | 9,626,112               | 17,877,779   | 2,500        | None   | 9,626,112 | 17,880,279   | 27,506,391 |  |
| Wollaston MA            | 411,366                 | 766,745  | None         | None   | 411,366   | 766,745  | 1,178,111  |  |
| Worcester MA            | 578,336                 | 1,077,426  | None         | None   | 578,336   | 1,077,426  | 1,655,762  |  |
| Waterville ME           | 0                       | 717,653  | None         | None   | 0         | 717,653  | 717,653    |  |
| Windham ME              | 0                       | 831,301  | 1,000        | None   | 0         | 832,301  | 832,301    |  |

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|                   |    |         |           |           |        |         |           |           |
|-------------------|----|---------|-----------|-----------|--------|---------|-----------|-----------|
| Comstock<br>Park  | MI | 810,477 | 1,506,864 | None      | None   | 810,477 | 1,506,864 | 2,317,341 |
| Flint             | MI | 827,853 | 0         | None      | None   | 827,853 | -         | 827,853   |
| Flint             | MI | 885,144 | 1,645,531 | None      | 134    | 885,144 | 1,645,665 | 2,530,809 |
| Lansing           | MI | 873,536 | 1,623,973 | None      | None   | 873,536 | 1,623,973 | 2,497,509 |
| Saginaw           | MI | 766,531 | 1,425,263 | 2,030     | None   | 766,531 | 1,427,293 | 2,193,824 |
| Taylor            | MI | 847,070 | 1,574,821 | 2,030     | 24     | 847,070 | 1,576,875 | 2,423,945 |
| Westland          | MI | 869,530 | 1,616,568 | None      | 134    | 869,530 | 1,616,702 | 2,486,232 |
| Roseville         | MN | 281,600 | 1,305,560 | None      | None   | 281,600 | 1,305,560 | 1,587,160 |
| Belton            | MO | 89,328  | 418,187   | 22,270    | 30     | 89,328  | 440,487   | 529,815   |
| Bridgeton         | MO | 743,559 | 1,585,207 | 109,755   | 21,922 | 743,559 | 1,716,884 | 2,460,443 |
| Cape<br>Girardeau | MO | 745,915 | 1,386,950 | None      | None   | 745,915 | 1,386,950 | 2,132,865 |
| Farmington        | MO | 780,812 | 1,451,767 | None      | None   | 780,812 | 1,451,767 | 2,232,579 |
| Festus            | MO | 808,595 | 1,503,364 | None      | None   | 808,595 | 1,503,364 | 2,311,959 |
| Fulton            | MO | 210,199 | 466,861   | 13,395    | 475    | 210,199 | 480,731   | 690,930   |
| Hazelwood         | MO | 157,117 | 725,327   | (104,329) | None   | 157,117 | 620,998   | 778,115   |
| Jefferson<br>City | MO | 713,088 | 1,325,993 | None      | None   | 713,088 | 1,325,993 | 2,039,081 |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Acc<br>Dep<br>(1) |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|-------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                   |
| Ozark                   | MO 140,000                 | 292,482  | None   | None              | 140,000  | 292,482  | 432,482   |                   |
| Poplar Bluff            | MO 774,256                 | 1,439,603  | None   | None              | 774,256  | 1,439,603  | 2,213,859 |                   |
| Raymore                 | MO 726,583                 | 1,351,055  | None   | None              | 726,583  | 1,351,055  | 2,077,638 |                   |
| Sedalia                 | MO 269,798                 | 599,231  | 11,556   | None              | 269,798  | 610,787  | 880,585   |                   |
| Sedalia                 | MO 696,604                 | 1,295,380  | None   | 721               | 696,604  | 1,296,101  | 1,992,705 |                   |
| St. Charles             | MO 175,413                 | 809,791  | None   | 47                | 175,413  | 809,838  | 985,251   |                   |
| St. Charles             | MO 695,121                 | 1,001,878  | None   | 1,022             | 695,121  | 1,002,900  | 1,698,021 |                   |
| St. Joseph              | MO 775,660                 | 1,785,308  | None   | None              | 775,660  | 1,785,308  | 2,560,968 |                   |
| St. Robert              | MO 744,158                 | 1,383,694  | None   | None              | 744,158  | 1,383,694  | 2,127,852 |                   |
| Sullivan                | MO 85,500                  | 396,400  | (40,743)   | 13,500            | 85,500   | 369,157  | 454,657   |                   |
| Columbus                | MS 720,310                 | 1,339,963  | None   | None              | 720,310  | 1,339,963  | 2,060,273 |                   |
| Corinth                 | MS 867,086                 | 1,612,029  | None   | None              | 867,086  | 1,612,029  | 2,479,115 |                   |
| Hattiesburg             | MS 856,070                 | 1,592,088  | None   | None              | 856,070  | 1,592,088  | 2,448,158 |                   |
| Laurel                  | MS 778,938                 | 1,448,844  | None   | None              | 778,938  | 1,448,844  | 2,227,782 |                   |
| Meridian                | MS 0                       | 2,481,172  | None   | None              | 0  | 2,481,172  | 2,481,172 |                   |
| Vicksburg               | MS 698,189                 | 1,298,881  | 68,650   | 17,663            | 698,189  | 1,385,194  | 2,083,383 |                   |
| Albemarle               | NC 721,392                 | 1,341,825  | None   | 223               | 721,392  | 1,342,048  | 2,063,440 |                   |
| Asheville               | NC 838,421                 | 1,558,792  | None   | None              | 838,421  | 1,558,792  | 2,397,213 |                   |
| Forest City             | NC 872,424                 | 1,621,940  | None   | None              | 872,424  | 1,621,940  | 2,494,364 |                   |
| Goldsboro               | NC 811,502                 | 1,509,029  | 71,629   | 16,442            | 811,502  | 1,597,100  | 2,408,602 |                   |
| Kernersville            | NC 836,896                 | 1,556,334  | None   | 6,380             | 836,896  | 1,562,714  | 2,399,610 |                   |
| Roanoke                 | NC 834,223                 | 1,551,226  | None   | 187               | 834,223  | 1,551,413  | 2,385,636 |                   |
| Rapids                  |                            |  |  |                   |  |  |           |                   |
| Salisbury               | NC 777,412                 | 1,445,863  | None   | None              | 777,412  | 1,445,863  | 2,223,275 |                   |
| Sylva                   | NC 919,724                 | 1,709,783  | None   | None              | 919,724  | 1,709,783  | 2,629,507 |                   |
| Bellevue                | NE 656,061                 | 1,004,384  | None   | None              | 656,061  | 1,004,384  | 1,660,445 |                   |
| Omaha                   | NE 592,716                 | 1,009,253  | None   | None              | 592,716  | 1,009,253  | 1,601,969 |                   |
| Papillion               | NE 654,788                 | 908,685  | None   | None              | 654,788  | 908,685  | 1,563,473 |                   |
| Concord                 | NH 577,667                 | 1,075,628  | None   | None              | 577,667  | 1,075,628  | 1,653,295 |                   |
| Concord                 | NH 849,884                 | 1,581,175  | None   | None              | 849,884  | 1,581,175  | 2,431,059 |                   |
| Dover                   | NH 687,917                 | 1,280,378  | None   | None              | 687,917  | 1,280,378  | 1,968,295 |                   |
| Keene                   | NH 253,769                 | 310,470  | None   | None              | 253,769  | 310,470  | 564,239   |                   |
| Laconia                 | NH 330,520                 | 467,594  | None   | None              | 330,520  | 467,594  | 798,114   |                   |
| Manchester              | NH 266,337                 | 486,676  | None   | None              | 266,337  | 486,676  | 753,013   |                   |
| North                   | NH 473,031                 | 607,020  | None   | None              | 473,031  | 607,020  | 1,080,051 |                   |
| Conway                  |                            |  |  |                   |  |  |           |                   |
| Portsmouth              | NH 391,650                 | 730,167  | None   | 334               | 391,650  | 730,501  | 1,122,151 |                   |
| Rochester               | NH 262,059                 | 695,771  | None   | None              | 262,059  | 695,771  | 957,830   |                   |
| Bloomfield              | NJ 556,520                 | 260,498  | None   | None              | 556,520  | 260,498  | 817,018   |                   |

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|                   |    |         |           |       |      |         |           |           |
|-------------------|----|---------|-----------|-------|------|---------|-----------|-----------|
| Clark             | NJ | 541,792 | 1,009,085 | None  | None | 541,792 | 1,009,085 | 1,550,877 |
| Hackettstown      | NJ | 307,186 | 525,142   | None  | None | 307,186 | 525,142   | 832,328   |
| Hazlet            | NJ | 614,417 | 1,143,885 | None  | None | 614,417 | 1,143,885 | 1,758,302 |
| Hillsdale         | NJ | 398,221 | 204,106   | None  | None | 398,221 | 204,106   | 602,327   |
| Middletown        | NJ | 0       | 640,403   | None  | None | 0       | 640,403   | 640,403   |
| Moorestown        | NJ | 294,708 | 550,139   | None  | 4    | 294,708 | 550,143   | 844,851   |
| Morris Plains     | NJ | 366,982 | 188,123   | None  | None | 366,982 | 188,123   | 555,105   |
| Mt. Holly         | NJ | 0       | 1,092,178 | None  | None | 0       | 1,092,178 | 1,092,178 |
| Passaic           | NJ | 328,284 | 612,517   | 2,300 | None | 328,284 | 614,817   | 943,101   |
| Pompton<br>Plains | NJ | 455,700 | 849,125   | None  | None | 455,700 | 849,125   | 1,304,825 |
| Toms River        | NJ | 826,449 | 1,537,659 | None  | None | 826,449 | 1,537,659 | 2,364,108 |
| Albuquerque       | NM | 732,059 | 1,036,922 | None  | None | 732,059 | 1,036,922 | 1,768,981 |
| Albany            | NY | 457,538 | 852,510   | None  | 145  | 457,538 | 852,655   | 1,310,193 |

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| Description<br>(Note 1) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent<br>to Acquisition |           | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |           |  |
|-------------------------|-------------------------|--|--------------|--|-----------|--|-----------|--|
|                         | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land      | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees                     | Total     |  |
| Carmel NY               | 266,619                 | 707,819  | None         | None   | 266,619   | 707,819  | 974,438   |  |
| Clifton Park NY         | 1,040,997               | 1,936,100  | None         | None   | 1,040,997 | 1,936,100  | 2,977,097 |  |
| Delmar NY               | 316,382                 | 590,387  | None         | 145  | 316,382   | 590,532  | 906,914   |  |
| East Greenbush NY       | 623,313                 | 1,160,389  | None         | None   | 623,313   | 1,160,389  | 1,783,702 |  |
| Kingston NY             | 430,667                 | 802,583  | None         | None   | 430,667   | 802,583  | 1,233,250 |  |
| Latham NY               | 651,167                 | 1,212,133  | None         | None   | 651,167   | 1,212,133  | 1,863,300 |  |
| Middletown NY           | 242,459                 | 796,905  | None         | 151  | 242,459   | 797,056  | 1,039,515 |  |
| New Hartford NY         | 226,041                 | 422,563  | None         | None   | 226,041   | 422,563  | 648,604   |  |
| Plattsburgh NY          | 977,012                 | 1,817,269  | None         | None   | 977,012   | 1,817,269  | 2,794,281 |  |
| Akron OH                | 318,182                 | 593,654  | None         | None   | 318,182   | 593,654  | 911,836   |  |
| Akron OH                | 318,182                 | 593,654  | None         | None   | 318,182   | 593,654  | 911,836   |  |
| Akron OH                | 723,347                 | 17   | 10,940       | 44,667   | 723,347   | 55,624   | 778,971   |  |
| Beavercreek OH          | 229,445                 | 428,857  | None         | None   | 229,445   | 428,857  | 658,302   |  |
| Defiance OH             | 71,273                  | 135,109  | None         | 358  | 71,273    | 135,467  | 206,740   |  |
| Elyria OH               | 79,545                  | 150,491  | None         | None   | 79,545    | 150,491  | 230,036   |  |
| Marion OH               | 739,651                 | 1,375,358  | None         | None   | 739,651   | 1,375,358  | 2,115,009 |  |
| Maumee OH               | 296,970                 | 555,134  | None         | None   | 296,970   | 555,134  | 852,104   |  |
| Mt. Vernon OH           | 147,212                 | 276,407  | None         | None   | 147,212   | 276,407  | 423,619   |  |
| Mt. Vernon OH           | 726,626                 | 1,351,151  | None         | 399  | 726,626   | 1,351,550  | 2,078,176 |  |
| North Canton OH         | 487,879                 | 908,806  | None         | None   | 487,879   | 908,806  | 1,396,685 |  |
| Parma Heights OH        | 275,758                 | 514,866  | None         | None   | 275,758   | 514,866  | 790,624   |  |
| Sandusky OH             | 824,270                 | 1,532,494  | None         | None   | 824,270   | 1,532,494  | 2,356,764 |  |
| Sandusky OH             | 128,158                 | 240,761  | None         | None   | 128,158   | 240,761  | 368,919   |  |
| Stow OH                 | 317,546                 | 712,455  | None         | 114  | 317,546   | 712,569  | 1,030,115 |  |
| Troy OH                 | 255,353                 | 476,973  | None         | None   | 255,353   | 476,973  | 732,326   |  |
| Vandalia OH             | 145,833                 | 273,579  | None         | None   | 145,833   | 273,579  | 419,412   |  |
| Westlake OH             | 169,697                 | 317,897  | None         | None   | 169,697   | 317,897  | 487,594   |  |
| Wooster OH              | 763,642                 | 1,419,901  | None         | 399  | 763,642   | 1,420,300  | 2,183,942 |  |
| Norman OK               | 734,335                 | 335,097  | None         | 78,164   | 734,335   | 413,261  | 1,147,596 |  |
| Oklahoma City OK        | 759,826                 | 0  | None         | None   | 759,826   | -  | 759,826   |  |
| Oklahoma City OK        | 1,165,405               | 2,165,989  | None         | 173  | 1,165,405 | 2,166,162  | 3,331,567 |  |
| Tulsa OK                | 490,000                 | 910,004  | None         | 173  | 490,000   | 910,177  | 1,400,177 |  |
| Tulsa OK                | 360,500                 | 669,605  | None         | 173  | 360,500   | 669,778  | 1,030,278 |  |
| Tulsa OK                | 1,021,904               | 1,899,486  | None         | 173  | 1,021,904 | 1,899,659  | 2,921,563 |  |

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|              |    |         |           |        |        |         |           |           |
|--------------|----|---------|-----------|--------|--------|---------|-----------|-----------|
| Hermiston    | OR | 85,560  | 396,675   | 18,088 | 266    | 85,560  | 415,029   | 500,589   |
| Lake         | OR | 175,899 | 815,508   | None   | 5      | 175,899 | 815,513   | 991,412   |
| Oswego       |    |         |           |        |        |         |           |           |
| Feasterville | PA | 236,303 | 441,673   | None   | None   | 236,303 | 441,673   | 677,976   |
| Gap          | PA | 0       | 1,012,812 | 1,000  | None   | 0       | 1,013,812 | 1,013,812 |
| Gettysburg   | PA | 289,040 | 809,676   | None   | None   | 289,040 | 809,676   | 1,098,716 |
| Harrisburg   | PA | 577,667 | 1,075,635 | None   | None   | 577,667 | 1,075,635 | 1,653,302 |
| Horsham      | PA | 554,361 | 1,032,352 | None   | None   | 554,361 | 1,032,352 | 1,586,713 |
| Indiana      | PA | 828,653 | 1,540,630 | None   | 439    | 828,653 | 1,541,069 | 2,369,722 |
| Lancaster    | PA | 170,304 | 413,960   | None   | None   | 170,304 | 413,960   | 584,264   |
| Lancaster    | PA | 276,251 | 460,784   | None   | None   | 276,251 | 460,784   | 737,035   |
| Lebanon      | PA | 0       | 1,292,172 | None   | None   | 0       | 1,292,172 | 1,292,172 |
| Philadelphia | PA | 503,556 | 937,999   | None   | None   | 503,556 | 937,999   | 1,441,555 |
| Cranston     | RI | 0       | 790,899   | None   | None   | 0       | 790,899   | 790,899   |
| North        | RI | 0       | 790,921   | None   | None   | 0       | 790,921   | 790,921   |
| Providence   |    |         |           |        |        |         |           |           |
| Pawtucket    | RI | 0       | 457,462   | None   | None   | 0       | 457,462   | 457,462   |
| Gaffney      | SC | 727,738 | 1,353,238 | 19,998 | 29,532 | 727,738 | 1,402,768 | 2,130,506 |

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| Description<br>(Note 1) |    | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           |
|-------------------------|----|-------------------------|--|--|-------------------|--|--|-----------|
|                         |    | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |
| Lancaster               | SC | 778,616                 | 1,448,099  | 3,546  | 24                | 778,616  | 1,451,669  | 2,230,285 |
| Rock Hill               | SC | 826,216                 | 1,536,499  | None   | 462               | 826,216  | 1,536,961  | 2,363,177 |
| Chattanooga             | TN | 827,594                 | 1,538,633  | None   | None              | 827,594  | 1,538,633  | 2,366,227 |
| Chattanooga             | TN | 933,003                 | 1,734,392  | 158,902  | 19,980            | 933,003  | 1,913,274  | 2,846,277 |
| Dyersburg               | TN | 695,135                 | 1,292,644  | 90,256   | 25,739            | 695,135  | 1,408,639  | 2,103,774 |
| Greeneville             | TN | 936,669                 | 1,741,253  | None   | None              | 936,669  | 1,741,253  | 2,677,922 |
| Johnson City            | TN | 881,225                 | 1,638,285  | None   | None              | 881,225  | 1,638,285  | 2,519,510 |
| Kingsport               | TN | 786,332                 | 1,462,055  | 107,280  | 10,878            | 786,332  | 1,580,213  | 2,366,545 |
| McMinnville             | TN | 703,355                 | 1,307,903  | 8,476  | 6,045             | 703,355  | 1,322,424  | 2,025,779 |
| Memphis                 | TN | 405,274                 | 1,060,680  | None   | None              | 405,274  | 1,060,680  | 1,465,954 |
| Memphis                 | TN | 871,951                 | 1,621,017  | 66,136   | 22,161            | 871,951  | 1,709,314  | 2,581,265 |
| Newport                 | TN | 640,841                 | 1,191,858  | 15,271   | 20,171            | 640,841  | 1,227,300  | 1,868,141 |
| Amarillo                | TX | 763,283                 | 1,995,460  | None   | None              | 763,283  | 1,995,460  | 2,758,743 |
| Austin                  | TX | 1,049,946               | 1,952,028  | None   | None              | 1,049,946  | 1,952,028  | 3,001,974 |
| Austin                  | TX | 976,803                 | 1,361,281  | 36,880   | 30,504            | 976,803  | 1,428,665  | 2,405,468 |
| Austin                  | TX | 699,395                 | 1,167,223  | None   | 33,872            | 699,395  | 1,201,095  | 1,900,490 |
| Bedford                 | TX | 919,303                 | 98,231   | 23,966   | 95                | 919,303  | 122,292  | 1,041,595 |
| Cedar Park              | TX | 634,489                 | 1,472,504  | None   | 28,762            | 634,489  | 1,501,266  | 2,135,755 |
| Crockett                | TX | 90,780                  | 420,880  | 22,638   | 1,971             | 90,780   | 445,489  | 536,269   |
| Dallas                  | TX | 742,507                 | 0  | 13,316   | 447               | 742,507  | 13,763   | 756,270   |
| El Campo                | TX | 98,060                  | 454,631  | None   | None              | 98,060   | 454,631  | 552,691   |
| Georgetown              | TX | 870,981                 | 1,177,824  | 168,185  | 34,110            | 870,981  | 1,380,119  | 2,251,100 |
| Greenville              | TX | 909,311                 | 1,690,848  | 34,606   | 28,728            | 909,311  | 1,754,182  | 2,663,493 |
| Harker<br>Heights       | TX | 943,812                 | 1,897,644  | None   | None              | 943,812  | 1,897,644  | 2,841,456 |
| Hillsboro               | TX | 75,992                  | 352,316  | 78,212   | 14,563            | 75,992   | 445,091  | 521,083   |
| Houston                 | TX | 989,152                 | 1,838,713  | None   | 469               | 989,152  | 1,839,182  | 2,828,334 |
| Houston                 | TX | 1,096,376               | 2,300,690  | 235,500  | 102,443           | 1,096,376  | 2,638,633  | 3,735,009 |
| Irving                  | TX | 1,500,411               | 2,156  | None   | None              | 1,500,411  | 2,156  | 1,502,567 |
| Killeen                 | TX | 1,327,348               | 2,467,204  | None   | None              | 1,327,348  | 2,467,204  | 3,794,552 |
| Live Oak                | TX | 727,956                 | 1,214,835  | 181,920  | 33,148            | 727,956  | 1,429,903  | 2,157,859 |
| Longview                | TX | 1,231,857               | 2,289,864  | None   | None              | 1,231,857  | 2,289,864  | 3,521,721 |
| Lufkin                  | TX | 105,904                 | 490,998  | None   | None              | 105,904  | 490,998  | 596,902   |
| Mesquite                | TX | 134,940                 | 625,612  | None   | None              | 134,940  | 625,612  | 760,552   |
| Mesquite                | TX | 729,596                 | 120,820  | None   | None              | 729,596  | 120,820  | 850,416   |
| Mesquite                | TX | 984,909                 | 1,831,268  | None   | 20,312            | 984,909  | 1,851,580  | 2,836,489 |
| Mexia                   | TX | 93,620                  | 434,046  | 50,273   | 11,861            | 93,620   | 496,180  | 589,800   |
| New<br>Braunfels        | TX | 860,262                 | 1,169,016  | 250,000  | 56,862            | 860,262  | 1,475,878  | 2,336,140 |
| Palestine               | TX | 825,066                 | 1,534,394  | None   | None              | 825,066  | 1,534,394  | 2,359,460 |

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|              |    |           |           |        |        |           |           |           |
|--------------|----|-----------|-----------|--------|--------|-----------|-----------|-----------|
| Plano        | TX | 2,420,222 | 769       | None   | None   | 2,420,222 | 769       | 2,420,991 |
| San Antonio  | TX | 690,443   | 1,109,136 | None   | 40,933 | 690,443   | 1,150,069 | 1,840,512 |
| San Antonio  | TX | 835,586   | 1,227,220 | None   | 45,378 | 835,586   | 1,272,598 | 2,108,184 |
| San Antonio  | TX | 835,431   | 1,185,257 | None   | 49,931 | 835,431   | 1,235,188 | 2,070,619 |
| Temple       | TX | 797,574   | 1,193,813 | 1,350  | 19,714 | 797,574   | 1,214,877 | 2,012,451 |
| Waxahachie   | TX | 1,035,794 | 1,925,746 | None   | 83     | 1,035,794 | 1,925,829 | 2,961,623 |
| Waxahachie   | TX | 326,935   | 726,137   | None   | 8,433  | 326,935   | 734,570   | 1,061,505 |
| Sandy        | UT | 635,945   | 884,792   | None   | 286    | 635,945   | 885,078   | 1,521,023 |
| Bluefield    | VA | 845,277   | 1,571,754 | None   | None   | 845,277   | 1,571,754 | 2,417,031 |
| Chester      | VA | 541,628   | 1,008,771 | None   | None   | 541,628   | 1,008,771 | 1,550,399 |
| Danville     | VA | 751,055   | 1,396,772 | 66,062 | 18,690 | 751,055   | 1,481,524 | 2,232,579 |
| Martinsville | VA | 833,114   | 1,549,167 | None   | None   | 833,114   | 1,549,167 | 2,382,281 |

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Table of contents

| Description<br>(Note 1)     | Initial Cost to<br>Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Acc<br>Dep<br>(M |
|-----------------------------|--|-----------|--|-------------------|--|--|-----------|------------------|
|                             | Land   | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                  |
| Midlothian                  | VA 421,479   | 785,639   | None   | 145               | 421,479  | 785,784  | 1,207,263 |                  |
| Richmond                    | VA 326,265   | 608,812   | None   | 145               | 326,265  | 608,957  | 935,222   |                  |
| Richmond                    | VA 385,000   | 717,891   | None   | 145               | 385,000  | 718,036  | 1,103,036 |                  |
| Staunton                    | VA 867,684   | 1,613,368 | 17,107   | 39,801            | 867,684  | 1,670,276  | 2,537,960 |                  |
| Suffolk                     | VA 816,986   | 1,519,214 | None   | 153               | 816,986  | 1,519,367  | 2,336,353 |                  |
| Williamsburg                | VA 651,167   | 1,212,201 | None   | None              | 651,167  | 1,212,201  | 1,863,368 |                  |
| Bennington                  | VT 118,823   | 673,551   | None   | None              | 118,823  | 673,551  | 792,374   |                  |
| Brattleboro                 | VT 0   | 738,115   | None   | None              | 0  | 738,115  | 738,115   |                  |
| Rutland                     | VT 812,197   | 1,511,184 | None   | None              | 812,197  | 1,511,184  | 2,323,381 |                  |
| Williston                   | VT 0   | 1,197,659 | None   | None              | 0  | 1,197,659  | 1,197,659 |                  |
| Tacoma                      | WA 198,857   | 921,947   | 51,224   | 122               | 198,857  | 973,293  | 1,172,150 |                  |
| Sturgeon Bay                | WI 214,865   | 477,221   | 34,385   | 243               | 214,865  | 511,849  | 726,714   |                  |
| Parkersburg                 | WV 722,732   | 1,343,920 | 2,107  | 16,667            | 722,732  | 1,362,694  | 2,085,426 |                  |
| Laramie                     | WY 210,000   | 466,417   | 3,195  | 72                | 210,000  | 469,684  | 679,684   |                  |
| Restaurants - quick service |  |           |  |                   |  |  |           |                  |
| Alabaster                   | AL 335,197   | 622,697   | None   | None              | 335,197  | 622,697  | 957,894   |                  |
| Andalusia                   | AL 252,403   | 468,949   | None   | None              | 252,403  | 468,949  | 721,352   |                  |
| Atmore                      | AL 272,044   | 505,636   | None   | None              | 272,044  | 505,636  | 777,680   |                  |
| Attalla                     | AL 148,993   | 276,890   | None   | None              | 148,993  | 276,890  | 425,883   |                  |
| Bessemer                    | AL 172,438   | 320,429   | None   | None              | 172,438  | 320,429  | 492,867   |                  |
| Brent                       | AL 134,432   | 249,846   | None   | None              | 134,432  | 249,846  | 384,278   |                  |
| Clanton                     | AL 230,036   | 427,391   | None   | None              | 230,036  | 427,391  | 657,427   |                  |
| Demopolis                   | AL 251,349   | 466,972   | None   | None              | 251,349  | 466,972  | 718,321   |                  |
| Evergreen                   | AL 148,982   | 276,881   | None   | None              | 148,982  | 276,881  | 425,863   |                  |
| Fort Payne                  | AL 303,056   | 563,001   | None   | None              | 303,056  | 563,001  | 866,057   |                  |
| Gadsden                     | AL 242,194   | 449,977   | None   | None              | 242,194  | 449,977  | 692,171   |                  |
| Gardendale                  | AL 398,669   | 740,568   | None   | None              | 398,669  | 740,568  | 1,139,237 |                  |
| Greenville                  | AL 226,108   | 420,117   | None   | None              | 226,108  | 420,117  | 646,225   |                  |
| Haleyville                  | AL 262,500   | 488,357   | None   | None              | 262,500  | 488,357  | 750,857   |                  |
| Hamilton                    | AL 214,198   | 397,991   | None   | None              | 214,198  | 397,991  | 612,189   |                  |
| Hoover                      | AL 251,434   | 467,185   | None   | None              | 251,434  | 467,185  | 718,619   |                  |
| Hueytown                    | AL 281,422   | 522,828   | None   | None              | 281,422  | 522,828  | 804,250   |                  |
| Leeds                       | AL 171,145   | 318,028   | None   | None              | 171,145  | 318,028  | 489,173   |                  |
| Mobile                      | AL 286,333   | 531,950   | None   | None              | 286,333  | 531,950  | 818,283   |                  |
| Montgomery                  | AL 143,693   | 267,060   | None   | None              | 143,693  | 267,060  | 410,753   |                  |
| Montgomery                  | AL 145,206   | 269,870   | None   | None              | 145,206  | 269,870  | 415,076   |                  |
| Montgomery                  | AL 380,468   | 706,777   | None   | None              | 380,468  | 706,777  | 1,087,245 |                  |

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|              |    |         |         |      |      |         |         |           |
|--------------|----|---------|---------|------|------|---------|---------|-----------|
| Opp          | AL | 160,778 | 298,782 | None | None | 160,778 | 298,782 | 459,560   |
| Prattville   | AL | 254,278 | 472,432 | None | None | 254,278 | 472,432 | 726,710   |
| Trussville   | AL | 256,485 | 476,510 | None | None | 256,485 | 476,510 | 732,995   |
| Warrior      | AL | 159,109 | 295,676 | None | None | 159,109 | 295,676 | 454,785   |
| Arkadelphia  | AR | 248,868 | 462,744 | None | None | 248,868 | 462,744 | 711,612   |
| Bentonville  | AR | 377,086 | 700,582 | None | None | 377,086 | 700,582 | 1,077,668 |
| Hope         | AR | 288,643 | 536,715 | None | None | 288,643 | 536,715 | 825,358   |
| Jacksonville | AR | 267,376 | 497,124 | None | None | 267,376 | 497,124 | 764,500   |
| Jonesboro    | AR | 173,984 | 323,371 | None | None | 173,984 | 323,371 | 497,355   |
| Little Rock  | AR | 317,000 | 589,377 | None | None | 317,000 | 589,377 | 906,377   |
| Little Rock  | AR | 216,570 | 402,459 | None | None | 216,570 | 402,459 | 619,029   |
| Malvern      | AR | 219,703 | 408,588 | None | None | 219,703 | 408,588 | 628,291   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accu<br>Depr<br>(N |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|--------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                    |
| North Little Rock       | AR 376,320                 | 699,138  | None   | None              | 376,320  | 699,138  | 1,075,458 |                    |
| Pocahontas              | AR 241,128                 | 447,988  | None   | None              | 241,128  | 447,988  | 689,116   |                    |
| Siloam Springs          | AR 190,000                 | 352,808  | None   | None              | 190,000  | 352,808  | 542,808   |                    |
| Glendale                | AZ 740,707                 | 1,376,143  | None   | None              | 740,707  | 1,376,143  | 2,116,850 |                    |
| Phoenix                 | AZ 704,014                 | 1,307,998  | (145,542)  | None              | 558,472  | 1,307,998  | 1,866,470 |                    |
| Phoenix                 | AZ 766,680                 | 1,424,378  | None   | None              | 766,680  | 1,424,378  | 2,191,058 |                    |
| Phoenix                 | AZ 813,750                 | 1,511,928  | None   | None              | 813,750  | 1,511,928  | 2,325,678 |                    |
| Tempe                   | AZ 525,463                 | 976,404  | None   | None              | 525,463  | 976,404  | 1,501,867 |                    |
| Tucson                  | AZ 463,231                 | 860,982  | None   | None              | 463,231  | 860,982  | 1,324,213 |                    |
| Tucson                  | AZ 496,194                 | 922,053  | None   | None              | 496,194  | 922,053  | 1,418,247 |                    |
| Tucson                  | AZ 107,393                 | 500,154  | None   | 61                | 107,393  | 500,215  | 607,608   |                    |
| Yuma                    | AZ 236,121                 | 541,651  | None   | None              | 236,121  | 541,651  | 777,772   |                    |
| Barstow                 | CA 689,842                 | 690,204  | None   | None              | 689,842  | 690,204  | 1,380,046 |                    |
| Fresno                  | CA 561,502                 | 1,043,688  | None   | None              | 561,502  | 1,043,688  | 1,605,190 |                    |
| Livermore               | CA 662,161                 | 823,242  | None   | None              | 662,161  | 823,242  | 1,485,403 |                    |
| Rancho Cucamonga        | CA 95,192                  | 441,334  | None   | 5                 | 95,192   | 441,339  | 536,531   |                    |
| Riverside               | CA 90,000                  | 170,394  | 135,301  | None              | 90,000   | 305,695  | 395,695   |                    |
| Sacramento              | CA 386,793                 | 417,290  | None   | 127               | 386,793  | 417,417  | 804,210   |                    |
| San Ramon               | CA 406,000                 | 1,126,930  | None   | None              | 406,000  | 1,126,930  | 1,532,930 |                    |
| Aurora                  | CO 288,558                 | 537,322  | None   | None              | 288,558  | 537,322  | 825,880   |                    |
| Aurora                  | CO 210,000                 | 540,346  | None   | None              | 210,000  | 540,346  | 750,346   |                    |
| Broomfield              | CO 444,277                 | 0  | None   | None              | 444,277  | -  | 444,277   |                    |
| Brush                   | CO 90,000                  | 220,976  | None   | None              | 90,000   | 220,976  | 310,976   |                    |
| Colorado Springs        | CO 152,000                 | 704,736  | None   | None              | 152,000  | 704,736  | 856,736   |                    |
| Fort Morgan             | CO 80,000                  | 350,452  | None   | None              | 80,000   | 350,452  | 430,452   |                    |
| Lafayette               | CO 450,000                 | 59,281   | None   | None              | 450,000  | 59,281   | 509,281   |                    |
| Lakewood                | CO 510,000                 | 124,971  | None   | None              | 510,000  | 124,971  | 634,971   |                    |
| Littleton               | CO 700,000                 | 1,301,370  | None   | None              | 700,000  | 1,301,370  | 2,001,370 |                    |
| Littleton               | CO 260,000                 | 508,347  | None   | None              | 260,000  | 508,347  | 768,347   |                    |
| Littleton               | CO 470,000                 | 207,744  | None   | None              | 470,000  | 207,744  | 677,744   |                    |
| Westminster             | CO 261,466                 | 487,102  | None   | None              | 261,466  | 487,102  | 748,568   |                    |
| Meriden                 | CT 369,482                 | 687,116  | None   | None              | 369,482  | 687,116  | 1,056,598 |                    |
| Newark                  | DE 647,500                 | 1,203,300  | None   | None              | 647,500  | 1,203,300  | 1,850,800 |                    |
| Chipley                 | FL 270,439                 | 502,655  | None   | None              | 270,439  | 502,655  | 773,094   |                    |
| Clearwater              | FL 484,090                 | 899,658  | None   | None              | 484,090  | 899,658  | 1,383,748 |                    |

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|                    |    |         |           |      |      |         |           |           |
|--------------------|----|---------|-----------|------|------|---------|-----------|-----------|
| Clearwater         | FL | 370,000 | 512,393   | None | None | 370,000 | 512,393   | 882,393   |
| Cutler Bay         | FL | 962,500 | 1,788,329 | None | None | 962,500 | 1,788,329 | 2,750,829 |
| Dade City          | FL | 140,000 | 387,991   | None | None | 140,000 | 387,991   | 527,991   |
| DeFuniak           | FL | 269,554 | 501,010   | None | None | 269,554 | 501,010   | 770,564   |
| Dunedin            | FL | 440,000 | 100,727   | None | None | 440,000 | 100,727   | 540,727   |
| Jacksonville       | FL | 150,210 | 693,445   | None | 253  | 150,210 | 693,698   | 843,908   |
| Lake Mary          | FL | 774,043 | 1,438,165 | None | None | 774,043 | 1,438,165 | 2,212,208 |
| Lake Placid        | FL | 220,000 | 206,076   | None | None | 220,000 | 206,076   | 426,076   |
| Lakeland           | FL | 310,000 | 519,387   | None | None | 310,000 | 519,387   | 829,387   |
| Lakeland           | FL | 530,000 | 556,704   | None | None | 530,000 | 556,704   | 1,086,704 |
| Lakeland           | FL | 170,000 | 288,777   | None | None | 170,000 | 288,777   | 458,777   |
| Margate            | FL | 688,583 | 1,279,430 | None | None | 688,583 | 1,279,430 | 1,968,013 |
| Miami              | FL | 962,500 | 1,788,139 | None | None | 962,500 | 1,788,139 | 2,750,639 |
| Miami<br>Beach     | FL | 786,510 | 1,461,294 | None | None | 786,510 | 1,461,294 | 2,247,804 |
| New Port<br>Richey | FL | 260,000 | 579,385   | None | None | 260,000 | 579,385   | 839,385   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Acco<br>Dep<br>(1) |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|--------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                    |
| North Miami Bch.        | FL 505,870                 | 940,302  | None   | None              | 505,870  | 940,302  | 1,446,172 |                    |
| Orlando                 | FL 600,000                 | 949,489  | None   | None              | 600,000  | 949,489  | 1,549,489 |                    |
| Oviedo                  | FL 204,200                 | 911,338  | None   | None              | 204,200  | 911,338  | 1,115,538 |                    |
| Oviedo                  | FL 465,993                 | 866,048  | None   | None              | 465,993  | 866,048  | 1,332,041 |                    |
| Oviedo                  | FL 456,108                 | 847,515  | None   | 18                | 456,108  | 847,533  | 1,303,641 |                    |
| Palm Bay                | FL 330,000                 | 556,668  | None   | None              | 330,000  | 556,668  | 886,668   |                    |
| Panama City             | FL 202,047                 | 375,424  | None   | None              | 202,047  | 375,424  | 577,471   |                    |
| Pembroke Pines          | FL 741,074                 | 1,376,913  | None   | None              | 741,074  | 1,376,913  | 2,117,987 |                    |
| Seffner                 | FL 200,000                 | 209,679  | None   | None              | 200,000  | 209,679  | 409,679   |                    |
| St. Petersburg          | FL 379,455                 | 705,487  | None   | None              | 379,455  | 705,487  | 1,084,942 |                    |
| St. Petersburg          | FL 370,000                 | 675,403  | None   | None              | 370,000  | 675,403  | 1,045,403 |                    |
| Tallahassee             | FL 385,000                 | 715,857  | None   | None              | 385,000  | 715,857  | 1,100,857 |                    |
| Tallahassee             | FL 175,000                 | 325,857  | None   | None              | 175,000  | 325,857  | 500,857   |                    |
| Tampa                   | FL 962,500                 | 1,788,133  | None   | None              | 962,500  | 1,788,133  | 2,750,633 |                    |
| Tampa                   | FL 700,000                 | 1,300,785  | None   | None              | 700,000  | 1,300,785  | 2,000,785 |                    |
| Tampa                   | FL 545,211                 | 1,013,321  | None   | None              | 545,211  | 1,013,321  | 1,558,532 |                    |
| Tampa                   | FL 470,000                 | 208,666  | None   | None              | 470,000  | 208,666  | 678,666   |                    |
| Tampa                   | FL 430,000                 | 589,949  | None   | None              | 430,000  | 589,949  | 1,019,949 |                    |
| Venice                  | FL 340,000                 | 28,239   | None   | None              | 340,000  | 28,239   | 368,239   |                    |
| Wauchula                | FL 260,000                 | 324,525  | None   | None              | 260,000  | 324,525  | 584,525   |                    |
| Zephyrhills             | FL 220,000                 | 662,046  | None   | None              | 220,000  | 662,046  | 882,046   |                    |
| Albany                  | GA 326,690                 | 607,247  | None   | None              | 326,690  | 607,247  | 933,937   |                    |
| Buford                  | GA 400,000                 | 361,957  | None   | None              | 400,000  | 361,957  | 761,957   |                    |
| Cairo                   | GA 210,000                 | 390,566  | None   | None              | 210,000  | 390,566  | 600,566   |                    |
| Cumming                 | GA 520,000                 | 248,510  | None   | None              | 520,000  | 248,510  | 768,510   |                    |
| Duluth                  | GA 536,205                 | 996,521  | None   | None              | 536,205  | 996,521  | 1,532,726 |                    |
| Garden City             | GA 197,225                 | 438,043  | 32,125   | 433               | 197,225  | 470,601  | 667,826   |                    |
| Lawrenceville           | GA 220,000                 | 384,908  | None   | None              | 220,000  | 384,908  | 604,908   |                    |
| Lilburn                 | GA 237,822                 | 442,409  | None   | None              | 237,822  | 442,409  | 680,231   |                    |
| Lilburn                 | GA 380,000                 | 338,634  | None   | None              | 380,000  | 338,634  | 718,634   |                    |
| Loganville              | GA 340,000                 | 422,840  | None   | None              | 340,000  | 422,840  | 762,840   |                    |
| Marietta                | GA 423,132                 | 786,530  | None   | None              | 423,132  | 786,530  | 1,209,662 |                    |
| Norcross                | GA 310,000                 | 286,762  | None   | None              | 310,000  | 286,762  | 596,762   |                    |
| Oakwood                 | GA 440,000                 | 100,481  | None   | None              | 440,000  | 100,481  | 540,481   |                    |
| Roswell                 | GA 310,767                 | 578,088  | None   | None              | 310,767  | 578,088  | 888,855   |                    |
| Thomasville             | GA 300,211                 | 558,074  | None   | None              | 300,211  | 558,074  | 858,285   |                    |
| Washington              | GA 292,628                 | 543,862  | None   | None              | 292,628  | 543,862  | 836,490   |                    |

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|              |    |         |         |        |      |         |         |           |
|--------------|----|---------|---------|--------|------|---------|---------|-----------|
| Waycross     | GA | 223,475 | 415,563 | None   | None | 223,475 | 415,563 | 639,038   |
| Winder       | GA | 230,000 | 429,116 | None   | None | 230,000 | 429,116 | 659,116   |
| Cedar Falls  | IA | 208,411 | 387,971 | None   | None | 208,411 | 387,971 | 596,382   |
| Cedar Falls  | IA | 187,250 | 349,057 | None   | None | 187,250 | 349,057 | 536,307   |
| Cedar Rapids | IA | 125,076 | 233,206 | None   | None | 125,076 | 233,206 | 358,282   |
| Fort Dodge   | IA | 388,815 | 722,573 | None   | None | 388,815 | 722,573 | 1,111,388 |
| Oelwein      | IA | 84,244  | 157,375 | None   | None | 84,244  | 157,375 | 241,619   |
| Urbandale    | IA | 395,896 | 735,724 | None   | None | 395,896 | 735,724 | 1,131,620 |
| Waterloo     | IA | 263,555 | 490,374 | None   | None | 263,555 | 490,374 | 753,929   |
| Boise        | ID | 190,894 | 824,305 | None   | 283  | 190,894 | 824,588 | 1,015,482 |
| Boise        | ID | 161,352 | 735,104 | None   | 283  | 161,352 | 735,387 | 896,739   |
| Rexburg      | ID | 90,760  | 420,787 | 14,890 | None | 90,760  | 435,677 | 526,437   |
| Bethalto     | IL | 180,000 | 166,596 | None   | None | 180,000 | 166,596 | 346,596   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accu<br>Depr<br>(N |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|--------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                    |
| Buffalo Grove           | IL 306,250                 | 569,693  | None   | None              | 306,250  | 569,693  | 875,943   |                    |
| Cahokia                 | IL 70,000                  | 613,995  | None   | None              | 70,000   | 613,995  | 683,995   |                    |
| Carlyle                 | IL 80,000                  | 428,860  | None   | None              | 80,000   | 428,860  | 508,860   |                    |
| Centralia               | IL 225,966                 | 420,573  | None   | None              | 225,966  | 420,573  | 646,539   |                    |
| Countryside             | IL 301,000                 | 559,824  | None   | None              | 301,000  | 559,824  | 860,824   |                    |
| Edwardsville            | IL 360,000                 | 328,978  | None   | None              | 360,000  | 328,978  | 688,978   |                    |
| Elgin                   | IL 700,000                 | 1,300,943  | None   | None              | 700,000  | 1,300,943  | 2,000,943 |                    |
| Fairview Heights        | IL 660,652                 | 1,227,321  | None   | None              | 660,652  | 1,227,321  | 1,887,973 |                    |
| Godfrey                 | IL 200,000                 | 282,701  | None   | None              | 200,000  | 282,701  | 482,701   |                    |
| Gurnee                  | IL 735,000                 | 1,365,747  | None   | None              | 735,000  | 1,365,747  | 2,100,747 |                    |
| Highland                | IL 130,000                 | 454,866  | None   | None              | 130,000  | 454,866  | 584,866   |                    |
| Jerseyville             | IL 150,000                 | 420,481  | None   | None              | 150,000  | 420,481  | 570,481   |                    |
| Joliet                  | IL 280,903                 | 522,424  | None   | None              | 280,903  | 522,424  | 803,327   |                    |
| Lincoln                 | IL 206,532                 | 383,970  | None   | None              | 206,532  | 383,970  | 590,502   |                    |
| Litchfield              | IL 130,000                 | 363,760  | None   | None              | 130,000  | 363,760  | 493,760   |                    |
| Mascoutah               | IL 80,000                  | 435,792  | None   | None              | 80,000   | 435,792  | 515,792   |                    |
| Red Bud                 | IL 180,000                 | 251,200  | None   | None              | 180,000  | 251,200  | 431,200   |                    |
| Rock Island             | IL 138,463                 | 258,066  | None   | None              | 138,463  | 258,066  | 396,529   |                    |
| Sparta                  | IL 240,000                 | 236,571  | None   | None              | 240,000  | 236,571  | 476,571   |                    |
| Troy                    | IL 230,000                 | 281,230  | None   | None              | 230,000  | 281,230  | 511,230   |                    |
| Waukegan                | IL 496,908                 | 923,576  | None   | None              | 496,908  | 923,576  | 1,420,484 |                    |
| Westmont                | IL 475,300                 | 883,468  | None   | None              | 475,300  | 883,468  | 1,358,768 |                    |
| Wood River              | IL 180,000                 | 369,377  | None   | None              | 180,000  | 369,377  | 549,377   |                    |
| Elkhart                 | IN 496,306                 | 922,168  | None   | None              | 496,306  | 922,168  | 1,418,474 |                    |
| Evansville              | IN 136,738                 | 254,864  | None   | None              | 136,738  | 254,864  | 391,602   |                    |
| Indianapolis            | IN 437,500                 | 813,225  | None   | None              | 437,500  | 813,225  | 1,250,725 |                    |
| Jasper                  | IN 129,919                 | 242,199  | None   | None              | 129,919  | 242,199  | 372,118   |                    |
| Kokomo                  | IN 417,330                 | 775,555  | None   | None              | 417,330  | 775,555  | 1,192,885 |                    |
| Marion                  | IN 426,384                 | 792,314  | None   | None              | 426,384  | 792,314  | 1,218,698 |                    |
| Muncie                  | IN 644,177                 | 1,196,786  | None   | None              | 644,177  | 1,196,786  | 1,840,963 |                    |
| Muncie                  | IN 136,400                 | 632,380  | 8,000  | None              | 136,400  | 640,380  | 776,780   |                    |
| Muncie                  | IN 67,156                  | 149,157  | 13,837   | 85                | 67,156   | 163,079  | 230,235   |                    |
| Munster                 | IN 560,000                 | 1,040,943  | None   | None              | 560,000  | 1,040,943  | 1,600,943 |                    |
| Newburgh                | IN 161,193                 | 300,280  | None   | None              | 161,193  | 300,280  | 461,473   |                    |
| South Bend              | IN 133,200                 | 617,545  | None   | 134               | 133,200  | 617,679  | 750,879   |                    |
| Valparaiso              | IN 365,612                 | 679,507  | None   | None              | 365,612  | 679,507  | 1,045,119 |                    |
| Washington              | IN 155,856                 | 290,368  | None   | None              | 155,856  | 290,368  | 446,224   |                    |

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|             |    |         |           |      |      |         |           |           |
|-------------|----|---------|-----------|------|------|---------|-----------|-----------|
| Westfield   | IN | 213,341 | 477,300   | None | 211  | 213,341 | 477,511   | 690,852   |
| Chanute     | KS | 330,852 | 615,008   | None | None | 330,852 | 615,008   | 945,860   |
| Fort Scott  | KS | 269,301 | 500,698   | None | None | 269,301 | 500,698   | 769,999   |
| Kansas City | KS | 190,000 | 700,039   | None | None | 190,000 | 700,039   | 890,039   |
| Kansas City | KS | 170,000 | 214,040   | None | None | 170,000 | 214,040   | 384,040   |
| Kansas City | KS | 210,000 | 624,304   | None | None | 210,000 | 624,304   | 834,304   |
| Kansas City | KS | 140,000 | 767,812   | None | None | 140,000 | 767,812   | 907,812   |
| Lawrence    | KS | 410,000 | 338,788   | None | None | 410,000 | 338,788   | 748,788   |
| Overland    | KS | 408,578 | 759,513   | None | None | 408,578 | 759,513   | 1,168,091 |
| Park        |    |         |           |      |      |         |           |           |
| Overland    | KS | 754,020 | 1,401,069 | None | None | 754,020 | 1,401,069 | 2,155,089 |
| Park        |    |         |           |      |      |         |           |           |
| Parsons     | KS | 318,516 | 592,099   | None | None | 318,516 | 592,099   | 910,615   |
| Topeka      | KS | 232,146 | 431,853   | None | None | 232,146 | 431,853   | 663,999   |
| Bowling     | KY | 685,246 | 1,273,002 | None | None | 685,246 | 1,273,002 | 1,958,248 |
| Green       |    |         |           |      |      |         |           |           |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  |              | Cost Capitalized<br>Subsequent<br>to Acquisition | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(No |
|-------------------------|----------------------------|--|--------------|--|--|--|-----------|------------------------------------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                    |
| Hazard                  | KY 243,836                 | 453,025  | None         | 8  | 243,836  | 453,033  | 696,869   |                                    |
| Lexington               | KY 655,085                 | 1,216,983  | None         | None   | 655,085  | 1,216,983  | 1,872,068 |                                    |
| Lexington               | KY 122,200                 | 1,400  | None         | 31,682   | 122,200  | 33,082   | 155,282   |                                    |
| Madisonville            | KY 422,501                 | 784,831  | None         | None   | 422,501  | 784,831  | 1,207,332 |                                    |
| Paducah                 | KY 673,551                 | 1,251,276  | None         | None   | 673,551  | 1,251,276  | 1,924,827 |                                    |
| Bossier City            | LA 172,269                 | 320,497  | None         | None   | 172,269  | 320,497  | 492,766   |                                    |
| Deridder                | LA 371,127                 | 690,819  | None         | None   | 371,127  | 690,819  | 1,061,946 |                                    |
| Jonesboro               | LA 163,651                 | 304,492  | None         | None   | 163,651  | 304,492  | 468,143   |                                    |
| Natchitoches            | LA 291,675                 | 541,890  | None         | None   | 291,675  | 541,890  | 833,565   |                                    |
| Ruston                  | LA 170,274                 | 316,792  | None         | None   | 170,274  | 316,792  | 487,066   |                                    |
| Shreveport              | LA 359,268                 | 667,417  | None         | None   | 359,268  | 667,417  | 1,026,685 |                                    |
| Shreveport              | LA 154,671                 | 287,815  | None         | None   | 154,671  | 287,815  | 442,486   |                                    |
| Shreveport              | LA 200,033                 | 372,059  | None         | None   | 200,033  | 372,059  | 572,092   |                                    |
| Shreveport              | LA 259,987                 | 483,401  | None         | None   | 259,987  | 483,401  | 743,388   |                                    |
| Shreveport              | LA 269,130                 | 500,382  | None         | None   | 269,130  | 500,382  | 769,512   |                                    |
| Vivian                  | LA 135,568                 | 252,338  | None         | None   | 135,568  | 252,338  | 387,906   |                                    |
| Winnfield               | LA 145,973                 | 271,661  | None         | None   | 145,973  | 271,661  | 417,634   |                                    |
| Fall River              | MA 962,500                 | 1,787,831  | None         | None   | 962,500  | 1,787,831  | 2,750,331 |                                    |
| Lawrence                | MA 910,000                 | 1,690,877  | None         | None   | 910,000  | 1,690,877  | 2,600,877 |                                    |
| Hagerstown              | MD 499,396                 | 928,250  | None         | None   | 499,396  | 928,250  | 1,427,646 |                                    |
| Canton                  | MI 279,923                 | 521,223  | None         | None   | 279,923  | 521,223  | 801,146   |                                    |
| Livonia                 | MI 350,000                 | 651,446  | None         | None   | 350,000  | 651,446  | 1,001,446 |                                    |
| Affton                  | MO 120,000                 | 171,955  | None         | None   | 120,000  | 171,955  | 291,955   |                                    |
| Bolivar                 | MO 237,094                 | 440,596  | None         | None   | 237,094  | 440,596  | 677,690   |                                    |
| Bridgeton               | MO 570,000                 | 228,347  | None         | None   | 570,000  | 228,347  | 798,347   |                                    |
| Buffalo                 | MO 159,346                 | 296,519  | None         | 24   | 159,346  | 296,543  | 455,889   |                                    |
| Cape Girardeau          | MO 450,078                 | 836,372  | None         | None   | 450,078  | 836,372  | 1,286,450 |                                    |
| Florissant              | MO 290,000                 | 86,396   | None         | None   | 290,000  | 86,396   | 376,396   |                                    |
| Florissant              | MO 250,000                 | 239,221  | None         | None   | 250,000  | 239,221  | 489,221   |                                    |
| Grandview               | MO 280,000                 | 235,370  | None         | None   | 280,000  | 235,370  | 515,370   |                                    |
| Joplin                  | MO 301,207                 | 0  | None         | None   | 301,207  | -  | 301,207   |                                    |
| Joplin                  | MO 281,001                 | 522,428  | None         | None   | 281,001  | 522,428  | 803,429   |                                    |
| Kansas City             | MO 315,334                 | 586,423  | None         | None   | 315,334  | 586,423  | 901,757   |                                    |
| Kansas City             | MO 230,000                 | 484,010  | None         | None   | 230,000  | 484,010  | 714,010   |                                    |
| Kansas City             | MO 200,000                 | 339,994  | None         | None   | 200,000  | 339,994  | 539,994   |                                    |
| Lees Summit             | MO 500,000                 | 450,156  | None         | None   | 500,000  | 450,156  | 950,156   |                                    |
| Mountain Grove          | MO 219,704                 | 408,591  | None         | None   | 219,704  | 408,591  | 628,295   |                                    |

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|             |    |         |         |      |      |         |         |           |
|-------------|----|---------|---------|------|------|---------|---------|-----------|
| Mt. Vernon  | MO | 160,000 | 282,586 | None | None | 160,000 | 282,586 | 442,586   |
| Nevada      | MO | 290,795 | 540,616 | None | None | 290,795 | 540,616 | 831,411   |
| Nixa        | MO | 251,387 | 467,430 | None | None | 251,387 | 467,430 | 718,817   |
| Raymore     | MO | 460,000 | 663,580 | None | None | 460,000 | 663,580 | 1,123,580 |
| Springfield | MO | 251,381 | 467,418 | None | None | 251,381 | 467,418 | 718,799   |
| Springfield | MO | 225,939 | 420,162 | None | None | 225,939 | 420,162 | 646,101   |
| St. Louis   | MO | 340,000 | 88,519  | None | None | 340,000 | 88,519  | 428,519   |
| St. Louis   | MO | 500,000 | 184,049 | None | None | 500,000 | 184,049 | 684,049   |
| St. Robert  | MO | 329,242 | 611,728 | None | None | 329,242 | 611,728 | 940,970   |
| Webb City   | MO | 337,647 | 627,628 | None | None | 337,647 | 627,628 | 965,275   |
| Biloxi      | MS | 414,902 | 770,725 | None | None | 414,902 | 770,725 | 1,185,627 |
| Canton      | MS | 163,193 | 303,268 | None | None | 163,193 | 303,268 | 466,461   |
| Carthage    | MS | 157,803 | 293,257 | None | None | 157,803 | 293,257 | 451,060   |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |
| Columbus                | MS 128,409                 | 238,775  | None   | None              | 128,409  | 238,775  | 367,184   |
| Columbus                | MS 117,411                 | 218,350  | None   | None              | 117,411  | 218,350  | 335,761   |
| Corinth                 | MS 285,607                 | 530,598  | None   | None              | 285,607  | 530,598  | 816,205   |
| Flowood                 | MS 154,733                 | 287,549  | None   | 168               | 154,733  | 287,717  | 442,450   |
| Forest                  | MS 106,457                 | 198,007  | None   | None              | 106,457  | 198,007  | 304,464   |
| Fulton                  | MS 239,686                 | 445,337  | None   | None              | 239,686  | 445,337  | 685,023   |
| Gautier                 | MS 241,995                 | 449,607  | None   | None              | 241,995  | 449,607  | 691,602   |
| Greenville              | MS 311,324                 | 578,378  | None   | None              | 311,324  | 578,378  | 889,702   |
| Greenwood               | MS 177,329                 | 329,520  | None   | None              | 177,329  | 329,520  | 506,849   |
| Hernando                | MS 137,898                 | 256,282  | None   | None              | 137,898  | 256,282  | 394,180   |
| Houston                 | MS 226,962                 | 421,695  | None   | None              | 226,962  | 421,695  | 648,657   |
| Indianola               | MS 270,639                 | 502,822  | None   | None              | 270,639  | 502,822  | 773,461   |
| Iuka                    | MS 139,243                 | 258,779  | None   | None              | 139,243  | 258,779  | 398,022   |
| Jackson                 | MS 237,982                 | 442,154  | None   | None              | 237,982  | 442,154  | 680,136   |
| Jackson                 | MS 352,003                 | 653,900  | None   | None              | 352,003  | 653,900  | 1,005,903 |
| Kosciusko               | MS 311,422                 | 578,550  | None   | None              | 311,422  | 578,550  | 889,972   |
| Magee                   | MS 264,395                 | 491,206  | None   | None              | 264,395  | 491,206  | 755,601   |
| Moss Point              | MS 287,821                 | 534,713  | None   | None              | 287,821  | 534,713  | 822,534   |
| Natchez                 | MS 402,589                 | 747,934  | None   | None              | 402,589  | 747,934  | 1,150,523 |
| Newton                  | MS 284,350                 | 528,311  | None   | None              | 284,350  | 528,311  | 812,661   |
| Olive Branch            | MS 332,234                 | 617,192  | None   | None              | 332,234  | 617,192  | 949,426   |
| Olive Branch            | MS 362,276                 | 673,055  | None   | None              | 362,276  | 673,055  | 1,035,331 |
| Oxford                  | MS 164,058                 | 304,873  | None   | None              | 164,058  | 304,873  | 468,931   |
| Oxford                  | MS 297,182                 | 552,097  | None   | None              | 297,182  | 552,097  | 849,279   |
| Pearl                   | MS 334,822                 | 621,994  | None   | None              | 334,822  | 621,994  | 956,816   |
| Philadelphia            | MS 292,868                 | 543,912  | None   | None              | 292,868  | 543,912  | 836,780   |
| Pontotoc                | MS 285,006                 | 529,492  | None   | None              | 285,006  | 529,492  | 814,498   |
| Southaven               | MS 498,426                 | 925,905  | None   | None              | 498,426  | 925,905  | 1,424,331 |
| Starkville              | MS 175,436                 | 326,005  | None   | None              | 175,436  | 326,005  | 501,441   |
| Tupelo                  | MS 166,869                 | 310,095  | None   | None              | 166,869  | 310,095  | 476,964   |
| Tupelo                  | MS 225,934                 | 419,857  | None   | None              | 225,934  | 419,857  | 645,791   |
| Vicksburg               | MS 275,895                 | 512,632  | None   | None              | 275,895  | 512,632  | 788,527   |
| West Point              | MS 87,859                  | 163,468  | None   | None              | 87,859   | 163,468  | 251,327   |
| Wiggins                 | MS 268,104                 | 498,095  | None   | None              | 268,104  | 498,095  | 766,199   |
| Asheville               | NC 264,226                 | 491,419  | None   | None              | 264,226  | 491,419  | 755,645   |
| Wilkesboro              | NC 183,050                 | 406,562  | None   | 139               | 183,050  | 406,701  | 589,751   |
| Winston Salem           | NC 126,423                 | 235,323  | None   | None              | 126,423  | 235,323  | 361,746   |
| Winston-Salem           | NC 353,239                 | 656,427  | None   | None              | 353,239  | 656,427  | 1,009,666 |
| Devils Lake             | ND 150,390                 | 279,798  | None   | None              | 150,390  | 279,798  | 430,188   |

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|             |    |         |         |       |      |         |         |           |
|-------------|----|---------|---------|-------|------|---------|---------|-----------|
| Fargo       | ND | 217,057 | 403,609 | None  | None | 217,057 | 403,609 | 620,666   |
| Jamestown   | ND | 136,523 | 254,045 | None  | None | 136,523 | 254,045 | 390,568   |
| Minot       | ND | 153,870 | 286,260 | None  | None | 153,870 | 286,260 | 440,130   |
| Omaha       | NE | 444,460 | 825,938 | None  | None | 444,460 | 825,938 | 1,270,398 |
| Omaha       | NE | 350,000 | 650,877 | None  | None | 350,000 | 650,877 | 1,000,877 |
| Albuquerque | NM | 471,899 | 876,928 | None  | None | 471,899 | 876,928 | 1,348,827 |
| Amherst     | NY | 412,349 | 767,082 | None  | None | 412,349 | 767,082 | 1,179,431 |
| Buffalo     | NY | 317,454 | 591,060 | None  | None | 317,454 | 591,060 | 908,514   |
| Watertown   | NY | 139,199 | 645,355 | 8,649 | 280  | 139,199 | 654,284 | 793,483   |
| Cincinnati  | OH | 299,187 | 556,978 | None  | None | 299,187 | 556,978 | 856,165   |
| Mentor      | OH | 394,450 | 734,205 | None  | None | 394,450 | 734,205 | 1,128,655 |

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| Description<br>(Note 1) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 4) |
|-------------------------|----------------------------|--|--|-------------------|--|--|-----------|---|
|                         | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Parma                   | OH 473,710                 | 881,038  | None   | None              | 473,710  | 881,038  | 1,354,748 | 154,000                                 |
| Toledo                  | OH 633,461                 | 1,177,718  | None   | None              | 633,461  | 1,177,718  | 1,811,179 | 200,000                                 |
| Bixby                   | OK 145,791                 | 271,272  | None   | None              | 145,791  | 271,272  | 417,063   | 65,000                                  |
| Broken<br>Arrow         | OK 245,000                 | 369,002  | None   | None              | 245,000  | 369,002  | 614,002   | 207,000                                 |
| Checotah                | OK 153,232                 | 285,092  | None   | None              | 153,232  | 285,092  | 438,324   | 68,000                                  |
| Idabel                  | OK 214,244                 | 398,545  | None   | None              | 214,244  | 398,545  | 612,789   | 163,000                                 |
| Owasso                  | OK 327,043                 | 607,645  | None   | None              | 327,043  | 607,645  | 934,688   | 252,000                                 |
| Tahlequah               | OK 224,982                 | 418,341  | None   | None              | 224,982  | 418,341  | 643,323   | 103,000                                 |
| Tulsa                   | OK 295,993                 | 549,981  | None   | None              | 295,993  | 549,981  | 845,974   | 228,000                                 |
| Salem                   | OR 198,540                 | 689,507  | None   | None              | 198,540  | 689,507  | 888,047   | 413,000                                 |
| Abington                | PA 778,103                 | 1,445,849  | None   | None              | 778,103  | 1,445,849  | 2,223,952 | 253,000                                 |
| Greensburg              | PA 315,000                 | 586,368  | None   | None              | 315,000  | 586,368  | 901,368   | 102,000                                 |
| Philadelphia            | PA 423,333                 | 787,125  | None   | None              | 423,333  | 787,125  | 1,210,458 | 137,000                                 |
| Aiken                   | SC 240,937                 | 447,656  | None   | None              | 240,937  | 447,656  | 688,593   | 94,000                                  |
| Chamberlain             | SD 139,587                 | 259,627  | None   | None              | 139,587  | 259,627  | 399,214   | 62,000                                  |
| Madison                 | SD 112,143                 | 208,660  | None   | None              | 112,143  | 208,660  | 320,803   | 50,000                                  |
| Rapid City              | SD 197,967                 | 368,047  | None   | None              | 197,967  | 368,047  | 566,014   | 88,000                                  |
| Sioux Falls             | SD 340,718                 | 633,332  | None   | None              | 340,718  | 633,332  | 974,050   | 123,000                                 |
| Spearfish               | SD 142,114                 | 264,320  | None   | None              | 142,114  | 264,320  | 406,434   | 63,000                                  |
| Watertown               | SD 197,559                 | 367,289  | None   | None              | 197,559  | 367,289  | 564,848   | 88,000                                  |
| Winner                  | SD 115,591                 | 215,063  | None   | None              | 115,591  | 215,063  | 330,654   | 53,000                                  |
| Antioch                 | TN 244,470                 | 454,016  | None   | None              | 244,470  | 454,016  | 698,486   | 94,000                                  |
| Bartlett                | TN 152,469                 | 283,343  | None   | None              | 152,469  | 283,343  | 435,812   | 59,000                                  |
| Brownsville             | TN 289,379                 | 538,081  | None   | None              | 289,379  | 538,081  | 827,460   | 223,000                                 |
| Collierville            | TN 433,503                 | 805,339  | None   | None              | 433,503  | 805,339  | 1,238,842 | 133,000                                 |
| Columbia                | TN 410,242                 | 761,878  | None   | None              | 410,242  | 761,878  | 1,172,120 | 158,000                                 |
| Germantown              | TN 356,774                 | 662,837  | None   | None              | 356,774  | 662,837  | 1,019,611 | 109,000                                 |
| Henderson               | TN 155,954                 | 289,815  | None   | None              | 155,954  | 289,815  | 445,769   | 63,000                                  |
| Hermitage               | TN 341,251                 | 633,753  | None   | None              | 341,251  | 633,753  | 975,004   | 132,000                                 |
| Jackson                 | TN 126,158                 | 234,594  | None   | None              | 126,158  | 234,594  | 360,752   | 50,000                                  |
| Jackson                 | TN 312,734                 | 581,049  | None   | None              | 312,734  | 581,049  | 893,783   | 93,000                                  |
| Manchester              | TN 411,504                 | 764,222  | None   | None              | 411,504  | 764,222  | 1,175,726 | 159,000                                 |
| Martin                  | TN 173,616                 | 322,616  | None   | None              | 173,616  | 322,616  | 496,232   | 68,000                                  |
| McMinnville             | TN 442,735                 | 635,260  | None   | None              | 442,735  | 635,260  | 1,077,995 | 128,000                                 |
| Memphis                 | TN 148,386                 | 275,760  | None   | None              | 148,386  | 275,760  | 424,146   | 58,000                                  |
| Memphis                 | TN 254,423                 | 472,680  | None   | None              | 254,423  | 472,680  | 727,103   | 98,000                                  |
| Memphis                 | TN 309,358                 | 574,779  | None   | None              | 309,358  | 574,779  | 884,137   | 94,000                                  |
| Memphis                 | TN 374,048                 | 694,918  | None   | None              | 374,048  | 694,918  | 1,068,966 | 114,000                                 |

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|              |    |         |         |      |      |         |         |           |    |
|--------------|----|---------|---------|------|------|---------|---------|-----------|----|
| Milan        | TN | 138,159 | 256,766 | None | None | 138,159 | 256,766 | 394,925   | 54 |
| Millington   | TN | 285,613 | 530,630 | None | None | 285,613 | 530,630 | 816,243   | 22 |
| Morristown   | TN | 182,935 | 340,274 | None | None | 182,935 | 340,274 | 523,209   | 8  |
| Murfreesboro | TN | 376,568 | 699,340 | None | None | 376,568 | 699,340 | 1,075,908 | 14 |
| Murfreesboro | TN | 383,266 | 712,027 | None | None | 383,266 | 712,027 | 1,095,293 | 14 |
| Nashville    | TN | 147,915 | 274,700 | None | None | 147,915 | 274,700 | 422,615   | 5  |
| Nashville    | TN | 432,494 | 803,203 | None | None | 432,494 | 803,203 | 1,235,697 | 16 |
| Nashville    | TN | 350,983 | 651,825 | None | None | 350,983 | 651,825 | 1,002,808 | 13 |
| Ripley       | TN | 231,552 | 430,232 | None | None | 231,552 | 430,232 | 661,784   | 17 |
| Sevierville  | TN | 423,790 | 787,301 | None | None | 423,790 | 787,301 | 1,211,091 | 16 |
| Shelbyville  | TN | 245,370 | 455,687 | None | None | 245,370 | 455,687 | 701,057   | 9  |
| Trenton      | TN | 174,379 | 324,032 | None | None | 174,379 | 324,032 | 498,411   | 6  |

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REALTY INCOME CORPORATION AND  
SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED  
DEPRECIATION

| Description<br>(Note 1) |    | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |           |
|-------------------------|----|-------------------------|--|--|-------------------|--|--|-----------|
|                         |    | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |
| Allen                   | TX | 165,000                 | 306,771  | None   | None              | 165,000  | 306,771  | 471,771   |
| Arlington               | TX | 560,000                 | 1,040,667  | None   | None              | 560,000  | 1,040,667  | 1,600,667 |
| Arlington               | TX | 536,130                 | 996,532  | None   | None              | 536,130  | 996,532  | 1,532,662 |
| Arlington               | TX | 269,284                 | 500,766  | None   | None              | 269,284  | 500,766  | 770,050   |
| Coppell                 | TX | 212,875                 | 396,007  | None   | None              | 212,875  | 396,007  | 608,882   |
| Dallas                  | TX | 242,025                 | 479,170  | None   | None              | 242,025  | 479,170  | 721,195   |
| Dallas                  | TX | 386,451                 | 718,361  | None   | None              | 386,451  | 718,361  | 1,104,812 |
| Ennis                   | TX | 173,250                 | 384,793  | None   | 150               | 173,250  | 384,943  | 558,193   |
| Fort Worth              | TX | 423,281                 | 382,059  | None   | None              | 423,281  | 382,059  | 805,340   |
| Fort Worth              | TX | 223,195                 | 492,067  | None   | 54                | 223,195  | 492,121  | 715,316   |
| Grand<br>Prairie        | TX | 280,000                 | 520,197  | None   | None              | 280,000  | 520,197  | 800,197   |
| Houston                 | TX | 113,693                 | 0  | None   | None              | 113,693  | -  | 113,693   |
| Houston                 | TX | 962,500                 | 1,788,491  | None   | None              | 962,500  | 1,788,491  | 2,750,991 |
| Houston                 | TX | 441,943                 | 821,760  | None   | None              | 441,943  | 821,760  | 1,263,703 |
| Houston                 | TX | 335,664                 | 624,233  | None   | None              | 335,664  | 624,233  | 959,897   |
| Houston                 | TX | 194,994                 | 386,056  | None   | 128               | 194,994  | 386,184  | 581,178   |
| Houston                 | TX | 184,175                 | 364,636  | None   | 128               | 184,175  | 364,764  | 548,939   |
| Hurst                   | TX | 215,623                 | 401,245  | None   | None              | 215,623  | 401,245  | 616,868   |
| Irving                  | TX | 291,971                 | 543,094  | None   | None              | 291,971  | 543,094  | 835,065   |
| Killeen                 | TX | 262,500                 | 583,014  | None   | 14,398            | 262,500  | 597,412  | 859,912   |
| Lewisville              | TX | 448,000                 | 832,667  | None   | None              | 448,000  | 832,667  | 1,280,667 |
| Lufkin                  | TX | 128,842                 | 239,585  | None   | None              | 128,842  | 239,585  | 368,427   |
| Lumberton               | TX | 111,146                 | 206,720  | None   | None              | 111,146  | 206,720  | 317,866   |
| Plano                   | TX | 840,000                 | 1,560,819  | None   | None              | 840,000  | 1,560,819  | 2,400,819 |
| Plano                   | TX | 581,637                 | 1,081,045  | None   | None              | 581,637  | 1,081,045  | 1,662,682 |
| Porter                  | TX | 227,067                 | 333,031  | None   | None              | 227,067  | 333,031  | 560,098   |
| Santa Fe                | TX | 304,414                 | 623,331  | None   | None              | 304,414  | 623,331  | 927,745   |
| Sealy                   | TX | 197,871                 | 391,753  | None   | 128               | 197,871  | 391,881  | 589,752   |
| Spring                  | TX | 378,654                 | 704,206  | None   | None              | 378,654  | 704,206  | 1,082,860 |
| Stafford                | TX | 214,024                 | 423,733  | None   | 128               | 214,024  | 423,861  | 637,885   |
| Temple                  | TX | 302,505                 | 291,414  | None   | None              | 302,505  | 291,414  | 593,919   |
| Texarkana               | TX | 311,263                 | 578,266  | None   | None              | 311,263  | 578,266  | 889,529   |
| Vidor                   | TX | 146,291                 | 271,990  | None   | None              | 146,291  | 271,990  | 418,281   |
| Hampton                 | VA | 805,000                 | 1,495,800  | None   | None              | 805,000  | 1,495,800  | 2,300,800 |

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|                |    |           |           |       |         |           |           |           |
|----------------|----|-----------|-----------|-------|---------|-----------|-----------|-----------|
| Lynchburg      | VA | 308,824   | 573,529   | None  | None    | 308,824   | 573,529   | 882,353   |
| Virginia Beach | VA | 551,588   | 797,260   | 8,975 | 258     | 551,588   | 806,493   | 1,358,081 |
| Woodbridge     | VA | 962,500   | 1,788,300 | None  | None    | 962,500   | 1,788,300 | 2,750,800 |
| Spokane        | WA | 479,531   | 646,719   | None  | None    | 479,531   | 646,719   | 1,126,250 |
| Grafton        | WI | 149,778   | 332,664   | None  | 172     | 149,778   | 332,836   | 482,614   |
| Green Bay      | WI | 308,131   | 572,756   | None  | None    | 308,131   | 572,756   | 880,887   |
| Shoe Stores    |    |           |           |       |         |           |           |           |
| Staten Island  | NY | 3,190,883 | 3,413,933 | 9,932 | 207,462 | 3,190,883 | 3,631,327 | 6,822,210 |
| Sporting Goods |    |           |           |       |         |           |           |           |
| Anchorage      | AK | 1,486,000 | 5,045,244 | None  | None    | 1,486,000 | 5,045,244 | 6,531,244 |
| Mesa           | AZ | 984,890   | 1,536,269 | None  | None    | 984,890   | 1,536,269 | 2,521,159 |
| Phoenix        | AZ | 2,730,000 | 4,509,356 | None  | None    | 2,730,000 | 4,509,356 | 7,239,356 |
| Phoenix        | AZ | 3,250,000 | 5,735,722 | None  | None    | 3,250,000 | 5,735,722 | 8,985,722 |

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| Description<br>(Note 1)   | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |           |            |            |
|---------------------------|---|-----------|--|-------------------|--|-----------|------------|------------|
|                           | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land   | Fees      | Total      |            |
| Fresno                    | CA  | 1,650,000 | 3,321,244  | None              | None   | 1,650,000 | 3,321,244  | 4,971,244  |
| Daytona Beach             | FL  | 608,790   | 2,557,564  | None              | None   | 608,790   | 2,557,564  | 3,166,354  |
| Fort Meyers               | FL  | 1,695,000 | 2,025,554  | None              | None   | 1,695,000 | 2,025,554  | 3,720,554  |
| Gainesville               | FL  | 1,296,000 | 2,234,554  | None              | None   | 1,296,000 | 2,234,554  | 3,530,554  |
| Jupiter                   | FL  | 1,698,316 | 4,352,255  | None              | 247,488  | 1,698,316 | 4,599,743  | 6,298,059  |
| Melbourne                 | FL  | 994,000   | 4,076,554  | None              | None   | 994,000   | 4,076,554  | 5,070,554  |
| Orlando                   | FL  | 1,197,000 | 2,573,554  | None              | None   | 1,197,000 | 2,573,554  | 3,770,554  |
| Pooler                    | GA  | 1,339,957 | 1,831,350  | None              | None   | 1,339,957 | 1,831,350  | 3,171,307  |
| Geneva                    | IL  | 2,082,000 | 1,838,888  | None              | None   | 2,082,000 | 1,838,888  | 3,920,888  |
| Bowie                     | MD  | 2,084,000 | 3,046,888  | None              | None   | 2,084,000 | 3,046,888  | 5,130,888  |
| Kearney                   | NE  | 173,950   | 344,393  | None              | 203  | 173,950   | 344,596    | 518,546    |
| Glendale                  | NY  | 5,559,686 | 4,447,566  | None              | None   | 5,559,686 | 4,447,566  | 10,007,252 |
| Mechanicsburg             | PA  | 2,101,415 | 3,902,912  | None              | None   | 2,101,415 | 3,902,912  | 6,004,327  |
| Columbia                  | SC  | 1,145,120 | 2,770,957  | None              | 432  | 1,145,120 | 2,771,389  | 3,916,509  |
| Spartanburg               | SC  | 1,234,815 | 3,111,921  | (428,405)         | None   | 806,410   | 3,111,921  | 3,918,331  |
| El Paso                   | TX  | 700,000   | 2,501,244  | None              | None   | 700,000   | 2,501,244  | 3,201,244  |
| Fredericksburg            | VA  | 1,941,000 | 2,979,888  | None              | None   | 1,941,000 | 2,979,888  | 4,920,888  |
| <b>Telecommunications</b> |   |           |  |                   |  |           |            |            |
| Augusta                   | GA  | 2,720,359 | 11,128,077                                       | None              | 147  | 2,720,359 | 11,128,224 | 13,848,580 |
| Salem                     | OR  | 1,721,686 | 9,387,216  | 2,750             | None   | 1,721,686 | 9,389,966  | 11,111,652 |
| Brownsville               | TX  | 1,740,479 | 11,570,294                                       | None              | 147  | 1,740,479 | 11,570,441 | 13,310,920 |
| <b>Theaters</b>           |   |           |  |                   |  |           |            |            |
| Fairbanks                 | AK  | 2,586,879 | 9,575  | None              | None   | 2,586,879 | 9,575      | 2,596,454  |
| Huntsville                | AL  | 2,810,868 | 14,308   | None              | None   | 2,810,868 | 14,308     | 2,825,176  |
| Chula Vista               | CA  | 2,060,287 | 8,914,162  | None              | None   | 2,060,287 | 8,914,162  | 10,974,449 |
| Norwalk                   | CA  | 2,466,208 | 13,463,098                                       | None              | None   | 2,466,208 | 13,463,098 | 15,929,306 |
| Naples                    | FL  | 2,618,441 | 8,979,199  | None              | None   | 2,618,441 | 8,979,199  | 11,597,640 |
| Austell                   | GA  | 2,497,504 | 10,148,237                                       | None              | None   | 2,497,504 | 10,148,237 | 12,645,741 |
| Chamblee                  | GA  | 4,329,404 | 14,942   | None              | None   | 4,329,404 | 14,942     | 4,344,346  |
| Morrow                    | GA  | 2,962,468 | 13,170,143                                       | 2,540             | None   | 2,962,468 | 13,172,683 | 16,135,151 |
| Council Bluffs            | IA  | 4,924,553 | 11,652,293                                       | None              | None   | 4,924,553 | 11,652,293 | 16,576,846 |
| Dubuque                   | IA  | 3,185,053 | 5,915,983  | None              | None   | 3,185,053 | 5,915,983  | 9,101,036  |
| Edwardsville              | IL  | 4,270,500 | 9,070,885  | None              | None   | 4,270,500 | 9,070,885  | 13,341,385 |
| Lake in the Hills         | IL  | 3,297,566 | 9,364,286  | None              | None   | 3,297,566 | 9,364,286  | 12,661,852 |
| Marion                    | IL  | 832,500   | 3,499,885  | None              | None   | 832,500   | 3,499,885  | 4,332,385  |
| Mattoon                   | IL  | 543,183   | 5,110,193  | None              | None   | 543,183   | 5,110,193  | 5,653,376  |
| Pekin                     | IL  | 1,575,231 | 9,183,100  | None              | None   | 1,575,231 | 9,183,100  | 10,758,331 |
| Rockford                  | IL  | 4,270,500 | 16,675,954                                       | (1,779)           | None   | 4,268,721 | 16,675,954 | 20,944,675 |

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|              |    |           |            |      |      |           |            |            |
|--------------|----|-----------|------------|------|------|-----------|------------|------------|
| Springfield  | IL | 3,151,838 | 10,404,452 | None | None | 3,151,838 | 10,404,452 | 13,556,290 |
| Bloomington  | IN | 2,498,642 | 7,934,745  | None | None | 2,498,642 | 7,934,745  | 10,433,387 |
| Columbus     | IN | 1,999,812 | 7,234,361  | None | None | 1,999,812 | 7,234,361  | 9,234,173  |
| Indianapolis | IN | 2,700,395 | 17,672,980 | None | None | 2,700,395 | 17,672,980 | 20,373,375 |
| Terre Haute  | IN | 1,249,321 | 9,835,885  | None | None | 1,249,321 | 9,835,885  | 11,085,206 |
| Coon Rapids  | MN | 2,460,040 | 14,964,514 | None | None | 2,460,040 | 14,964,514 | 17,424,554 |
| Inver Grove  | MN | 2,863,272 | 15,274,237 | None | None | 2,863,272 | 15,274,237 | 18,137,509 |
| Poplar Bluff | MO | 1,106,618 | 4,872,502  | None | None | 1,106,618 | 4,872,502  | 5,979,120  |
| Rockaway     | NJ | 8,634,576 | 14,679,823 | None | None | 8,634,576 | 14,679,823 | 23,314,400 |

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| Description<br>(Note 1) | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition |            | Cost Capitalized<br>Subsequent<br>to Acquisition | Carrying<br>Costs | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  |            |
|-------------------------|---|------------|--|-------------------|--|--|------------|
|                         | Land  | Fees       | Improvements                                     |                   | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total      |
| Binghamton NY           | 2,700,000   | 5,570,505  | 14,812   | None              | 2,700,000  | 5,585,317  | 8,285,317  |
| Henrietta NY            | 2,152,546   | 8,953,645  | None   | None              | 2,152,546  | 8,953,645  | 11,106,191 |
| Akron OH                | 1,511,018   | 1,386      | None   | None              | 1,511,018  | 1,386  | 1,512,404  |
| Beavercreek OH          | 2,062,545   | 8,467,551  | None   | None              | 2,062,545  | 8,467,551  | 10,530,096 |
| Columbus OH             | 2,103,351   | 5,161,550  | None   | None              | 2,103,351  | 5,161,550  | 7,264,901  |
| Hillsboro OR            | 4,915,032   | 16,377     | None   | None              | 4,915,032  | 16,377   | 4,931,409  |
| Portland OR             | 2,793,001   | 9,942      | None   | None              | 2,793,001  | 9,942  | 2,802,943  |
| Fort Worth TX           | 2,280,000   | 2,802,189  | None   | None              | 2,280,000  | 2,802,189  | 5,082,189  |
| Laredo TX               | 2,161,477   | 5,561,558  | None   | None              | 2,161,477  | 5,561,558  | 7,723,035  |
| Live Oak TX             | 2,910,035   | 12,674,850 | None   | None              | 2,910,035  | 12,674,850   | 15,584,885 |
| Longview TX             | 2,887,500   | 5,363,826  | None   | None              | 2,887,500  | 5,363,826  | 8,251,326  |
| Lubbock TX              | 1,642,533   | 6,984,372  | None   | None              | 1,642,533  | 6,984,372  | 8,626,905  |
| Waco TX                 | 1,013,706   | 5,880,539  | None   | None              | 1,013,706  | 5,880,539  | 6,894,245  |
| Glen Allen VA           | 1,314,065   | 9,748,457  | None   | None              | 1,314,065  | 9,748,457  | 11,062,522 |
| Roanoke VA              | 2,212,494   | 9,324,958  | None   | None              | 2,212,494  | 9,324,958  | 11,537,452 |
| Sterling VA             | 4,546,305   | 33,325     | None   | None              | 4,546,305  | 33,325   | 4,579,630  |
| Marysville WA           | 1,988,142   | 0          | None   | None              | 1,988,142  | -  | 1,988,142  |
| Fitchburg WI            | 5,540,553   | 10,290,483 | None   | None              | 5,540,553  | 10,290,483   | 15,831,036 |
| Transportation Services |   |            |  |                   |  |  |            |
| Palmetto FL             | 1,853,907   | 9,635,997  | 4,500  | None              | 1,853,907  | 9,640,497  | 11,494,404 |
| Conley GA               | 420,000   | 780,000    | None   | None              | 420,000  | 780,000  | 1,200,000  |
| Chicago IL              | 612,500   | 1,137,500  | None   | None              | 612,500  | 1,137,500  | 1,750,000  |
| Grayslake IL            | 5,044,195   | 17,092,759 | 500  | None              | 5,044,195  | 17,093,259   | 22,137,454 |
| Evansville IN           | 959,651   | 4,053,122  | None   | None              | 959,651  | 4,053,122  | 5,012,773  |
| Wichita KS              | 2,840,499   | 7,375,302  | 1,000  | None              | 2,840,499  | 7,376,302  | 10,216,801 |
| Louisville KY           | 472,500   | 877,500    | None   | None              | 472,500  | 877,500  | 1,350,000  |
| St. Rose LA             | 3,147,428   | 8,283,048  | None   | None              | 3,147,428  | 8,283,048  | 11,430,476 |
| Baltimore MD            | 1,740,080   | 4,580,068  | None   | None              | 1,740,080  | 4,580,068  | 6,320,148  |
| Detroit MI              | 280,000   | 520,000    | None   | None              | 280,000  | 520,000  | 800,000    |
| Gibraltar MI            | 245,000   | 455,000    | None   | None              | 245,000  | 455,000  | 700,000    |
| Shakopee MN             | 2,451,948   | 7,961,282  | None   | None              | 2,451,948  | 7,961,282  | 10,413,230 |
| Charlotte NC            | 735,000   | 1,365,000  | None   | None              | 735,000  | 1,365,000  | 2,100,000  |
| Columbus OH             | 245,000   | 455,000    | None   | None              | 245,000  | 455,000  | 700,000    |
| Walbridge OH            | 210,000   | 390,000    | None   | None              | 210,000  | 390,000  | 600,000    |
| Coraopolis PA           | 350,000   | 650,000    | None   | None              | 350,000  | 650,000  | 1,000,000  |
| Franklin PA             | 405,243   | 1,831,240  | 22,294   | None              | 405,243  | 1,853,534  | 2,258,777  |
| Parker PA               | 210,000   | 390,000    | None   | None              | 210,000  | 390,000  | 600,000    |
| Chattanooga TN          | 2,024,239   | 8,974,591  | 500  | None              | 2,024,239  | 8,975,091  | 10,999,330 |

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|             |    |           |           |         |      |           |           |           |
|-------------|----|-----------|-----------|---------|------|-----------|-----------|-----------|
| Freeport    | TX | 245,000   | 455,000   | None    | None | 245,000   | 455,000   | 700,000   |
| LaPorte     | TX | 875,000   | 1,625,000 | None    | None | 875,000   | 1,625,000 | 2,500,000 |
| Vineyard    | UT | 1,732,107 | 5,356,844 | None    | None | 1,732,107 | 5,356,844 | 7,088,951 |
| Video       |    |           |           |         |      |           |           |           |
| Rental      |    |           |           |         |      |           |           |           |
| Birmingham  | AL | 392,795   | 865,115   | 39,818  | 441  | 392,795   | 905,374   | 1,298,169 |
| Port St.    | FL | 612,695   | 702,209   | 4,825   | 424  | 612,695   | 707,458   | 1,320,153 |
| Lucie       |    |           |           |         |      |           |           |           |
| Wichita     | KS | 289,714   | 797,856   | 6,400   | 168  | 289,714   | 804,424   | 1,094,138 |
| Centerville | OH | 601,408   | 758,192   | 9,017   | 116  | 601,408   | 767,325   | 1,368,733 |
| Forest Park | OH | 328,187   | 921,232   | 118,422 | 275  | 328,187   | 1,039,929 | 1,368,116 |

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| Description<br>(Note 1) | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |  | Total         |  |
|-------------------------|-------------------------|--|--|-------------------|--|--|---------------|--|
|                         | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |               |  |
| Murfreesboro TN         | 406,056                 | 886,293  | 39,176   | 792               | 406,056  | 926,261  | 1,333,317     |  |
| <b>Wholesale Clubs</b>  |                         |  |  |                   |  |  |               |  |
| Columbia MD             | 10,208,201              | 18,958,088   | None   | None              | 10,208,201   | 18,958,088   | 29,166,289    |  |
| Nashua NH               | 7,204,581               | 13,379,935   | None   | None              | 7,204,581  | 13,379,935   | 20,584,516    |  |
| Freeport NY             | 13,122,718              | 24,369,763   | 1,000  | None              | 13,122,718   | 24,370,763   | 37,494,481    |  |
| Yorktown NY             | 11,225,391              | 20,847,154   | None   | None              | 11,225,391   | 20,847,154   | 32,072,545    |  |
| <b>Heights</b>          |                         |  |  |                   |  |  |               |  |
| Conshohocken PA         | 7,231,557               | 13,430,034   | None   | None              | 7,231,557  | 13,430,034   | 20,661,591    |  |
| Woodbridge VA           | 5,659,285               | 10,509,101   | 1,000  | None              | 5,659,285  | 10,510,101   | 16,169,386    |  |
| <b>Other</b>            |                         |  |  |                   |  |  |               |  |
| El Centro CA            | 520,000                 | 2,185,899  | None   | None              | 520,000  | 2,185,899  | 2,705,899     |  |
| Escondido CA            | 1,949,375               | 12,966,248   | 415,002  | None              | 1,949,375  | 13,381,250   | 15,330,625    |  |
| San Diego CA            | 3,745,000               | 8,885,351  | 113,731  | 35,308            | 3,745,000  | 9,034,390  | 12,779,390    |  |
| San Diego CA            | 5,797,411               | 15,473,497   | 208,470  | 75,947            | 5,797,411  | 15,757,914   | 21,555,325    |  |
| San Diego CA            | 2,485,160               | 8,697,822  | 1,769,961  | 124,505           | 2,485,160  | 10,592,288   | 13,077,448    |  |
| Orange Park FL          | 478,314                 | 618,348  | 141,523  | 27,981            | 478,314  | 787,852  | 1,266,165     |  |
| Venice FL               | 259,686                 | 362,562  | 4,535  | 154               | 259,686  | 367,251  | 626,937       |  |
| Brunswick GA            | 290,369                 | 788,880  | 22,865   | 15,789            | 290,369  | 827,534  | 1,117,903     |  |
| Jackson MS              | 405,360                 | 656,296  | (124,313)  | 21,751            | 405,360  | 553,734  | 959,094       |  |
| Meridian MS             | 181,156                 | 515,598  | 75,460   | None              | 181,156  | 591,058  | 772,214       |  |
| Lakewood NY             | 144,859                 | 526,301  | 77,838   | 171               | 144,859  | 604,310  | 749,168       |  |
| Humble TX               | 106,000                 | 545,518  | 47,680   | 6,493             | 106,000  | 599,691  | 705,691       |  |
| Lubbock TX              | 49,000                  | 108,831  | 10,282   | None              | 49,000   | 119,113  | 168,113       |  |
| Hampton VA              | 373,499                 | 836,071  | 7,601  | 16,686            | 373,499  | 860,358  | 1,233,858     |  |
| Crest Net Lease         | 2,556,276               | 4,759,982  | (4,364,592)                                      | 8,525             | 2,556,276  | 403,915  | 2,960,191     |  |
| Misc Investments        | 0                       | 398,245  | None   | None              | 0  | 398,245  | 398,245       |  |
|                         | 1,754,028,090           | 3,210,726,573  | 6,586,061  | 4,755,408         | 1,750,783,723  | 3,225,312,409  | 4,976,096,192 |  |

Note 1. Realty Income owns 2,619 single-tenant properties and 15 multi-tenant properties, three are located in San Diego, CA and one is located in each of the following cities: Sheboygan, WI, Jackson, TN, Humble, TX, Escondido, CA, Cedar Park, TX, Brandon, FL, Cutler Ridge, FL, Deerfield Beach, FL, Edmond, OK, Dallas, TX, The Colony, TX and Virginia Beach, VA.

All properties were acquired on an all cash basis except five; \$67.2 million in aggregate of encumbrances were outstanding at December 31, 2011 on four properties located in Raphine, VA, Salem, OR, St. Louis, MO and Dallas Fort Worth Airport, TX.

Crest Net Lease, Inc. owns three properties.

Note 2. The aggregate cost for federal income tax purposes for Realty Income Corporation is \$4,924,224,479 and for Crest Net Lease, Inc. is \$7,521,073.

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The following is a reconciliation of  
 Notetotal real estate carrying value for

| 3. the years ended December 31:  | 2011           | 2010          | 2009          |
|--|----------------|---------------|---------------|
| Balance at Beginning of Period   | 4,119,901,302  | 3,449,776,818 | 3,416,323,971 |
| <b>Additions During Period:</b>  |                |               |               |
| Acquisitions   | 1,016,170,863  | 713,534,296   | 57,937,191    |
| Less amounts allocated to intangible assets that are included in Other Assets on our Consolidated Balance Sheets | (133,491,909 ) | (15,384,932 ) | (860,287 )    |
| Equipment  | 14,238         | 33,268        | 25,500        |
| Improvements, Etc.   | 2,435,950      | 2,044,036     | 1,853,609     |
| Other (Leasing Costs)  | 1,721,668      | 1,500,953     | 1,185,163     |
| Total Additions  | 886,850,810    | 701,727,621   | 60,141,176    |
| <b>Deductions During Period:</b>   |                |               |               |
| Cost of Real Estate sold or disposed of  | 31,383,561     | 30,254,678    | 25,420,455    |
| Cost of Equipment sold   | 0              | 0             | 2,750         |
| Releasing costs  | 584,192        | 410,234       | 801,363       |
| Other (including Provisions for Impairment)  | (1,311,773 )   | 938,225       | 463,761       |
| Total Deductions   | 30,655,980     | 31,603,137    | 26,688,329    |
| Balance at Close of Period   | 4,976,096,132  | 4,119,901,302 | 3,449,776,818 |

NoteThe following is a reconciliation of accumulated depreciation

| 4. for the years ended:   |             |             |             |
|---|-------------|-------------|-------------|
| Balance at Beginning of Period  | 715,023,381 | 632,894,759 | 554,171,306 |
| <b>Additions During Period - Provision for Depreciation</b>               |             |             |             |
|   | 113,671,104 | 94,489,028  | 90,524,336  |
| <b>Deductions During Period:</b>  |             |             |             |
| Accumulated depreciation of real estate and equipment sold or disposed of | 12,606,595  | 12,360,406  | 11,800,883  |
| Balance at Close of Period  | 816,087,890 | 715,023,381 | 632,894,759 |

NoteIn 2011, provisions for impairment were recorded on five

5. Realty Income properties.  
 In 2010, provisions for impairment were recorded on four Realty Income properties and three Crest properties.  
 In 2009, provisions for impairment were recorded on one Realty Income property and five Crest properties.

NoteIn accordance with FASB 143 and FASB interpretation No. 47, we recorded in aggregate \$152,277 in 2011 ,

6. \$81,593 in 2010 and negative \$62,571 in 2009 to two buildings

for the fair value of legal obligations to perform asset-retirement activities that are conditional on future events. These two properties are reported in the drug store industry and are located in Girard, PA and Slippery Rock, PA.

See report of independent registered public accounting firm.