

REALTY INCOME CORP  
Form 10-K  
February 14, 2013  
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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, 2012**

**Commission File Number 1-13374**

**REALTY INCOME CORPORATION**

(Exact name of registrant as specified in its charter)

Maryland  
(State or Other Jurisdiction of  
Incorporation or Organization)

**33-0580106**  
(IRS Employer  
Identification Number)

600 La Terraza Boulevard, Escondido, California 92025-3873

(Address of Principal Executive Offices)

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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 Exchange<br>On Which Registered |
|---|--|
| Common Stock, \$0.01 Par Value            | New York Stock Exchange                      |
| Class E Preferred Stock, \$0.01 Par Value | New York Stock Exchange                      |
| Class F Preferred Stock, \$0.01 Par Value | New York Stock Exchange                      |

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

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

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, 2012, the aggregate market value of the Registrant's shares of common stock, \$0.01 par value, held by non-affiliates of the Registrant was \$5.5 billion based upon the last reported sale price of \$41.77 per share on the New York Stock Exchange on June 30, 2012, the last business day of the Registrant's most recently completed second fiscal quarter.

At February 1, 2013, the number of shares of common stock outstanding was 178,921,596, the number of the number of shares of Class E preferred stock outstanding was 8,800,000 and the number of shares of Class F preferred stock outstanding was 16,350,000.

#### **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 7, 2013, 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®, or Realty Income, is a publicly traded real estate company with the primary business objective of generating dependable monthly cash dividends from a consistent and predictable level of cash flow from operations. Our monthly distributions or dividends are supported by the cash flow from our portfolio of properties leased to commercial enterprises. We have in-house acquisition, leasing, legal, credit research, real estate research, portfolio management and capital markets expertise. Over the past 44 years, Realty Income and its predecessors have been acquiring and owning freestanding commercial properties that generate rental revenue under long-term lease agreements.

In 1994, Realty Income was listed on the New York Stock Exchange, or NYSE, and we elected to be taxed as a real estate investment trust, or REIT, requiring us to distribute dividends to our stockholders aggregating at least 90% of our taxable income (excluding net capital gains).

We seek to increase distributions to stockholders and funds from operations, or 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

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- Leased under long-term, net-lease agreements.

At December 31, 2012, we owned a diversified portfolio:

- Of 3,013 properties;
- With an occupancy rate of 97.2%, or 2,929 properties leased and only 84 properties available for lease;
- Leased to 150 different commercial enterprises doing business in 44 separate industries;
- Located in 49 states;
- With over 37.6 million square feet of leasable space; and
- With an average leasable space per property of approximately 12,500 square feet.

Of the 3,013 properties in the portfolio, 2,996, or 99.4%, are single-tenant properties, and the remaining 17 are multi-tenant properties. At December 31, 2012, of the 2,996 single-tenant properties, 2,913 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.0 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 ten senior officers owned 0.7% of our outstanding common stock with a market value of \$56.3 million at February 1, 2013. Our directors and ten senior officers, as a group, owned 0.9% of our outstanding common stock with a market value of \$67.0 million at February 1, 2013.

Our common stock is listed on the NYSE under the ticker symbol `O` with a cusip number of 756109-104. Our central index key number is 726728.

Our 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock is listed on the NYSE under the ticker symbol `OprE` with a cusip number of 756109-708.

Our 6.625% Monthly Income 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 2013, we had 97 employees as compared to 83 employees in February 2012.

We maintain a corporate 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 Dividends to Common Stockholders

We have continued our 44-year policy of paying monthly dividends. Monthly dividends per common share increased by \$0.0003125 in April 2012 to \$0.1458125, increased by \$0.0003125 in July 2012 to \$0.146125, increased by \$0.005 in September 2012 to \$0.151125, increased by \$0.0003125 in October 2012 to \$0.1514375, increased by \$0.0003125 in January 2013 to \$0.15175, and increased by \$0.0291667 in February 2013 to \$0.1809167. The increase in January 2013 was our 61st consecutive quarterly increase and the increase in February 2013 was our 70th increase in the amount of our dividend since our listing on the NYSE in 1994. In 2012, we paid three monthly cash dividends per common share in the amount of \$0.1455, three in the amount of \$0.1458125, two in the amount of \$0.146125, one in the amount of \$0.151125, and three in the amount of \$0.1514375, totaling \$1.771625. In December 2012, we declared dividends of \$0.15175 per share, which were paid in January 2013. In January 2013 and February 2013, we declared dividends of \$0.1809167 per share, which will be paid in February 2013 and March 2013,



respectively.

The monthly dividend of \$0.1809167 per share represents a current annualized dividend of \$2.171 per share, and an annualized dividend yield of approximately 5.0% based on the last reported sale price of our common stock on the NYSE of \$43.40 on February 1, 2013. Although we expect to continue our policy of paying monthly dividends, we cannot guarantee that we will maintain our current level of dividends, that we will continue our pattern of increasing dividends per share, or what our actual dividend yield will be in any future period.

### **Acquisitions During 2012**

During 2012, Realty Income invested \$1.16 billion in real estate, acquiring 423 properties, and properties under development, with an initial weighted average contractual lease rate of 7.2%. The majority of the lease revenue from these properties is generated from investment grade tenants. These 423 properties, and properties under development, are located in 37 states, will contain over 10.5 million leasable square feet, and are 100% leased with an average lease term of 14.6 years. The tenants of the 423 properties acquired operate in 23 industries: aerospace, apparel stores, automotive collision services, automotive parts, consumer appliances, consumer goods, convenience stores, crafts and novelties, diversified industrial, dollar stores, drug stores, equipment services, food processing, health and fitness, insurance, machinery, motor vehicle dealerships, packaging,

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paper, restaurants quick service, theaters, transportation services, and wholesale clubs. None of the investments in these properties caused any one tenant to be 10% or more of our total assets at December 31, 2012.

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.

**January 2013 Acquisition of American Realty Capital Trust, Inc.**

On January 22, 2013, we completed our acquisition of American Realty Capital Trust, Inc., or ARCT, in a transaction valued at approximately \$3.1 billion. Pursuant to the terms and subject to the conditions set forth in the Agreement and Plan of Merger dated as of September 6, 2012, as amended on January 6, 2013, at the effective time of the acquisition, each outstanding share of ARCT common stock was converted into the right to receive a combination of (i) \$0.35 in cash and (ii) 0.2874 shares of our common stock. In connection with the acquisition, at the closing we terminated and repaid the amounts then outstanding of approximately \$552.9 million under ARCT's revolving credit facility and term loan. In conjunction with our acquisition of ARCT in January 2013, we assumed approximately \$516.3 million of mortgages payable. With this acquisition, we added 515 properties to our portfolio. Through 2012, we have incurred \$7.9 million of merger costs. We anticipate that the total merger costs will be approximately \$19 million.

In January 2013, in connection with our acquisition of ARCT, we entered into a \$70 million senior unsecured term loan maturing January 21, 2018. Borrowing under the term loan bears interest at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 1.20%. In conjunction with this term loan, we also acquired an interest rate swap which essentially fixes our per annum interest rate on the term loan at 2.15%.

**Portfolio Discussion**

Leasing Results

At December 31, 2012, we had 84 properties available for lease out of 3,013 properties in our portfolio, which represents a 97.2% occupancy rate. Since December 31, 2011, when we reported 87 properties available for lease and a 96.7% occupancy rate, we:

- Leased 47 properties;
- Sold 20 properties available for lease; and
- Have 64 new properties available for lease.

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During 2012, 124 properties with expiring leases were leased to either existing or new tenants. The rent on these leases was \$10.6 million, as compared to the previous rent on these same properties of \$10.9 million. At December 31, 2012, our average annualized rental revenue was approximately \$14.56 per square foot on the 2,929 leased properties in our portfolio. At December 31, 2012, we classified 14 properties with a carrying amount of \$19.2 million as held for sale on our balance sheet.

### Investments in Existing Properties

In 2012, we capitalized costs of \$6.6 million on existing properties in our portfolio, consisting of \$1.62 million for re-leasing costs and \$4.93 million for building and tenant improvements. 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.

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, tenant credit worthiness, and the willingness of tenants to pay higher rents over the terms of the leases.

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**Note Issuance**

In October 2012, we issued \$350 million in aggregate principal amount of 2.00% senior unsecured notes due January 2018, or the 2018 Notes, and \$450 million in aggregate principal amount of 3.25% senior unsecured notes due October 2022, or the 2022 Notes. The price to the investors for the 2018 Notes was 99.910% of the principal amount for an effective yield of 2.017% per annum. The price to the investors for the 2022 Notes was 99.382% of the principal amount for an effective yield of 3.323% per annum. The total net proceeds of \$790.1 million from these offerings were used to repay all outstanding borrowings under our acquisition credit facility, and the remaining proceeds were used for general corporate purposes, including additional property acquisitions.

**Universal Shelf Registration**

In October 2012, we filed a shelf registration statement with the SEC, which is effective for a term of three years and will expire in October 2015. This replaces our prior shelf registration statement. In accordance with 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 (1) common stock, (2) preferred stock, (3) debt securities, (4) depository shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock or depository shares, and (6) 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.

**Environmental Insurance Policies**

In July 2012, we entered into new ten-year environmental primary and excess insurance policies that expire in July 2022. The limits on our new primary policy are \$10 million per occurrence and \$60 million in the aggregate. The limits on the excess policy are \$5 million per occurrence and \$10 million in the aggregate. Therefore, the primary and excess ten-year policies together provide a total limit of \$15 million per occurrence and \$70 million in the aggregate.

**Authorized Shares**

In June 2012, our stockholders approved an increase in the number of authorized shares of our common stock to 370,100,000 and the number of authorized shares of our preferred stock to 69,900,000.

**\$1 Billion Acquisition Credit Facility**

In May 2012, we entered into a new \$1 billion unsecured acquisition credit facility, which replaced our \$425 million acquisition credit facility that was scheduled to expire in March 2014. The initial term of the new credit facility expires in May 2016 and includes, at our option, a one-year extension. Under this new credit facility, our current investment grade credit ratings provide for financing at LIBOR plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% 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. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation.

### **2012 Incentive Award Plan**

In March 2012, our Board of Directors adopted, and in May 2012, our stockholders approved the Realty Income Corporation 2012 Incentive Award Plan, or the 2012 Plan, to enable us to attract and retain the services of directors, employees and consultants considered essential to our long-term success. The 2012 Plan offers our directors, employees and consultants an opportunity to own stock in Realty Income or rights that will reflect our growth, development and financial success. The 2012 Plan replaced the 2003 Incentive Award Plan of Realty Income Corporation (as amended and restated February 21, 2006), which was set to expire in March 2013.

### **Issuance and Redemption of Preferred Stock**

In February 2012, we issued 14.95 million shares of 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock at a price of \$25.00 per share, including 1.95 million shares purchased by the underwriters upon the exercise of their over-allotment option. In April 2012, we issued an additional 1.4 million shares of our Class F preferred stock at a price of \$25.2863 per share. Of the aggregate net proceeds of approximately \$395.4 million from these issuances, \$127.5 million was used to redeem all of our outstanding 7.375% Class D Cumulative Redeemable Preferred Stock and the balance was used to repay borrowings under our credit facility. The dividend rate difference of 0.75% between the Class D and Class F preferred stock provides us

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savings of \$956,000 annually on the Class D redemption amount of \$127.5 million. 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 per share was paid on March 15, 2012, and covered 37 days. Thereafter, dividends of \$0.138021 per share will be paid monthly, in arrears.

We redeemed all of the 5.1 million shares of our 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock in March 2012 for \$25.00 per share, plus accrued dividends. We incurred a charge of \$3.7 million, representing the Class D preferred stock original issuance costs that we paid in 2004.

**Net Income Available to Common Stockholders**

Net income available to common stockholders was \$114.5 million in 2012, compared to \$132.8 million in 2011, a decrease of \$18.3 million. On a diluted per common share basis, net income was \$0.86 in 2012, as compared to \$1.05 in 2011. Net income available to common stockholders for 2012 includes \$7.9 million of merger-related costs, which represents \$0.06 on a diluted per common share basis, for the acquisition of ARCT. Additionally, net income available to common stockholders in 2012 includes a \$3.7 million charge for the excess of redemption value over carrying value of the shares of our Class D preferred stock, which represents \$0.03 on a diluted per common share basis.

The calculation to determine net income available to common stockholders includes gains from the sale of properties and excess real estate. 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.

Gains from the sale of properties during 2012 were \$9.9 million, as compared to gains from the sale of properties and excess real estate of \$5.7 million during 2011.

**Funds from Operations Available to Common Stockholders (FFO) and Normalized Funds from Operations Available to Common Stockholders (Normalized FFO)**

In 2012, our FFO increased by \$11.5 million, or 4.6%, to \$260.9 million versus \$249.4 million in 2011. On a diluted per common share basis, FFO was \$1.96 in 2012, compared to \$1.98 in 2011, a decrease of \$0.02, or 1.0%. FFO in 2012 includes \$7.9 million of merger-related costs, which represents \$0.06 on a diluted per common share basis, and includes a \$3.7 million charge for the excess of redemption value over carrying value of the shares of our Class D preferred stock, which represents \$0.03 on a diluted per common share basis.

We define normalized FFO as FFO excluding the merger-related costs for our acquisition of ARCT. In 2012, our normalized FFO increased by \$19.4 million, or 7.8%, to \$268.8 million, versus \$249.4 million in 2011. On a diluted common share basis, normalized FFO was \$2.02 in 2012, compared to \$1.98 in 2011, an increase of \$0.04, or 2.0%.

See our discussion of FFO and normalized FFO (which are not financial measures under U.S. generally accepted accounting principles, or GAAP), in the section entitled Management's Discussion and Analysis of Financial Condition and Results of

Operations in this annual report, which includes a reconciliation of net income available to common stockholders to FFO and normalized FFO.

**Adjusted Funds from Operations Available to Common Stockholders (AFFO)**

In 2012, our AFFO increased by \$20.8 million, or 8.2%, to \$274.2 million versus \$253.4 million in 2011. On a diluted per common share basis, AFFO was \$2.06 in 2012, compared to \$2.01 in 2011, an increase of \$0.05, or 2.5%.

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

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**DIVIDEND POLICY**

Distributions are paid monthly to our common, Class E preferred and Class F 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 2012, our cash distributions to preferred and common stockholders totaled \$275.8 million, or approximately 131.4% of our estimated taxable income of \$209.9 million. Our estimated taxable income reflects non-cash deductions for depreciation and amortization. Our estimated taxable income is presented to show our compliance with REIT dividend requirements and is not a measure of our liquidity or operating performance. We intend to continue to make distributions to our stockholders that are sufficient to meet this dividend 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 2012 cash distributions to common stockholders totaled \$236.3 million, representing 86.2% of our adjusted funds from operations available to common stockholders of \$274.2 million.

The Class E preferred stockholders receive cumulative distributions at a rate of 6.75% per annum on the \$25.00 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 \$25.00 per share liquidation preference (equivalent to \$1.65625 per annum per share). Dividends on our Class E and Class F 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, normalized FFO, AFFO, cash flow from operations, financial condition and capital requirements, the annual dividend requirements under the REIT provisions of the Internal Revenue Code of 1986, as amended, our debt service requirements and any other factors our Board of Directors may deem relevant. In addition, our credit facility contains financial covenants that could limit the amount of distributions paid 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 is generally 20% (15% for 2012 dividends). 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 certain 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, but not below zero. Distributions in excess of that basis, generally, will be taxable as a capital gain to stockholders who hold their shares as a capital asset. Approximately 24.5% of the distributions to our common stockholders, made or deemed to have



been made in 2012, were classified as a return of capital for federal income tax purposes. We estimate that in 2013, between 15% and 25% of the distributions may be classified as a return of capital.

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**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 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 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 \$1 billion 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, 2012, our total outstanding borrowings of senior unsecured notes, mortgages payable and credit facility borrowings were \$2.88 billion, or approximately 32.5% of our total market capitalization of \$8.88 billion.

We define our total market capitalization at December 31, 2012 as the sum of:

- Shares of our common stock outstanding of 133,452,411 multiplied by the last reported sales price of our common stock on the NYSE of \$40.21 per share on December 31, 2012, or \$5.37 billion;
- Aggregate liquidation value (par value of \$25.00 per share) of the Class E preferred stock of \$220 million;
- Aggregate liquidation value (par value of \$25.00 per share) of the Class F preferred stock of \$408.8 million;
- Outstanding borrowings of \$158.0 million on our credit facility;
- Outstanding mortgages payable of \$175.9 million; and
- Outstanding senior unsecured notes and bonds of \$2.55 billion.

At the close of the acquisition of ARCT on January 22, 2013, our total market capitalization increased to over \$12 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 a portfolio of properties under long-term leases, coupled with the tenants' 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, we generally focus on providing capital to owners and operators of commercial enterprises by acquiring the real estate they consider important to the successful operation of their business.

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We primarily focus on acquiring properties leased to 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 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, 2012, approximately 70.1% 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%.

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 or which are critical to the tenant's ability to generate revenue, 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 and critical locations in order to survive, in the event of reorganization they are less likely to reject a lease for a profitable and critical 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 real estate leases can be further mitigated by monitoring the performance of the tenants' individual 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 four-part analysis that examines each potential investment based on:

- Industry, company, market conditions and credit profile;
- Store profitability for retail locations, if profitability data is available;
- The importance of the real estate location to the operations of the company's business; and
- Overall real estate characteristics, including property value and comparative rental rates.

### **Acquisition Strategy**

We seek to invest in industries in which several, well-organized, regional and national commercial enterprises are capturing market share through service, quality control, economies of scale, strong consumer brands, advertising, and the selection of prime locations. Our acquisition strategy is to act as a source of capital to regional and national commercial enterprises by acquiring and leasing back their real estate locations. In addition, we frequently acquire large portfolios of properties net leased to multiple tenants in a variety of industries. 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;

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- 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, during certain periods, 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 continually monitor the commercial real estate and U.S. credit markets carefully and, if required, will make decisions to adjust our business strategy accordingly.

### **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.

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At December 31, 2012, we classified real estate with a carrying amount of \$19.2 million as held for sale on our balance sheet. In 2013, we intend to continue implementing 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 \$50 million and \$125 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 at our estimated values or be able to invest the property sale proceeds in new properties.

### **Universal Shelf Registration**

In October 2012, we filed a shelf registration statement with the SEC, which is effective for a term of three years and will expire in October 2015. This replaces our prior shelf registration statement. In accordance with 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 (1) common stock, (2) preferred stock, (3) debt securities, (4) depositary shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock or depositary shares, and (6) 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.

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**\$1 Billion Acquisition Credit Facility**

In May 2012, we entered into a new \$1 billion unsecured acquisition credit facility, which replaced our \$425 million acquisition credit facility that was scheduled to expire in March 2014. The initial term of the new credit facility expires in May 2016 and includes, at our option, a one-year extension. Under this new credit facility, our current investment grade credit ratings provide for financing at LIBOR, plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% 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. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation. At December 31, 2012, we had a borrowing capacity of \$842 million available on our credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$158 million. The interest rate on borrowings outstanding under our new credit facility, at December 31, 2012, was 1.3% per annum. We must comply with various financial and other covenants in our credit facility. At December 31, 2012, 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 \$500 million, to a total borrowing capacity of \$1.5 billion. Any increase in the borrowing capacity is subject to approval by the lending banks participating in our credit facility.

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 the refinancing will enable us to issue equity or debt securities upon acceptable terms.

**Cash Reserves**

We acquire and lease properties and distribute to stockholders, in the form of monthly cash dividends, 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, 2012, we had cash and cash equivalents totaling \$5.2 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.

**Credit Agency Ratings**

The borrowing interest 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+ with a stable outlook, Moody's Investors Service has assigned a rating of Baa1 with a negative outlook, and Standard & Poor's Ratings Group has assigned a rating of BBB with a stable outlook to our senior notes.



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Based on our current ratings, the credit facility interest rate is LIBOR plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% basis points over LIBOR. The credit facility provides that the interest rate can range between: (i) LIBOR plus 1.85% if our credit facility is lower than BBB-/Baa3 and (ii) LIBOR plus 1.00% 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 range from: (i) 0.45% for a rating lower than BBB-/Baa3, and (ii) 0.15% 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 on these transactions. In addition, 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.

### **Mortgage Debt**

As of December 31, 2012, we had \$165.9 million of mortgages payable, which were assumed in connection with our property acquisitions in 2012 and 2011. Additionally, at December 31, 2012, we had net premiums totaling \$9.9 million on these mortgages. During 2012, we paid \$11.7 million in principal payments, which includes \$10.7 million to pay off one mortgage in March 2012.

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 Unconsolidated Investments**

We have no unconsolidated investments, nor do we engage in trading activities involving energy or commodity contracts. 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 classification of financial instruments with characteristics of both liabilities and equity.

### **Competitive Strategy**

To successfully pursue our investment philosophy and strategy, we 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 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 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, 2012, we owned a diversified property portfolio that consisted of 3,013 properties located in 49 states, leased to 150 different commercial enterprises doing business in 44 industry segments. Each of the 44 industry segments, represented in our property portfolio, individually accounted for no more than 14.9% of our rental revenue for the quarter ended December 31, 2012.

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- *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.

**Corporate Responsibility**

Realty Income is committed to providing an enjoyable, diverse and safe working atmosphere for our employees, to upholding our responsibilities as a public company operating for the benefit of our shareholders and to being mindful of the environment. As The Monthly Dividend Company®, we believe our primary responsibility is to provide a dividend return to our shareholders. How we manage and use the physical, human and financial resources that enable us to acquire and own the real estate, which provides us with the lease revenue to pay monthly dividends, demonstrates our commitment to corporate responsibility.

*Social Responsibility and Ethics.* We are committed to being socially responsible and conducting our business according to the highest ethical standards. Our employees enjoy compensation that is in line with those of our peers and competitors, including generous healthcare benefits for employees and their families; participation in a 401K plan with a matching contribution by Realty Income; competitive vacation and time-off benefits; paid maternity leave and an infant-at-work program for new parents. Our employees also have access to members of our Board of Directors to report any suspicion of misconduct, by any member of our senior management or executive team. We also have a long-standing commitment to equal employment opportunity and adhere to all Equal Employer Opportunity Policy guidelines.

With respect to our vendors and tenants we apply the principles of full and fair disclosure in all of our business dealings, as outlined in our Corporate Code of Business Ethics. We are also committed to dealing fairly with all of our customers, suppliers and competitors.

*Corporate Governance.* We believe that nothing is more important than a company's reputation for integrity and serving as a responsible fiduciary for its shareholders. We are committed to managing the company for the benefit of our shareholders and are focused on maintaining good corporate governance. Practices that illustrate this commitment include:

- Our Board of Directors is comprised of six independent, non-employee directors and one employee director (the Chief Executive Officer and Vice Chairman of the Board)
- Our Board of Directors is elected on an annual basis
- We employ a majority vote standard for elections

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- Our Compensation Committee of the Board of Directors works with independent consultants, in conducting annual compensation reviews for our key executives, and compensates each individual based on reaching certain performance metrics that determine the success of our company
- We adhere to all other corporate governance principles outlined in our Corporate Governance Guidelines document.

*Environmental Practices.* Our focus on energy related matters is demonstrated by how we manage our day-to-day activities in our corporate headquarters building. With respect to other properties that we own, which are net-leased to our tenants who are responsible for maintaining the buildings, we encourage energy conservation and environmental sustainability practices wherever possible. In our headquarters building we promote energy conservation and encourage the following practices:

- Powering down office equipment at the end of the day
- Setting fax and copier machines to energy saver mode
- Encouraging employees to use duplex copy mode to reduce paper usage whenever possible
- Employing an automated lights out system that is activated 24/7

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- Programming HVAC to only operate during normal business operating hours

In addition, our headquarters building was constructed according to the State of California energy standards and we have installed solar panels on our roof to fulfill our energy requirements. All of the windows on our building are dual-paned to increase energy efficiency and reduce our carbon footprint.

With respect to recycling and reuse practices, we encourage the use of recycled products and the recycling of materials during our operations. Recycling bins are placed in all areas where materials are regularly disposed of and at the individual desks of our employees. Cell phones, wireless devices and office equipment is recycled or donated whenever possible. We also continue to pursue a paperless environment since this reduces costs and saves trees. As a result, we encourage file-sharing networks and environments to produce and edit documents in order to reduce the dissemination of hard copy documents.

**PROPERTY PORTFOLIO INFORMATION**

At December 31, 2012, we owned a diversified portfolio:

- Of 3,013 properties;
- With an occupancy rate of 97.2%, or 2,929 properties leased and only 84 properties available for lease;
- Leased to 150 different commercial enterprises doing business in 44 separate industries;
- Located in 49 states;
- With over 37.6 million square feet of leasable space; and
- With an average leasable space per property of approximately 12,500 square feet.

At December 31, 2012, of our 3,013 properties, 2,913 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:

- Some properties previously included in the general merchandise industry were reclassified to the dollar stores industry to better reflect the industry in which the tenant operates; and
- The aviation industry was renamed aerospace.

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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:

|                               | Percentage of Rental Revenue(1)                  |                 |                 |                 |                 |                 |                 |
|-------------------------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                               | For the Quarter<br>Ended<br>December 31,<br>2012 | Dec 31,<br>2012 | Dec 31,<br>2011 | Dec 31,<br>2010 | Dec 31,<br>2009 | Dec 31,<br>2008 | Dec 31,<br>2007 |
| <u>Retail Industries</u>      |  |                 |                 |                 |                 |                 |                 |
| Apparel stores                | 2.4%   | 1.7 %           | 1.4%            | 1.2%            | 1.1%            | 1.1%            | 1.2%            |
| Automotive collision services | 1.1  | 1.1             | 0.9             | 1.0             | 1.1             | 1.0             | 1.1             |
| Automotive parts              | 1.1  | 1.0             | 1.2             | 1.4             | 1.5             | 1.6             | 2.1             |
| Automotive service            | 2.9  | 3.1             | 3.7             | 4.7             | 4.8             | 4.8             | 5.2             |
| Automotive tire services      | 4.3  | 4.7             | 5.6             | 6.4             | 6.9             | 6.7             | 7.3             |
| Book stores                   | 0.1  | 0.1             | 0.1             | 0.1             | 0.2             | 0.2             | 0.2             |
| Business services             | *  | *               | *               | *               | *               | *               | 0.1             |
| Child care                    | 4.1  | 4.5             | 5.2             | 6.5             | 7.3             | 7.6             | 8.4             |
| Consumer electronics          | 0.5  | 0.5             | 0.5             | 0.6             | 0.7             | 0.8             | 0.9             |
| Convenience stores            | 14.9   | 16.3            | 18.5            | 17.1            | 16.9            | 15.8            | 14.0            |
| Crafts and novelties          | 0.7  | 0.3             | 0.2             | 0.3             | 0.3             | 0.3             | 0.3             |
| Dollar stores                 | 4.3  | 2.2             | --              | --              | --              | --              | --              |
| Drug stores                   | 3.3  | 3.5             | 3.8             | 4.1             | 4.3             | 4.1             | 2.7             |
| Education                     | 0.6  | 0.7             | 0.7             | 0.8             | 0.9             | 0.8             | 0.8             |
| Entertainment                 | 0.9  | 0.9             | 1.0             | 1.2             | 1.3             | 1.2             | 1.4             |
| Equipment services            | 0.1  | 0.1             | 0.2             | 0.2             | 0.2             | 0.2             | 0.2             |
| Financial services            | 0.2  | 0.2             | 0.2             | 0.2             | 0.2             | 0.2             | 0.2             |
| General merchandise           | 0.5  | 0.6             | 0.6             | 0.8             | 0.8             | 0.8             | 0.7             |
| Grocery stores                | 3.3  | 3.7             | 1.6             | 0.9             | 0.7             | 0.7             | 0.7             |
| Health and fitness            | 6.7  | 6.8             | 6.4             | 6.9             | 5.9             | 5.6             | 5.1             |
| Home furnishings              | 1.0  | 1.0             | 1.1             | 1.3             | 1.3             | 2.4             | 2.6             |
| Home improvement              | 1.3  | 1.5             | 1.7             | 2.0             | 2.2             | 2.1             | 2.4             |
| Motor vehicle dealerships     | 2.0  | 2.1             | 2.2             | 2.6             | 2.7             | 3.2             | 3.1             |
| Office supplies               | 0.7  | 0.8             | 0.9             | 0.9             | 1.0             | 1.0             | 1.1             |
| Pet supplies and services     | 0.5  | 0.6             | 0.7             | 0.9             | 0.9             | 0.8             | 0.9             |
| Restaurants - casual dining   | 6.7  | 7.3             | 10.9            | 13.4            | 13.7            | 14.3            | 14.9            |
| Restaurants - quick service   | 5.7  | 5.9             | 6.6             | 7.7             | 8.3             | 8.2             | 6.6             |
| Shoe stores                   | 0.1  | 0.1             | 0.2             | 0.1             | --              | --              | --              |
| Sporting goods                | 2.3  | 2.5             | 2.7             | 2.7             | 2.6             | 2.3             | 2.6             |
| Theaters                      | 8.7  | 9.4             | 8.8             | 8.9             | 9.2             | 9.0             | 9.0             |
| Transportation services       | 0.1  | 0.2             | 0.2             | 0.2             | 0.2             | 0.2             | 0.2             |
| Video rental                  | 0.0  | 0.0             | 0.0             | 0.2             | 1.0             | 1.1             | 1.7             |
| Wholesale clubs               | 4.4  | 3.2             | 0.7             | --              | --              | --              | --              |
| Other                         | 0.1  | 0.1             | 0.1             | 0.1             | 0.1             | 0.1             | 0.1             |
| Retail Industries             | 85.6%  | 86.7 %          | 88.6%           | 95.4%           | 98.3%           | 98.2%           | 97.8%           |



Table of Contents**Industry Diversification (Continued)**

|                              | Percentage of Rental Revenue(1)                  |                 |                 |                 |                 |                 |                 |
|------------------------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                              | For the Quarter<br>Ended<br>December 31,<br>2012 | Dec 31,<br>2012 | Dec 31,<br>2011 | Dec 31,<br>2010 | Dec 31,<br>2009 | Dec 31,<br>2008 | Dec 31,<br>2007 |
| <u>Non-retail Industries</u> |  |                 |                 |                 |                 |                 |                 |
| Aerospace                    | 1.0  | 0.9             | 0.5             | --              | --              | --              | --              |
| Beverages                    | 4.7  | 5.1             | 5.6             | 3.0             | --              | --              | --              |
| Consumer appliances          | 0.3  | 0.1             | --              | --              | --              | --              | --              |
| Consumer goods               | 0.3  | 0.1             | --              | --              | --              | --              | --              |
| Diversified industrial       | 0.2  | 0.1             | --              | --              | --              | --              | --              |
| Equipment services           | 0.5  | 0.3             | 0.2             | --              | --              | --              | --              |
| Financial services           | 0.4  | 0.4             | 0.3             | --              | --              | --              | --              |
| Food processing              | 1.6  | 1.3             | 0.7             | --              | --              | --              | --              |
| Insurance                    | 0.1  | *               | --              | --              | --              | --              | --              |
| Machinery                    | 0.3  | 0.1             | --              | --              | --              | --              | --              |
| Packaging                    | 1.0  | 0.7             | 0.4             | --              | --              | --              | --              |
| Paper                        | 0.1  | 0.1             | 0.1             | --              | --              | --              | --              |
| Telecommunications           | 0.8  | 0.8             | 0.7             | --              | --              | --              | --              |
| Transportation services      | 2.1  | 2.2             | 1.6             | --              | --              | --              | --              |
| Other                        | 1.0  | 1.1             | 1.3             | 1.6             | 1.7             | 1.8             | 2.2             |
| Non-retail Industries        | 14.4%  | 13.3 %          | 11.4%           | 4.6%            | 1.7%            | 1.8%            | 2.2%            |
| Totals                       | 100.0%   | 100.0 %         | 100.0%          | 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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The following table sets forth certain property type information regarding Realty Income's property portfolio as of December 31, 2012 (dollars in thousands):

| <b>Property Type</b> | <b>Number of Properties</b> | <b>Approximate Leasable Square Feet</b> | <b>Rental Revenue for the Quarter Ended December 31, 2012(1)</b> | <b>Percentage of Rental Revenue</b> |
|----------------------|-----------------------------|---|--|-------------------------------------|
| Retail               | 2,941                       | 27,520,200                              | \$ 111,218   | 84.9%                               |
| Distribution         | 23                          | 5,181,200                               | 6,131  | 4.7                                 |
| Agriculture          | 15                          | 184,500                                 | 5,138  | 3.9                                 |
| Manufacturing        | 10                          | 3,117,100                               | 3,775  | 2.9                                 |
| Office               | 9                           | 824,000                                 | 3,110  | 2.4                                 |
| Industrial           | 15                          | 850,500                                 | 1,570  | 1.2                                 |
| Totals               | 3,013                       | 37,677,500                              | \$ 130,942   | 100.0%                              |

(1) Includes rental revenue for all properties owned by Realty Income at December 31, 2012, including revenue from properties reclassified as discontinued operations of \$1,347. Excludes revenue of \$24 from properties owned by Crest.

**Tenant Diversification**

The largest tenants based on percentage of total portfolio rental revenue at December 31, 2012 include the following:

|                                    |      |                             |      |
|------------------------------------|------|-----------------------------|------|
| L.A. Fitness                       | 5.1% | NPC International/Pizza Hut | 2.3% |
| AMC Theatres                       | 4.6% | Rite Aid                    | 2.2% |
| Family Dollar                      | 4.4% | Friendly's Ice Cream        | 2.1% |
| Diageo                             | 4.4% | Smart & Final               | 2.1% |
| BJ's Wholesale Clubs               | 4.3% | Fed-Ex                      | 2.0% |
| Northern Tier Energy/Super America | 3.8% | FreedomRoads/Camping World  | 2.0% |
| Regal Cinemas                      | 3.2% | National Tire & Battery     | 1.9% |
| The Pantry                         | 2.7% |                             |      |

Table of Contents**Service Category Diversification for our Retail Properties**

The following table sets forth certain information regarding the 2,941 retail properties, included in the 3,013 total properties, owned by Realty Income at December 31, 2012, classified according to the business types and the level of services they provide (dollars in thousands):

|  | Number of<br>Retail<br>Properties | Retail<br>Rental Revenue for<br>the Quarter Ended<br>December 31, 2012(1) | Percentage of<br>Retail<br>Rental<br>Revenue |
|--|-----------------------------------|---|--|
| <b>Retail Industries</b>                         |                                   |   |  |
| <b><u>Tenants Providing Services</u></b>         |                                   |   |  |
| Automotive collision services                    | 22                                | \$ 1,430  | 1.3%   |
| Automotive service                               | 230                               | 3,778   | 3.4  |
| Child care                                       | 229                               | 5,308   | 4.8  |
| Education  | 15                                | 827   | 0.7  |
| Entertainment                                    | 9                                 | 1,199   | 1.1  |
| Equipment services                               | 2                                 | 150   | 0.1  |
| Financial services                               | 16                                | 219   | 0.2  |
| Health and fitness                               | 53                                | 8,801   | 7.9  |
| Theaters   | 44                                | 11,451  | 10.3   |
| Transportation services                          | 1                                 | 187   | 0.2  |
| Other  | 14                                | 132   | 0.1  |
|  | 635                               | 33,482  | 30.1   |
| <b><u>Tenants Selling Goods and Services</u></b> |                                   |   |  |
| Automotive parts (with installation)             | 27                                | 481   | 0.4  |
| Automotive tire services                         | 158                               | 5,642   | 5.1  |
| Business services                                | 1                                 | 4   | *  |
| Convenience stores                               | 717                               | 19,415  | 17.4   |
| Motor vehicle dealerships                        | 17                                | 2,623   | 2.4  |
| Pet supplies and services                        | 14                                | 666   | 0.6  |
| Restaurants - casual dining                      | 305                               | 8,199   | 7.4  |
| Restaurants - quick service                      | 358                               | 7,441   | 6.7  |
| Video rental                                     | 3                                 | -   | 0.0  |
|  | 1,600                             | 44,471  | 40.0   |
| <b><u>Tenants Selling Goods</u></b>              |                                   |   |  |
| Apparel stores                                   | 20                                | 3,197   | 2.9  |
| Automotive parts                                 | 44                                | 975   | 0.9  |
| Book stores                                      | 1                                 | 83  | 0.1  |
| Consumer electronics                             | 8                                 | 605   | 0.5  |
| Crafts and novelties                             | 9                                 | 883   | 0.8  |
| Dollar stores                                    | 358                               | 5,579   | 5.0  |
| Drug stores                                      | 60                                | 4,251   | 3.8  |
| General merchandise                              | 32                                | 697   | 0.6  |
| Grocery stores                                   | 57                                | 4,379   | 3.9  |
| Home furnishings                                 | 43                                | 1,258   | 1.1  |
| Home improvement                                 | 27                                | 1,506   | 1.4  |
| Office supplies                                  | 11                                | 933   | 0.8  |
| Shoe stores                                      | 1                                 | 168   | 0.2  |
| Sporting goods                                   | 21                                | 2,944   | 2.7  |
| Wholesale clubs                                  | 14                                | 5,807   | 5.2  |
|  | 706                               | 33,265  | 29.9   |
| Total Retail Properties                          | 2,941                             | \$ 111,218  | 100.0%                                       |

\* Less than 0.1%

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(1) Includes rental revenue for all retail properties owned by Realty Income at December 31, 2012, including revenue from properties reclassified as discontinued operations of \$1,347. Excludes revenue of \$19,724 from non-retail properties and \$24 from properties owned by Crest.

Table of Contents**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 2,913 net leased, single-tenant properties as of December 31, 2012 (dollars in thousands):

| Year      | Number of Leases Expiring(1) | Approx. Leasable Sq. Feet | Total Portfolio                                       |                           | Initial Expirations(3)    |  |                           | Subsequent Expirations(4) |  |                           |
|-----------|------------------------------|---------------------------|---|---------------------------|---------------------------|--|---------------------------|---------------------------|--|---------------------------|
|           |                              |                           | Rental Revenue for the Quarter Ended Dec. 31, 2012(2) | % of Total Rental Revenue | Number of Leases Expiring | Rental Revenue for the Quarter Ended Dec. 31, 2012 | % of Total Rental Revenue | Number of Leases Expiring | Rental Revenue for the Quarter Ended Dec. 31, 2012 | % of Total Rental Revenue |
| 2013      | 157                          | 1,209,200                 | \$ 3,879  | 3.0%                      | 39                        | \$1,319  | 1.0%                      | 118                       | \$ 2,560   | 2.0%                      |
| 2014      | 155                          | 1,019,400                 | 3,717   | 2.9                       | 52                        | 1,652  | 1.3                       | 103                       | 2,065  | 1.6                       |
| 2015      | 161                          | 859,500                   | 3,690   | 2.9                       | 67                        | 1,774  | 1.4                       | 94                        | 1,916  | 1.5                       |
| 2016      | 176                          | 1,144,300                 | 3,840   | 3.0                       | 115                       | 2,380  | 1.9                       | 61                        | 1,460  | 1.1                       |
| 2017      | 165                          | 1,940,200                 | 5,633   | 4.4                       | 44                        | 2,902  | 2.3                       | 121                       | 2,731  | 2.1                       |
| 2018      | 144                          | 2,116,600                 | 6,411   | 5.0                       | 90                        | 4,691  | 3.7                       | 54                        | 1,720  | 1.3                       |
| 2019      | 143                          | 1,511,800                 | 7,298   | 5.7                       | 132                       | 6,815  | 5.3                       | 11                        | 483  | 0.4                       |
| 2020      | 86                           | 1,986,500                 | 5,455   | 4.2                       | 76                        | 5,109  | 4.0                       | 10                        | 346  | 0.2                       |
| 2021      | 163                          | 2,353,000                 | 8,426   | 6.5                       | 155                       | 7,916  | 6.1                       | 8                         | 510  | 0.4                       |
| 2022      | 127                          | 3,713,600                 | 7,396   | 5.7                       | 119                       | 7,153  | 5.5                       | 8                         | 243  | 0.2                       |
| 2023      | 257                          | 2,294,400                 | 10,634  | 8.3                       | 250                       | 10,106   | 7.9                       | 7                         | 528  | 0.4                       |
| 2024      | 62                           | 686,900                   | 2,764   | 2.1                       | 62                        | 2,764  | 2.1                       | --                        | --   | 0.0                       |
| 2025      | 253                          | 2,707,700                 | 13,478  | 10.5                      | 248                       | 13,363   | 10.4                      | 5                         | 115  | 0.1                       |
| 2026      | 153                          | 2,311,400                 | 8,335   | 6.5                       | 150                       | 8,253  | 6.4                       | 3                         | 82   | 0.1                       |
| 2027-2043 | 711                          | 10,152,200                | 37,694  | 29.3                      | 702                       | 37,509   | 29.2                      | 9                         | 185  | 0.1                       |
| Totals    | 2,913                        | 36,006,700                | \$128,650   | 100.0%                    | 2,301                     | \$113,706  | 88.5%                     | 612                       | \$ 14,944  | 11.5%                     |

(1) Excludes 16 multi-tenant properties and 84 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 \$1,347 from properties reclassified as discontinued operations and excludes revenue of \$2,292 from 16 multi-tenant properties and from 84 vacant and unleased properties at December 31, 2012. Excludes revenue of \$24 from four 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, 2012 (dollars in thousands):

| State          | Number of Properties | Percent Leased | Approximate Leasable Square Feet | Rental Revenue for the Quarter Ended December 31, 2012(1) | Percentage of Rental Revenue | % |
|----------------|----------------------|----------------|----------------------------------|---|------------------------------|---|
| Alabama        | 71                   | 96%            | 500,500                          | \$ 1,831  | 1.4                          | % |
| Alaska         | 2                    | 100            | 128,500                          | 307   | 0.2                          |   |
| Arizona        | 96                   | 98             | 710,300                          | 3,496   | 2.7                          |   |
| Arkansas       | 21                   | 95             | 135,000                          | 340   | 0.3                          |   |
| California     | 142                  | 100            | 3,821,700                        | 18,204  | 13.9                         |   |
| Colorado       | 57                   | 96             | 497,700                          | 1,985   | 1.5                          |   |
| Connecticut    | 25                   | 92             | 456,500                          | 2,037   | 1.6                          |   |
| Delaware       | 16                   | 100            | 29,500                           | 391   | 0.3                          |   |
| Florida        | 211                  | 98             | 2,229,600                        | 8,364   | 6.4                          |   |
| Georgia        | 152                  | 94             | 1,342,400                        | 5,040   | 3.8                          |   |
| Hawaii         | --                   | --             | --                               | --  | --                           |   |
| Idaho          | 12                   | 92             | 80,700                           | 329   | 0.3                          |   |
| Illinois       | 111                  | 99             | 1,428,900                        | 6,264   | 4.8                          |   |
| Indiana        | 87                   | 98             | 858,400                          | 3,858   | 2.9                          |   |
| Iowa           | 28                   | 89             | 1,878,400                        | 2,331   | 1.8                          |   |
| Kansas         | 67                   | 96             | 920,600                          | 1,905   | 1.5                          |   |
| Kentucky       | 26                   | 96             | 202,200                          | 733   | 0.6                          |   |
| Louisiana      | 44                   | 100            | 428,500                          | 1,449   | 1.1                          |   |
| Maine          | 3                    | 100            | 22,500                           | 139   | 0.1                          |   |
| Maryland       | 30                   | 100            | 492,500                          | 2,661   | 2.0                          |   |
| Massachusetts  | 63                   | 92             | 572,700                          | 2,279   | 1.7                          |   |
| Michigan       | 69                   | 100            | 421,900                          | 1,579   | 1.2                          |   |
| Minnesota      | 151                  | 100            | 1,019,000                        | 6,807   | 5.2                          |   |
| Mississippi    | 77                   | 95             | 775,300                          | 1,982   | 1.5                          |   |
| Missouri       | 78                   | 99             | 1,057,800                        | 3,861   | 2.9                          |   |
| Montana        | 2                    | 100            | 30,000                           | 77  | 0.1                          |   |
| Nebraska       | 22                   | 100            | 220,400                          | 604   | 0.5                          |   |
| Nevada         | 16                   | 100            | 333,700                          | 1,054   | 0.8                          |   |
| New Hampshire  | 17                   | 94             | 234,000                          | 961   | 0.7                          |   |
| New Jersey     | 33                   | 94             | 267,300                          | 1,941   | 1.5                          |   |
| New Mexico     | 19                   | 100            | 154,700                          | 421   | 0.3                          |   |
| New York       | 46                   | 98             | 918,900                          | 4,614   | 3.5                          |   |
| North Carolina | 99                   | 96             | 895,400                          | 3,127   | 2.4                          |   |
| North Dakota   | 6                    | 100            | 36,600                           | 78  | 0.1                          |   |
| Ohio           | 151                  | 97             | 2,192,200                        | 5,231   | 4.0                          |   |
| Oklahoma       | 57                   | 98             | 961,500                          | 1,742   | 1.3                          |   |
| Oregon         | 20                   | 100            | 384,200                          | 1,325   | 1.0                          |   |
| Pennsylvania   | 105                  | 98             | 1,092,500                        | 4,740   | 3.6                          |   |
| Rhode Island   | 3                    | 100            | 11,000                           | 37  | *                            |   |
| South Carolina | 102                  | 97             | 564,500                          | 2,571   | 2.0                          |   |
| South Dakota   | 10                   | 100            | 89,800                           | 186   | 0.1                          |   |
| Tennessee      | 136                  | 96             | 1,351,500                        | 3,240   | 2.5                          |   |
| Texas          | 328                  | 97             | 4,271,900                        | 12,205  | 9.3                          |   |
| Utah           | 9                    | 100            | 159,300                          | 413   | 0.3                          |   |
| Vermont        | 4                    | 100            | 12,700                           | 133   | 0.1                          |   |
| Virginia       | 115                  | 97             | 2,429,400                        | 5,351   | 4.1                          |   |
| Washington     | 34                   | 97             | 293,000                          | 1,147   | 0.9                          |   |
| West Virginia  | 4                    | 100            | 87,400                           | 134   | 0.1                          |   |
| Wisconsin      | 33                   | 94             | 653,400                          | 1,375   | 1.1                          |   |
| Wyoming        | 3                    | 100            | 21,100                           | 63  | *                            |   |
| Totals/Average | 3,013                | 97%            | 37,677,500                       | \$ 130,942  | 100.0                        | % |

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\*Less than 0.1%

(1) Includes rental revenue for all properties owned by Realty Income at December 31, 2012, including revenue from properties reclassified as discontinued operations of \$1,347. Excludes revenue of \$24 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;
- Our recent acquisition of American Realty Capital Trust, Inc.;
- 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;



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- 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.

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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-four of our properties were available for lease or sale at December 31, 2012, all but one of which were single-tenant properties. At December 31, 2012, 32 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 2012, each of our tenants accounted for less than 10% of our rental revenue.

For the fourth quarter of 2012, our tenants in the convenience stores industry accounted for 14.9% 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. The impact of bankruptcy filings by any tenants in the casual dining industry could 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 2012. 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. 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.

***The acquisition of American Realty Capital Trust, Inc. presents certain risks to our business and operations.***

On January 22, 2013, we completed our acquisition of American Realty Capital Trust, Inc., or ARCT, in a transaction valued at approximately \$3.1 billion. Pursuant to the terms and subject to the conditions set forth in the agreement, at the effective time of the acquisition, each outstanding share of ARCT common stock was converted into \$0.35 of cash and 0.2874 shares of our common stock. In connection with the acquisition, we paid \$552.9 million at closing to repay amounts then outstanding and terminated the commitments under ARCT's revolving credit facility. In conjunction with our acquisition of ARCT in January 2013, we assumed approximately \$516.3 million of mortgages payable. With this acquisition, we added 515 properties to our portfolio.

The acquisition presents certain risks to our business and operations, including, among other things, the following:

- We may encounter difficulties and incur substantial expenses in integrating ARCT's properties and systems into our operations and systems and, in any event, the integration may require a substantial amount of time on the part of both our management and employees and therefore divert their attention from other aspects of our business;

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- ARCT's real estate portfolio includes a number of industries which are new to us, including U.S. General Services Administration assets, as well as tenants in the aerospace, financial services, freight, health care, home maintenance, manufacturing, pharmacy, retail banking, technology and telecommunications businesses;
- We may not be able to realize the anticipated benefits of our acquisition of ARCT, or those benefits may be less than we and securities and industry analysts had anticipated, which may adversely affect the market price of our common stock, preferred stock and debt securities;
- Our level of indebtedness has increased in conjunction with the acquisition of ARCT;
- Our future results will suffer if we do not effectively manage our expanded portfolio;
- The market price of our common stock, preferred stock and debt securities may decline, particularly if we do not achieve the perceived benefits of the ARCT acquisition as rapidly or to the extent anticipated by securities or industry analysts or if the effect of the acquisition on our results of operations and financial condition is not consistent with the expectations of these analysts;
- We cannot assure you that we will be able to continue paying dividends on our common stock or preferred stock at the current rates;
- If ARCT failed to qualify as a REIT for U.S. federal income tax purposes, Realty Income may inherit significant tax liabilities, and Realty Income could lose its REIT status should disqualifying activities continue after the acquisition;
- We may incur unanticipated capital expenditures in order to maintain or improve the properties and businesses of ARCT;
- We may encounter difficulties in managing a substantially larger and more complex business with properties in new geographic areas;
- Many of ARCT's tenants operated in industries where we do not have any prior experience, which may make it difficult for us to evaluate their business and operations, and the ARCT acquisition increased our tenant concentration in certain industries;

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- We may need to implement or improve internal controls, procedures, policies and systems with respect to ARCT's properties and businesses, which may require substantial time and expenditure;
- We may continue to incur substantial expenses related to the acquisition, including legal, accounting, and financial advisory expenses;
- We may be required to recognize write-offs, impairment charges or amortization charges resulting from the ARCT acquisition; and
- We may encounter unanticipated or unknown liabilities relating to the acquired businesses and properties.

In addition, eight lawsuits were filed in conjunction with the acquisition of ARCT. All of the below actions name as defendants ARCT, members of the ARCT board of directors, Realty Income, and Tau Acquisition LLC, a Delaware limited liability company and wholly owned subsidiary of Realty Income, or Merger Sub. In each case, the plaintiffs allege that the ARCT directors breached their fiduciary duties to ARCT and/or its stockholders in negotiating and approving the agreement, that the acquisition consideration negotiated in the agreement improperly values ARCT, that the ARCT stockholders will not receive fair value for their ARCT common stock in the acquisition, and that the terms of the agreement impose improper deal-protection devices that purportedly preclude competing offers. The complaints further allege that Realty Income, Merger Sub, and, in some cases, ARCT aided and abetted those alleged breaches of fiduciary duty. The various amended complaints add allegations that disclosures regarding the merger in the joint proxy statement/prospectus filed on October 1, 2012, or the definitive proxy statement/prospectus filed on December 6, 2012, are inadequate. Plaintiffs seek

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injunctive relief, including enjoining or rescinding the acquisition, and an award of other unspecified attorneys' fees and other fees and costs, in addition to other relief. Realty Income believes that these actions have no merit and intends to respond to them in due course:

**Maryland Actions.** Since the announcement of the proposed acquisition of ARCT on September 6, 2012, six alleged class actions and/or shareholder derivative actions were filed on behalf of alleged ARCT stockholders and/or ARCT itself in the Circuit Court for Baltimore City, Maryland, under the following captions: *Quaal v. American Realty Capital Trust Inc., et al.*, No. 24-C-12-005306, filed September 7, 2012; *Hill v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005502, filed September 19, 2012; *Goldwurm v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005524, filed September 20, 2012; *Gordon v. Schorsch, et al.*, No. 24-C-12-005571, filed September 21, 2012; *Gregor v. Kahane, et al.*, No. 24-C-12-005563, filed September 21, 2012; and *Rooker v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005924, filed October 5, 2012. On October 23, 2012, defendants moved to dismiss the actions and, on November 8, 2012, moved to stay discovery pending disposition of the motions to dismiss. On November 13, 2012, all plaintiffs except Sydelle Goldwurm filed motions to compel discovery and to expedite discovery. On November 16, 2012, the court consolidated the actions into a single action captioned *In re American Capital Realty Trust, Inc. Shareholder Litigation*, No. 24-C-12-005306 (the Maryland State Action). On November 21, 2012, the court appointed plaintiff Randell Quaal as lead plaintiff and Brower Piven, P.C. as lead counsel for plaintiffs. On December 3, 2012, plaintiff Goldwurm voluntarily dismissed her action in Maryland state court without prejudice. On December 11, 2012, plaintiffs moved for a preliminary injunction and to compel expedited discovery. On December 13, 2012, the court granted defendants' motion to stay discovery and denied plaintiffs' motion to expedite discovery. On December 14, 2012, plaintiffs filed a consolidated amended complaint, and defendants filed amended motions to dismiss the amended complaint on December 21, 2012.

On January 6, 2013, the parties in the Maryland State Action entered into a memorandum of understanding regarding settlement of all claims asserted on behalf of the alleged class of ARCT stockholders. In connection with the settlement contemplated by the memorandum of understanding, the Maryland State Action and all claims asserted in the litigation will be dismissed, subject to court approval. The proposed settlement terms required ARCT to make certain additional disclosures related to the merger, as set forth in a Current Report on Form 8-K filed by ARCT on January 8, 2013. The parties also agreed that plaintiffs may seek attorneys' fees and costs in an as-yet undetermined amount, with ARCT to pay such fees and costs if and to the extent they are approved by the Maryland state court. The memorandum of understanding further contemplates that the parties will enter into a stipulation of settlement, which will be subject to customary conditions, including confirmatory discovery and court approval following notice to ARCT's stockholders. If the parties enter into a stipulation of settlement, a hearing will be scheduled at which the court will consider the fairness, reasonableness, and adequacy of the settlement. There can be no assurance that the parties will ultimately enter into a stipulation of settlement, that the court will approve any proposed settlement, or that any eventual settlement will be under the same terms as those contemplated by the memorandum of understanding.

After the Maryland state court denied plaintiff Goldwurm's motion for appointment of lead plaintiff and lead counsel in the Maryland State Action, plaintiff Goldwurm filed a class action and shareholder derivative action on November 29, 2012, in the United States District Court for the District of Maryland, captioned *Goldwurm v. American Realty Capital Trust, Inc., et al.*, No. 1:12-cv-03516-JKB (the Maryland Federal Action). On December 12, 2012, plaintiff Goldwurm moved for expedited discovery. Defendants moved to stay the federal case on December 13, 2012, and moved to dismiss it on December 19, 2012. On January 11, 2013, plaintiff Goldwurm moved for a temporary restraining order seeking to enjoin the shareholder vote on the proposed merger set to take place on January 16, 2013.

On January 14, 2013, the parties in the Maryland Federal Action entered into an agreement to settle all claims. In connection with the settlement, on January 25, 2013, the parties agreed to voluntarily dismiss the case with prejudice. On January 28, 2013, the Maryland federal court dismissed the action.



**New York Actions.** Two alleged class actions were filed on behalf of alleged ARCT stockholders in the Supreme Court of the State of New York for New York, New York, under the following captions: *The Carol L. Possehl Living Trust v. American Realty Capital Trust, Inc., et al.*, No. 653300-2012, filed September 20, 2012; and *Salenger v. American Realty Capital Trust, Inc. et al.*, No. 353355-2012, filed September 25, 2012. On October 19, 2012, the court consolidated the actions into a single action captioned *In re American Realty Capital Trust Shareholders Litigation*, No. 653300-2012 (the New York Action ) and appointed Robbins Geller Rudman

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& Dowd LLP as lead counsel for plaintiffs. On October 19, 2012, defendants moved for a stay of proceedings. Plaintiffs filed an amended complaint on October 23, 2012. On November 9, 2012, the Court granted defendants' motion to stay the New York Action pending the Maryland state actions.

***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.

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 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.

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**Insurance and Indemnity.** In July 2012, we entered into a ten-year environmental insurance policy which expires in July 2022 and replaced our previous seven-year environmental insurance policy. The limits on our current policy are \$10 million per occurrence and \$60 million in the aggregate. The limits on the excess policy are \$5 million per occurrence and \$10 million in the aggregate. Therefore, the primary and excess ten-year policies together provide a total limit of \$15 million per occurrence and \$70 million in the aggregate.

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.

***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 taxable income (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;

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- 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. In addition, our taxable REIT subsidiaries, including Crest, are subject to federal and state taxes at the applicable tax rates on their income and property.

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***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 taxable income, 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 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.

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 \$1 billion acquisition credit facility. At December 31, 2012, we had \$158 million of outstanding borrowings under our acquisition credit facility, a total of \$2.55 billion of outstanding unsecured senior debt securities and \$175.9 million of outstanding mortgage debt. 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 global financial crisis (which includes 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 by the credit facility agreement) 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

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that have guaranteed amounts payable under the credit facility or that meet 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.

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, acquisitions, 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:



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- 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 and debt securities in the U.S. trading markets have been experiencing extreme price fluctuations, and the market values of our common stock and debt securities have 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.

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***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:

- 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;
- 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.

***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 global financial crisis (which includes 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

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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 later, 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.

**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.

Table of Contents**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.

The information contained in note 4.C., Litigation, of our notes to consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K is incorporated by reference into this Item 3. Except as set forth therein, there have been no material legal proceedings for the year ended December 31, 2012.

**Item 4: Mine Safety Disclosures**

None.

**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.

|                | High     | Price Per Share<br>of Common Stock | Low      | Distributions<br>Declared(1) |
|----------------|----------|------------------------------------|----------|------------------------------|
| <b>2012</b>    |          |                                    |          |                              |
| First quarter  | \$ 39.03 |                                    | \$ 34.31 | \$ 0.4368125                 |
| Second quarter | 41.89    |                                    | 36.88    | 0.4377500                    |
| Third quarter  | 44.17    |                                    | 40.35    | 0.4486875                    |
| Fourth quarter | 41.70    |                                    | 37.35    | 0.4546250                    |
| Total          |          |                                    |          | \$ 1.777875                  |
| <b>2011</b>    |          |                                    |          |                              |
| First quarter  | \$ 36.12 |                                    | \$ 33.40 | \$ 0.4330625                 |



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|                |       |       |              |
|----------------|-------|-------|--------------|
| 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 |

(1) Common stock cash distributions currently are declared monthly by us based on financial results for the prior months. At December 31, 2012, a distribution of \$0.15175 per common share had been declared and was paid in January 2013.

There were 8,128 registered holders of record of our common stock as of December 31, 2012. We estimate that our total number of shareholders is over 115,000 when we include both registered and beneficial holders of our common stock.

During the fourth quarter of 2012, no shares of stock were withheld for state and federal payroll taxes on the vesting of stock awards, as permitted under the 2012 Incentive Award Plan of Realty Income Corporation.

Table of Contents**Item 6: Selected Financial Data***(not covered by Report of Independent Registered Public Accounting Firm)**(dollars in thousands, except for per share data)*

| <b>As of or for the years ended December 31,</b>                            | <b>2012</b>  | <b>2011</b>  | <b>2010</b>  | <b>2009</b>  | <b>2008</b>  |
|---|--------------|--------------|--------------|--------------|--------------|
| Total assets (book value)   | \$ 5,443,363 | \$ 4,419,389 | \$ 3,535,590 | \$ 2,914,787 | \$ 2,994,179 |
| Cash and cash equivalents   | 5,248        | 4,165        | 17,607       | 10,026       | 46,815       |
| Total debt  | 2,883,868    | 2,055,181    | 1,600,000    | 1,354,600    | 1,370,000    |
| Total liabilities   | 3,030,569    | 2,164,535    | 1,688,625    | 1,426,778    | 1,439,518    |
| Total stockholders' equity  | 2,412,794    | 2,254,854    | 1,846,965    | 1,488,009    | 1,554,661    |
| Net cash provided by operating activities                                   | 326,469      | 298,952      | 243,368      | 226,707      | 246,155      |
| Net change in cash and cash equivalents                                     | 1,083        | (13,442)     | 7,581        | (36,789)     | (146,286)    |
| Total revenue   | 475,510      | 410,252      | 333,437      | 311,965      | 310,813      |
| Income from continuing operations   | 145,971      | 144,625      | 115,201      | 112,596      | 100,979      |
| Income from discontinued operations   | 13,181       | 12,407       | 15,583       | 18,531       | 30,862       |
| Net income  | 159,152      | 157,032      | 130,784      | 131,127      | 131,841      |
| Preferred stock dividends   | (40,918)     | (24,253)     | (24,253)     | (24,253)     | (24,253)     |
| Excess of redemption value over carrying value of preferred shares redeemed | (3,696)      | --           | --           | --           | --           |
| Net income available to common stockholders                                 | 114,538      | 132,779      | 106,531      | 106,874      | 107,588      |
| Cash distributions paid to common stockholders                              | 236,348      | 219,297      | 182,500      | 178,008      | 169,655      |
| Basic and diluted net income per common share                               | 0.86         | 1.05         | 1.01         | 1.03         | 1.06         |
| Cash distributions paid per common share                                    | 1.771625     | 1.736625     | 1.721625     | 1.706625     | 1.662250     |
| Cash distributions declared per common share                                | 1.777875     | 1.737875     | 1.722875     | 1.707875     | 1.667250     |
| Basic weighted average number of common shares outstanding                  | 132,817,472  | 126,142,696  | 105,869,637  | 103,577,507  | 101,178,191  |
| Diluted weighted average number of common shares outstanding                | 132,884,933  | 126,189,399  | 105,942,721  | 103,581,053  | 101,209,883  |

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

**GENERAL**

Realty Income, The Monthly Dividend Company®, is a publicly traded real estate company with the primary business objective of generating dependable monthly cash dividends from a consistent and predictable level of cash flow from operations. Our monthly distributions or dividends are supported by the cash flow from our portfolio of properties leased to commercial enterprises. We have in-house acquisition, leasing, legal, credit research, real estate research, portfolio management and capital markets expertise. Over the past 44 years, Realty Income and its predecessors have been acquiring and owning freestanding commercial properties that generate rental revenue under long-term lease agreements.

In 1994, Realty Income was listed upon the New York Stock Exchange and we elected to be taxed as a real estate investment trust, or REIT, requiring us to distribute dividends to our stockholders aggregating at least 90% of our taxable income (excluding net capital gains).

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, 2012, we owned a diversified portfolio:

- Of 3,013 properties;
- With an occupancy rate of 97.2%, or 2,929 properties leased and only 84 properties available for lease;
- Leased to 150 different commercial enterprises doing business in 44 separate industries;
- Located in 49 states;
- With over 37.6 million square feet of leasable space; and
- With an average leasable space per property of approximately 12,500 square feet.

Of the 3,013 properties in the portfolio, 2,996, or 99.4%, are single-tenant properties, and the remaining 17 are multi-tenant properties. At December 31, 2012, of the 2,996 single-tenant properties, 2,913 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.0 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 \$1 billion 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, 2012, our total outstanding borrowings of senior unsecured notes and bonds, mortgages payable and credit facility borrowings were \$2.88 billion, or approximately 32.5% of our total market capitalization of \$8.88 billion.

We define our total market capitalization at December 31, 2012 as the sum of:

- Shares of our common stock outstanding of 133,452,411 multiplied by the last reported sales price of our common stock on the NYSE of \$40.21 per share on December 31, 2012, or \$5.37 billion;
- Aggregate liquidation value (par value of \$25.00 per share) of the Class E preferred stock of \$220 million;
- Aggregate liquidation value (par value of \$25.00 per share) of the Class F preferred stock of \$408.8 million;
- Outstanding borrowings of \$158.0 million on our credit facility;
- Outstanding mortgages payable of \$175.9 million; and
- Outstanding senior unsecured notes and bonds of \$2.55 billion.

At the close of the acquisition of American Realty Capital Trust, Inc., or ARCT, on January 22, 2013, our total market capitalization increased to over \$12 billion.

**Notes Receivable**

As of December 31, 2012, we had \$63.2 million in notes receivable, which are secured by the properties on which the note receivables were placed. Included in this amount are \$35.1 million of notes receivable acquired in 2012, \$8.8 million of notes receivable acquired in 2011, \$18.9 million of notes receivable held by our wholly-owned taxable REIT subsidiary, Crest, and \$0.4 million of notes receivable from a property sale.

**Mortgage Debt**

As of December 31, 2012, we had \$165.9 million of mortgages payable, which were assumed in connection with our property acquisitions in 2012 and 2011. Additionally, at December 31, 2012, we had net premiums totaling \$9.9 million on these mortgages. During 2012, we paid \$11.7 million in principal payments, which includes \$10.7 million to pay off one mortgage in March 2012. In conjunction with our acquisition of ARCT in January 2013, we assumed approximately \$516.3 million of mortgages payable.

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.

**\$1 Billion Acquisition Credit Facility**

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In May 2012, we entered into a new \$1 billion unsecured acquisition credit facility, which replaced our \$425 million acquisition credit facility that was scheduled to expire in March 2014. The initial term of the new credit facility expires in May 2016 and includes, at our option, a one-year extension. Under this new credit facility, our current investment grade credit ratings provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% 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. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation. At December 31, 2012, we had a borrowing capacity of \$842 million available on our credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$158 million. The interest rate on borrowings outstanding under our new credit facility, at December 31, 2012, was 1.3% per annum. We must comply with various financial and other covenants in our credit facility. At December 31, 2012, 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 \$500 million, to a total borrowing capacity of \$1.5 billion. Any increase in the borrowing capacity is subject to approval by the lending banks participating in our credit facility.

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**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, 2012, we had cash and cash equivalents totaling \$5.2 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 next twelve months. We intend, however, to use additional sources of capital to fund property acquisitions and to repay future borrowings under our credit facility.

**Acquisitions During 2012**

During 2012, Realty Income invested \$1.16 billion in real estate, acquiring 423 properties, and properties under development, with an initial weighted average contractual lease rate of 7.2%. The majority of the lease revenue from these properties is generated from investment grade tenants. These 423 properties, and properties under development, are located in 37 states, will contain over 10.5 million leasable square feet, and are 100% leased with an average lease term of 14.6 years. The tenants of the 423 properties acquired operate in 23 industries: aerospace, apparel stores, automotive collision services, automotive parts, consumer appliances, consumer goods, convenience stores, crafts and novelties, diversified industrial, dollar stores, drug stores, equipment services, food processing, health and fitness, insurance, machinery, motor vehicle dealerships, packaging, paper, restaurants quick service, theaters, transportation services, and wholesale clubs. None of the investments in these properties caused any one tenant to be 10% or more of our total assets at December 31, 2012.

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.

Of the \$1.16 billion Realty Income invested in 2012, approximately \$35.1 million was used to originate a note receivable, which is secured by the properties on which the note receivable was placed.

During 2012, Crest invested \$890,000 in one property in the restaurant casual industry.

**January 2013 Acquisition of American Realty Capital Trust, Inc.**

On January 22, 2013, we completed our acquisition of ARCT, in a transaction valued at approximately \$3.1 billion. Pursuant to the terms and subject to the conditions set forth in the Agreement and Plan of Merger dated as of September 6, 2012, as amended on January 6, 2013, at the effective time of the acquisition, each outstanding share of ARCT common stock was converted into the right to receive a combination of: (i) \$0.35 in cash and (ii) 0.2874 shares of our common stock. In connection with the acquisition, at the closing we terminated and repaid the amounts then outstanding of approximately \$552.9 million under ARCT's revolving credit facility and term loan. In conjunction with our acquisition of ARCT in January 2013, we assumed approximately \$516.3

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million of mortgages payable. With this acquisition, we added 515 properties to our portfolio. Through 2012, we have incurred \$7.9 million of merger costs. We anticipate that the total merger costs will be approximately \$19 million.

In January 2013, in conjunction with our acquisition of ARCT, we entered into a \$70 million senior unsecured term loan maturing January 21, 2018. Borrowing under the term loan bears interest at LIBOR, plus 1.20%. In conjunction with this term loan, we also acquired an interest rate swap which essentially fixes our per annum interest rate on the term loan at 2.15%.



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**Portfolio Discussion**

Leasing Results

At December 31, 2012, we had 84 properties available for lease out of 3,013 properties in our portfolio, which represents a 97.2% occupancy rate. Since December 31, 2011, when we reported 87 properties available for lease and a 96.7% occupancy rate, we:

- Leased 47 properties;
- Sold 20 properties available for lease; and
- Have 64 new properties available for lease.

During 2012, 124 properties with expiring leases were leased to either existing or new tenants. The rent on these leases was \$10.6 million, as compared to the previous rent on these same properties of \$10.9 million. At December 31, 2012, our average annualized rental revenue per square foot was approximately \$14.56 per square foot on the 2,929 leased properties in our portfolio. At December 31, 2012, we classified 14 properties with a carrying amount of \$19.2 million as held for sale on our balance sheet.

Investments in Existing Properties

In 2012, we capitalized costs of \$6.6 million on existing properties in our portfolio, consisting of \$1.62 million for re-leasing costs and \$4.93 million for building and tenant improvements. 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 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.

**Impact of Real Estate and Credit Markets**

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In the commercial real estate market, property prices generally continue to fluctuate. Likewise, during certain periods, 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 continually monitor the commercial real estate and U.S. credit markets carefully and, if required, make decisions to adjust our business strategy accordingly. See our discussion of Risk Factors in this annual report.

### **Increases in Monthly Dividends to Common Stockholders**

We continue our 44-year policy of paying monthly dividends. Monthly dividends per common share increased by \$0.0003125 in April 2012 to \$0.1458125, increased by \$0.0003125 in July 2012 to \$0.146125, increased by \$0.005 in September 2012 to \$0.151125, increased by \$0.0003125 in October 2012 to \$0.1514375, increased by \$0.0003125 in January 2013 to \$0.15175, and increased by \$0.0291667 in February 2013 to \$0.1809167. The increase in January 2013 was our 61st consecutive quarterly increase and the increase in February 2013 was our 70th increase in the amount of our dividend since our listing on the NYSE in 1994. In 2012, we paid three monthly cash dividends per common share in the amount of \$0.1455, three in the amount of \$0.1458125, two in the amount of \$0.146125, one in the amount of \$0.151125, and three in the amount of \$0.1514375 totaling \$1.771625. In December 2012, we declared dividends of \$0.15175 per share, which were paid in January 2013. In January 2013 and February 2013, we declared dividends of \$0.1809167 per share, which will be paid in February 2013 and March 2013, respectively.

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The current monthly dividend of \$0.1809167 per share represents a current annualized dividend of \$2.171 per share, and an annualized dividend yield of approximately 5.0% based on the last reported sale price of our common stock on the NYSE of \$43.40 on February 1, 2013. Although we expect to continue our policy of paying monthly dividends, we cannot guarantee that we will maintain our current level of dividends, that we will continue our pattern of increasing dividends per share, or what our actual dividend yield will be in any future period.

## **Note Issuance**

In October 2012, we issued \$350 million in aggregate principal amount of 2.00% senior unsecured notes due January 2018, or the 2018 Notes, and \$450 million in aggregate principal amount of 3.25% senior unsecured notes due October 2022, or the 2022 Notes. The price to the investors for the 2018 Notes was 99.910% of the principal amount for an effective yield of 2.017% per annum. The price to the investors for the 2022 Notes was 99.382% of the principal amount for an effective yield of 3.323% per annum. The total net proceeds of approximately \$790.1 million from these offerings were used to repay all outstanding borrowings under our acquisition credit facility, and the remaining proceeds will be used for general corporate purposes, which may include additional property acquisitions.

## **Universal Shelf Registration**

In October 2012, we filed a shelf registration statement with the SEC, which is effective for a term of three years and will expire in October 2015. This replaces our prior shelf registration statement. In accordance with 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 (1) common stock, (2) preferred stock, (3) debt securities, (4) depository shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock or depository shares, and (6) 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.

## **Environmental Insurance Policies**

In July 2012, we entered into new ten-year environmental primary and excess insurance policies that expire in July 2022. The limits on our new primary policy are \$10 million per occurrence and \$60 million in the aggregate. The limits on the excess policy are \$5 million per occurrence and \$10 million in the aggregate. Therefore, the primary and excess ten-year policies together provide a total limit of \$15 million per occurrence and \$70 million in the aggregate.

## **Authorized Shares**

In June 2012, our stockholders approved an increase in the number of authorized shares of our common stock to 370,100,000 and the number of authorized shares of our preferred stock to 69,900,000.

## **2012 Incentive Award Plan**

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In March 2012, our Board of Directors adopted, and in May 2012, our stockholders approved the Realty Income Corporation 2012 Incentive Award Plan, or the 2012 Plan, to enable us to attract and retain the services of directors, employees and consultants considered essential to our long-term success. The 2012 Plan offers our directors, employees and consultants an opportunity to own stock in Realty Income or rights that will reflect our growth, development and financial success. The 2012 Plan replaced the 2003 Incentive Award Plan of Realty Income Corporation (as amended and restated February 21, 2006), which was set to expire in March 2013.

### **Issuances and Redemption of Preferred Stock**

In February 2012, we issued 14.95 million shares of our 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock at a price of \$25.00 per share, including 1.95 million shares purchased by the underwriters upon the exercise of their overallocation option. In April 2012, we issued an additional 1.4 million shares of our Class F preferred stock at a price \$25.2863 per share. Of the aggregate net proceeds of approximately \$395.4 million from these issuances, \$127.5 million was used to redeem all of our outstanding 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock and the balance was used to repay

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borrowings under our credit facility. The dividend rate difference of 0.75% between the Class D and Class F preferred stock provides us savings of \$956,000 annually on the Class D redemption amount of \$127.5 million. 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 per share was paid on March 15, 2012, and covered 37 days. Thereafter, dividends of \$0.138021 per share will be paid monthly, in arrears.

We redeemed all of the 5.1 million shares of our 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock in March 2012 for \$25.00 per share, plus accrued dividends. We incurred a charge of \$3.7 million, representing the Class D preferred stock original issuance costs that we paid in 2004.

**Dividend Reinvestment and Stock Purchase Plan**

In March 2011, we established a Dividend Reinvestment and Stock Purchase Plan, or the DSPP, to provide our common shareholders, as well as new investors, with a convenient and economical method of purchasing our common stock and reinvesting their distributions. The DSPP also allows our current stockholders to buy additional shares of common stock by reinvesting all or a portion of their distributions. The DSPP authorizes up to 6,000,000 common shares to be issued. During 2012, we issued 55,598 shares and raised approximately \$2.2 million under the DSPP. From the inception of the DSPP through December 31, 2012, we have issued 115,203 shares and raised approximately \$4.2 million.

**Credit Agency Ratings**

The borrowing interest 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+ with a stable outlook, Moody's Investors Service has assigned a rating of Baa1 with a negative outlook, and Standard & Poor's Ratings Group has assigned a rating of BBB with a stable outlook to our senior notes.

Based on our current ratings, the credit facility interest rate is LIBOR plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% over LIBOR. The credit facility provides that the interest rate can range between: (i) LIBOR plus 1.85% if our credit facility is lower than BBB-/Baa3 and (ii) LIBOR plus 1.00% 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 range from: (i) 0.45% for a rating lower than BBB-/Baa3, and (ii) 0.15% 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. In addition, 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.

**Notes Outstanding**

Our senior unsecured note and bond obligations consist of the following as of December 31, 2012, 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      |
| 2.00% notes, issued in October 2012 and due in January 2018                                    | 350      |
| 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      |
| 3.25% notes, issued in October 2012 and due in October 2022                                    | 450      |
| 5.875% bonds, \$100 issued in March 2005 and \$150 issued in June 2011, both due in March 2035 | 250      |
|  | \$ 2,550 |

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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, 2012, we remain in compliance with these covenants.

In March 2013, we expect to repay \$100 million of our 5.375% notes by utilizing our credit facility.

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, 2012 are:

| Note Covenants                             | Required                 | Actual |
|--|--------------------------|--------|
| Limitation on incurrence of total debt     | ≤ 60% of adjusted assets | 47.6%  |
| Limitation on incurrence of secured debt   | ≤ 40% of adjusted assets | 2.9%   |
| Debt service coverage (trailing 12 months) | ≥ 1.5 x                  | 3.6 x  |
| Maintenance of total unencumbered assets   | ≥ 150% of unsecured debt | 214.4% |

The following table summarizes the maturity of each of our obligations as of December 31, 2012 (dollars in millions):

Table of Obligations

| Year of Maturity | Credit Facility(1) | Notes and Bonds | Mortgages Payable(2) | Interest (3) | Ground Leases Paid by Realty | Ground Leases Paid by Our | Other (6) | Totals     |
|------------------|--------------------|-----------------|----------------------|--------------|------------------------------|---------------------------|-----------|------------|
|                  |                    |                 |                      |              | Income(4)                    | Tenants(5)                |           |            |
| 2013             | \$ --              | \$ 100.0        | \$ 23.1              | \$ 138.9     | \$ 0.2                       | \$ 4.3                    | \$ --     | \$ 266.5   |
| 2014             | --                 | --              | 13.7                 | 132.8        | 0.2                          | 4.1                       | 16.9      | 167.7      |
| 2015             | --                 | 150.0           | 26.1                 | 130.5        | 0.2                          | 4.1                       | --        | 310.9      |
| 2016             | 158.0              | 275.0           | 14.4                 | 127.0        | 0.2                          | 4.0                       | --        | 578.6      |
| 2017             | --                 | 175.0           | 45.3                 | 111.9        | 0.2                          | 3.9                       | --        | 336.3      |
| Thereafter       | --                 | 1,850.0         | 43.3                 | 437.5        | 0.4                          | 48.8                      | --        | 2,380.0    |
| Totals           | \$158.0            | \$ 2,550.0      | \$ 165.9             | \$ 1,078.6   | \$1.4                        | \$ 69.2                   | \$ 16.9   | \$ 4,040.0 |

(1) The initial term of the credit facility expires in May 2016 and includes, at our option, a one-year extension.

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- (2) Excludes net premiums recorded on the mortgages payable. The balance of these net premiums at December 31, 2012, is \$9.9 million.
- (3) Interest on the credit facility, notes, bonds and mortgages payable has been calculated based on outstanding balances as of December 31, 2012 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 \$16.0 million of commitments under construction contracts and \$944,000 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.

### **Preferred Stock Outstanding**

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 were redeemable at our option for \$25.00 per share, plus any accrued and unpaid dividends. Dividends on shares of Class E preferred stock are paid monthly in arrears.



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In February 2012, we issued 14.95 million shares of our 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock at \$25.00 per share, including 1.95 million shares purchased by the underwriters upon the exercise of their over-allotment option. In April 2012, we issued an additional 1.4 million shares of Class F Cumulative Redeemable Preferred Stock at \$25.2863 per share. Beginning February 15, 2017, shares of our Class F preferred stock are redeemable at our option for \$25.00 per share, plus any accrued and unpaid dividends. Dividends on the shares of Class F preferred shares will be paid monthly in arrears.

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

**No Unconsolidated Investments**

We have no unconsolidated investments, nor do we engage in trading activities involving energy or commodity contracts. 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 classification of financial instruments with characteristics of both liabilities and equity.

**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 to 35 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 to 35 years is an appropriate estimate of useful life.

When acquiring a property, 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 or below-market lease value of in-place leases, the value of in-place leases, and tenant relationships, as applicable. In addition, any assumed mortgages receivable or payable are recorded at their estimated fair values.

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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, they could have a material impact on our results of operations.

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***The following is a comparison of our results of operations for the years ended December 31, 2012, 2011 and 2010.***

**Rental Revenue**

Rental revenue was \$473.7 million for 2012 versus \$408.6 million for 2011, an increase of \$65.1 million, or 15.9%. Rental revenue was \$332.8 million in 2010. The increase in rental revenue in 2012 compared to 2011 is primarily attributable to:

- The 423 properties (10.6 million square feet) acquired by Realty Income in 2012, which generated \$22.7 million of rent in 2012;
- The 164 properties (6.2 million square feet) acquired by Realty Income in 2011, which generated \$79.0 million of rent in 2012 compared to \$31.5 million in 2011, an increase of \$47.5 million;
- Same store rents generated on 2,220 properties (18.6 million square feet) during the entire years of 2012 and 2011, increased by \$364,000, or 0.1%, to \$360.4 million from \$360.0 million;
- A net decrease of \$8.4 million relating to the aggregate of (i) rental revenue from properties (1.3 million square feet) that were available for lease during part of 2012 or 2011, (ii) rental revenue related to 70 properties sold during 2012 and 2011, and (iii) lease termination settlements which, in aggregate, totaled \$7.8 million in 2012 compared to \$16.2 million in 2011; and
- A net increase in straight-line rent and other non-cash adjustments to rent of \$2.3 million in 2012 as compared to 2011.

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 in, (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 3,013 properties in the portfolio at December 31, 2012, 2,996, or 99.4%, are single-tenant properties and the remaining 17 are multi-tenant properties. Of the 2,996 single-tenant properties, 2,913, or 97.2%, were net leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.0 years at December 31, 2012. Of our 2,913 leased single-tenant properties, 2,681 or 92.0% 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.

Percentage rent, which is included in rental revenue, was \$2.0 million in 2012, \$1.4 million in 2011 and \$1.3 million in 2010 (excluding percentage rent reclassified to discontinued operations of \$124,000 in 2012, \$60,000 in 2011 and \$104,000 in 2010). Percentage rent in 2012 was less than 1% of rental revenue and we anticipate percentage rent to be less than 1% of rental revenue in 2013.

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, 2012, our portfolio of 3,013 properties was 97.2% leased with 84 properties available for lease as compared to 87 at December 31, 2011. 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.

Table of Contents**Depreciation and Amortization**

Depreciation and amortization was \$149.6 million in 2012, compared to \$118.9 million in 2011 and \$91.6 million in 2010. The increases in depreciation and amortization in 2012 and 2011 were primarily due to the acquisition of properties in 2012 and 2011, which was partially offset by property sales in those same years. As discussed in the sections entitled *Funds from Operations Available to Common Stockholders* and *Normalized Funds from Operations Available to Common Stockholders* and *Adjusted 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, normalized FFO and AFFO.

**Interest Expense**

Interest expense was \$122.5 million in 2012, compared to \$108.3 million in 2011 and \$93.2 million in 2010. The increase in interest expense from 2011 to 2012 was primarily due to an increase in borrowings attributable to the \$150 million re-opening of our 5.875% senior unsecured bonds due 2035 in June 2011, the issuance of our 2.00% senior unsecured notes due January 2018 in October 2012, and the issuance of our 3.25% senior unsecured notes due October 2022 in October 2012, interest on our mortgages payable, and higher credit facility borrowings, which were partially offset by lower average interest rates.

As a result of entering into our new credit facility, we incurred credit facility origination costs of \$7.1 million. At December 31, 2012, \$5.9 million of the \$7.1 million is included in other assets, net, on our consolidated balance sheet, along with \$2.2 million incurred as a result of entering into our previous credit facilities. These costs are being amortized over the remaining term of our current \$1 billion credit facility.

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

|   | <b>2012</b>  | <b>2011</b>  | <b>2010</b>  |
|---|--------------|--------------|--------------|
| Interest on our credit facility, notes, bonds and mortgages   | \$ 117,401   | \$ 104,452   | \$ 89,916    |
| Interest included in discontinued operations  | (601)        | (785)        | (557)        |
| Credit facility commitment fees   | 1,684        | 1,508        | 1,017        |
| Amortization of credit facility origination costs, deferred financing costs and net mortgage premiums | 4,556        | 3,564        | 2,871        |
| Interest capitalized  | (498)        | (438)        | (10)         |
| Interest expense  | \$ 122,542   | \$ 108,301   | \$ 93,237    |
| <b>Credit facility, mortgages and notes outstanding</b>   |              |              |              |
| Average outstanding balances (dollars in thousands)   | \$ 2,144,690 | \$ 1,754,935 | \$ 1,496,150 |
| Average interest rates  | 5.5%         | 6.0%         | 6.0%         |

At December 31, 2012, the weighted average interest rate on our:

- Notes and bonds payable of \$2.55 billion was 4.99%;
- Mortgages payable of \$175.9 million was 4.38%;

- Credit facility outstanding borrowings of \$158.0 million was 1.28%; and
- Combined outstanding notes, bonds, mortgages and credit facility borrowings of \$2.9 billion was 4.75%.

**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 they are widely followed by industry analysts, lenders and investors and are used by management as measures of performance. In addition, management utilizes Adjusted EBITDA because our \$1 billion credit facility uses a similar metric to measure our compliance with certain covenants. EBITDA and Adjusted EBITDA should be considered along with, but not as alternatives to, net income as measures of our operating performance.

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

|  | <b>2012</b> | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|-------------|
| Net income   | \$ 159,152  | \$ 157,032  | \$ 130,784  |
| Interest expense   | 122,542     | 108,301     | 93,237      |
| Interest expense included in discontinued operations     | 601         | 785         | 557         |
| Income taxes   | 1,430       | 1,470       | 1,393       |
| Income tax benefit included in discontinued operations   | (369)       | (351)       | (344)       |
| Depreciation and amortization                            | 149,597     | 118,874     | 91,641      |
| Depreciation and amortization in discontinued operations | 1,710       | 3,305       | 4,508       |
| EBITDA   | 434,663     | 389,416     | 321,776     |
| Provisions for impairment                                | 5,139       | 405         | 213         |
| Amortization of net premiums on mortgages payable        | (665)       | (189)       | --          |
| Merger-related costs                                     | 7,899       | --          | --          |
| Gain on property sales                                   | --          | (540)       | --          |
| Gain on property sales in discontinued operations        | (9,873)     | (5,193)     | (8,676)     |
| Adjusted EBITDA  | \$ 437,163  | \$ 383,899  | \$ 313,313  |

**Interest Coverage Ratio**

Interest coverage ratio is calculated as: Adjusted EBITDA divided by interest expense, including interest recorded as discontinued operations and amortization of net premiums on mortgages payable. 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           | <b>2012</b> | <b>2011</b> | <b>2010</b> |
|--------------------------------|-------------|-------------|-------------|
| Adjusted EBITDA                | \$ 437,163  | \$ 383,899  | \$ 313,313  |
| Divided by interest expense(1) | \$ 122,478  | \$ 108,897  | \$ 93,794   |
| Interest coverage ratio        | 3.6         | 3.5         | 3.3         |

(1) See below reconciliation of interest expense used for calculation of interest coverage ratio (dollars in thousands):

|  | <b>2012</b> | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|-------------|
| Interest expense                                     | \$ 122,542  | \$ 108,301  | \$ 93,237   |
| Interest expense included in discontinued operations | 601         | 785         | 557         |
| Amortization of net premiums on mortgages payable    | (665)       | (189)       | --          |
|  | \$ 122,478  | \$ 108,897  | \$ 93,794   |

**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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| Dollars in thousands  | 2012       | 2011       | 2010       |
|---|------------|------------|------------|
| Adjusted EBITDA   | \$ 437,163 | \$ 383,899 | \$ 313,313 |
| Divided by interest expense plus preferred stock dividends(1) | \$ 163,396 | \$ 133,150 | \$ 118,047 |
| Fixed charge coverage ratio                                   | 2.7        | 2.9        | 2.7        |

(1) See footnote 1 above for reconciliation of interest expense used for calculation of fixed charge coverage ratio. This calculation excludes the charge of \$3.7 million for the excess of redemption value over carrying value of the Class D preferred shares redeemed during 2012.



Table of Contents**General and Administrative Expenses**

General and administrative expenses increased by \$7.0 million to \$38.0 million in 2012, as compared to \$31.0 million in 2011. General and administrative expenses were \$25.3 million in 2010. Included in general and administrative expenses are acquisition transaction costs of \$2.4 million for 2012, \$1.5 million for 2011 and \$368,000 for 2010. General and administrative expenses increased during 2012 primarily due to increases in employee costs, acquisition transaction costs and proxy costs. In February 2013, we had 97 employees, as compared to 83 employees in February 2012 and 79 employees in February 2011.

| Dollars in thousands   | 2012      | 2011      | 2010      |
|--|-----------|-----------|-----------|
| General and administrative expenses                                  | \$ 37,998 | \$ 30,954 | \$ 25,311 |
| Total revenue, including discontinued operations(1)                  | 483,691   | 422,226   | 346,540   |
| General and administrative expenses as a percentage of total revenue | 7.9%      | 7.3%      | 7.3%      |

(1)Excludes gain on sales.

**Property Expenses**

Property expenses consist of costs associated with unleased properties, non-net leased properties and general portfolio expenses. Expenses related to unleased properties and non-net leased 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, 2012, 84 properties were available for lease, as compared to 87 at December 31, 2011 and 84 at December 31, 2010.

Property expenses were \$7.3 million in 2012, \$6.0 million in 2011 and \$5.8 million in 2010. The increase in property expenses in 2012 is primarily attributable to higher insurance costs, maintenance and utilities, and legal fees associated with properties available for lease, partially offset by a decrease in bad debt expense.

**Merger-Related Costs**

Merger-related costs include, but are not limited to, advisor fees, legal fees, accounting fees, printing fees and transfer taxes related to our acquisition of ARCT. Merger-related costs, were \$7.9 million in 2012. On a diluted per common share basis, this expense represented \$0.06.

**Income Taxes**

Income taxes were \$1.4 million in 2012, as compared to \$1.5 million in 2011 and \$1.4 million in 2010. These amounts are for city and state income and franchise taxes paid by Realty Income.

**Discontinued Operations**

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Operations from 14 investment properties classified as held for sale at December 31, 2012, 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):

| <b>Income from discontinued operations</b>  | <b>2012</b> | <b>2011</b> | <b>2010</b> |
|---|-------------|-------------|-------------|
| Gain on sales of investment properties      | \$ 9,873    | \$ 5,193    | \$ 8,676    |
| Rental revenue                              | 7,938       | 11,881      | 13,071      |
| Other revenue                               | 243         | 93          | 32          |
| Depreciation and amortization               | (1,710)     | (3,305)     | (4,508)     |
| Property expenses                           | (1,649)     | (1,902)     | (2,463)     |
| Provisions for impairment                   | (2,335)     | (395)       | (171)       |
| Crest's income from discontinued operations | 821         | 842         | 946         |
| Income from discontinued operations         | \$ 13,181   | \$ 12,407   | \$ 15,583   |
| Per common share, basic and diluted(1)      | \$ 0.10     | \$ 0.10     | \$ 0.15     |

(1) 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.

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**Crest's Assets and Property Sales**

At December 31, 2012, Crest had an inventory of four properties, three of which are classified as held for investment. In addition to the four properties, Crest also held notes receivable of \$18.9 million at December 31, 2012 and \$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 2012, Crest acquired one property for \$890,000, but did not sell any properties. During 2011 and 2010, Crest did not buy or sell any properties.

**Gain on Sales of Investment Properties by Realty Income**

During 2012, we sold 44 investment properties for \$50.6 million, which resulted in a gain of \$9.9 million. The results of operations for these properties have been reclassified as discontinued operations for all periods presented.

During 2011, we sold 26 investment properties for \$22.0 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 five properties for \$2.1 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.

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, 2012, we classified real estate with a carrying amount of \$19.2 million as held for sale on our balance sheet. In 2013, we intend to continue implementing 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 \$50 million and \$125 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 at our estimated values 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 2012 and 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.

**Provisions for Impairment on Realty Income Investment Properties**

During 2012, Realty Income recorded total provisions for impairment of \$5.1 million. Provisions for impairment of \$2.3 million are included in income from discontinued operations on seven properties. Additionally, during 2012, Realty Income recorded provisions for impairment of \$2.8 million on three properties held for investment at December 31, 2012. These provisions for impairment are included in income from continuing operations.

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During 2011, Realty Income recorded total provisions for impairment of \$405,000 on four properties. 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 four properties. 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.

**Preferred Stock Dividends**

Preferred stock dividends totaled \$40.9 million in 2012 and \$24.3 million in 2011 and 2010.

**Excess of Redemption Value over Carrying Value of Preferred Shares Redeemed**

When we redeemed our Class D preferred stock in March 2012, we incurred a charge of \$3.7 million for the excess of redemption value over the carrying value. This charge, representing the Class D preferred stock original issuance cost that was paid in 2004, was recorded as a reduction to net income available to common stockholders when the shares were redeemed during 2012. On a diluted per common share basis, this charge was \$0.03.

**Net Income Available to Common Stockholders**

Net income available to common stockholders was \$114.5 million in 2012, a decrease of \$18.3 million as compared to \$132.8 million in 2011. Net income available to common stockholders in 2010 was \$106.5 million. Net income available to common stockholders for 2012 includes \$7.9 million of merger-related costs, which represents \$0.06 on a diluted per common share basis, for the acquisition of ARCT. Additionally, net income available to common stockholders in 2012 includes a \$3.7 million charge for the excess of redemption value over carrying value of the shares of our Class D preferred stock, which represents \$0.03 on a diluted per common share basis.

The calculation to determine net income available to common stockholders includes gains from the sale of properties and excess real estate. 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.

Gains from the sale of properties during 2012 were \$9.9 million, as compared to gains from the sale of properties and excess real estate of \$5.7 million during 2011 and an \$8.7 million gain from the sale of properties during 2010.

**FUNDS FROM OPERATIONS AVAILABLE TO COMMON STOCKHOLDERS (FFO) AND NORMALIZED FUNDS FROM OPERATIONS AVAILABLE TO COMMON STOCKHOLDERS (Normalized FFO)**

FFO for 2012 increased by \$11.5 million, or 4.6%, to \$260.9 million, as compared to \$249.4 million in 2011 and \$193.9 million in 2010. FFO for 2012 includes \$7.9 million for merger-related costs, and also includes a \$3.7 million charge associated with the Class D preferred stock redemption.

We define normalized FFO as FFO excluding the merger-related costs for our 2013 acquisition of ARCT. Normalized FFO for 2012 increased by \$19.4 million, or 7.8%, to \$268.8 million, as compared to \$249.4 million in 2011 and \$193.9 million in 2010.

The following is a reconciliation of net income available to common stockholders (which we believe is the most comparable GAAP measure) to FFO and normalized 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):

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|  | <b>2012</b> | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|-------------|
| Net income available to common stockholders                              | \$ 114,538  | \$ 132,779  | \$ 106,531  |
| Depreciation and amortization:   |             |             |             |
| Continuing operations  | 149,597     | 118,874     | 91,641      |
| Discontinued operations  | 1,710       | 3,305       | 4,508       |
| Depreciation of furniture, fixtures and equipment                        | (249)       | (238)       | (291)       |
| Provisions for impairment on Realty Income investment properties         | 5,139       | 405         | 213         |
| Gain on sale of excess real estate and investment properties:            |             |             |             |
| Continuing operations  | --          | (540)       | --          |
| Discontinued operations  | (9,873)     | (5,193)     | (8,676)     |
| FFO available to common stockholders                                     | 260,862     | 249,392     | 193,926     |
| Merger-related costs   | 7,899       | --          | --          |
| Normalized FFO available to common stockholders                          | \$ 268,761  | \$ 249,392  | \$ 193,926  |
| FFO per common share, basic and diluted:                                 | \$ 1.96     | \$ 1.98     | \$ 1.83     |
| Normalized FFO per common share, basic and diluted:                      | \$ 2.02     | \$ 1.98     | \$ 1.83     |
| Distributions paid to common stockholders                                | \$ 236,348  | \$ 219,297  | \$ 182,500  |
| Normalized FFO in excess of distributions paid to common stockholders    | \$ 32,413   | \$ 30,095   | \$ 11,426   |
| Weighted average number of common shares used for computation per share: |             |             |             |
| Basic  | 132,817,472 | 126,142,696 | 105,869,637 |
| Diluted  | 132,884,933 | 126,189,399 | 105,942,721 |

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 depreciable real estate assets, reduced by gains on the sale of investment properties and extraordinary items. We define normalized FFO, a non-GAAP measure, as FFO excluding the merger-related costs for our 2013 acquisition of ARCT.

We consider FFO and normalized FFO to be appropriate supplemental measures of a REIT's operating performance as they are based on a net income analysis of property portfolio performance that adds back items such as depreciation and impairments for FFO, and adds back merger-related costs, for normalized FFO. 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.

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

AFFO for 2012 increased by \$20.8 million, or 8.2%, to \$274.2 million, as compared to \$253.4 million in 2011 and \$197.3 million in 2010. 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), FAD (for Funds Available for Distribution), or other terms.

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The following is a reconciliation of net income available to common stockholders (which we believe is the most comparable GAAP measure) to FFO, normalized 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):

|  | <b>2012</b> | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|-------------|
| Net income available to common stockholders  | \$ 114,538  | \$ 132,779  | \$ 106,531  |
| Cumulative adjustments to calculate FFO(1)   | 146,324     | 116,613     | 87,395      |
| FFO available to common stockholders   | 260,862     | 249,392     | 193,926     |
| Merger-related costs   | 7,899       | --          | --          |
| Normalized FFO available to common stockholders                                      | 268,761     | 249,392     | 193,926     |
| Excess of redemption value over carrying value of Class D preferred share redemption | 3,696       | --          | --          |
| Amortization of share-based compensation   | 10,001      | 7,873       | 6,166       |
| Amortization of deferred financing costs(2)  | 2,177       | 1,881       | 1,548       |
| Provisions for impairment on real estate acquired for resale by Crest                | --          | --          | 807         |
| Capitalized leasing costs and commissions  | (1,619)     | (1,722)     | (1,501)     |
| Capitalized building improvements  | (4,935)     | (2,450)     | (2,077)     |
| Other adjustments(3)   | (3,898)     | (1,602)     | (1,613)     |
| Total AFFO available to common stockholders  | \$ 274,183  | \$ 253,372  | \$ 197,256  |
| AFFO per common share, basic and diluted:  | \$ 2.06     | \$ 2.01     | \$ 1.86     |
| Distributions paid to common stockholders  | \$ 236,348  | \$ 219,297  | \$ 182,500  |
| AFFO in excess of distributions paid to common stockholders                          | \$ 37,835   | \$ 34,075   | \$ 14,756   |
| Weighted average number of common shares used for computation per share:             |             |             |             |
| Basic  | 132,817,472 | 126,142,696 | 105,869,637 |
| Diluted  | 132,884,933 | 126,189,399 | 105,942,721 |

(1) See reconciling items for FFO presented under Funds from Operations Available To Common Stockholders (FFO) and Normalized Funds from Operations Available to Common Stockholders (Normalized FFO).

(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, June 2011 and October 2012. Additionally, this includes the amortization of deferred financing costs incurred and capitalized in connection with our assumption of the mortgages payable. 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, normalized 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, normalized FFO and AFFO in the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO, normalized FFO and AFFO are not



necessarily indicative of cash flow available to fund cash needs and should not be considered as alternatives to net income as an indication of our performance. FFO, normalized FFO and AFFO should not be considered as alternatives to reviewing our cash flows from operating.

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investing, and financing activities. In addition, FFO, normalized FFO and AFFO should not be considered as measures 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 3,013 properties in our portfolio, approximately 96.7% or 2,913 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**

As of December 31, 2012, the impact of recent accounting pronouncements on our business is not considered to be material.

**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.

In order to mitigate and manage the effects of interest rate risks on our operations, we may utilize a variety of financial instruments, including interest rate swaps and caps. The use of these types of instruments to hedge our exposure to changes in interest rates carries additional risks, including counterparty credit risk, the enforceability of hedging contracts and the risk that unanticipated and significant changes in interest rates will cause a significant loss of basis in the contract. To limit counterparty credit risk we will seek to enter into such agreements with major financial institutions with favorable credit ratings. There can be no assurance that we will be able to adequately protect against the foregoing risks or realize an economic benefit that exceeds the related amounts incurred in connection with engaging in such hedging activities. 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, 2012. 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<br>debt | Average interest rate<br>on fixed rate debt | Variable rate<br>debt | Average interest rate<br>on variable rate debt |
|------------------|--------------------|---|-----------------------|--|
| 2013(1)          | \$ 122.9           | 5.68%                                       | \$ 0.1                | 2.56%  |
| 2014(2)          | 13.5               | 6.21  | 0.2                   | 2.56   |
| 2015(3)          | 152.3              | 5.51  | 23.8                  | 4.70   |
| 2016(4)          | 289.3              | 5.95  | 158.2                 | 1.29   |
| 2017(5)          | 220.1              | 5.45  | 0.2                   | 2.56   |
| Thereafter(6)    | 1,885.8            | 4.78  | 7.5                   | 2.56   |
| Totals(7)        | \$ 2,683.9         | 5.01%                                       | \$190.0               | 1.77%  |
| Fair Value(8)    | \$ 2,972.1         |   | \$189.7               |  |

(1) \$100 million of fixed rate senior notes mature in March 2013, \$22.9 million of fixed rate mortgages mature and \$152,000 of a variable rate mortgage mature in 2013.

(2) \$13.5 million of fixed rate mortgages and \$161,000 of a variable rate mortgage mature in 2014.

(3) \$150 million of fixed rate senior notes mature in November 2015, \$2.3 million of fixed rate mortgages and \$23.8 million of variable rate

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mortgages mature in 2015. The interest rate on variable rate mortgages of \$23.6 million is capped at 5.5%.

(4) \$275 million of fixed rate senior notes mature in September 2016, \$14.3 million of fixed rate mortgages and \$181,000 of a variable rate mortgage mature in 2016. Additionally, the credit facility expires in May 2016.

(5) \$175 million of fixed rate senior notes mature in September 2017, \$45.1 million of fixed rate mortgages and \$194,000 of a variable rate mortgage mature in 2017.

(6) As it relates to fixed rate senior notes, \$350 million matures in January 2018, \$550 million matures in August 2019, \$250 million matures in January 2021, \$450 million matures in October 2022 and \$250 million matures in March 2035. Additionally, \$35.8 million of fixed rate mortgages and \$7.5 million of a variable rate mortgage mature at dates thereafter.

(7) Excludes net premiums recorded on mortgages payable. The balance of these net premiums is \$9.9 million at December 31, 2012.

(8) We base the estimated fair value of the fixed rate senior notes at December 31, 2012 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, 2012 on the current 5-year, 7-year or 10-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, 2012.

The table incorporates only those exposures that exist as of December 31, 2012. 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 notes and bonds have fixed interest rates. All of our mortgages payable, except two, have fixed interest rates. Interest on our credit facility balance is variable. Based on our credit facility balance of \$158.0 million at December 31, 2012, a 1% change in interest rates would change our interest costs by \$1.6 million per year.

**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, 2012 and 2011
- C. Consolidated Statements of Income,  
Years ended December 31, 2012, 2011 and 2010
- D. Consolidated Statements of Stockholders' Equity,  
Years ended December 31, 2012, 2011 and 2010
- E. Consolidated Statements of Cash Flows,

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Years ended December 31, 2012, 2011 and 2010

- F. Notes to Consolidated Financial Statements
- G. Consolidated Quarterly Financial Data  
(unaudited) for 2012 and 2011
- 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, 2012 and 2011, 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, 2012. 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 Realty Income Corporation'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, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, 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, 2012, 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 14, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

San Diego, California

February 14, 2013

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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, 2012, 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 Realty Income Corporation'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, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.



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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, 2012 and 2011, 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, 2012, and our report dated February 14, 2013 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

San Diego, California

February 14, 2013

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## REALTY INCOME CORPORATION AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**

December 31, 2012 and 2011

(dollars in thousands, except per share data)

|  | 2012         | 2011         |
|--|--------------|--------------|
| <b>ASSETS</b>  |              |              |
| Real estate, at cost:  |              |              |
| Land   | \$ 1,999,820 | \$ 1,749,378 |
| Buildings and improvements   | 3,920,865    | 3,222,603    |
| Total real estate, at cost   | 5,920,685    | 4,971,981    |
| Less accumulated depreciation and amortization   | (897,767)    | (814,126)    |
| Net real estate held for investment  | 5,022,918    | 4,157,855    |
| Real estate held for sale, net   | 19,219       | 2,153        |
| Net real estate  | 5,042,137    | 4,160,008    |
| Cash and cash equivalents  | 5,248        | 4,165        |
| Accounts receivable, net   | 21,659       | 15,375       |
| Goodwill   | 16,945       | 17,206       |
| Other assets, net  | 357,374      | 222,635      |
| Total assets   | \$ 5,443,363 | \$ 4,419,389 |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>   |              |              |
| Distributions payable  | \$ 23,745    | \$ 21,405    |
| Accounts payable and accrued expenses  | 70,426       | 58,770       |
| Other liabilities, net   | 52,530       | 29,179       |
| Lines of credit payable  | 158,000      | 237,400      |
| Mortgages payable, net   | 175,868      | 67,781       |
| Notes payable  | 2,550,000    | 1,750,000    |
| Total liabilities  | 3,030,569    | 2,164,535    |
| Commitments and contingencies  |              |              |
| Stockholders' equity:  |              |              |
| Preferred stock and paid in capital, par value \$0.01 per share, 69,900,000 shares authorized and 25,150,000 shares issued and outstanding as of December 31, 2012, and 20,000,000 shares authorized and 13,900,000 shares issued and outstanding as of December 31, 2011  | 609,363      | 337,790      |
| Common stock and paid in capital, par value \$0.01 per share, 370,100,000 shares authorized and 133,452,411 shares issued and outstanding as of December 31, 2012, and 200,000,000 shares authorized and 133,223,338 shares issued and outstanding as of December 31, 2011 | 2,572,092    | 2,563,048    |
| Distributions in excess of net income  | (768,661)    | (645,984)    |
| Total stockholders' equity   | 2,412,794    | 2,254,854    |
| Total liabilities and stockholders' equity   | \$ 5,443,363 | \$ 4,419,389 |

***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, 2012, 2011 and 2010

(dollars in thousands, except per share data)

|   | 2012        | 2011        | 2010        |
|---|-------------|-------------|-------------|
| <b>REVENUE</b>  |             |             |             |
| Rental  | \$ 473,741  | \$ 408,640  | \$ 332,780  |
| Other   | 1,769       | 1,612       | 657         |
| Total revenue   | 475,510     | 410,252     | 333,437     |
| <b>EXPENSES</b>   |             |             |             |
| Depreciation and amortization   | 149,597     | 118,874     | 91,641      |
| Interest  | 122,542     | 108,301     | 93,237      |
| General and administrative  | 37,998      | 30,954      | 25,311      |
| Property  | 7,269       | 6,018       | 5,805       |
| Income taxes  | 1,430       | 1,470       | 1,393       |
| Merger-related costs  | 7,899       | --          | --          |
| Provisions for impairment   | 2,804       | 10          | 849         |
| Total expenses  | 329,539     | 265,627     | 218,236     |
| Income from continuing operations   | 145,971     | 144,625     | 115,201     |
| Income from discontinued operations   | 13,181      | 12,407      | 15,583      |
| Net income  | 159,152     | 157,032     | 130,784     |
| Preferred stock dividends   | (40,918)    | (24,253)    | (24,253)    |
| Excess of redemption value over carrying value of preferred shares redeemed | (3,696)     | --          | --          |
| Net income available to common stockholders                                 | \$ 114,538  | \$ 132,779  | \$ 106,531  |
| Amounts available to common stockholders per common share:                  |             |             |             |
| Income from continuing operations:  |             |             |             |
| Basic   | \$ 0.76     | \$ 0.95     | \$ 0.86     |
| Diluted   | \$ 0.76     | \$ 0.95     | \$ 0.86     |
| Net income:   |             |             |             |
| Basic   | \$ 0.86     | \$ 1.05     | \$ 1.01     |
| Diluted   | \$ 0.86     | \$ 1.05     | \$ 1.01     |
| Weighted average common shares outstanding:                                 |             |             |             |
| Basic   | 132,817,472 | 126,142,696 | 105,869,637 |
| Diluted   | 132,884,933 | 126,189,399 | 105,942,721 |

*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, 2012, 2011 and 2010

(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, 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    |
| Net income   | --                              | --                           | --   | --  | 159,152                                     | 159,152      |
| Distributions paid and payable   | --                              | --                           | --   | --  | (278,133)                                   | (278,133)    |
| Shares issued in stock offerings, net of offering costs of \$13,773          | 16,350,000                      | --                           | 395,377                                      | --  | --  | 395,377      |
| Shares issued pursuant to dividend reinvestment and stock purchase plan, net | --                              | 55,598                       | --   | 2,051                                     | --  | 2,051        |
| Preferred shares redeemed  | (5,100,000)                     | --                           | (123,804)                                    | --  | (3,696)                                     | (127,500)    |
| Share-based compensation   | --                              | 173,475                      | --   | 6,993                                     | --  | 6,993        |
| Balance, December 31, 2012   | 25,150,000                      | 133,452,411                  | \$ 609,363                                   | \$ 2,572,092                              | \$ (768,661)                                | \$ 2,412,794 |

***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 FLOWS**

Years Ended December 31, 2012, 2011 and 2010

(dollars in thousands)

|  | 2012        | 2011       | 2010       |
|--|-------------|------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |             |            |            |
| Net income   | \$ 159,152  | \$ 157,032 | \$ 130,784 |
| Adjustments to net income:                                       |             |            |            |
| Depreciation and amortization                                    | 149,597     | 118,874    | 91,641     |
| Income from discontinued operations                              | (13,181)    | (12,407)   | (15,583)   |
| Gain on sale of real estate                                      | --          | (540)      | --         |
| Amortization of share-based compensation                         | 10,001      | 7,873      | 6,166      |
| Amortization of net premiums on mortgages payable                | (665)       | (189)      | --         |
| Provisions for impairment on real estate held for investment     | 2,804       | 10         | 849        |
| Other non-cash adjustments                                       | (301)       | --         | --         |
| Cash provided by discontinued operations:                        |             |            |            |
| Real estate  | 7,353       | 10,914     | 11,586     |
| Collection of notes receivable by Crest                          | 90          | 3,032      | 138        |
| Changes in assets and liabilities:                               |             |            |            |
| Accounts receivable and other assets                             | 2,775       | 5,209      | 5,270      |
| Accounts payable, accrued expenses and other liabilities         | 8,844       | 9,144      | 12,517     |
| Net cash provided by operating activities                        | 326,469     | 298,952    | 243,368    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |             |            |            |
| Acquisition of investment properties                             | (1,015,725) | (953,175)  | (713,198)  |
| Improvements to real estate, including leasing costs             | (6,554)     | (4,172)    | (3,578)    |
| Loans receivable   | (34,876)    | (1,593)    | --         |
| Proceeds from sales of real estate:                              |             |            |            |
| Continuing operations  | 23          | 2,078      | --         |
| Discontinued operations  | 50,563      | 22,049     | 25,779     |
| Restricted escrow deposits                                       | (1,805)     | (50)       | (6,361)    |
| Net cash used in investing activities                            | (1,008,374) | (934,863)  | (697,358)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |             |            |            |
| Cash distributions to common stockholders                        | (236,348)   | (219,297)  | (182,500)  |
| Cash dividends to preferred stockholders                         | (39,445)    | (24,253)   | (24,253)   |
| Borrowings on lines of credit                                    | 1,074,000   | 612,800    | 612,200    |
| Payments on lines of credit                                      | (1,153,400) | (375,400)  | (616,800)  |
| Principal payments on mortgages                                  | (11,729)    | (279)      | --         |
| Proceeds from preferred stock offerings, net                     | 395,377     | --         | --         |
| Redemption of preferred stock                                    | (127,500)   | --         | --         |
| Proceeds from common stock offerings, net                        | --          | 489,236    | 432,591    |
| Proceeds from bonds issued                                       | 800,000     | 150,000    | --         |
| Proceeds from notes payable issued, net                          | --          | --         | 246,131    |
| Debt issuance costs  | (16,979)    | (9,864)    | (4,091)    |
| Proceeds from dividend reinvestment and stock purchase plan, net | 2,159       | 1,894      | --         |
| Other items  | (3,147)     | (2,368)    | (1,707)    |
| Net cash provided by financing activities                        | 682,988     | 622,469    | 461,571    |

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|  |          |          |           |
|--|----------|----------|-----------|
| Net increase (decrease) in cash and cash equivalents | 1,083    | (13,442) | 7,581     |
| Cash and cash equivalents, beginning of year         | 4,165    | 17,607   | 10,026    |
| Cash and cash equivalents, end of year               | \$ 5,248 | \$ 4,165 | \$ 17,607 |

For supplemental disclosures, see note 16.

***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, 2012, 2011 and 2010

**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, 2012, we owned 3,013 properties, located in 49 states, containing over 37.6 million leasable square feet, along with four 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 dividends paid to our stockholders in determining our taxable income. Assuming our dividends equal or exceed our net income, we 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):



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|   | <b>2012(1)</b> | <b>2011</b> | <b>2010</b> |
|---|----------------|-------------|-------------|
| Net income available to common stockholders                                 | \$ 114,538     | \$ 132,779  | \$ 106,531  |
| Preferred stock dividends   | 40,918         | 24,253      | 24,253      |
| Depreciation and amortization timing differences                            | 45,398         | 32,215      | 23,024      |
| Merger-related costs  | 7,877          | --          | --          |
| Excess of redemption value over carrying value of preferred shares redeemed | 3,696          | --          | --          |
| Tax loss on the sale of real estate less than book gain                     | (12,559)       | (7,772)     | (10,063)    |
| Elimination of net revenue and expenses from Crest                          | 444            | 418         | 1,337       |
| Compensation deduction per Section 162(m) of the Code                       | 7,599          | 4,896       | 2,915       |
| Adjustment for share-based compensation                                     | (351)          | (622)       | 562         |
| Adjustment for straight-line rent and above/below-market lease amortization | (3,899)        | (1,562)     | (1,613)     |
| Adjustment for acquisition expenses   | 2,211          | 1,503       | 368         |
| Adjustment for an increase in prepaid rent                                  | 2,773          | 3,584       | 4,223       |
| Other adjustments   | 1,286          | (565)       | (30)        |
| Taxable net income, before our dividends paid deduction                     | \$ 209,931     | \$ 189,127  | \$ 151,507  |

(1) The 2012 information presented is a reconciliation of our net income available to common stockholders to estimated taxable net income.

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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 provisions for uncertain income tax positions have been recorded in our financial statements.

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. The 10 year period described above has been reduced to 5 years for property dispositions occurring in 2013 (but not with respect to dispositions in later years). 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, and was deemed to be liquidated for Federal income tax purposes; the real property was deemed to be transferred to us with a carryover tax basis. As of December 31, 2012, we have built-in gains of \$70.3 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. 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 after 2013 but 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:

|  | <b>2012</b> | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|-------------|
| Weighted average shares used for the basic net income per share computation        | 132,817,472 | 126,142,696 | 105,869,637 |
| Incremental shares from share-based compensation                                   | 67,461      | 46,703      | 73,084      |
| Adjusted weighted average shares used for diluted net income per share computation | 132,884,933 | 126,189,399 | 105,942,721 |
| Unvested shares from share-based compensation that were anti-dilutive              | 17,570      | 13,020      | 87,600      |

**Discontinued Operations.** Operations from 14 investment properties classified as held for sale at December 31, 2012, 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.

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If the property was previously reclassified as held for sale but the applicable criteria for this classification are no longer met, 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.

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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):

| <b>Income from discontinued operations</b>  | <b>2012</b> | <b>2011</b> | <b>2010</b> |
|---|-------------|-------------|-------------|
| Gain on sales of investment properties      | \$ 9,873    | \$ 5,193    | \$ 8,676    |
| Rental revenue                              | 7,938       | 11,881      | 13,071      |
| Other revenue                               | 243         | 93          | 32          |
| Depreciation and amortization               | (1,710)     | (3,305)     | (4,508)     |
| Property expenses                           | (1,649)     | (1,902)     | (2,463)     |
| Provisions for impairment                   | (2,335)     | (395)       | (171)       |
| Crest's income from discontinued operations | 821         | 842         | 946         |
| Income from discontinued operations         | \$ 13,181   | \$ 12,407   | \$ 15,583   |
| Per common share, basic and diluted(1)      | \$ 0.10     | \$ 0.10     | \$ 0.15     |

(1) 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, leases 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 collectability of accounts receivable and appropriate allowances to record. The allowance for doubtful accounts was \$448,000 at December 31, 2012 and \$507,000 at December 31, 2011.

Other revenue includes non-operating interest earned from notes receivable and investments in money market funds of \$1.2 million in 2012, \$502,000 in 2011 and \$96,000 in 2010.

**Principles of Consolidation.** The accompanying consolidated financial statements include the accounts of Realty Income, Crest, 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 investments.

**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, 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 or below-market lease value of in-place leases, the value of in-place leases, and tenant relationships, as applicable. In addition, any assumed mortgages payable are recorded at their estimated fair values.

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Our estimated fair value determinations are based on management's judgment, which is based on various factors, including: (1) market conditions, (2) industry that the 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 either internally or 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 (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).

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 either internally or 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 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 aggregate value of other acquired intangible assets consists of the fair value of in-place leases and tenant relationships, as applicable. 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 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, 2012 (in thousands):

|            | <b>Net decrease<br/>to rental<br/>revenue</b> | <b>Increase to<br/>amortization<br/>expense</b> |
|------------|---|---|
| 2013       | \$ (1,314)                                    | \$ 22,110                                       |
| 2014       | (1,399)                                       | 21,899  |
| 2015       | (1,345)                                       | 21,105  |
| 2016       | (1,341)                                       | 21,026  |
| 2017       | (1,332)                                       | 20,475  |
| Thereafter | (2,610)                                       | 99,698  |
| Totals     | \$ (9,341)                                    | \$ 206,313                                      |

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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

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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.

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

|   |   |
|---|---|
| Buildings                                 | 25 years or 35 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. 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 classified as held for sale, it is carried at the lower of carrying cost or estimated fair value, less estimated cost to sell.

In 2012, Realty Income recorded total provisions for impairment of \$5.1 million. Provisions for impairment of \$2.3 million are included in income from discontinued operations on seven properties in the following industries: one in the automotive parts industry, one in the automotive tire services industry, one in the automotive service industry, one in the child care industry, one in the convenience store industry, one in the home improvement industry, and one in the restaurant-casual industry. Additionally, during 2012, Realty Income recorded provisions for impairment of \$2.8 million on three properties held for investment at December 31, 2012 in the restaurant-casual industry. These provisions for impairment are included in income from continuing operations.

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.

**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. Under the amendments issued in conjunction with *ASU No. 2011-08, Intangibles Goodwill and Other (Topic 350)*, 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. We elected to continue testing goodwill 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 2012, 2011 and 2010, 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 2012, 2011 or 2010.

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**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.

**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.

**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 either have been disposed of or are classified as held for sale. As a result of these discontinued operations, certain of the 2011 and 2010 balances have been reclassified to conform to the 2012 presentation.

**3. Supplemental Detail for Certain Components of Consolidated Balance Sheets**

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

| <b>December 31,</b>  | <b>2012</b>       | <b>2011</b>       |
|--|-------------------|-------------------|
| Value of in-place leases, net                              | \$ 206,313        | \$ 123,255        |
| Value of above-market leases, net                          | 35,812            | 30,081            |
| Loans receivable   | 35,126            | 2,178             |
| Deferred bond financing costs, net                         | 29,687            | 22,209            |
| Notes receivable issued in connection with property sales  | 19,300            | 19,401            |
| Prepaid expenses   | 9,489             | 9,833             |
| Note receivable acquired in connection with an acquisition | 8,780             | 8,780             |
| Credit facility origination costs, net                     | 8,188             | 3,141             |
| Restricted escrow deposits                                 | 1,805             | 50                |
| Deferred financing costs on mortgages payable, net         | 1,541             | 751               |
| Corporate assets, net                                      | 909               | 849               |
| Other items  | 424               | 2,107             |
|  | <b>\$ 357,374</b> | <b>\$ 222,635</b> |

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

| <b>December 31,</b> | <b>2012</b> | <b>2011</b> |
|---------------------|-------------|-------------|
|---------------------|-------------|-------------|

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|                            |           |           |
|----------------------------|-----------|-----------|
| Common stock distributions | \$ 20,251 | \$ 19,384 |
| Preferred stock dividends  | 3,494     | 2,021     |
|                            | \$ 23,745 | \$ 21,405 |

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

| <b>December 31,</b>                           | <b>2012</b> | <b>2011</b> |
|---|-------------|-------------|
| Bond interest payable                         | \$ 40,061   | \$ 35,195   |
| Accrued costs on properties under development | 8,595       | 4,766       |
| Other items                                   | 21,770      | 18,809      |
|   | \$ 70,426   | \$ 58,770   |

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D. *Other Liabilities, Net.* Other liabilities, net, consist of the following (dollars in thousands) at:

| <b>December 31,</b>                        | <b>2012</b>      | <b>2011</b>      |
|--|------------------|------------------|
| Value of in-place below-market leases, net | \$ 26,471        | \$ 6,423         |
| Rent received in advance                   | 20,929           | 18,149           |
| Security deposits                          | 5,130            | 4,607            |
|  | <b>\$ 52,530</b> | <b>\$ 29,179</b> |

#### 4. American Realty Capital Trust

##### A. Acquisition

On January 22, 2013, we completed our acquisition of American Realty Capital Trust, Inc., or ARCT. Pursuant to the terms and subject to the conditions set forth in the Agreement and Plan of Merger dated as of September 6, 2012, as amended on January 6, 2013, at the effective time of the acquisition, each outstanding share of ARCT common stock was converted into the right to receive a combination of: (i) \$0.35 in cash and (ii) 0.2874 shares of our common stock. In connection with the acquisition, at the closing we terminated and repaid the amounts then outstanding of approximately \$552.9 million under ARCT's revolving credit facility and term loan. With this acquisition, we added 515 properties to our portfolio. Below is the preliminary allocation of the purchase price of the ARCT acquisition, based on the closing price of our common stock of \$44.04 per share on January 22, 2013:

|  |    |           |
|--|----|-----------|
| Consideration associated with equity issued        | \$ | 2,027,753 |
| Cash consideration paid to previous owners of ARCT |    | 59,142    |
| Total preliminary purchase consideration           | \$ | 2,086,895 |

We will account for the ARCT acquisition in accordance with *ASC 805, Business Combinations*, and are in the process of completing our allocation of the purchase price for this acquisition, which we expect to finalize during 2013. The following table summarizes our preliminary purchase price allocation, which represents our current best estimate of fair value. These estimates could change significantly as we complete our purchase price allocation analysis.

|   |    |           |
|---|----|-----------|
| Assets:   |    |           |
| Total real estate and related intangible assets                       | \$ | 3,178,862 |
| Cash and cash equivalents, accounts receivable, and other assets, net |    | 45,667    |
| Total Assets  |    | 3,224,529 |
| Liabilities:  |    |           |
| Lines of credit payable   |    | 317,207   |
| Term loan   |    | 235,000   |
| Mortgage notes payable  |    | 538,888   |
| Accounts payable, accrued expenses, and other liabilities, net        |    | 32,577    |

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|   |              |
|---|--------------|
| Total Liabilities                           | 1,123,672    |
| Non-controlling interest                    | 13,962       |
| Estimated fair value of net assets acquired | \$ 2,086,895 |

*B. Transaction Costs*

In connection with our acquisition of ARCT, we expect to incur total merger-related transaction costs of approximately \$19 million, which include, but are not limited to, advisor fees, legal fees, accounting fees, printing fees and transfer taxes. We incurred \$7.9 million of the estimated \$19 million of total merger-related transaction costs, during 2012, which are included in income from continuing operations. At December 31, 2012, we had contingent payments of approximately \$6 million due to various banks for fairness opinions related to our acquisition of ARCT, which is included as part of the estimated \$19 million of merger-related costs disclosed above.

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*C. Litigation*

All of the below actions name as defendants ARCT, members of the ARCT board of directors, Realty Income, and Tau Acquisition LLC, a Delaware limited liability company and wholly owned subsidiary of Realty Income, or Merger Sub. In each case, the plaintiffs allege that the ARCT directors breached their fiduciary duties to ARCT and/or its stockholders in negotiating and approving the agreement, that the acquisition consideration negotiated in the agreement improperly values ARCT, that the ARCT stockholders will not receive fair value for their ARCT common stock in the acquisition, and that the terms of the agreement impose improper deal-protection devices that purportedly preclude competing offers. The complaints further allege that Realty Income, Merger Sub, and, in some cases, ARCT aided and abetted those alleged breaches of fiduciary duty. The various amended complaints add allegations that disclosures regarding the proposed merger in the joint proxy statement/prospectus filed on October 1, 2012, or the definitive proxy statement/prospectus filed on December 6, 2012, are inadequate. Plaintiffs seek injunctive relief, including enjoining or rescinding the acquisition, and an award of other unspecified attorneys' and other fees and costs, in addition to other relief.

Realty Income believes that these actions have no merit and intends to respond to them in due course.

Maryland Actions. Since the announcement of the proposed acquisition of ARCT on September 6, 2012, six alleged class actions and/or shareholder derivative actions were filed on behalf of alleged ARCT stockholders and/or ARCT itself in the Circuit Court for Baltimore City, Maryland, under the following captions: *Quaal v. American Realty Capital Trust Inc., et al.*, No. 24-C-12-005306, filed September 7, 2012; *Hill v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005502, filed September 19, 2012; *Goldwurm v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005524, filed September 20, 2012; *Gordon v. Schorsch, et al.*, No. 24-C-12-005571, filed September 21, 2012; *Gregor v. Kahane, et al.*, No. 24-C-12-005563, filed September 21, 2012; and *Rooker v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005924, filed October 5, 2012. On October 23, 2012, defendants moved to dismiss the actions and, on November 8, 2012, moved to stay discovery pending disposition of the motions to dismiss. On November 13, 2012, all plaintiffs except Sydelle Goldwurm filed motions to compel discovery and to expedite discovery. On November 16, 2012, the court consolidated the actions into a single action captioned *In re American Capital Realty Trust, Inc. Shareholder Litigation*, No. 24-C-12-005306 (the Maryland State Action). On November 21, 2012, the court appointed plaintiff Randell Quaal as lead plaintiff and Brower Piven, P.C. as lead counsel for plaintiffs. On December 3, 2012, plaintiff Goldwurm voluntarily dismissed her action in Maryland state court without prejudice. On December 11, 2012, plaintiffs moved for a preliminary injunction and to compel expedited discovery. On December 13, 2012, the court granted defendants' motion to stay discovery and denied plaintiffs' motion to expedite discovery. On December 14, 2012, plaintiffs filed a consolidated amended complaint, and defendants filed amended motions to dismiss the amended complaint on December 21, 2012.

On January 6, 2013, the parties in the Maryland State Action entered into a memorandum of understanding regarding settlement of all claims asserted on behalf of the alleged class of ARCT stockholders. In connection with the settlement contemplated by the memorandum of understanding, the Maryland State Action and all claims asserted in the litigation will be dismissed, subject to court approval. The proposed settlement terms required ARCT to make certain additional disclosures related to the merger, as set forth in a Current Report on Form 8-K filed by ARCT on January 8, 2013. The parties also agreed that plaintiffs may seek attorneys' fees and costs in an as-yet undetermined amount, with ARCT to pay such fees and costs if and to the extent they are approved by the Maryland state court. The memorandum of understanding further contemplates that the parties will enter into a stipulation of settlement, which will be subject to customary conditions, including confirmatory discovery and court approval following notice to ARCT's stockholders. If the parties enter into a stipulation of settlement, a hearing will be scheduled at which the court will consider the fairness, reasonableness, and adequacy of the settlement. There can be no assurance that the parties will ultimately enter into a stipulation of settlement, that the court will approve any proposed settlement, or that any eventual settlement will be under the same terms as those contemplated by the memorandum of understanding.

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After the Maryland state court denied plaintiff Goldwurm's motion for appointment of lead plaintiff and lead counsel in the Maryland State Action, plaintiff Goldwurm filed a class action and shareholder derivative action on November 29, 2012, in the United States District Court for the District of Maryland, captioned *Goldwurm v. American Realty Capital Trust, Inc., et al.*, No. 1:12-cv-03516-JKB (the Maryland Federal Action). On December 12, 2012, plaintiff Goldwurm moved for expedited discovery. Defendants moved to stay the federal case on December 13, 2012, and moved to dismiss it on December 19, 2012. On January 11, 2013, plaintiff

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Goldwurm moved for a temporary restraining order seeking to enjoin the shareholder vote on the proposed merger set to take place on January 16, 2013.

On January 14, 2013, the parties in the Maryland Federal Action entered into an agreement to settle all claims. In connection with the settlement, on January 25, 2013, the parties agreed to voluntarily dismiss the case with prejudice. On January 28, 2013, the Maryland federal court dismissed the action.

New York Actions. Two alleged class actions were filed on behalf of alleged ARCT stockholders in the Supreme Court of the State of New York for New York, New York, under the following captions: *The Carol L. Possehl Living Trust v. American Realty Capital Trust, Inc., et al.*, No. 653300-2012, filed September 20, 2012; and *Salenger v. American Realty Capital Trust, Inc. et al.*, No. 353355-2012, filed September 25, 2012. On October 19, 2012, the court consolidated the actions into a single action captioned *In re American Realty Capital Trust Shareholders Litigation*, No. 653300-2012 (the New York Action ) and appointed Robbins Geller Rudman & Dowd LLP as lead counsel for plaintiffs. On October 19, 2012, defendants moved for a stay of proceedings. Plaintiffs filed an amended complaint on October 23, 2012. On November 9, 2012, the Court granted defendants' motion to stay the New York Action pending the Maryland state actions.

**5. Investments in Real Estate**

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

*A. 2012 and 2011 Acquisitions*

During 2012, Realty Income invested \$1.16 billion in real estate, acquiring 423 properties, and properties under development, with an initial weighted average contractual lease rate of 7.2%. 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. The 423 properties, and properties under development, are located in 37 states, will contain over 10.5 million leasable square feet, and are 100% leased with an average lease term of 14.6 years. The tenants of the 423 properties acquired operate in 23 industries: aerospace, apparel stores, automotive collision services, automotive parts, consumer appliances, consumer goods, convenience stores, crafts and novelties, diversified industrial, dollar stores, drug stores, equipment services, food processing, health and fitness, insurance, machinery, motor vehicle dealerships, packaging, paper, restaurants - quick service, theaters, transportation services, and wholesale clubs. None of the investments in these properties caused any one tenant to be 10% or more of our total assets at December 31, 2012. Acquisition transaction costs of \$2.4 million were recorded to general and administrative expense on our consolidated statement of income for 2012.

These 2012 aggregate acquisitions were allocated as follows: \$284.5 million to land, \$770.0 million to buildings and improvements, \$107.2 million to intangible assets, \$34.9 million to other assets, net, and \$32.5 million to intangible and assumed liabilities, which includes mortgage premiums of \$10.0 million. The majority of our 2012 acquisitions were cash purchases, except for eight transactions that included the assumption of \$110.5 million of mortgages payable. There was no contingent consideration associated with these acquisitions.



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The properties acquired during 2012 generated total revenues of \$23.9 million and income from continuing operations of \$9.8 million.

The purchase price allocation for \$106.4 million of the \$1.16 billion invested by us in 2012 is based on a preliminary measurement of fair value that is subject to change. The allocation for these properties represents our current best estimate of fair value and we expect to finalize the valuations and complete the purchase price allocation in the first quarter of 2013.

In comparison, during 2011, Realty Income invested \$1.02 billion in new real estate, including 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 tenants of the 164 properties acquired operate in 16 industries: aerospace, automotive collision services, beverages, drug store, equipment services, financial services, food processing, grocery stores, health and fitness, packaging, paper, restaurants quick service, telecommunications, theaters, transportation services, and wholesale club.

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Acquisition transaction costs of \$1.5 million were recorded to general and administrative expense on our consolidated statement of income for 2011.

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.

In 2012, we capitalized costs of \$6.6 million on existing properties in our portfolio, consisting of \$1.62 million for re-leasing costs and \$4.93 million for building and tenant improvements. 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 improvements.

*B. Unaudited Pro Forma Information*

The following pro forma total revenue and income from continuing operations, for 2012 and 2011, assumes all of our 2012 property acquisitions, and our acquisition of ARCT in January 2013, occurred on January 1, 2011 (in millions). This pro forma supplemental information does not include the impact of any synergies or lower borrowing costs that we have or may achieve as a result of the acquisitions or any strategies that management has or may consider in order to continue to efficiently manage our operations. Additionally, this information does not purport to be indicative of what our operating results would have been had the acquisitions occurred on January 1, 2011, and may not be indicative of future operating results. For purposes of calculating these pro-forma amounts, we assumed that the following transaction occurred on January 1, 2011: (1) the issuance of our \$350 million of 2% notes due January 2018 and our \$450 million of 3.25% notes due in October 2022, and (2) payment of the estimated merger-related costs of \$19 million related to our acquisition of ARCT. Other than these items specified above, no material, non-recurring pro-forma adjustments were included in the calculation of this information.

|   | <b>Total revenue</b> | <b>Income from continuing operations</b> |
|---|----------------------|--|
| Supplemental pro forma for the year ended December 31, 2012 | \$ 717.9             | \$ 188.2                                 |
| Supplemental pro forma for the year ended December 31, 2011 | \$ 669.3             | \$ 156.4                                 |

*C. Properties With Existing Leases*

Of the \$1.16 billion Realty Income invested in 2012, approximately \$552.5 million was used to acquire 129 properties with existing leases. Associated with these 129 properties, we recorded \$98.6 million as the intangible value of the in-place leases, \$8.5 million as the intangible value of above-market leases and \$21.1 million as the intangible value of below-market leases. 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.

The value of the in-place and above-market leases is recorded to other assets, net, on our consolidated balance sheet, and the value of the below-market leases is recorded to other liabilities, net, on our consolidated balance sheet. The value of the in-place leases is amortized as depreciation and amortization expense. The amount amortized to expense for 2012 was \$15.6 million, for 2011 was \$8.3 million and for 2010 was \$1.4 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 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 expected lives of the respective leases. The amounts amortized as a net (decrease) increase to rental income for capitalized above-market and below-market leases for 2012 was \$(1.8) million, for 2011 was \$(1.1) million and for 2010 was \$154,000.

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*D. Crest*

During 2012, Crest invested \$890,000 in one property in the restaurant casual industry, while Crest did not invest in any properties during 2011. At December 31, 2012, Crest owned four properties for \$3.9 million, of which \$3.0 million was classified as held for investment. At December 31, 2011, Crest owned three properties for \$3.0 million. Additionally, Crest also held notes receivable of \$18.9 million at December 31, 2012 and \$19.0 million at December 31, 2011.

**6. Notes Receivable**

Of the \$1.16 billion Realty Income invested in 2012, approximately \$35.1 million was loaned in the form of a note receivable, which is secured by the properties on which the note receivable was placed. The note receivable is recorded to other assets, net, on our consolidated balance sheet as of December 31, 2012 and matures in March 2014. We receive monthly interest income on this note receivable at an interest rate of 7.6%. As part of the origination of the note receivable, we received a fee of \$260,000, which is recorded in accounts payable and accrued expenses on our consolidated balance sheet as of December 31, 2012. This loan origination fee is being amortized to interest income over the remaining term of the note receivable, using a method that approximates the effective-interest method.

In 2011, Realty Income assumed a note receivable in conjunction with a property acquisition, which is secured by the property on which the note receivable was placed. This note receivable is recorded to other assets, net, on our consolidated balance sheets as of December 31, 2012 and 2011, and matures in December 2013. We receive interest income on this note receivable at an interest rate of 8.1%.

**7. Credit Facility**

In May 2012, we entered into a new \$1 billion unsecured acquisition credit facility, which replaced our \$425 million acquisition credit facility that was scheduled to expire in March 2014. The initial term of the new credit facility expires in May 2016 and includes, at our option, a one-year extension option. Under this new credit facility, our current investment grade credit ratings provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% 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. 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 new credit facility, we incurred credit facility origination costs of \$7.1 million. At December 31, 2012, \$5.9 million of the \$7.1 million is included in other assets, net, on our consolidated balance sheet, along with \$2.2 million incurred as a result of entering into our previous credit facilities. These costs are being amortized over the remaining term of our current \$1 billion credit facility.

At December 31, 2012, we had a borrowing capacity of \$842 million available on our credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$158 million, as compared to an outstanding balance of \$237.4 million at December 31, 2011.

The average interest rate on outstanding borrowings under our credit facilities was 1.6% during 2012, 2.1% during 2011, and was 1.3% during 2010. At December 31, 2012, the effective interest rate was 1.3%. Our current and prior credit facilities are and were subject to various leverage and interest coverage ratio limitations. At December 31, 2012, we remain in compliance with these covenants.

## **8. Mortgages Payable**

During 2012 and 2011, we assumed mortgages totaling \$110.5 million and \$67.4 million, respectively. These mortgages are secured by the properties on which the debt was placed. Although this mortgage debt is non-recourse, there are limited customary exceptions for items such as bankruptcy, misrepresentation, fraud, misapplication of payments, environmental liabilities, failure to pay taxes, insurance premiums, liens on the property, and uninsured losses. 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 2012, we repaid one mortgage in full for \$10.7 million.

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During 2012, aggregate net premiums totaling \$10.0 million were recorded upon assumption of the mortgages for above-market interest rates, as compared to net premiums totaling \$820,000 recorded in 2011. 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. At December 31, 2012, we remain in compliance with these covenants.

As a result of assuming these mortgages payable, we incurred deferred financing costs of \$1.1 million during 2012 and \$917,000 during 2011, which were classified as part of other assets, net, on our consolidated balance sheets. The balance of these deferred financing costs was \$1.5 million at December 31, 2012, and \$751,000 at December 31, 2011, which is being amortized over the remaining term of each mortgage.

The following is a summary of our mortgages payable as of December 31, 2012 and 2011, sorted by maturity date (dollars in thousands):

At December 31, 2012

| <b>Maturity Date(1)</b> | <b>Stated Interest Rate(2)</b> | <b>Effective Interest Rate</b> | <b>Remaining Principal Balance(1)</b> | <b>Amortized Premium (Discount) Balance</b> | <b>Mortgage Payable Balance</b> |
|-------------------------|--------------------------------|--------------------------------|---------------------------------------|---|---------------------------------|
| 12/1/13                 | 6.3%                           | 4.6%                           | \$ 11,987                             | \$ 172                                      | \$ 12,159                       |
| 12/28/13(3)             | 8.3%                           | 8.3%                           | 4,510                                 | --  | 4,510                           |
| 12/28/13(3)             | 8.3%                           | 8.3%                           | 4,270                                 | --  | 4,270                           |
| 9/1/14                  | 6.3%                           | 5.1%                           | 11,509                                | 196   | 11,705                          |
| 6/10/15                 | 4.7%                           | 4.8%                           | 23,625                                | (48)  | 23,577                          |
| 1/10/16                 | 6.0%                           | 3.7%                           | 12,982                                | 794   | 13,776                          |
| 1/8/17                  | 5.7%                           | 3.8%                           | 6,883                                 | 454   | 7,337                           |
| 2/8/17                  | 5.8%                           | 4.0%                           | 29,510                                | 1,829                                       | 31,339                          |
| 6/6/17                  | 5.7%                           | 2.7%                           | 10,150                                | 1,201                                       | 11,351                          |
| 10/1/20                 | 6.0%                           | 4.2%                           | 8,765                                 | 907   | 9,672                           |
| 9/3/21(4)               | 2.6%                           | 4.0%                           | 8,359                                 | (771)                                       | 7,588                           |
| 7/8/22                  | 6.4%                           | 4.0%                           | 29,308                                | 4,675                                       | 33,983                          |
| 4/1/25                  | 6.9%                           | 5.1%                           | 4,069                                 | 532   | 4,601                           |
|                         |                                |                                | \$ 165,927                            | \$ 9,941                                    | \$ 175,868                      |

At December 31, 2011

| <b>Maturity Date(1)</b> | <b>Stated Interest Rate(2)</b> | <b>Effective Interest Rate</b> | <b>Remaining Principal Balance(1)</b> | <b>Amortized Premium (Discount) Balance</b> | <b>Mortgage Payable Balance</b> |
|-------------------------|--------------------------------|--------------------------------|---------------------------------------|---|---------------------------------|
| 5/6/12                  | 5.9%                           | 5.2%                           | \$ 10,664                             | \$ 26                                       | \$ 10,690                       |
| 12/1/13                 | 6.3%                           | 4.6%                           | 12,410                                | 314   | 12,724                          |
| 12/28/13(3)             | 8.3%                           | 8.3%                           | 4,510                                 | --  | 4,510                           |
| 12/28/13(3)             | 8.3%                           | 8.3%                           | 4,270                                 | --  | 4,270                           |

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|         |      |      |           |        |           |
|---------|------|------|-----------|--------|-----------|
| 9/1/14  | 6.3% | 5.1% | 11,671    | 359    | 12,030    |
| 6/10/15 | 4.7% | 4.8% | 23,625    | (68)   | 23,557    |
|         |      |      | \$ 67,150 | \$ 631 | \$ 67,781 |

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

(2) The mortgages are at fixed interest rates, except for: (1) the mortgage maturing on June 10, 2015 with a floating variable interest rate calculated as the sum of the current 1 month LIBOR plus 4.5%, not to exceed an all-in interest rate of 5.5%, and (2) the mortgage maturing on September 3, 2021 with a floating interest rate calculated as the sum of the current 1 month LIBOR plus 2.4%.

(3) As part of the assumption of these mortgages payable related to our 2011 acquisitions, we also acquired an \$8.8 million note receivable, upon which we will receive interest income at a stated rate of 8.14% through December 28, 2013.

(4) As part of the assumption of this mortgage payable related to our 2012 acquisitions, we also acquired an interest rate swap which essentially fixes the interest rate on this mortgage payable at 6.0%.

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

| <b>December 31,</b>  | <b>2012</b>     | <b>2011</b>     |
|--|-----------------|-----------------|
| 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             |
| 2.0% notes, issued in October 2012 and due in January 2018                                     | 350             | --              |
| 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             |
| 3.25% notes, issued in October 2012 and due in October 2022                                    | 450             | --              |
| 5.875% bonds, \$100 issued in March 2005 and \$150 issued in June 2011, both due in March 2035 | 250             | 250             |
|  | <b>\$ 2,550</b> | <b>\$ 1,750</b> |

The following table summarizes the maturity of our notes and bonds payable as of December 31, 2012 (dollars in millions):

| Year of Maturity | Notes and<br>Bonds |
|------------------|--------------------|
| 2013             | \$ 100             |
| 2014             | --                 |
| 2015             | 150                |
| 2016             | 275                |
| 2017             | 175                |
| Thereafter       | 1,850              |
| Totals           | <b>\$ 2,550</b>    |

Interest incurred on all of the notes and bonds was \$110.4 million for 2012, \$101.5 million for 2011 and \$89.7 million for 2010. 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, 2012, we remain in compliance with these covenants.



*B. Note Issuances*

In October 2012, we issued \$350 million in aggregate principal amount of 2.00% senior unsecured notes due January 2018, or the 2018 Notes, and \$450 million in aggregate principal amount of 3.25% senior unsecured notes due October 2022, or the 2022 Notes. The price to the investors for the 2018 Notes was 99.910% of the principal amount for an effective yield of 2.017% per annum. The price to the investors for the 2022 Notes was 99.382% of the principal amount for an effective yield of 3.323% per annum. The total net proceeds of approximately \$790.1 million from these offerings were used to repay all outstanding borrowings under our acquisition credit facility, and the remaining proceeds were used for general corporate purposes, including additional property acquisitions. Interest is paid semiannually on both the 2018 and 2022 Notes.

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.

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C. *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.

**10. Issuance and Redemption of Preferred Stock**

A. In 2004, we issued 5.1 million shares of 7.375% Monthly Income Class D Cumulative Redeemable Preferred stock. In March 2012, we redeemed all of the 5.1 million shares of our 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock for \$25.00 per share, plus accrued dividends. We incurred a charge of \$3.7 million, representing the Class D preferred stock original issuance costs that we paid in 2004. In 2012, we paid dividends to holders of our Class D preferred stock totaling \$0.3841147 per share, or \$2.0 million. During 2011 and 2010, we paid twelve monthly dividends to holders of our Class D preferred stock totaling \$1.8437508 per share, or \$9.4 million.

B. In 2006, we issued 8.8 million shares of 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock. Since December 2011, the Class E preferred shares are redeemable at our option, for \$25.00 per share. During 2012, 2011 and 2010, 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, 2012, a monthly dividend of \$0.140625 per share was payable and was paid in January 2013.

C. In February 2012, we issued 14.95 million shares of our 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock at a price of \$25.00 per share, including 1.95 million shares purchased by the underwriters upon the exercise of their overallotment option. In April 2012, we issued an additional 1.4 million shares of our Class F preferred stock at a price of \$25.2863 per share. After aggregate underwriting discounts and other offering costs totaling \$13.8 million, we received total net proceeds of \$395.4 million for the February and April offerings combined, of which \$127.5 million was used to redeem all of our outstanding 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock and the balance was used to repay a portion of the borrowings under our credit facility. 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 was paid on March 15, 2012 and covered 37 days. Thereafter, dividends of \$0.138021 per share will be paid monthly in arrears on the Class F preferred stock. During 2012, we paid ten monthly dividends to holders of our Class F preferred stock totaling \$1.4124147, or \$22.6 million, and at December 31, 2012, a monthly dividend of \$0.138021 per share was payable and was paid in January 2013.

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

**11. Issuance of Common Stock**

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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 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.

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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 \$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.

**12. 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:

| <b>Month</b> | <b>2012</b>  | <b>2011</b>  | <b>2010</b>  |
|--------------|--------------|--------------|--------------|
| January      | \$ 0.1455000 | \$ 0.1442500 | \$ 0.1430000 |
| February     | 0.1455000    | 0.1442500    | 0.1430000    |
| March        | 0.1455000    | 0.1442500    | 0.1430000    |
| April        | 0.1458125    | 0.1445625    | 0.1433125    |
| May          | 0.1458125    | 0.1445625    | 0.1433125    |
| June         | 0.1458125    | 0.1445625    | 0.1433125    |
| July         | 0.1461250    | 0.1448750    | 0.1436250    |
| August       | 0.1461250    | 0.1448750    | 0.1436250    |
| September    | 0.1511250    | 0.1448750    | 0.1436250    |
| October      | 0.1514375    | 0.1451875    | 0.1439375    |
| November     | 0.1514375    | 0.1451875    | 0.1439375    |
| December     | 0.1514375    | 0.1451875    | 0.1439375    |
| Total        | \$ 1.7716250 | \$ 1.7366250 | \$ 1.7216250 |

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

|                          | <b>2012</b>  | <b>2011</b>  | <b>2010</b>  |
|--------------------------|--------------|--------------|--------------|
| Ordinary income          | \$ 1.3367481 | \$ 1.3787863 | \$ 1.2598879 |
| Nontaxable distributions | 0.4348769    | 0.3578387    | 0.4617371    |
| Totals                   | \$ 1.7716250 | \$ 1.7366250 | \$ 1.7216250 |

At December 31, 2012, a distribution of \$0.15175 per common share was payable and was paid in January 2013. At December 31, 2011, a distribution of \$0.1455 per common share was payable and was paid in January 2012.

*B. Class D Preferred Stock*

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Prior to the redemption of the Class D Preferred Stock in March 2012, dividends of \$0.1536459 per share were paid monthly in arrears on the Class D preferred stock. We declared dividends to holders of our Class D preferred stock totaling \$2.0 million in 2012 and \$9.4 million in 2011 and 2010. For 2012, 2011 and 2010, dividends paid per share in the amounts of \$0.3841147, \$1.8437508, and \$1.8437508, respectively, were characterized as ordinary income for federal income tax purposes.

### 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 2012, 2011 and 2010. For 2012, 2011 and 2010, dividends paid per share in the amount of \$1.6875 were characterized as ordinary income for federal income tax purposes.

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D. *Class F Preferred Stock*

Dividends of \$0.138021 per share are paid monthly in arrears on the Class F preferred stock. We declared dividends to holders of our Class F preferred stock totaling \$22.6 million in 2012. For 2012, the dividends paid per share of \$1.4124147 to our Class F preferred stockholders were characterized as ordinary income for federal income tax purposes.

**13. Operating Leases**

A. At December 31, 2012, we owned 3,013 properties in 49 states, plus an additional four properties owned by Crest. Of the 3,013 properties, 2,996, or 99.4%, are single-tenant properties, and the remaining 17 are multi-tenant properties. At December 31, 2012, 84 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) was \$2.1 million for 2012 and \$1.4 million for 2011 and 2010, including amounts recorded to discontinued operations of \$124,000 in 2012, \$60,000 in 2011 and \$104,000 in 2010.

At December 31, 2012, minimum future annual rents to be received on the operating leases for the next five years and thereafter are as follows (dollars in thousands):

|            |    |           |
|------------|----|-----------|
| 2013       | \$ | 526,616   |
| 2014       |    | 512,274   |
| 2015       |    | 497,075   |
| 2016       |    | 483,389   |
| 2017       |    | 464,982   |
| Thereafter |    | 3,399,120 |
| Total      | \$ | 5,883,456 |

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, 2012, 2011 or 2010.

**14. Gain on Sales of Investment Properties**

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During 2012, we sold 44 investment properties for \$50.6 million, which resulted in a gain of \$9.9 million. The results of operations for these properties have been reclassified as discontinued operations for all periods presented.

During 2011, we sold 26 investment properties for \$22.0 million, which resulted in a gain of \$5.2 million. The results of operations for these properties have been reclassified as discontinued operations for all periods presented. Additionally, we sold excess real estate from five properties for \$2.1 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 2012, 2011 and 2010, Crest did not sell any properties.

Table of Contents**15. 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, loans receivable, lines of credit payable and all other liabilities, due to their short-term nature or interest rates and terms that are consistent with market, except for our notes receivable issued in connection with property sales or acquired in connection with an acquisition, mortgages payable and our senior notes and bonds payable, which are disclosed below (dollars in millions):

|   | <b>Carrying value per<br/>balance sheet</b> | <b>Estimated fair<br/>value</b> |
|---|---|---------------------------------|
| <b>At December 31, 2012</b>                               |   |                                 |
| Notes receivable issued in connection with property sales | \$ 18.9                                     | \$ 20.1                         |
| Note receivable issued in connection with an acquisition  | \$ 8.8                                      | \$ 8.8                          |
| Mortgages payable assumed in connection with acquisitions | \$ 175.9                                    | \$ 176.7                        |
| Notes payable   | \$ 2,550.0                                  | \$ 2,827.1                      |
| <b>At December 31, 2011</b>                               |   |                                 |
| Notes receivable issued in connection with property sales | \$ 19.0                                     | \$ 19.6                         |
| Note receivable issued in connection with an acquisition  | \$ 8.8                                      | \$ 8.8                          |
| Mortgages payable assumed in connection with acquisitions | \$ 67.8                                     | \$ 68.2                         |
| Notes payable   | \$ 1,750.0                                  | \$ 1,901.9                      |

The estimated fair values of our notes receivable issued in connection with property sales or acquired in connection with an acquisition, and our mortgages payable have been calculated by discounting the future cash flows using an interest rate based upon the current 5-year, 7-year or 10-year Treasury yield curve, plus an applicable credit-adjusted spread. Because this methodology includes unobservable inputs that reflect our own internal assumptions and calculations, the measurement of estimated fair values related to our notes receivable and mortgages payable is categorized as level 3 on the three-level valuation hierarchy.

The estimated fair values of our senior notes and bonds payable is based upon indicative market prices and recent trading activity of our senior notes and bonds payable. Because this methodology includes inputs that are less observable by the public and are not necessarily reflected in active markets, the measurement of the estimated fair values related to our notes and bonds payable is categorized as level 2 on the three-level valuation hierarchy.

**16. Supplemental Disclosures of Cash Flow Information**



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Interest paid was \$112.5 million in 2012, \$102.0 million in 2011 and \$82.6 million in 2010.

Interest capitalized to properties under development was \$498,000 in 2012, \$438,000 in 2011 and \$10,000 in 2010.

Income taxes paid were \$1.0 million in 2012, \$871,000 in 2011 and \$907,000 in 2010.

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

- A. Share-based compensation expense was \$10.0 million for 2012, \$7.9 million for 2011 and \$6.2 million for 2010.
  
- B. See Provisions for Impairment in note 2 for a discussion of provisions for impairments recorded by Realty Income and Crest.

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C. For eight properties we acquired during 2012, we assumed \$110.5 million of mortgages payable to third-party lenders and recorded \$10.0 million of net premiums. See note 8 for a discussion of these transactions.

D. For four properties we acquired 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 8 for a discussion of these transactions.

E. In 2010, we recorded a \$799,000 receivable for the sale of an investment property as a result of an eminent domain action. We received cash for this eminent domain action in 2012. The \$799,000 receivable is included in other assets, net, on our consolidated balance sheet at December 31, 2011.

F. In 2010, we recorded a \$600,000 receivable for the sale of excess land, which was included on our consolidated balance sheet at that time. We received cash for this excess land in 2011.

G. In accordance with our policy, we recorded increases to our estimated legal obligations related to asset retirement obligations on two land leases in the following amounts: \$31,000 in 2012, \$152,000 in 2011 and \$82,000 in 2010. 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.

H. Accrued costs on properties under development resulted in an increase in buildings and improvements and accounts payable of \$3.8 million at December 31, 2012 and \$3.7 million at December 31, 2011.

**17. 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.

**18. Common Stock Incentive Plan**

In March 2012, our Board of Directors adopted, and in May 2012, our stockholders approved the Realty Income Corporation 2012 Incentive Award Plan, or the 2012 Plan, to enable us to motivate, attract and retain the services of directors, employees and

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consultants considered essential to our long-term success. The 2012 Plan offers our directors, employees and consultants an opportunity to own stock in Realty Income or rights that will reflect our growth, development and financial success. Under the terms of the 2012 plan, the aggregate number of shares of our common stock subject to options, restricted stock, stock appreciation rights, or SARs, restricted stock units and other awards, will be no more than 3,985,734 shares. The 2012 Plan, which has a term of 10 years from the date it was adopted by our Board of Directors, replaced the 2003 Incentive Award Plan of Realty Income Corporation (as amended and restated February 21, 2006), or the 2003 Plan, which was set to expire in March 2013. No further awards will be granted under the 2003 Plan. The disclosures below incorporate activity for both the 2003 Plan and the 2012 Plan.

The amount of share-based compensation costs recognized in general and administrative expense on our consolidated statements of income was \$10.0 million during 2012, was \$7.9 million during 2011 and was \$6.2 million during 2010.

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The following table summarizes our common stock grant activity under our 2003 Plan and 2012 Plan, or the Incentive Award Plans. Our common stock grants vest over periods ranging from immediately to 10 years.

|   | 2012             |                           | 2011             |                           | 2010             |                           |
|---|------------------|---------------------------|------------------|---------------------------|------------------|---------------------------|
|   | 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 | 925,526          | \$ 20.21                  | 924,294          | \$ 19.69                  | 853,234          | \$ 19.14                  |
| Shares granted                                  | 261,811          | 35.06                     | 247,214          | 33.94                     | 278,200          | 28.99                     |
| Shares vested                                   | (290,877)        | 27.47                     | (245,487)        | 25.26                     | (206,153)        | 23.70                     |
| Shares forfeited                                | (910)            | 31.67                     | (495)            | 31.37                     | (987)            | 26.03                     |
| Outstanding nonvested shares, end of year       | 895,550          | \$ 19.94                  | 925,526          | \$ 20.21                  | 924,294          | \$ 19.69                  |

(1) Grant date fair value.

During 2012, we issued 261,811 shares of common stock under our Incentive Award Plans. These shares vest over the following service periods: 26,484 vested immediately, 68,600 vest over a service period of two years, 16,000 vest over a service period of three years and 150,727 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;

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For employees age 56 at the grant date, shares vest in 25% increments on each of the first four anniversaries of the grant date;

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, 2012, the remaining unamortized share-based compensation expense totaled \$17.9 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.

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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 Incentive Award Plans, 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 2012, 2011 or 2010.

As of December 31, 2012 and 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                |  |
|---|---------------------|--|---------------------|--|
|   | Number of<br>shares | Weighted<br>average<br>exercise<br>price | Number of<br>shares | Weighted<br>average<br>exercise<br>price |
| Outstanding options, beginning of year              | 2,454               | \$14.70                                  | 5,846               | \$14.70                                  |
| Options exercised                                   | (2,454)             | 14.70                                    | (3,392)             | 14.70                                    |
| Outstanding and exercisable options, end<br>of year | --                  | \$ --                                    | 2,454               | \$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 at December 31, 2010. The total intrinsic value of options exercised during the years ended December 31, 2011 and 2010 was \$48,000 and \$61,000, respectively. The aggregate intrinsic value of options outstanding and exercisable was \$48,000 at December 31, 2010.

## 19. Dividend Reinvestment and Stock Purchase Plan

In March 2011, we established a Dividend Reinvestment and Stock Purchase Plan, or the DSPP, to provide our common stockholders, as well as new investors, with a convenient and economical method of purchasing our common stock and reinvesting their distributions. The DSPP also allows our current stockholders to buy additional shares of common stock by reinvesting all or a portion of their distributions. The DSPP authorizes up to 6,000,000 common shares to be issued. During 2012, we issued 55,598 shares and raised approximately \$2.2 million under the DSPP. During 2011, we issued 59,605 shares and raised approximately \$2.0 million under the DSPP. From the inception of the DSPP through December 31, 2012, we have issued 115,203 shares and raised approximately \$4.2 million.

## 20. Segment Information

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We evaluate performance and make resource allocation decisions on an industry by industry basis. For financial reporting purposes, we have grouped our tenants into 45 activity segments. 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.

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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, 2012 (dollars in thousands):

| <b>Assets, as of December 31:</b> | <b>2012</b>  | <b>2011</b>  |
|-----------------------------------|--------------|--------------|
| Segment net real estate:          |              |              |
| Automotive service                | \$ 96,830    | \$ 99,974    |
| Automotive tire services          | 184,601      | 191,797      |
| Beverages                         | 310,555      | 314,832      |
| Child care                        | 61,747       | 66,213       |
| Convenience stores                | 670,103      | 690,246      |
| Dollar stores                     | 450,566      | 1,327        |
| Drug stores                       | 159,482      | 154,015      |
| Food Processing                   | 102,964      | 52,349       |
| Grocery stores                    | 219,216      | 224,893      |
| Health and fitness                | 330,503      | 293,624      |
| Restaurants - casual dining       | 450,182      | 469,025      |
| Restaurants - quick service       | 251,084      | 277,648      |
| Sporting goods                    | 77,737       | 80,351       |
| Theaters                          | 381,123      | 383,452      |
| Transportation services           | 130,203      | 107,632      |
| Wholesale clubs                   | 308,202      | 154,964      |
| 29 non-reportable segments        | 857,039      | 597,666      |
| Total segment net real estate     | 5,042,137    | 4,160,008    |
| Intangible assets:                |              |              |
| Automotive tire services          | 470          | 529          |
| Beverages                         | 3,313        | 3,571        |
| Dollar stores                     | 12,475       | --           |
| Drug stores                       | 14,885       | 14,422       |
| Food Processing                   | 21,785       | 15,899       |
| Grocery stores                    | 5,650        | 6,096        |
| Health and fitness                | 15,056       | 1,566        |
| Restaurants - quick service       | 3,464        | 4,037        |
| Sporting goods                    | 4,862        | 5,324        |
| Theaters                          | 28,475       | 31,162       |
| Transportation services           | 27,997       | 28,944       |
| Other - non-reportable segments   | 103,693      | 41,786       |
| Goodwill:                         |              |              |
| Automotive service                | 471          | 472          |
| Automotive tire services          | 865          | 866          |
| Child care                        | 5,276        | 5,353        |
| Convenience stores                | 2,064        | 2,073        |
| Restaurants - casual dining       | 2,430        | 2,461        |
| Restaurants - quick service       | 1,176        | 1,318        |
| Other - non reportable segments   | 4,663        | 4,663        |
| Other corporate assets            | 142,156      | 88,839       |
| Total assets                      | \$ 5,443,363 | \$ 4,419,389 |



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| <b>For the years ended December 31,</b> | <b>2012</b> | <b>Revenue<br/>2011</b> | <b>2010</b> |
|---|-------------|-------------------------|-------------|
| Segment rental revenue:                 |             |                         |             |
| Automotive service                      | \$ 14,961   | \$ 15,168               | \$ 15,308   |
| Automotive tire services                | 22,604      | 22,595                  | 22,345      |
| Beverages                               | 24,553      | 23,458                  | 10,292      |
| Child care                              | 21,342      | 21,508                  | 21,487      |
| Convenience stores                      | 77,905      | 77,481                  | 58,514      |
| Dollar stores                           | 10,324      | 143                     | 143         |
| Drug stores                             | 16,594      | 15,809                  | 13,962      |
| Food Processing                         | 6,213       | 2,953                   | --          |
| Grocery stores                          | 17,836      | 7,149                   | 3,204       |
| Health and fitness                      | 32,782      | 26,769                  | 23,730      |
| Restaurants - casual dining             | 34,510      | 44,632                  | 44,649      |
| Restaurants - quick service             | 28,109      | 24,671                  | 23,565      |
| Sporting goods                          | 11,798      | 11,176                  | 9,144       |
| Theaters                                | 45,073      | 36,812                  | 30,634      |
| Transportation services                 | 11,516      | 7,586                   | 750         |
| Wholesale clubs                         | 15,217      | 3,059                   | --          |
| 29 non-reportable segments              | 82,404      | 67,671                  | 55,053      |
| Total rental revenue                    | 473,741     | 408,640                 | 332,780     |
| Other revenue                           | 1,769       | 1,612                   | 657         |
| Total revenue                           | \$ 475,510  | \$ 410,252              | \$ 333,437  |

**21. Commitments and Contingencies**

In the ordinary course of 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, 2012, we had contingent payments of \$944,000 for tenant improvements and leasing costs. In addition, as of December 31, 2012, we had committed \$16.0 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, 2012, minimum future rental payments for the next five years and thereafter are as follows (dollars in thousands):

|            | <b>Ground Leases<br/>Paid by Realty<br/>Income (1)</b> | <b>Ground Leases<br/>Paid by Our<br/>Tenants (2)</b> | <b>Total</b> |
|------------|--|--|--------------|
| 2013       | \$ 181   | \$ 4,249   | \$ 4,430     |
| 2014       | 189  | 4,111  | 4,300        |
| 2015       | 191  | 4,074  | 4,265        |
| 2016       | 201  | 4,038  | 4,239        |
| 2017       | 210  | 3,944  | 4,154        |
| Thereafter | 424  | 48,769   | 49,193       |
| Total      | \$ 1,396   | \$ 69,185  | \$ 70,581    |

(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.

**22. Subsequent Events**

In January 2013 and February 2013, we declared the following dividends, which will be paid in February 2013 and March 2013, respectively:

- \$0.1809167 per share to our common stockholders;
- \$0.140625 per share to our Class E preferred stockholders; and
- \$0.138021 per share to our Class F preferred stockholders.

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Our stockholders and ARCT stockholders approved our acquisition of ARCT at special meetings of common stockholders on January 16, 2013. The acquisition of ARCT was completed on January 22, 2013. See note 4 for additional information.

In conjunction with our acquisition of ARCT, we assumed approximately \$516.3 million of mortgages payable, which are secured by the properties on which the debt was placed. Of this amount, approximately \$495.1 million is considered non-recourse with limited customary exceptions for items such as bankruptcy, misrepresentation, fraud, misapplication of payments, environmental liabilities, failure to pay taxes, insurance premiums, liens on the property, and uninsured losses. Approximately \$6.6 million of the assumed mortgage debt from ARCT has full recourse to Realty Income and the remaining \$14.6 million of the assumed debt is not guaranteed by Realty Income.

In January 2013, in conjunction with our acquisition of ARCT, we entered into a \$70 million senior unsecured term loan maturing January 21, 2018. Borrowing under the term loan bears interest at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 1.20%. In conjunction with this term loan, we also acquired an interest rate swap which essentially fixes our per annum interest rate on the term loan at 2.15%.

## REALTY INCOME CORPORATION AND SUBSIDIARIES

|  |  |  |  |
|--|--|--|--|
|  | <b>CONSOLIDATED QUARTERLY FINANCIAL DATA</b> |  |  |
|--|--|--|--|

(dollars in thousands, except per share data)

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

|   | <b>First<br/>Quarter</b> | <b>Second<br/>Quarter</b> | <b>Third<br/>Quarter</b> | <b>Fourth<br/>Quarter</b> | <b>Year(2)</b> |
|---|--------------------------|---------------------------|--------------------------|---------------------------|----------------|
| <b>2012(1)</b>                              |                          |                           |                          |                           |                |
| Total revenue                               | \$ 112,639               | \$ 114,023                | \$ 118,710               | \$ 130,139                | \$ 475,510     |
| Depreciation and amortization expense       | 34,686                   | 35,046                    | 37,552                   | 42,313                    | 149,597        |
| Interest expense                            | 28,952                   | 28,806                    | 29,720                   | 35,065                    | 122,542        |
| Other expenses                              | 11,745                   | 11,437                    | 16,902                   | 17,315                    | 57,400         |
| Income from continuing operations           | 37,256                   | 38,734                    | 34,536                   | 35,446                    | 145,971        |
| Income from discontinued operations         | 2,007                    | 4,673                     | 2,922                    | 3,578                     | 13,181         |
| Net income                                  | 39,263                   | 43,407                    | 37,458                   | 39,024                    | 159,152        |
| Net income available to common stockholders | 26,071                   | 32,950                    | 26,976                   | 28,542                    | 114,538        |
| Net income per common share:                |                          |                           |                          |                           |                |
| Basic and diluted                           | 0.20                     | 0.25                      | 0.20                     | 0.21                      | 0.86           |
| Dividends paid per common share             | 0.4365000                | 0.4374375                 | 0.4433750                | 0.4543125                 | 1.7716250      |
| <b>2011(1)</b>                              |                          |                           |                          |                           |                |
| Total revenue                               | \$ 94,703                | \$ 99,102                 | \$ 104,692               | \$ 111,755                | \$ 410,252     |
| Depreciation and amortization expense       | 25,878                   | 28,168                    | 31,114                   | 33,714                    | 118,874        |
| Interest expense                            | 25,122                   | 25,647                    | 28,550                   | 28,983                    | 108,301        |
| Other expenses                              | 9,632                    | 9,653                     | 8,897                    | 10,270                    | 38,452         |
| Income from continuing operations           | 34,071                   | 35,634                    | 36,131                   | 38,788                    | 144,625        |

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|   |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
| Income from discontinued operations         | 1,928     | 3,614     | 4,649     | 2,216     | 12,407    |
| Net income                                  | 35,999    | 39,248    | 40,780    | 41,004    | 157,032   |
| Net income available to common 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 |

(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, 2012, 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.

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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 14, 2013 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, 2012 that have materially affected, or are reasonably likely to material affect, our internal control over financial reporting. As of December 31, 2012, 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 2013 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 7, 2013.

**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 2013 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 2013 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 2013 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 2013 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, 2012 and 2011

c. Consolidated Statements of Income,

Years ended December 31, 2012, 2011 and 2010

d. Consolidated Statements of Stockholders' Equity,

Years ended December 31, 2012, 2011 and 2010

e. Consolidated Statements of Cash Flows,

Years ended December 31, 2012, 2011 and 2010

f. Notes to Consolidated Financial Statements

g. Consolidated Quarterly Financial Data,

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(unaudited) for 2012 and 2011

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**

| <b><u>Exhibit No.</u></b> | <b><u>Description</u></b>  |
|---------------------------|--|
| 2.1                       | Agreement and Plan of Merger, dated as of September 6, 2012, by and among Realty Income Corporation, Tau Acquisition LLC and American Realty Capital Trust, Inc. (filed as exhibit 2.1 to the Company's Form 8-K, filed on September 6, 2012 and incorporated herein by reference).  |
| 2.2                       | First Amendment to Agreement and Plan of Merger, dated as of January 6, 2013, by and among Realty Income Corporation, Tau Acquisition LLC and American Realty Capital Trust, Inc. (filed as exhibit 2.1 to the Company's Form 8-K, filed on January 7, 2013 and incorporated herein by reference).   |
| 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), 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 incorporated herein by reference); and amendment No. 4 dated June 21, 2012 (filed as exhibit 3.1 to the Company's Form 8-K, filed on June 21, 2012 and incorporated herein by reference). |

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- 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 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 incorporated herein by reference), February 7, 2012 (filed as exhibit 3.1 to the Company's Form 8-K, filed on February 13, 2012 and incorporated herein by reference) and February 21, 2012 (filed as exhibit 3.1 to the Company's Form 8-K, filed on February 22, 2012 and incorporated herein by reference).
- 3.3 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating the 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock, dated November 30, 2006 (filed as exhibit 3.5 to the Company's Form 8-A, filed on December 5, 2006 and incorporated herein by reference).
- 3.4 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating the 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock, dated February 3, 2012 (the First Class F Articles Supplementary ) (filed as exhibit 3.1 to the Company's Form 8-K, filed on February 3, 2012 and incorporated herein by reference).
- 3.5 Certificate of Correction to the First Class F Articles Supplementary, dated April 11, 2012 (filed as exhibit 3.2 to the Company's Form 8-K, filed on April 17, 2012 and incorporated herein by reference).
- 3.6 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating additional shares of the 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock, dated April 17, 2012 (filed as exhibit 3.3 to the Company's Form 8-K, filed on April 17, 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 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 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 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 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

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November 24, 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 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 incorporated herein by reference).

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- 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 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 incorporated herein by reference).
- 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 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 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 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 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 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 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 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).
- 4.18 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).
- 4.19 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 2.000% Notes due 2018 and establishing a series of securities entitled 3.250% Notes due 2022 (filed as exhibit 4.4 to the Company's Form 8-K, filed on October 10, 2012 and incorporated herein by reference).
- 4.20 Form of 2.000% Note due 2018 (filed as exhibit 4.2 to Company's Form 8-K, filed on October 10, 2012 and incorporated herein by reference).

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- 4.21 Form of 3.250% Note due 2022 (filed as exhibit 4.3 to Company's Form 8-K, filed on October 10, 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).
- 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 under the 2003 Stock Incentive Award Plan of Realty Income Corporation (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 under the 2003 Stock Incentive Award Plan of Realty Income Corporation (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).

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- 10.12 Form of Restricted Stock Agreement for John P. Case (filed as exhibit 10.1 to the Company's Form 10-Q, for the quarter ended 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 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).

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|       |  |
|-------|--|
| 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). |
| 10.16 | Dividend Reinvestment and Stock Purchase Plan (filed pursuant to Rule 424(b)5) under the Securities Act of 1933, as amended, on March 22, 2012, as a prospectus supplement to the Company's prospectus dated March 2, 2012 (File No. 333-179872) and incorporated herein by reference).  |
| 10.17 | Realty Income Corporation 2012 Incentive Award Plan (filed as Appendix B to the Company's Proxy Statement on Schedule 14A filed on March 30, 2012 and incorporated herein by reference).   |
| 10.18 | Amended and Restated Credit Agreement dated May 10, 2012 (filed as exhibit 10.1 to the Company's Form 8-K, filed on May 11, 2012 and incorporated herein by reference).  |
| 10.19 | Form of Restricted Stock Agreement for Employees under the Realty Income Corporation 2012 Incentive Award Plan (filed as exhibit 10.1 to the Company's Form 8-K, filed on January 8, 2013 and incorporated herein by reference).   |
| 10.20 | Form of Restricted Stock Agreement for Non-Employee Directors under the Realty Income Corporation 2012 Incentive Award Plan (filed as exhibit 10.2 to the Company's Form 8-K, filed on January 8, 2013 and incorporated herein by reference).  |
| 10.21 | Term Loan Agreement, dated as of January 22, 2013, by and among Tau Operating Partnership, L.P. and Lenders (as defined therein) (filed as exhibit 10.1 to the Company's Form 8-K, filed on January 22, 2013 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 14, 2013. |
|-------|--|

**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.

**Interactive Data Files**

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The following materials from Realty Income Corporation's Annual Report on Form 10-K for the year ended December 31, 2012, formatted in Extensible Business Reporting Language: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, (v) Notes to Consolidated Financial Statements, and (vi) Schedule III Real Estate and Accumulated Depreciation.

\* 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 Date: February 14, 2013  
Thomas A. Lewis  
Vice Chairman of the Board of Directors,  
Chief Executive Officer

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/MICHAEL D. MCKEE Date: February 14, 2013  
Michael D. McKee  
Non-Executive Chairman of the Board of Directors

By: /s/THOMAS A. LEWIS Date: February 14, 2013  
Thomas A. Lewis  
Vice Chairman of the Board of Directors,  
Chief Executive Officer  
(Principal Executive Officer)

By: /s/KATHLEEN R. ALLEN, Ph.D. Date: February 14, 2013  
Kathleen R. Allen, Ph.D.  
Director

By: /s/A. LARRY CHAPMAN Date: February 14, 2013  
A. Larry Chapman  
Director

By: /s/PRIYA CHERIAN HUSKINS Date: February 14, 2013  
Priya Cherian Huskins  
Director

By: /s/GREGORY T. MCLAUGHLIN Date: February 14, 2013  
Gregory T. McLaughlin  
Director

By: /s/RONALD L. MERRIMAN Date: February 14, 2013  
Ronald L. Merriman  
Director

By: /s/PAUL M. MEURER Date: February 14, 2013  
Paul M. Meurer  
Executive Vice President, Chief Financial Officer and Treasurer

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(Principal Financial Officer)

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

Date: February 14, 2013

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)                  | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |            |            | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |
|--|--------------------------|---|-----------|--------------|--|-------------------|---|------------|------------|---|-------------------------|
|  |                          | Land  | Fees      | Improvements | Improvements                                     | Carrying<br>Costs | Land  | Fees       | Total      |   |                         |
| <u>Aerospace</u>                         |                          |   |           |              |  |                   |   |            |            |   |                         |
| Batesville                               | MS                       | 8,765,446   | 2,160,849 | 17,219,291   | None   | None              | 2,160,849   | 17,219,291 | 19,380,140 | 258,289                                 |                         |
| DFW Airport                              | TX                       | 23,496,251  | 0         | 37,503,886   | 13,600   | None              | 0   | 37,517,486 | 37,517,486 | 2,310,596                               |                         |
| <u>Apparel</u>                           |                          |   |           |              |  |                   |   |            |            |   |                         |
| Mesa                                     | AZ                       | None  | 619,035   | 867,013      | 6,484  | 43,549            | 619,035   | 917,046    | 1,536,081  | 527,798                                 |                         |
| Elk Grove                                | CA                       | None  | 804,327   | 2,668,492    | None   | None              | 804,327   | 2,668,492  | 3,472,819  | 31,132                                  |                         |
| Hanford                                  | CA                       | None  | 562,812   | 3,468,215    | None   | None              | 562,812   | 3,468,215  | 4,031,027  | 40,463                                  |                         |
| Lodi                                     | CA                       | None  | 3,153,559 | 2,661,260    | None   | None              | 3,153,559   | 2,661,260  | 5,814,819  | 31,048                                  |                         |
| Manteca                                  | CA                       | None  | 1,565,672 | 4,440,141    | None   | None              | 1,565,672   | 4,440,141  | 6,005,813  | 37,802                                  |                         |
| Moreno<br>Valley                         | CA                       | None  | 1,699,937 | 3,113,035    | None   | None              | 1,699,937   | 3,113,035  | 4,812,972  | 36,319                                  |                         |
| Redlands                                 | CA                       | None  | 3,006,680 | 2,242,430    | None   | None              | 3,006,680   | 2,242,428  | 5,249,108  | 26,162                                  |                         |
| Sacramento                               | CA                       | None  | 3,446,351 | 4,460,201    | None   | None              | 3,446,351   | 4,460,201  | 7,906,552  | 52,036                                  |                         |
| South Lake<br>Tahoe                      | CA                       | None  | 3,110,000 | 3,176,091    | None   | None              | 3,110,000   | 3,176,091  | 6,286,091  | 280,555                                 |                         |
| Sun Valley                               | CA                       | None  | 4,631,964 | 4,710,912    | None   | None              | 4,631,964   | 4,710,912  | 9,342,876  | 54,961                                  |                         |
| Vacaville                                | CA                       | None  | 1,299,816 | 3,375,574    | None   | None              | 1,299,816   | 3,375,574  | 4,675,390  | 39,382                                  |                         |
| Danbury                                  | CT                       | None  | 1,096,861 | 6,217,688    | 116,255  | 56                | 1,096,861   | 6,333,999  | 7,430,860  | 3,851,964                               |                         |
| Manchester                               | CT                       | None  | 771,660   | 3,653,539    | 1,661  | 161               | 771,660   | 3,655,361  | 4,427,021  | 2,162,361                               |                         |
| Manchester<br>Deerfield                  | CT                       | None  | 1,250,464 | 5,917,037    | 3,555  | None              | 1,250,464   | 5,920,592  | 7,171,056  | 3,502,378                               |                         |
| Beach                                    | FL                       | None  | 3,160,000 | 4,832,848    | 6,603  | None              | 3,160,000   | 4,839,451  | 7,999,451  | 427,411                                 |                         |
| Missoula                                 | MT                       | None  | 163,100   | 362,249      | None   | 10                | 163,100   | 362,259    | 525,359    | 362,250                                 |                         |
| Staten Island                            | NY                       | None  | 4,202,093 | 3,385,021    | 14,018   | None              | 4,202,093   | 3,399,039  | 7,601,132  | 2,003,719                               |                         |
| Dallas                                   | TX                       | None  | 1,210,000 | 2,675,265    | None   | None              | 1,210,000   | 2,675,265  | 3,885,265  | 236,315                                 |                         |
| The Colony                               | TX                       | None  | 2,580,000 | 2,214,133    | 20,700   | None              | 2,580,000   | 2,234,833  | 4,814,833  | 198,428                                 |                         |
| <u>Automotive collision<br/>services</u> |                          |   |           |              |  |                   |   |            |            |   |                         |
| Colorado<br>Springs                      | CO                       | None  | 1,085,560 | 2,137,425    | None   | None              | 1,085,560   | 2,137,425  | 3,222,985  | 78,293                                  |                         |
| Denver                                   | CO                       | None  | 480,348   | 2,127,792    | None   | None              | 480,348   | 2,127,792  | 2,608,140  | 51,743                                  | 06/08/12                |
| Highlands<br>Ranch                       | CO                       | None  | 583,289   | 2,139,057    | None   | None              | 583,289   | 2,139,057  | 2,722,346  | 744,394                                 | 07/10/07                |
| Littleton                                | CO                       | None  | 601,388   | 2,169,898    | None   | None              | 601,388   | 2,169,898  | 2,771,286  | 608,359                                 | 02/02/06                |
| Parker                                   | CO                       | None  | 868,768   | 2,653,745    | None   | None              | 868,768   | 2,653,745  | 3,522,513  | 747,806                                 | 09/07/12                |
| Thornton                                 | CO                       | None  | 693,323   | 1,896,616    | None   | 128               | 693,323   | 1,896,744  | 2,590,067  | 608,229                                 | 10/05/04                |
| Cumming                                  | GA                       | None  | 661,624   | 1,822,363    | None   | None              | 661,624   | 1,822,363  | 2,483,987  | 672,568                                 | 09/18/03                |
| Douglasville                             | GA                       | None  | 679,868   | 1,935,515    | None   | None              | 679,868   | 1,935,515  | 2,615,383  | 720,072                                 | 08/11/03                |
| Macon                                    | GA                       | None  | 1,400,000 | 1,317,435    | None   | None              | 1,400,000   | 1,317,435  | 2,717,435  | 30,716                                  | 05/11/12                |
| Morrow                                   | GA                       | None  | 725,948   | 1,846,315    | None   | None              | 725,948   | 1,846,315  | 2,572,263  | 692,303                                 | 07/07/03                |
| Peachtree<br>City                        | GA                       | None  | 1,190,380 | 689,284      | None   | None              | 1,190,380   | 689,284    | 1,879,664  | 275,407                                 | 12/16/02                |
| Roswell                                  | GA                       | None  | 1,825,000 | 1,934,495    | None   | None              | 1,825,000   | 1,934,495  | 3,759,495  | 76,129                                  | 12/22/11                |

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|                |    |      |           |           |      |      |           |           |           |         |             |
|----------------|----|------|-----------|-----------|------|------|-----------|-----------|-----------|---------|-------------|
| Warner         |    |      |           |           |      |      |           |           |           |         |             |
| Robins         | GA | None | 1,250,000 | 1,012,258 | None | None | 1,250,000 | 1,012,258 | 2,262,258 | 36,792  | 01/11/12    |
| Ham Lake       | MN | None | 192,610   | 1,930,958 | None | None | 192,610   | 1,930,958 | 2,123,568 | 621,337 | 07/01/04    |
| Stillwater     | MN | None | 656,250   | 1,218,750 | None | None | 656,250   | 1,218,750 | 1,875,000 | 6,094   |             |
| Olive Branch   | MS | None | 350,000   | 1,965,718 | None | None | 350,000   | 1,965,718 | 2,315,718 | 118,077 | 06/29/11    |
| Cary           | NC | None | 610,389   | 1,492,235 | None | None | 610,389   | 1,492,235 | 2,102,624 | 395,442 |             |
| Durham         | NC | None | 680,969   | 1,323,140 | None | 24   | 680,969   | 1,323,164 | 2,004,133 | 350,654 |             |
| Wilmington     | NC | None | 378,813   | 1,150,679 | None | None | 378,813   | 1,150,679 | 1,529,492 | 342,333 | 07/15/05    |
| Bartlett       | TN | None | 648,526   | 1,960,733 | None | None | 648,526   | 1,960,733 | 2,609,259 | 630,924 | 08/03/04    |
| Riverton       | UT | None | 1,100,000 | 1,525,708 | None | None | 1,100,000 | 1,525,708 | 2,625,708 | 20      | In-progress |
| Salt Lake City | UT | None | 2,900,000 | 1,598,391 | None | None | 2,900,000 | 1,598,391 | 4,498,391 | 51,509  | 02/17/12    |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized |                   | Gross Amount at Which Carried |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |       |
|-------------------------|--------------------------|-------------------------|--|------------------|-------------------|-------------------------------|--|-----------|---|-------------------------|------------------|-------|
|                         |                          | 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     |   |                         |                  |       |
| <u>Automotive</u>       |                          |                         |  |                  |                   |                               |  |           |   |                         |                  |       |
| <u>parts</u>            |                          |                         |  |                  |                   |                               |  |           |   |                         |                  |       |
| Birmingham              | AL                       | None                    | 355,823  | 660,814          | None              | None                          | 355,823  | 660,814   | 1,016,637                               | 1,101                   |                  | 12/01 |
| Millbrook               | AL                       | None                    | 108,000  | 518,741          | 88,207            | 211                           | 108,000  | 607,159   | 715,159                                 | 294,116                 | 12/10/98         | 01/21 |
| Montgomery              | AL                       | None                    | 254,465  | 502,350          | 10,819            | 295                           | 254,465  | 513,464   | 767,929                                 | 296,721                 |                  | 06/30 |
| Phoenix                 | AZ                       | None                    | 231,000  | 513,057          | None              | 62                            | 231,000  | 513,119   | 744,119                                 | 513,059                 |                  | 11/01 |
| Phoenix                 | AZ                       | None                    | 222,950  | 495,178          | None              | 102                           | 222,950  | 495,280   | 718,230                                 | 459,418                 |                  | 11/01 |
| Tucson                  | AZ                       | None                    | 194,250  | 431,434          | None              | None                          | 194,250  | 431,434   | 625,684                                 | 431,434                 |                  | 10/31 |
| Grass Valley            | CA                       | None                    | 325,000  | 384,955          | None              | None                          | 325,000  | 384,955   | 709,955                                 | 379,385                 |                  | 05/21 |
| Sacramento              | CA                       | None                    | 210,000  | 466,419          | None              | 127                           | 210,000  | 466,546   | 676,546                                 | 466,547                 |                  | 11/21 |
| Turlock                 | CA                       | None                    | 222,250  | 493,627          | None              | None                          | 222,250  | 493,627   | 715,877                                 | 493,627                 |                  | 12/31 |
| Denver                  | CO                       | None                    | 141,400  | 314,056          | None              | 82                            | 141,400  | 314,138   | 455,538                                 | 314,075                 |                  | 11/11 |
| Denver                  | CO                       | None                    | 315,000  | 699,623          | None              | 290                           | 315,000  | 699,913   | 1,014,913                               | 689,735                 |                  | 05/11 |
| Littleton               | CO                       | None                    | 252,925  | 561,758          | None              | 181                           | 252,925  | 561,939   | 814,864                                 | 559,881                 |                  | 02/11 |
| Smyrna                  | DE                       | None                    | 232,273  | 472,855          | 15,774            | None                          | 232,273  | 488,629   | 720,902                                 | 272,118                 |                  | 08/01 |
| Deerfield               |                          |                         |  |                  |                   |                               |  |           |   |                         |                  |       |
| Beach                   | FL                       | None                    | 475,000  | 871,738          | 2,420             | 31,798                        | 475,000  | 905,956   | 1,380,956                               | 499,395                 |                  | 01/21 |
| Merritt Island          | FL                       | None                    | 309,652  | 482,459          | 25,854            | 21,831                        | 309,652  | 530,144   | 839,796                                 | 318,239                 |                  | 11/21 |
| Atlanta                 | GA                       | None                    | 652,551  | 763,360          | 27,163            | 45,476                        | 652,551  | 835,999   | 1,488,550                               | 439,881                 |                  | 12/11 |
| Council Bluffs          | IA                       | None                    | 194,355  | 431,668          | None              | None                          | 194,355  | 431,668   | 626,023                                 | 425,470                 |                  | 05/11 |
| Boise                   | ID                       | None                    | 158,400  | 351,812          | None              | 5,428                         | 158,400  | 357,240   | 515,640                                 | 347,793                 |                  | 05/01 |
| Lewiston                | ID                       | None                    | 138,950  | 308,612          | None              | None                          | 138,950  | 308,612   | 447,562                                 | 308,612                 |                  | 09/11 |
| Moscow                  | ID                       | None                    | 117,250  | 260,417          | None              | None                          | 117,250  | 260,417   | 377,667                                 | 260,417                 |                  | 09/11 |
| Peoria                  | IL                       | None                    | 193,868  | 387,737          | (85,899)          | 85                            | 193,868  | 301,923   | 495,791                                 | 256,946                 |                  | 11/21 |
| Brazil                  | IN                       | None                    | 183,952  | 453,831          | 8,942             | 173                           | 183,952  | 462,946   | 646,898                                 | 253,701                 |                  | 03/31 |
| Muncie                  | IN                       | None                    | 148,901  | 645,660          | 147,678           | 28,327                        | 148,901  | 821,665   | 970,566                                 | 496,907                 |                  | 11/21 |
| Plainfield              | IN                       | None                    | 453,645  | 908,485          | 42,619            | 47,114                        | 453,645  | 998,218   | 1,451,863                               | 551,556                 |                  | 01/31 |
| Princeton               | IN                       | None                    | 134,209  | 560,113          | None              | 211                           | 134,209  | 560,324   | 694,533                                 | 309,170                 |                  | 03/31 |
| Vincennes               | IN                       | None                    | 185,312  | 489,779          | 10,598            | 173                           | 185,312  | 500,550   | 685,862                                 | 270,410                 |                  | 03/31 |
| Kansas City             | KS                       | None                    | 222,000  | 455,881          | 18,738            | 146                           | 222,000  | 474,765   | 696,765                                 | 460,084                 |                  | 05/11 |
| Alma                    | MI                       | None                    | 155,000  | 600,282          | 13,902            | 122                           | 155,000  | 614,306   | 769,306                                 | 329,066                 | 04/29/99         | 02/11 |
| Lansing                 | MI                       | None                    | 265,000  | 574,931          | 132,237           | 303                           | 265,000  | 707,471   | 972,471                                 | 361,823                 | 04/30/99         | 12/01 |
| Sturgis                 | MI                       | None                    | 109,558  | 550,274          | 10,272            | 94                            | 109,558  | 560,640   | 670,198                                 | 310,387                 |                  | 12/31 |
| Batesville              | MS                       | None                    | 190,124  | 485,670          | None              | 173                           | 190,124  | 485,843   | 675,967                                 | 280,936                 |                  | 07/21 |
| Horn Lake               | MS                       | None                    | 142,702  | 514,779          | 3,945             | 211                           | 142,702  | 518,935   | 661,637                                 | 299,696                 |                  | 06/31 |
| Richland                | MS                       | None                    | 243,565  | 558,645          | 10,302            | 211                           | 243,565  | 569,158   | 812,723                                 | 293,584                 |                  | 12/21 |
| Omaha                   | NE                       | None                    | 196,000  | 435,321          | None              | 32                            | 196,000  | 435,353   | 631,353                                 | 429,074                 |                  | 05/21 |
| Omaha                   | NE                       | None                    | 199,100  | 412,042          | None              | 32                            | 199,100  | 412,074   | 611,174                                 | 406,087                 |                  | 05/21 |
| Rio Rancho              | NM                       | None                    | 211,577  | 469,923          | None              | None                          | 211,577  | 469,923   | 681,500                                 | 468,230                 |                  | 02/21 |
| Las Vegas               | NV                       | None                    | 161,000  | 357,585          | 260,000           | None                          | 161,000  | 617,585   | 778,585                                 | 504,919                 |                  | 10/21 |
| Canton                  | OH                       | None                    | 396,560  | 597,553          | None              | 25,682                        | 396,560  | 623,235   | 1,019,795                               | 348,783                 |                  | 08/11 |
| Centerville             | OH                       | None                    | 601,408  | 758,192          | 9,017             | 38,193                        | 601,408  | 805,402   | 1,406,810                               | 446,279                 |                  | 06/31 |
| Hamilton                | OH                       | None                    | 183,000  | 515,727          | 2,941             | 122                           | 183,000  | 518,790   | 701,790                                 | 284,714                 | 04/07/99         | 12/01 |
| Del City                | OK                       | None                    | 634,664  | 1,178,662        | None              | None                          | 634,664  | 1,178,662 | 1,813,326                               | 1,964                   |                  | 12/01 |
| Albany                  | OR                       | None                    | 152,250  | 338,153          | None              | None                          | 152,250  | 338,153   | 490,403                                 | 338,153                 |                  | 08/21 |
| Beaverton               | OR                       | None                    | 210,000  | 466,419          | None              | None                          | 210,000  | 466,419   | 676,419                                 | 466,419                 |                  | 08/21 |

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|          |    |      |         |         |        |      |         |         |         |         |      |
|----------|----|------|---------|---------|--------|------|---------|---------|---------|---------|------|
| Portland | OR | None | 190,750 | 423,664 | None   | None | 190,750 | 423,664 | 614,414 | 423,664 | 08/1 |
| Portland | OR | None | 147,000 | 326,493 | None   | None | 147,000 | 326,493 | 473,493 | 326,493 | 08/2 |
| Salem    | OR | None | 136,500 | 303,170 | None   | None | 136,500 | 303,170 | 439,670 | 303,170 | 08/2 |
| Butler   | PA | None | 339,929 | 633,078 | 20,558 | 230  | 339,929 | 653,866 | 993,795 | 375,431 | 08/0 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |       |
|-------------------------|--------------------------|---|---------|--|-------------------|---|---------|-----------|---|-------------------------|------------------|-------|
|                         |                          | Land  | Fees    | Improvements                                     | Carrying<br>Costs | Land  | Fees    | Total     |   |                         |                  |       |
| Dover                   | PA                       | None  | 265,112 | 593,341  | None              | None  | 265,112 | 593,341   | 858,453                                 | 345,126                 |                  | 06/30 |
| Enola                   | PA                       | None  | 220,228 | 546,026  | 11,416            | 172   | 220,228 | 557,614   | 777,842                                 | 310,715                 |                  | 11/15 |
| Hanover                 | PA                       | None  | 132,500 | 719,511  | None              | 232   | 132,500 | 719,743   | 852,243                                 | 385,295                 | 07/26/99         | 05/15 |
| Harrisburg              | PA                       | None  | 327,781 | 608,291  | 7,138             | 172   | 327,781 | 615,601   | 943,382                                 | 355,141                 |                  | 06/30 |
| Harrisburg              | PA                       | None  | 283,417 | 352,473  | 3,100             | 172   | 283,417 | 355,745   | 639,162                                 | 201,788                 |                  | 09/30 |
| Lancaster               | PA                       | None  | 199,899 | 774,838  | 24,235            | None  | 199,899 | 799,073   | 998,972                                 | 457,204                 |                  | 08/15 |
| New Castle              | PA                       | None  | 180,009 | 525,774  | 91,802            | 230   | 180,009 | 617,806   | 797,815                                 | 320,875                 |                  | 06/30 |
| Reading                 | PA                       | None  | 379,000 | 658,722  | 10,100            | 232   | 379,000 | 669,054   | 1,048,054                               | 365,567                 | 06/09/99         | 12/01 |
| Arlington               | TN                       | None  | 381,083 | 707,726  | None              | None  | 381,083 | 707,726   | 1,088,809                               | 1,180                   |                  | 12/01 |
| Columbia                | TN                       | None  | 273,120 | 431,716  | None              | 211   | 273,120 | 431,927   | 705,047                                 | 234,024                 |                  | 06/30 |
| Laredo                  | TX                       | None  | 807,044 | 1,498,795  | None              | None  | 807,044 | 1,498,795 | 2,305,839                               | 2,498                   |                  | 12/01 |
| Bellevue                | WA                       | None  | 185,500 | 411,997  | None              | 107   | 185,500 | 412,104   | 597,604                                 | 412,026                 |                  | 08/01 |
| Bellingham              | WA                       | None  | 168,000 | 373,133  | None              | 107   | 168,000 | 373,240   | 541,240                                 | 373,161                 |                  | 08/21 |
| Hazel Dell              | WA                       | None  | 168,000 | 373,135  | None              | None  | 168,000 | 373,135   | 541,135                                 | 367,685                 |                  | 05/21 |
| Kenmore                 | WA                       | None  | 199,500 | 443,098  | None              | 107   | 199,500 | 443,205   | 642,705                                 | 443,127                 |                  | 08/21 |
| Kent                    | WA                       | None  | 199,500 | 443,091  | None              | 107   | 199,500 | 443,198   | 642,698                                 | 443,120                 |                  | 08/01 |
| Lakewood                | WA                       | None  | 191,800 | 425,996  | None              | 107   | 191,800 | 426,103   | 617,903                                 | 426,024                 |                  | 08/15 |
| Moses Lake              | WA                       | None  | 138,600 | 307,831  | None              | 107   | 138,600 | 307,938   | 446,538                                 | 307,860                 |                  | 08/15 |
| Renton                  | WA                       | None  | 185,500 | 412,003  | None              | 107   | 185,500 | 412,110   | 597,610                                 | 412,032                 |                  | 09/15 |
| Seattle                 | WA                       | None  | 162,400 | 360,697  | None              | 107   | 162,400 | 360,804   | 523,204                                 | 360,726                 |                  | 08/21 |
| Silverdale              | WA                       | None  | 183,808 | 419,777  | None              | 107   | 183,808 | 419,884   | 603,692                                 | 419,806                 |                  | 09/15 |
| Tacoma                  | WA                       | None  | 196,000 | 435,324  | None              | 107   | 196,000 | 435,431   | 631,431                                 | 435,353                 |                  | 10/15 |
| Vancouver               | WA                       | None  | 180,250 | 400,343  | None              | None  | 180,250 | 400,343   | 580,593                                 | 400,343                 |                  | 08/21 |
| Wenatchee               | WA                       | None  | 148,400 | 329,602  | None              | 107   | 148,400 | 329,709   | 478,109                                 | 329,631                 |                  | 08/21 |

Automotive  
service

|              |    |      |         |           |       |       |         |           |           |         |          |       |
|--------------|----|------|---------|-----------|-------|-------|---------|-----------|-----------|---------|----------|-------|
| Flagstaff    | AZ | None | 144,821 | 417,485   | 6,150 | 10    | 144,821 | 423,645   | 568,466   | 240,217 | 04/11/02 | 08/21 |
| Mesa         | AZ | None | 210,620 | 475,072   | None  | None  | 210,620 | 475,072   | 685,692   | 201,901 |          | 05/15 |
| Phoenix      | AZ | None | 189,341 | 546,984   | None  | 110   | 189,341 | 547,094   | 736,435   | 232,575 |          | 05/15 |
| Phoenix      | AZ | None | 384,608 | 279,824   | None  | None  | 384,608 | 279,824   | 664,432   | 118,923 |          | 05/15 |
| Sierra Vista | AZ | None | 175,114 | 345,508   | None  | None  | 175,114 | 345,508   | 520,622   | 146,839 |          | 05/15 |
| Tucson       | AZ | None | 226,596 | 437,972   | None  | None  | 226,596 | 437,972   | 664,568   | 186,136 |          | 05/15 |
| Tucson       | AZ | None | 287,369 | 533,684   | None  | None  | 287,369 | 533,684   | 821,053   | 59,595  |          | 03/21 |
| Bakersfield  | CA | None | 65,165  | 206,927   | None  | None  | 65,165  | 206,927   | 272,092   | 87,942  |          | 05/15 |
| Chula Vista  | CA | None | 313,293 | 409,654   | None  | None  | 313,293 | 409,654   | 722,947   | 272,420 | 05/01/96 | 01/15 |
| Dublin       | CA | None | 415,620 | 1,153,928 | None  | None  | 415,620 | 1,153,928 | 1,569,548 | 490,417 |          | 05/15 |
| Folsom       | CA | None | 471,813 | 325,610   | None  | None  | 471,813 | 325,610   | 797,423   | 138,382 |          | 05/15 |
| Indio        | CA | None | 264,956 | 265,509   | None  | None  | 264,956 | 265,509   | 530,465   | 112,839 |          | 05/15 |
| Los Angeles  | CA | None | 580,446 | 158,876   | None  | None  | 580,446 | 158,876   | 739,322   | 67,520  |          | 05/15 |
| Oxnard       | CA | None | 186,980 | 198,236   | None  | None  | 186,980 | 198,236   | 385,216   | 84,249  |          | 05/15 |
| Simi Valley  | CA | None | 213,920 | 161,012   | None  | None  | 213,920 | 161,012   | 374,932   | 68,428  |          | 05/15 |
| Vacaville    | CA | None | 358,067 | 284,931   | None  | None  | 358,067 | 284,931   | 642,998   | 121,094 |          | 05/15 |
| Aurora       | CO | None | 231,314 | 430,495   | None  | 115   | 231,314 | 430,610   | 661,924   | 91,179  |          | 09/01 |
| Broomfield   | CO | None | 154,930 | 503,626   | None  | 2,564 | 154,930 | 506,190   | 661,120   | 330,010 | 08/22/96 | 03/15 |
| Denver       | CO | None | 79,717  | 369,587   | None  | 208   | 79,717  | 369,795   | 449,512   | 369,724 |          | 10/01 |



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|          |    |      |         |         |      |      |         |         |         |        |      |
|----------|----|------|---------|---------|------|------|---------|---------|---------|--------|------|
| Denver   | CO | None | 239,024 | 444,785 | None | 115  | 239,024 | 444,900 | 683,924 | 94,203 | 09/0 |
| Lakewood | CO | None | 70,422  | 132,296 | None | None | 70,422  | 132,296 | 202,718 | 28,003 | 09/0 |
| Longmont | CO | None | 87,385  | 163,169 | None | 115  | 87,385  | 163,284 | 250,669 | 34,595 | 09/0 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)        | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |         | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |          |
|--------------------------------|--------------------------|---|---------|--|-------------------|---|---------|---------|---|-------------------------|------------------|----------|
|                                |                          | Land  | Fees    | Improvements                                     | Carrying<br>Costs | Land  | Fees    | Total   |   |                         |                  |          |
| Thornton                       | CO                       | None  | 276,084 | 415,464  | None              | 115   | 276,084 | 415,579 | 691,663                                 | 265,104                 | 12/31/96         | 10/31/99 |
| Hartford                       | CT                       | None  | 248,540 | 482,460  | 35,465            | 1,034   | 248,540 | 518,959 | 767,499                                 | 315,798                 |                  | 09/30/99 |
| Southington                    | CT                       | None  | 225,882 | 672,910  | None              | 172   | 225,882 | 673,082 | 898,964                                 | 418,256                 |                  | 06/06/99 |
| Vernon                         | CT                       | None  | 81,529  | 300,518  | None              | None  | 81,529  | 300,518 | 382,047                                 | 126,718                 |                  | 06/27/00 |
| Jacksonville                   | FL                       | None  | 76,585  | 355,066  | 6,980             | 420   | 76,585  | 362,466 | 439,051                                 | 358,410                 |                  | 12/23/88 |
| Lauderdale<br>Lakes            | FL                       | None  | 65,987  | 305,931  | None              | 79  | 65,987  | 306,010 | 371,997                                 | 305,972                 |                  | 02/19/88 |
| Miami<br>Gardens               | FL                       | None  | 163,239 | 262,726  | None              | None  | 163,239 | 262,726 | 425,965                                 | 110,783                 |                  | 06/27/00 |
| Orange City                    | FL                       | None  | 99,613  | 139,008  | None              | None  | 99,613  | 139,008 | 238,621                                 | 59,076                  |                  | 05/14/00 |
| Pensacola                      | FL                       | None  | 308,067 | 573,708  | 23,430            | 2,874   | 308,067 | 600,012 | 908,079                                 | 154,657                 |                  | 11/22/00 |
| Seminole                       | FL                       | None  | 68,000  | 315,266  | None              | None  | 68,000  | 315,266 | 383,266                                 | 315,266                 |                  | 12/23/88 |
| Sunrise                        | FL                       | None  | 80,253  | 372,070  | None              | None  | 80,253  | 372,070 | 452,323                                 | 372,070                 |                  | 02/14/88 |
| Tampa                          | FL                       | None  | 70,000  | 324,538  | None              | None  | 70,000  | 324,538 | 394,538                                 | 324,538                 |                  | 12/27/88 |
| Tampa                          | FL                       | None  | 67,000  | 310,629  | None              | None  | 67,000  | 310,629 | 377,629                                 | 310,629                 |                  | 12/27/88 |
| Tampa                          | FL                       | None  | 86,502  | 401,041  | None              | 79  | 86,502  | 401,120 | 487,622                                 | 401,082                 |                  | 07/23/88 |
| Atlanta                        | GA                       | None  | 309,474 | 574,737  | None              | None  | 309,474 | 574,737 | 884,211                                 | 64,179                  |                  | 03/25/10 |
| Bogart                         | GA                       | None  | 66,807  | 309,733  | None              | None  | 66,807  | 309,733 | 376,540                                 | 309,733                 |                  | 12/20/88 |
| Douglasville                   | GA                       | None  | 214,771 | 129,519  | None              | None  | 214,771 | 129,519 | 344,290                                 | 55,044                  |                  | 05/14/00 |
| Duluth                         | GA                       | None  | 222,275 | 316,925  | 368               | 2,393   | 222,275 | 319,686 | 541,961                                 | 190,365                 | 10/24/97         | 06/20/99 |
| Duluth                         | GA                       | None  | 290,842 | 110,056  | None              | None  | 290,842 | 110,056 | 400,898                                 | 46,772                  |                  | 05/14/00 |
| Gainesville                    | GA                       | None  | 53,589  | 248,452  | None              | None  | 53,589  | 248,452 | 302,041                                 | 248,452                 |                  | 12/19/88 |
| Kennesaw                       | GA                       | None  | 266,865 | 139,425  | None              | None  | 266,865 | 139,425 | 406,290                                 | 59,254                  |                  | 05/14/00 |
| Marietta                       | GA                       | None  | 60,900  | 293,461  | 67,871            | 499   | 60,900  | 361,831 | 422,731                                 | 313,138                 |                  | 12/26/88 |
| Marietta                       | GA                       | None  | 69,561  | 346,024  | None              | 41  | 69,561  | 346,065 | 415,626                                 | 346,039                 |                  | 06/03/88 |
| Norcross                       | GA                       | None  | 244,124 | 151,831  | None              | None  | 244,124 | 151,831 | 395,955                                 | 64,526                  |                  | 05/14/00 |
| Norcross                       | GA                       | None  | 503,773 | 937,121  | 39,032            | 21,600  | 503,773 | 997,753 | 1,501,526                               | 254,268                 |                  | 11/22/00 |
| Riverdale                      | GA                       | None  | 58,444  | 270,961  | None              | None  | 58,444  | 270,961 | 329,405                                 | 270,961                 |                  | 01/15/88 |
| Rome                           | GA                       | None  | 56,454  | 261,733  | None              | None  | 56,454  | 261,733 | 318,187                                 | 261,733                 |                  | 12/19/88 |
| Snellville                     | GA                       | None  | 253,316 | 132,124  | None              | None  | 253,316 | 132,124 | 385,440                                 | 56,151                  |                  | 05/14/00 |
| Tucker                         | GA                       | None  | 78,646  | 364,625  | 514               | None  | 78,646  | 365,139 | 443,785                                 | 364,640                 |                  | 12/18/88 |
| Arlington Hts                  | IL                       | None  | 441,437 | 215,983  | None              | None  | 441,437 | 215,983 | 657,420                                 | 91,791                  |                  | 05/14/00 |
| Chicago<br>Round Lake<br>Beach | IL                       | None  | 329,076 | 255,294  | None              | None  | 329,076 | 255,294 | 584,370                                 | 108,498                 |                  | 05/14/00 |
| Westchester                    | IL                       | None  | 472,132 | 236,585  | None              | None  | 472,132 | 236,585 | 708,717                                 | 100,547                 |                  | 05/14/00 |
| Anderson                       | IN                       | None  | 421,239 | 184,812  | None              | None  | 421,239 | 184,812 | 606,051                                 | 78,543                  |                  | 05/14/00 |
| Indianapolis                   | IN                       | None  | 232,170 | 385,661  | None              | 179   | 232,170 | 385,840 | 618,010                                 | 232,075                 |                  | 12/19/99 |
| Michigan<br>City               | IN                       | None  | 231,384 | 428,307  | None              | 130   | 231,384 | 428,437 | 659,821                                 | 279,174                 |                  | 09/27/99 |
| Warsaw                         | IN                       | None  | 392,638 | 297,650  | (3,065)           | None  | 389,573 | 297,650 | 687,223                                 | 126,500                 |                  | 05/14/00 |
| Olathe                         | KS                       | None  | 140,893 | 228,116  | None              | None  | 140,893 | 228,116 | 369,009                                 | 96,948                  |                  | 05/14/00 |
| Topeka                         | KS                       | None  | 217,995 | 367,055  | None              | 21  | 217,995 | 367,076 | 585,071                                 | 229,412                 | 04/22/97         | 11/11/99 |
| Louisville                     | KY                       | None  | 32,022  | 60,368   | None              | None  | 32,022  | 60,368  | 92,390                                  | 12,778                  |                  | 09/04/00 |
| Newport<br>East                | KY                       | None  | 56,054  | 259,881  | None              | None  | 56,054  | 259,881 | 315,935                                 | 259,881                 |                  | 12/17/88 |
| Falmouth                       | MA                       | None  | 323,511 | 289,017  | 49,586            | 85  | 323,511 | 338,688 | 662,199                                 | 180,802                 |                  | 09/17/99 |
| Falmouth                       | MA                       | None  | 191,302 | 340,539  | None              | None  | 191,302 | 340,539 | 531,841                                 | 144,727                 |                  | 05/14/00 |

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| East        |    |      |         |         |      |      |         |         |         |         |         |
|-------------|----|------|---------|---------|------|------|---------|---------|---------|---------|---------|
| Wareham     | MA | None | 149,680 | 278,669 | None | None | 149,680 | 278,669 | 428,349 | 118,432 | 05/14/0 |
| Fairhaven   | MA | None | 138,957 | 289,294 | None | None | 138,957 | 289,294 | 428,251 | 122,948 | 05/14/0 |
| Gardner     | MA | None | 138,990 | 289,361 | None | None | 138,990 | 289,361 | 428,351 | 122,976 | 05/14/0 |
| Hyannis     | MA | None | 180,653 | 458,522 | None | None | 180,653 | 458,522 | 639,175 | 193,344 | 06/27/0 |
| Lenox       | MA | None | 287,769 | 535,273 | None | 232  | 287,769 | 535,505 | 823,274 | 295,478 | 03/31/9 |
| Newburyport | MA | None | 274,698 | 466,449 | None | None | 274,698 | 466,449 | 741,147 | 196,686 | 06/27/0 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|---------|--|-------------------|---|---------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees    | Improvements                                     | Carrying<br>Costs | Land  | Fees    | Total     |   |                         |                  |
| North Reading MA        | None                     | 180,546   | 351,161 | None   | None              | 180,546   | 351,161 | 531,707   | 149,241                                 |                         | 05/14            |
| Orleans MA              | None                     | 138,212   | 394,065 | None   | None              | 138,212   | 394,065 | 532,277   | 167,475                                 |                         | 05/14            |
| Aberdeen MD             | None                     | 223,617   | 225,605 | None   | None              | 223,617   | 225,605 | 449,222   | 95,130                                  |                         | 06/27            |
| Bethesda MD             | None                     | 282,717   | 525,928 | None   | None              | 282,717   | 525,928 | 808,645   | 111,321                                 |                         | 09/04            |
| Capital Heights MD      | None                     | 547,173   | 219,979 | (12,319)   | None              | 534,854   | 219,979 | 754,833   | 93,487                                  |                         | 05/14            |
| Clinton MD              | None                     | 70,880  | 328,620 | 11,440   | None              | 70,880  | 340,060 | 410,940   | 332,719                                 |                         | 11/15            |
| Lexington Park MD       | None                     | 111,396   | 335,288 | (7,600)  | None              | 103,796   | 335,288 | 439,084   | 142,494                                 |                         | 05/14            |
| Kalamazoo MI            | None                     | 391,745   | 296,975 | (2,196)  | None              | 389,549   | 296,975 | 686,524   | 126,213                                 |                         | 05/14            |
| Portage MI              | None                     | 402,409   | 286,441 | (2,112)  | None              | 400,297   | 286,441 | 686,738   | 121,736                                 |                         | 05/14            |
| Southfield MI           | None                     | 275,952   | 350,765 | None   | None              | 275,952   | 350,765 | 626,717   | 149,073                                 |                         | 05/14            |
| Troy MI                 | None                     | 214,893   | 199,299 | None   | None              | 214,893   | 199,299 | 414,192   | 84,700                                  |                         | 05/14            |
| St. Cloud MN            | None                     | 203,338   | 258,626 | None   | None              | 203,338   | 258,626 | 461,964   | 109,054                                 |                         | 06/27            |
| Independence MO         | None                     | 297,641   | 233,152 | None   | 53                | 297,641   | 233,205 | 530,846   | 149,617                                 |                         | 12/20            |
| Asheville NC            | None                     | 441,746   | 242,565 | None   | None              | 441,746   | 242,565 | 684,311   | 103,088                                 |                         | 05/14            |
| Concord NC              | None                     | 237,688   | 357,976 | None   | None              | 237,688   | 357,976 | 595,664   | 207,115                                 |                         | 11/05            |
| Durham NC               | None                     | 55,074  | 255,336 | None   | 1,490             | 55,074  | 256,826 | 311,900   | 256,370                                 |                         | 11/13            |
| Durham NC               | None                     | 354,676   | 361,203 | 3,400  | 168               | 354,676   | 364,771 | 719,447   | 224,405                                 | 08/29/97                | 03/31            |
| Fayetteville NC         | None                     | 224,326   | 257,733 | None   | 337               | 224,326   | 258,070 | 482,396   | 155,279                                 |                         | 12/03            |
| Greensboro NC           | None                     | 286,068   | 244,606 | None   | None              | 286,068   | 244,606 | 530,674   | 103,949                                 |                         | 05/14            |
| Matthews NC             | None                     | 295,580   | 338,472 | 10,000   | 13,703            | 295,580   | 362,175 | 657,755   | 208,759                                 | 08/28/98                | 02/27            |
| Pineville NC            | None                     | 254,460   | 355,630 | None   | 10                | 254,460   | 355,640 | 610,100   | 217,488                                 | 08/28/97                | 04/16            |
| Raleigh NC              | None                     | 89,145  | 413,301 | None   | None              | 89,145  | 413,301 | 502,446   | 413,301                                 |                         | 10/28            |
| Raleigh NC              | None                     | 398,694   | 263,621 | None   | None              | 398,694   | 263,621 | 662,315   | 160,334                                 |                         | 10/01            |
| Salisbury NC            | None                     | 235,614   | 150,592 | None   | None              | 235,614   | 150,592 | 386,206   | 64,000                                  |                         | 05/14            |
| Fargo ND                | None                     | 53,973  | 100,262 | None   | None              | 53,973  | 100,262 | 154,235   | 21,222                                  |                         | 09/04            |
| Lincoln NE              | None                     | 337,138   | 316,958 | None   | None              | 337,138   | 316,958 | 654,096   | 134,704                                 |                         | 05/14            |
| Scotts Bluff NE         | None                     | 33,307  | 63,355  | None   | None              | 33,307  | 63,355  | 96,662    | 13,410                                  |                         | 09/04            |
| Cherry Hill NJ          | None                     | 463,808   | 862,240 | None   | None              | 463,808   | 862,240 | 1,326,048 | 182,507                                 |                         | 09/04            |
| Edison NJ               | None                     | 448,936   | 238,773 | None   | None              | 448,936   | 238,773 | 687,709   | 101,475                                 |                         | 05/14            |
| Glassboro NJ            | None                     | 182,013   | 312,480 | None   | None              | 182,013   | 312,480 | 494,493   | 131,762                                 |                         | 06/27            |
| Hamilton Square NJ      | None                     | 422,477   | 291,555 | None   | None              | 422,477   | 291,555 | 714,032   | 123,907                                 |                         | 05/14            |
| Hamilton Township NJ    | None                     | 265,238   | 298,167 | None   | None              | 265,238   | 298,167 | 563,405   | 126,717                                 |                         | 05/14            |
| Pleasantville NJ        | None                     | 77,105  | 144,693 | None   | None              | 77,105  | 144,693 | 221,798   | 30,627                                  |                         | 09/04            |
| Randolph NJ             | None                     | 452,629   | 390,163 | None   | None              | 452,629   | 390,163 | 842,792   | 165,817                                 |                         | 05/14            |
| Westfield NJ            | None                     | 705,337   | 288,720 | None   | None              | 705,337   | 288,720 | 994,057   | 122,701                                 |                         | 05/14            |
| Albuquerque NM          | None                     | 231,553   | 430,026 | None   | None              | 231,553   | 430,026 | 661,579   | 48,020                                  |                         | 03/25            |
| Las Vegas NV            | None                     | 326,879   | 359,101 | None   | None              | 326,879   | 359,101 | 685,980   | 152,616                                 |                         | 05/14            |
| Las Vegas NV            | None                     | 316,441   | 369,768 | None   | None              | 316,441   | 369,768 | 686,209   | 157,150                                 |                         | 05/14            |
| Las Vegas NV            | None                     | 252,169   | 562,715 | None   | None              | 252,169   | 562,715 | 814,884   | 239,152                                 |                         | 05/14            |
| Sparks NV               | None                     | 326,813   | 306,311 | None   | None              | 326,813   | 306,311 | 633,124   | 130,180                                 |                         | 05/14            |
| Albion NY               | None                     | 170,589   | 317,424 | None   | None              | 170,589   | 317,424 | 488,013   | 175,104                                 |                         | 03/31            |
| Bethpage NY             | None                     | 334,120   | 621,391 | None   | None              | 334,120   | 621,391 | 955,511   | 131,528                                 |                         | 09/04            |
| Commack NY              | None                     | 400,427   | 744,533 | None   | None              | 400,427   | 744,533 | 1,144,960 | 157,593                                 |                         | 09/04            |

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|               |    |      |         |         |      |      |         |         |         |         |       |
|---------------|----|------|---------|---------|------|------|---------|---------|---------|---------|-------|
| Dansville     | NY | None | 181,664 | 337,991 | None | None | 181,664 | 337,991 | 519,655 | 186,450 | 03/31 |
| East Amherst  | NY | None | 260,708 | 484,788 | None | 156  | 260,708 | 484,944 | 745,652 | 267,534 | 03/31 |
| East Syracuse | NY | None | 250,609 | 466,264 | None | 156  | 250,609 | 466,420 | 717,029 | 257,312 | 03/31 |
| Freeport      | NY | None | 134,828 | 251,894 | None | None | 134,828 | 251,894 | 386,722 | 53,317  | 09/04 |
| Johnson City  | NY | None | 242,863 | 451,877 | None | 156  | 242,863 | 452,033 | 694,896 | 249,375 | 03/31 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|---------|--------------|--|-------|---|-----------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees    | Improvements | Carrying<br>Costs                                | Land  | Fees  | Total     |           |   |                         |                  |
| Queens                  |                          |   |         |              |  |       |   |           |           |   |                         |                  |
| Village                 | NY                       | None  | 242,775 | 451,749      | None   | None  | 242,775   | 451,749   | 694,524   | 95,620                                  |                         | 09/04/           |
| Riverhead               | NY                       | None  | 143,929 | 268,795      | None   | None  | 143,929   | 268,795   | 412,724   | 56,895                                  |                         | 09/04/           |
| Wellsville              | NY                       | None  | 161,331 | 300,231      | None   | None  | 161,331   | 300,231   | 461,562   | 165,619                                 |                         | 03/31/           |
| West Amherst            | NY                       | None  | 268,692 | 499,619      | None   | 156   | 268,692   | 499,775   | 768,467   | 275,716                                 |                         | 03/31/           |
| Akron                   | OH                       | None  | 139,126 | 460,334      | None   | 139   | 139,126   | 460,473   | 599,599   | 281,573                                 |                         | 09/18/           |
| Beaver Creek            | OH                       | None  | 349,091 | 251,127      | None   | None  | 349,091   | 251,127   | 600,218   | 83,290                                  |                         | 09/17/           |
| Beavercreek<br>Canal    | OH                       | None  | 205,000 | 492,538      | None   | None  | 205,000   | 492,538   | 697,538   | 311,119                                 | 02/13/97                | 09/09/           |
| Winchester              | OH                       | None  | 443,751 | 825,491      | None   | None  | 443,751   | 825,491   | 1,269,242 | 329,866                                 | 12/19/02                | 08/21/           |
| Centerville             | OH                       | None  | 305,000 | 420,448      | None   | None  | 305,000   | 420,448   | 725,448   | 276,795                                 | 07/24/96                | 06/28/           |
| Cincinnati              | OH                       | None  | 293,005 | 0            | (124,330)  | 85    | 293,005   | (124,245) | 168,760   | 20                                      |                         | 09/17/           |
| Cincinnati              | OH                       | None  | 211,185 | 392,210      | None   | None  | 211,185   | 392,210   | 603,395   | 143,157                                 |                         | 11/03/           |
| Cincinnati              | OH                       | None  | 305,556 | 244,662      | None   | None  | 305,556   | 244,662   | 550,218   | 81,146                                  |                         | 09/17/           |
| Cincinnati              | OH                       | None  | 589,286 | 160,932      | None   | None  | 589,286   | 160,932   | 750,218   | 53,375                                  |                         | 09/17/           |
| Cincinnati              | OH                       | None  | 159,375 | 265,842      | None   | None  | 159,375   | 265,842   | 425,217   | 88,171                                  |                         | 09/17/           |
| Cincinnati              | OH                       | None  | 350,000 | 300,217      | None   | None  | 350,000   | 300,217   | 650,217   | 96,570                                  |                         | 12/20/           |
| Cleveland               | OH                       | None  | 215,111 | 216,517      | None   | None  | 215,111   | 216,517   | 431,628   | 91,298                                  |                         | 06/27/           |
| Columbus                | OH                       | None  | 71,098  | 329,627      | None   | None  | 71,098  | 329,627   | 400,725   | 329,627                                 |                         | 10/02/           |
| Columbus                | OH                       | None  | 75,761  | 351,247      | None   | None  | 75,761  | 351,247   | 427,008   | 351,247                                 |                         | 10/24/           |
| Columbus                | OH                       | None  | 432,110 | 386,553      | None   | None  | 432,110   | 386,553   | 818,663   | 148,822                                 |                         | 05/27/           |
| Columbus                | OH                       | None  | 466,696 | 548,133      | None   | None  | 466,696   | 548,133   | 1,014,829 | 211,030                                 |                         | 05/27/           |
| Columbus                | OH                       | None  | 337,679 | 272,484      | None   | None  | 337,679   | 272,484   | 610,163   | 90,373                                  |                         | 09/17/           |
| Columbus                | OH                       | None  | 190,000 | 260,162      | None   | None  | 190,000   | 260,162   | 450,162   | 86,287                                  |                         | 09/17/           |
| Columbus                | OH                       | None  | 371,429 | 278,734      | None   | None  | 371,429   | 278,734   | 650,163   | 92,446                                  |                         | 09/17/           |
| Cuyahoga<br>Falls       | OH                       | None  | 253,750 | 271,400      | None   | None  | 253,750   | 271,400   | 525,150   | 90,014                                  |                         | 09/17/           |
| Dayton                  | OH                       | None  | 70,000  | 324,538      | None   | 122   | 70,000  | 324,660   | 394,660   | 324,639                                 |                         | 10/31/           |
| Dublin                  | OH                       | None  | 437,887 | 428,046      | None   | None  | 437,887   | 428,046   | 865,933   | 164,797                                 |                         | 05/27/           |
| Eastlake                | OH                       | None  | 321,347 | 459,774      | None   | 209   | 321,347   | 459,983   | 781,330   | 313,557                                 |                         | 12/22/           |
| Fairfield               | OH                       | None  | 323,408 | 235,024      | 44,232   | 3,330 | 323,408   | 282,586   | 605,994   | 147,316                                 |                         | 09/17/           |
| Fairlawn                | OH                       | None  | 280,000 | 270,150      | None   | None  | 280,000   | 270,150   | 550,150   | 89,599                                  |                         | 09/17/           |
| Findlay                 | OH                       | None  | 283,515 | 397,004      | None   | 114   | 283,515   | 397,118   | 680,633   | 238,906                                 |                         | 12/24/           |
| Hamilton                | OH                       | None  | 252,608 | 413,279      | None   | None  | 252,608   | 413,279   | 665,887   | 256,919                                 | 03/31/97                | 10/04/           |
| Huber<br>Heights        | OH                       | None  | 282,000 | 449,381      | None   | None  | 282,000   | 449,381   | 731,381   | 286,854                                 | 12/03/96                | 07/18/           |
| Lima                    | OH                       | None  | 241,132 | 114,085      | None   | None  | 241,132   | 114,085   | 355,217   | 37,838                                  |                         | 09/17/           |
| Marion                  | OH                       | None  | 100,000 | 275,162      | None   | None  | 100,000   | 275,162   | 375,162   | 88,511                                  |                         | 12/20/           |
| Mason                   | OH                       | None  | 310,990 | 405,373      | None   | None  | 310,990   | 405,373   | 716,363   | 156,068                                 |                         | 05/27/           |
| Middleburg<br>Hghts     | OH                       | None  | 317,308 | 307,842      | None   | None  | 317,308   | 307,842   | 625,150   | 102,101                                 |                         | 09/17/           |
| Milford                 | OH                       | None  | 353,324 | 269,997      | (36,723)   | 85    | 314,484   | 272,199   | 586,683   | 165,383                                 |                         | 09/18/           |
| Mt. Vernon              | OH                       | None  | 216,115 | 375,357      | None   | 114   | 216,115   | 375,471   | 591,586   | 225,878                                 |                         | 12/30/           |
| Norwalk                 | OH                       | None  | 200,205 | 366,000      | None   | 114   | 200,205   | 366,114   | 566,319   | 220,247                                 |                         | 12/19/           |
| Parma                   | OH                       | None  | 268,966 | 381,184      | None   | None  | 268,966   | 381,184   | 650,150   | 126,426                                 |                         | 09/17/           |
| Reynoldsburg            | OH                       | None  | 267,750 | 497,371      | None   | None  | 267,750   | 497,371   | 765,121   | 164,961                                 |                         | 09/15/           |
| Reynoldsburg            | OH                       | None  | 374,000 | 176,162      | None   | None  | 374,000   | 176,162   | 550,162   | 58,427                                  |                         | 09/17/           |

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|             |    |      |         |         |      |      |         |         |           |         |        |
|-------------|----|------|---------|---------|------|------|---------|---------|-----------|---------|--------|
| S. Euclid   | OH | None | 337,593 | 451,944 | None | None | 337,593 | 451,944 | 789,537   | 173,998 | 05/27/ |
| Sandusky    | OH | None | 264,708 | 404,011 | None | 343  | 264,708 | 404,354 | 669,062   | 243,347 | 12/19/ |
| Solon       | OH | None | 794,305 | 222,797 | None | None | 794,305 | 222,797 | 1,017,102 | 85,777  | 05/27/ |
| Springboro  | OH | None | 191,911 | 522,902 | None | None | 191,911 | 522,902 | 714,813   | 330,141 | 03/07/ |
| Springfield | OH | None | 320,000 | 280,217 | None | None | 320,000 | 280,217 | 600,217   | 92,938  | 09/17/ |
| Springfield | OH | None | 189,091 | 136,127 | None | None | 189,091 | 136,127 | 325,218   | 45,148  | 09/17/ |
| Stow        | OH | None | 310,000 | 415,150 | None | None | 310,000 | 415,150 | 725,150   | 137,691 | 09/17/ |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |         | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |          |
|-------------------------|--------------------------|---|---------|--------------|--|---|---------|---------|---|-------------------------|------------------|----------|
|                         |                          | Land  | Fees    | Improvements | Carrying<br>Costs                                | Land  | Fees    | Total   |   |                         |                  |          |
| Toledo                  | OH                       | None  | 120,000 | 230,217      | None   | None  | 120,000 | 230,217 | 350,217                                 | 76,355                  |                  | 09/17/97 |
| Toledo                  | OH                       | None  | 250,000 | 175,217      | None   | 25  | 250,000 | 175,242 | 425,242                                 | 58,134                  |                  | 09/17/97 |
| Toledo                  | OH                       | None  | 320,000 | 280,217      | None   | None  | 320,000 | 280,217 | 600,217                                 | 92,938                  |                  | 09/17/97 |
| Toledo                  | OH                       | None  | 250,000 | 530,217      | None   | None  | 250,000 | 530,217 | 780,217                                 | 175,855                 |                  | 09/17/97 |
| West Chester            | OH                       | None  | 446,449 | 768,644      | None   | None  | 446,449 | 768,644 | 1,215,093                               | 289,908                 | 06/27/03         | 03/11/03 |
| Zanesville              | OH                       | None  | 125,000 | 300,162      | None   | None  | 125,000 | 300,162 | 425,162                                 | 99,553                  |                  | 09/17/97 |
| Midwest City            | OK                       | None  | 106,312 | 333,551      | None   | 5   | 106,312 | 333,556 | 439,868                                 | 191,874                 | 08/06/98         | 08/08/98 |
| Tulsa                   | OK                       | None  | 133,648 | 249,702      | None   | None  | 133,648 | 249,702 | 383,350                                 | 52,853                  |                  | 09/04/97 |
| Portland                | OR                       | None  | 251,499 | 345,952      | None   | None  | 251,499 | 345,952 | 597,451                                 | 141,839                 |                  | 09/26/97 |
| Salem                   | OR                       | None  | 337,711 | 253,855      | None   | None  | 337,711 | 253,855 | 591,566                                 | 107,887                 |                  | 05/14/97 |
| Bethel Park             | PA                       | None  | 299,595 | 331,264      | None   | 114   | 299,595 | 331,378 | 630,973                                 | 199,356                 |                  | 12/19/97 |
| Bethlehem               | PA                       | None  | 275,328 | 389,067      | None   | 629   | 275,328 | 389,696 | 665,024                                 | 234,593                 |                  | 12/19/97 |
| Bethlehem               | PA                       | None  | 229,162 | 310,526      | None   | 172   | 229,162 | 310,698 | 539,860                                 | 186,870                 |                  | 12/24/97 |
| Bridgeville             | PA                       | None  | 275,000 | 375,150      | None   | None  | 275,000 | 375,150 | 650,150                                 | 124,424                 |                  | 09/17/97 |
| Coraopolis              | PA                       | None  | 225,000 | 375,150      | None   | None  | 225,000 | 375,150 | 600,150                                 | 124,424                 |                  | 09/17/97 |
| Harrisburg              | PA                       | None  | 131,529 | 220,317      | (2,515)  | None  | 129,013 | 220,318 | 349,331                                 | 93,631                  |                  | 05/14/97 |
| Monroeville             | PA                       | None  | 275,000 | 250,150      | None   | None  | 275,000 | 250,150 | 525,150                                 | 82,966                  |                  | 09/17/97 |
| Philadelphia            | PA                       | None  | 858,500 | 877,744      | 2,319  | 1,701   | 858,500 | 881,764 | 1,740,264                               | 658,188                 | 05/19/95         | 12/05/95 |
| Pittsburgh              | PA                       | None  | 378,715 | 685,374      | None   | None  | 378,715 | 685,374 | 1,064,089                               | 279,073                 | 08/22/02         | 01/17/02 |
| Pittsburgh              | PA                       | None  | 219,938 | 408,466      | None   | None  | 219,938 | 408,466 | 628,404                                 | 149,090                 |                  | 11/03/97 |
| Pittsburgh              | PA                       | None  | 175,000 | 300,150      | None   | None  | 175,000 | 300,150 | 475,150                                 | 99,549                  |                  | 09/17/97 |
| Pittsburgh              | PA                       | None  | 243,750 | 406,400      | None   | None  | 243,750 | 406,400 | 650,150                                 | 134,789                 |                  | 09/17/97 |
| Pittsburgh              | PA                       | None  | 208,333 | 416,817      | None   | None  | 208,333 | 416,817 | 625,150                                 | 138,244                 |                  | 09/17/97 |
| Pittsburgh              | PA                       | None  | 121,429 | 303,721      | None   | None  | 121,429 | 303,721 | 425,150                                 | 100,734                 |                  | 09/17/97 |
| Warminster              | PA                       | None  | 323,847 | 216,999      | (3,929)  | None  | 319,918 | 216,999 | 536,917                                 | 92,221                  |                  | 05/14/97 |
| Wexford                 | PA                       | None  | 284,375 | 240,775      | None   | None  | 284,375 | 240,775 | 525,150                                 | 79,857                  |                  | 09/17/97 |
| York                    | PA                       | None  | 249,436 | 347,424      | None   | 404   | 249,436 | 347,828 | 597,264                                 | 209,273                 |                  | 12/30/97 |
| Charleston              | SC                       | None  | 217,250 | 294,079      | 6,700  | 159   | 217,250 | 300,938 | 518,188                                 | 181,377                 | 07/14/97         | 03/13/97 |
| Columbia                | SC                       | None  | 267,622 | 298,594      | None   | 428   | 267,622 | 299,022 | 566,644                                 | 176,137                 |                  | 03/31/98 |
| Greenville              | SC                       | None  | 221,946 | 315,163      | None   | 168   | 221,946 | 315,331 | 537,277                                 | 191,808                 | 09/05/97         | 03/31/97 |
| Lexington               | SC                       | None  | 241,534 | 342,182      | None   | 302   | 241,534 | 342,484 | 584,018                                 | 188,032                 |                  | 09/24/97 |
| North                   |                          |   |         |              |  |   |         |         |   |                         |                  |          |
| Charleston              | SC                       | None  | 174,980 | 341,466      | 5,875  | 5,413   | 174,980 | 352,754 | 527,734                                 | 203,816                 | 08/06/98         | 03/12/98 |
| Sioux Falls             | SD                       | None  | 48,833  | 91,572       | None   | None  | 48,833  | 91,572  | 140,405                                 | 19,383                  |                  | 09/04/97 |
| Brentwood               | TN                       | None  | 305,546 | 505,728      | None   | None  | 305,546 | 505,728 | 811,274                                 | 302,586                 | 03/13/98         | 05/28/98 |
| Hendersonville          | TN                       | None  | 175,764 | 327,096      | None   | None  | 175,764 | 327,096 | 502,860                                 | 130,293                 |                  | 01/21/97 |
| Hermitage               | TN                       | None  | 204,296 | 172,695      | None   | None  | 204,296 | 172,695 | 376,991                                 | 73,393                  |                  | 05/14/97 |
| Madison                 | TN                       | None  | 175,769 | 327,068      | None   | None  | 175,769 | 327,068 | 502,837                                 | 130,282                 |                  | 01/21/97 |
| Memphis                 | TN                       | None  | 108,094 | 217,079      | None   | None  | 108,094 | 217,079 | 325,173                                 | 92,256                  |                  | 05/14/97 |
| Memphis                 | TN                       | None  | 214,110 | 193,591      | None   | None  | 214,110 | 193,591 | 407,701                                 | 82,273                  |                  | 05/14/97 |
| Memphis                 | TN                       | None  | 215,017 | 216,794      | None   | None  | 215,017 | 216,794 | 431,811                                 | 91,415                  |                  | 06/27/97 |
| Murfreesboro            | TN                       | None  | 150,411 | 215,528      | None   | None  | 150,411 | 215,528 | 365,939                                 | 91,597                  |                  | 05/14/97 |
| Nashville               | TN                       | None  | 342,960 | 227,440      | None   | None  | 342,960 | 227,440 | 570,400                                 | 139,067                 |                  | 09/17/97 |
| Carrollton              | TX                       | None  | 174,284 | 98,623       | None   | None  | 174,284 | 98,623  | 272,907                                 | 41,913                  |                  | 05/14/97 |
| Carrollton              | TX                       | None  | 177,041 | 199,088      | None   | None  | 177,041 | 199,088 | 376,129                                 | 84,611                  |                  | 05/14/97 |
| Dallas                  | TX                       | None  | 234,604 | 325,951      | 12,719   | 15,373  | 234,604 | 354,043 | 588,647                                 | 216,697                 | 08/09/96         | 02/19/96 |
| Fort Worth              | TX                       | None  | 83,530  | 111,960      | None   | None  | 83,530  | 111,960 | 195,490                                 | 47,581                  |                  | 05/14/97 |



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|         |    |      |         |         |      |      |         |         |         |         |          |          |
|---------|----|------|---------|---------|------|------|---------|---------|---------|---------|----------|----------|
| Houston | TX | None | 285,000 | 369,697 | None | 234  | 285,000 | 369,931 | 654,931 | 224,902 | 08/08/97 | 08/08/97 |
| Humble  | TX | None | 257,169 | 325,652 | None | None | 257,169 | 325,652 | 582,821 | 138,400 |          | 05/14/97 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)             | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | D<br>Acc |
|-------------------------------------|--------------------------|-------------------------|--|--|-------------------|---|--|-----------|---|-------------------------|----------|
|                                     |                          | 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>Lake</b>                         |                          |                         |  |  |                   |   |  |           |   |                         |          |
| Jackson TX                          | None                     | 197,170                 | 256,376  | None   | None              | 197,170   | 256,376  | 453,546   | 108,958                                 |                         | 05/      |
| Lewisville TX                       | None                     | 199,942                 | 324,736  | None   | 149               | 199,942   | 324,885  | 524,827   | 212,764                                 | 08/02/96                | 02/      |
| Lewisville TX                       | None                     | 130,238                 | 207,683  | None   | None              | 130,238   | 207,683  | 337,921   | 87,573                                  |                         | 06/      |
| Mansfield TX                        | None                     | 420,000                 | 780,000  | None   | None              | 420,000   | 780,000  | 1,200,000 | 87,100                                  |                         | 03/      |
| Waco TX                             | None                     | 232,105                 | 431,053  | None   | None              | 232,105   | 431,053  | 663,158   | 48,134                                  |                         | 03/      |
| Wylie TX                            | None                     | 252,000                 | 468,000  | None   | None              | 252,000   | 468,000  | 720,000   | 52,260                                  |                         | 03/      |
| Richmond VA                         | None                     | 403,549                 | 876,981  | None   | None              | 403,549   | 876,981  | 1,280,530 | 313,191                                 | 07/08/04                | 10/      |
| Roanoke VA                          | None                     | 349,628                 | 322,545  | None   | 153               | 349,628   | 322,698  | 672,326   | 194,126                                 |                         | 12/      |
| Warrenton VA                        | None                     | 186,723                 | 241,173  | None   | None              | 186,723   | 241,173  | 427,896   | 102,495                                 |                         | 05/      |
| Bremerton WA                        | None                     | 261,172                 | 373,080  | None   | 2,621             | 261,172   | 375,701  | 636,873   | 240,912                                 | 03/19/97                | 07/      |
| Tacoma WA                           | None                     | 109,127                 | 202,691  | None   | None              | 109,127   | 202,691  | 311,818   | 42,903                                  |                         | 09/      |
| Milwaukee WI                        | None                     | 173,005                 | 499,244  | None   | None              | 173,005   | 499,244  | 672,249   | 340,318                                 |                         | 12/      |
| Milwaukee WI                        | None                     | 152,509                 | 475,480  | None   | 197               | 152,509   | 475,677  | 628,186   | 309,946                                 |                         | 09/      |
| New Berlin WI                       | None                     | 188,491                 | 466,268  | None   | 586               | 188,491   | 466,854  | 655,345   | 318,101                                 |                         | 12/      |
| Racine WI                           | None                     | 184,002                 | 114,167  | None   | None              | 184,002   | 114,167  | 298,169   | 48,519                                  |                         | 05/      |
| <b>Automotive<br/>tire services</b> |                          |                         |  |  |                   |   |  |           |   |                         |          |
| Athens AL                           | None                     | 760,031                 | 1,413,494  | None   | None              | 760,031   | 1,413,494  | 2,173,525 | 346,302                                 |                         | 11/      |
| Auburn AL                           | None                     | 660,210                 | 1,228,112  | None   | 500               | 660,210   | 1,228,612  | 1,888,822 | 301,258                                 |                         | 11/      |
| Birmingham AL                       | None                     | 635,111                 | 1,180,909  | None   | 500               | 635,111   | 1,181,409  | 1,816,520 | 289,694                                 |                         | 11/      |
| Daphne AL                           | None                     | 876,139                 | 1,629,123  | None   | 500               | 876,139   | 1,629,623  | 2,505,762 | 399,506                                 |                         | 11/      |
| Decatur AL                          | None                     | 635,111                 | 1,181,499  | None   | 500               | 635,111   | 1,181,999  | 1,817,110 | 289,838                                 |                         | 11/      |
| Dothan AL                           | None                     | 455,651                 | 565,343  | None   | None              | 455,651   | 565,343  | 1,020,994 | 93,841                                  | 10/17/08                | 06/      |
| Foley AL                            | None                     | 870,031                 | 1,617,357  | None   | 500               | 870,031   | 1,617,857  | 2,487,888 | 396,623                                 |                         | 11/      |
| Gardendale AL                       | None                     | 610,055                 | 1,134,554  | None   | 500               | 610,055   | 1,135,054  | 1,745,109 | 277,815                                 |                         | 11/      |
| Hoover AL                           | None                     | 504,396                 | 938,299  | None   | None              | 504,396   | 938,299  | 1,442,695 | 229,879                                 |                         | 11/      |
| Hoover AL                           | None                     | 620,270                 | 1,153,493  | None   | None              | 620,270   | 1,153,493  | 1,773,763 | 282,602                                 |                         | 11/      |
| Huntsville AL                       | None                     | 499,843                 | 929,863  | None   | 500               | 499,843   | 930,363  | 1,430,206 | 228,187                                 |                         | 11/      |
| Huntsville AL                       | None                     | 635,111                 | 1,181,499  | None   | None              | 635,111   | 1,181,499  | 1,816,610 | 289,463                                 |                         | 11/      |
| Madison AL                          | None                     | 635,111                 | 1,181,532  | None   | None              | 635,111   | 1,181,532  | 1,816,643 | 289,471                                 |                         | 11/      |
| Mobile AL                           | None                     | 635,111                 | 1,181,499  | None   | None              | 635,111   | 1,181,499  | 1,816,610 | 289,463                                 |                         | 11/      |
| Mobile AL                           | None                     | 525,750                 | 977,810  | None   | None              | 525,750   | 977,810  | 1,503,560 | 239,559                                 |                         | 11/      |
| Montgomery AL                       | None                     | 544,181                 | 654,046  | None   | 500               | 544,181   | 654,546  | 1,198,727 | 119,836                                 |                         | 01/      |
| Orange Beach AL                     | None                     | 630,244                 | 1,172,036  | None   | 500               | 630,244   | 1,172,536  | 1,802,780 | 287,520                                 |                         | 11/      |
| Pelham AL                           | None                     | 635,111                 | 1,180,909  | None   | None              | 635,111   | 1,180,909  | 1,816,020 | 289,319                                 |                         | 11/      |
| Phenix City AL                      | None                     | 630,244                 | 1,172,024  | None   | 500               | 630,244   | 1,172,524  | 1,802,768 | 287,517                                 |                         | 11/      |
| Tucson AZ                           | None                     | 178,297                 | 396,004  | None   | None              | 178,297   | 396,004  | 574,301   | 362,637                                 |                         | 01/      |
| Arvada CO                           | None                     | 301,489                 | 931,092  | None   | None              | 301,489   | 931,092  | 1,232,581 | 451,617                                 | 09/22/00                | 11/      |
| Aurora CO                           | None                     | 221,691                 | 492,382  | None   | None              | 221,691   | 492,382  | 714,073   | 450,895                                 |                         | 01/      |
| Aurora CO                           | None                     | 353,283                 | 1,135,051  | None   | None              | 353,283   | 1,135,051  | 1,488,334 | 535,403                                 | 01/03/01                | 03/      |
| Colorado Springs CO                 | None                     | 280,193                 | 622,317  | None   | None              | 280,193   | 622,317  | 902,510   | 569,881                                 |                         | 01/      |
| Colorado Springs CO                 | None                     | 192,988                 | 433,542  | None   | None              | 192,988   | 433,542  | 626,530   | 349,002                                 |                         | 05/      |

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|                  |    |      |           |           |      |      |           |           |           |         |          |          |
|------------------|----|------|-----------|-----------|------|------|-----------|-----------|-----------|---------|----------|----------|
| Colorado Springs |    |      |           |           |      |      |           |           |           |         |          |          |
| Denver           | CO | None | 688,292   | 1,331,224 | None | None | 688,292   | 1,331,224 | 2,019,516 | 532,265 | 01/10/03 | 05/10/03 |
| Westminster      | CO | None | 526,620   | 1,099,523 | None | None | 526,620   | 1,099,523 | 1,626,143 | 518,643 | 01/12/01 | 01/12/01 |
| Destin           | FL | None | 1,034,411 | 1,922,591 | None | None | 1,034,411 | 1,922,591 | 2,957,002 | 471,031 |          | 11/11/03 |
| Ft. Walton       |    |      |           |           |      |      |           |           |           |         |          |          |
| Bch              | FL | None | 635,111   | 1,181,032 | None | 500  | 635,111   | 1,181,532 | 1,816,643 | 289,724 |          | 11/11/03 |
| Ft. Walton       |    |      |           |           |      |      |           |           |           |         |          |          |
| Bch              | FL | None | 635,111   | 1,181,032 | None | 500  | 635,111   | 1,181,532 | 1,816,643 | 289,724 |          | 11/11/03 |
| Lakeland         | FL | None | 500,000   | 645,402   | None | None | 500,000   | 645,402   | 1,145,402 | 369,143 | 06/04/98 | 12/04/98 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) |      | Initial Cost to Company |  | Cost Capitalized |                   | Gross Amount at Which Carried |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | D  |
|-------------------------|--------------------------|------|-------------------------|--|------------------|-------------------|-------------------------------|--|-----------|---|-------------------------|----|
|                         |                          |      | 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     |   |                         |    |
| Milton                  | FL                       | None | 635,111                 | 1,181,145  | None             | None              | 635,111                       | 1,181,145  | 1,816,256 | 289,377                                 |                         | 11 |
| Niceville               | FL                       | None | 920,803                 | 1,711,621  | None             | None              | 920,803                       | 1,711,621  | 2,632,424 | 419,343                                 |                         | 11 |
| Orlando                 | FL                       | None | 635,111                 | 1,181,076  | None             | 500               | 635,111                       | 1,181,576  | 1,816,687 | 289,734                                 |                         | 11 |
| Orlando                 | FL                       | None | 630,244                 | 1,172,023  | None             | None              | 630,244                       | 1,172,023  | 1,802,267 | 287,142                                 |                         | 11 |
| Oviedo                  | FL                       | None | 971,996                 | 1,806,780  | None             | None              | 971,996                       | 1,806,780  | 2,778,776 | 442,657                                 |                         | 11 |
| Pace                    | FL                       | None | 630,244                 | 1,171,993  | None             | 500               | 630,244                       | 1,172,493  | 1,802,737 | 287,509                                 |                         | 11 |
| Panama City             | FL                       | None | 635,111                 | 1,181,076  | None             | 500               | 635,111                       | 1,181,576  | 1,816,687 | 289,734                                 |                         | 11 |
| Pensacola               | FL                       | None | 635,111                 | 1,181,063  | None             | None              | 635,111                       | 1,181,063  | 1,816,174 | 289,356                                 |                         | 11 |
| Pensacola               | FL                       | None | 588,305                 | 1,094,130  | None             | None              | 588,305                       | 1,094,130  | 1,682,435 | 268,058                                 |                         | 11 |
| Sanford                 | FL                       | None | 630,244                 | 1,172,023  | None             | None              | 630,244                       | 1,172,023  | 1,802,267 | 287,142                                 |                         | 11 |
| St. Cloud               | FL                       | None | 525,207                 | 976,968  | None             | None              | 525,207                       | 976,968  | 1,502,175 | 239,353                                 |                         | 11 |
| Tallahassee             | FL                       | None | 419,902                 | 781,405  | None             | None              | 419,902                       | 781,405  | 1,201,307 | 191,440                                 |                         | 11 |
| Tallahassee             | FL                       | None | 611,916                 | 1,137,986  | None             | 500               | 611,916                       | 1,138,486  | 1,750,402 | 279,178                                 |                         | 11 |
| Tampa                   | FL                       | None | 427,395                 | 472,030  | None             | None              | 427,395                       | 472,030  | 899,425   | 270,004                                 | 06/10/98                | 12 |
| Union Park              | FL                       | None | 1,004,103               | 1,866,287  | None             | None              | 1,004,103                     | 1,866,287  | 2,870,390 | 457,236                                 |                         | 11 |
| Alpharetta              | GA                       | None | 630,244                 | 1,171,870  | None             | 500               | 630,244                       | 1,172,370  | 1,802,614 | 287,479                                 |                         | 11 |
| Atlanta                 | GA                       | None | 55,840                  | 258,889  | 16,005           | 14,141            | 55,840                        | 289,035  | 344,875   | 263,122                                 |                         | 11 |
| Columbus                | GA                       | None | 630,244                 | 1,171,988  | None             | None              | 630,244                       | 1,171,988  | 1,802,232 | 287,133                                 |                         | 11 |
| Conyers                 | GA                       | None | 531,935                 | 1,180,296  | None             | None              | 531,935                       | 1,180,296  | 1,712,231 | 505,245                                 | 03/28/02                | 11 |
| Conyers                 | GA                       | None | 635,111                 | 1,181,027  | None             | None              | 635,111                       | 1,181,027  | 1,816,138 | 289,348                                 |                         | 11 |
| Duluth                  | GA                       | None | 638,509                 | 1,186,594  | None             | None              | 638,509                       | 1,186,594  | 1,825,103 | 433,103                                 |                         | 11 |
| Hiram                   | GA                       | None | 635,111                 | 1,181,017  | None             | None              | 635,111                       | 1,181,017  | 1,816,128 | 289,345                                 |                         | 11 |
| Kennesaw                | GA                       | None | 519,903                 | 967,180  | None             | None              | 519,903                       | 967,180  | 1,487,083 | 236,955                                 |                         | 11 |
| Lawrenceville           | GA                       | None | 635,111                 | 1,181,137  | None             | 500               | 635,111                       | 1,181,637  | 1,816,748 | 289,750                                 |                         | 11 |
| Marietta                | GA                       | None | 500,293                 | 930,657  | None             | None              | 500,293                       | 930,657  | 1,430,950 | 228,007                                 |                         | 11 |
| McDonough               | GA                       | None | 635,111                 | 1,181,032  | None             | 500               | 635,111                       | 1,181,532  | 1,816,643 | 289,724                                 |                         | 11 |
| Peachtree               |                          |      |                         |  |                  |                   |                               |  |           |   |                         |    |
| City                    | GA                       | None | 625,316                 | 1,162,827  | None             | None              | 625,316                       | 1,162,827  | 1,788,143 | 284,889                                 |                         | 11 |
| Roswell                 | GA                       | None | 515,617                 | 959,138  | None             | None              | 515,617                       | 959,138  | 1,474,755 | 234,985                                 |                         | 11 |
| Sandy                   |                          |      |                         |  |                  |                   |                               |  |           |   |                         |    |
| Springs                 | GA                       | None | 586,211                 | 1,090,241  | None             | None              | 586,211                       | 1,090,241  | 1,676,452 | 267,105                                 |                         | 11 |
| Stockbridge             | GA                       | None | 632,128                 | 1,175,478  | None             | 500               | 632,128                       | 1,175,978  | 1,808,106 | 288,363                                 |                         | 11 |
| Aurora                  | IL                       | None | 513,204                 | 953,885  | None             | None              | 513,204                       | 953,885  | 1,467,089 | 348,164                                 |                         | 11 |
| Joliet                  | IL                       | None | 452,267                 | 840,716  | None             | None              | 452,267                       | 840,716  | 1,292,983 | 306,857                                 |                         | 11 |
| Lombard                 | IL                       | None | 428,170                 | 795,965  | None             | 2,000             | 428,170                       | 797,965  | 1,226,135 | 291,366                                 |                         | 11 |
| Niles                   | IL                       | None | 366,969                 | 682,306  | None             | None              | 366,969                       | 682,306  | 1,049,275 | 249,038                                 |                         | 11 |
| Orland Park             | IL                       | None | 663,087                 | 1,232,240  | None             | None              | 663,087                       | 1,232,240  | 1,895,327 | 449,763                                 |                         | 11 |
| Vernon Hills            | IL                       | None | 524,948                 | 975,668  | None             | None              | 524,948                       | 975,668  | 1,500,616 | 356,115                                 |                         | 11 |
| West Dundee             | IL                       | None | 530,835                 | 986,628  | None             | None              | 530,835                       | 986,628  | 1,517,463 | 360,115                                 |                         | 11 |
| Overland                |                          |      |                         |  |                  |                   |                               |  |           |   |                         |    |
| Park                    | KS                       | None | 1,101,841               | 2,047,067  | None             | None              | 1,101,841                     | 2,047,067  | 3,148,908 | 747,175                                 |                         | 11 |
| Winchester              | KY                       | None | 355,474                 | 929,177  | 20,045           | 22,651            | 355,474                       | 971,873  | 1,327,347 | 545,863                                 | 06                      | 06 |
| Allston                 | MA                       | None | 576,505                 | 1,071,520  | None             | None              | 576,505                       | 1,071,520  | 1,648,025 | 391,099                                 |                         | 11 |
| Billerica               | MA                       | None | 399,043                 | 462,240  | None             | 172               | 399,043                       | 462,412  | 861,455   | 290,384                                 | 04                      | 04 |
| Shrewsbury              | MA                       | None | 721,065                 | 1,339,913  | None             | None              | 721,065                       | 1,339,913  | 2,060,978 | 489,064                                 |                         | 11 |
| Waltham                 | MA                       | None | 338,955                 | 630,279  | None             | None              | 338,955                       | 630,279  | 969,234   | 230,048                                 |                         | 11 |
| Weymouth                | MA                       | None | 752,234                 | 1,397,799  | None             | None              | 752,234                       | 1,397,799  | 2,150,033 | 510,192                                 |                         | 11 |

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|           |    |      |         |           |      |      |         |           |           |         |    |
|-----------|----|------|---------|-----------|------|------|---------|-----------|-----------|---------|----|
| Woburn    | MA | None | 676,968 | 1,258,018 | None | None | 676,968 | 1,258,018 | 1,934,986 | 459,172 | 11 |
| Annapolis | MD | None | 780,806 | 1,450,860 | None | None | 780,806 | 1,450,860 | 2,231,666 | 529,560 | 11 |
| Bowie     | MD | None | 734,558 | 1,364,970 | None | None | 734,558 | 1,364,970 | 2,099,528 | 498,210 | 11 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|-----------|--|-------------------|---|-----------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total     |   |                         |                  |
| Capital Heights MD      | None                     | 701,705   | 1,303,958 | None   | None              | 701,705   | 1,303,958 | 2,005,663 | 475,940                                 |                         | 11/2/98          |
| Germantown MD           | None                     | 808,296   | 1,501,913 | None   | None              | 808,296   | 1,501,913 | 2,310,209 | 548,194                                 |                         | 11/2/98          |
| Waldorf MD              | None                     | 427,033   | 793,854   | None   | None              | 427,033   | 793,854   | 1,220,887 | 289,752                                 |                         | 11/2/98          |
| Eagan MN                | None                     | 902,443   | 845,536   | None   | None              | 902,443   | 845,536   | 1,747,979 | 486,209                                 | 06/19/98                | 02/2/99          |
| Ferguson MO             | None                     | 386,112   | 717,856   | None   | None              | 386,112   | 717,856   | 1,103,968 | 262,013                                 |                         | 11/2/98          |
| Grandview MO            | None                     | 347,150   | 711,024   | None   | None              | 347,150   | 711,024   | 1,058,174 | 406,502                                 | 08/20/98                | 02/2/99          |
| Independence MO         | None                     | 721,020   | 1,339,829 | None   | None              | 721,020   | 1,339,829 | 2,060,849 | 489,033                                 |                         | 11/2/98          |
| Charlotte NC            | None                     | 508,100   | 457,295   | None   | None              | 508,100   | 457,295   | 965,395   | 176,058                                 |                         | 05/2/99          |
| Charlotte NC            | None                     | 181,662   | 338,164   | None   | None              | 181,662   | 338,164   | 519,826   | 123,426                                 |                         | 11/2/98          |
| Clemmons NC             | None                     | 630,000   | 1,100,160 | None   | None              | 630,000   | 1,100,160 | 1,730,160 | 225,533                                 |                         | 11/0/98          |
| Jamestown NC            | None                     | 650,000   | 857,823   | None   | None              | 650,000   | 857,823   | 1,507,823 | 175,854                                 |                         | 11/0/98          |
| Matthews NC             | None                     | 489,063   | 909,052   | None   | None              | 489,063   | 909,052   | 1,398,115 | 331,800                                 |                         | 11/2/98          |
| Omaha NE                | None                     | 253,128   | 810,922   | None   | 32                | 253,128   | 810,954   | 1,064,082 | 431,192                                 | 07/22/99                | 03/0/00          |
| Manchester NH           | None                     | 722,532   | 1,342,636 | None   | None              | 722,532   | 1,342,636 | 2,065,168 | 490,058                                 |                         | 11/2/98          |
| Newington NH            | None                     | 690,753   | 1,283,624 | None   | None              | 690,753   | 1,283,624 | 1,974,377 | 468,519                                 |                         | 11/2/98          |
| Salem NH                | None                     | 597,833   | 1,111,059 | None   | None              | 597,833   | 1,111,059 | 1,708,892 | 405,532                                 |                         | 11/2/98          |
| Deptford NJ             | None                     | 619,376   | 1,151,062 | None   | None              | 619,376   | 1,151,062 | 1,770,438 | 420,134                                 |                         | 11/2/98          |
| Maple Shade NJ          | None                     | 508,285   | 944,750   | None   | None              | 508,285   | 944,750   | 1,453,035 | 344,830                                 |                         | 11/2/98          |
| Woodbury NJ             | None                     | 212,788   | 320,283   | None   | None              | 212,788   | 320,283   | 533,071   | 136,117                                 |                         | 05/1/99          |
| Akron OH                | None                     | 242,133   | 450,467   | None   | None              | 242,133   | 450,467   | 692,600   | 164,416                                 |                         | 11/2/98          |
| Cambridge OH            | None                     | 103,368   | 192,760   | None   | None              | 103,368   | 192,760   | 296,128   | 70,353                                  |                         | 11/2/98          |
| Canton OH               | None                     | 337,161   | 626,948   | None   | None              | 337,161   | 626,948   | 964,109   | 228,832                                 |                         | 11/2/98          |
| Cleveland OH            | None                     | 582,107   | 1,081,848 | None   | None              | 582,107   | 1,081,848 | 1,663,955 | 394,871                                 |                         | 11/2/98          |
| Columbus OH             | None                     | 385,878   | 717,422   | None   | None              | 385,878   | 717,422   | 1,103,300 | 261,855                                 |                         | 11/2/98          |
| Oklahoma City OK        | None                     | 509,370   | 752,691   | None   | None              | 509,370   | 752,691   | 1,262,061 | 407,878                                 | 04/14/99                | 09/2/00          |
| Oklahoma City OK        | None                     | 404,815   | 771,625   | None   | None              | 404,815   | 771,625   | 1,176,440 | 418,119                                 | 04/09/99                | 10/1/00          |
| Greensburg PA           | None                     | 594,891   | 1,105,589 | None   | None              | 594,891   | 1,105,589 | 1,700,480 | 403,536                                 |                         | 11/2/98          |
| Lancaster PA            | None                     | 431,050   | 801,313   | None   | None              | 431,050   | 801,313   | 1,232,363 | 292,475                                 |                         | 11/2/98          |
| Mechanicsburg PA        | None                     | 455,854   | 847,377   | None   | None              | 455,854   | 847,377   | 1,303,231 | 309,288                                 |                         | 11/2/98          |
| Monroeville PA          | None                     | 723,660   | 1,344,733 | None   | None              | 723,660   | 1,344,733 | 2,068,393 | 490,823                                 |                         | 11/2/98          |
| Philadelphia PA         | None                     | 334,939   | 622,821   | None   | None              | 334,939   | 622,821   | 957,760   | 227,326                                 |                         | 11/2/98          |
| Pittsburgh PA           | None                     | 384,756   | 715,339   | None   | None              | 384,756   | 715,339   | 1,100,095 | 261,095                                 |                         | 11/2/98          |
| York PA                 | None                     | 389,291   | 723,760   | None   | None              | 389,291   | 723,760   | 1,113,051 | 264,168                                 |                         | 11/2/98          |
| Columbia SC             | None                     | 343,785   | 295,001   | 183,130  | None              | 343,785   | 478,131   | 821,916   | 338,959                                 | 05/27/97                | 02/0/00          |
| Sioux Falls SD          | None                     | 332,979   | 498,108   | None   | None              | 332,979   | 498,108   | 831,087   | 286,426                                 | 06/01/99                | 02/2/00          |
| Goodlettsville TN       | None                     | 601,306   | 1,117,504 | None   | None              | 601,306   | 1,117,504 | 1,718,810 | 407,885                                 |                         | 11/2/98          |
| Hermitage TN            | None                     | 560,443   | 1,011,799 | None   | None              | 560,443   | 1,011,799 | 1,572,242 | 421,379                                 | 10/15/01                | 05/0/00          |
| Arlington TX            | None                     | 599,558   | 1,114,256 | None   | None              | 599,558   | 1,114,256 | 1,713,814 | 406,699                                 |                         | 11/2/98          |
| Austin TX               | None                     | 185,454   | 411,899   | None   | None              | 185,454   | 411,899   | 597,353   | 375,784                                 |                         | 02/0/00          |
| Austin TX               | None                     | 710,485   | 1,320,293 | None   | None              | 710,485   | 1,320,293 | 2,030,778 | 481,902                                 |                         | 11/2/98          |
| Austin TX               | None                     | 590,828   | 1,098,073 | None   | None              | 590,828   | 1,098,073 | 1,688,901 | 400,792                                 |                         | 11/2/98          |
| Austin TX               | None                     | 569,909   | 1,059,195 | None   | None              | 569,909   | 1,059,195 | 1,629,104 | 386,602                                 |                         | 11/2/98          |
| Austin TX               | None                     | 532,497   | 989,715   | None   | None              | 532,497   | 989,715   | 1,522,212 | 361,242                                 |                         | 11/2/98          |
| Carrollton TX           | None                     | 568,401   | 1,056,394 | None   | None              | 568,401   | 1,056,394 | 1,624,795 | 385,580                                 |                         | 11/2/98          |
| Conroe TX               | None                     | 396,068   | 736,346   | None   | None              | 396,068   | 736,346   | 1,132,414 | 268,762                                 |                         | 11/2/98          |
| Dallas TX               | None                     | 191,267   | 424,811   | None   | 73                | 191,267   | 424,884   | 616,151   | 389,080                                 |                         | 01/2/00          |
| Fort Worth TX           | None                     | 543,950   | 1,010,984 | None   | None              | 543,950   | 1,010,984 | 1,554,934 | 369,005                                 |                         | 11/2/98          |

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Garland

TX

None 242,887

539,461

None

None 242,887

539,461

782,348

494,006

01/1

F-10

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              |                   | Cost Capitalized<br>Subsequent<br>to Acquisition |  | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |           |  | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |
|-------------------------|--------------------------|-------------------------|--|--------------|-------------------|--|--|---|-----------|--|---|-------------------------|
|                         |                          | 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   |           |  |   |                         |
| Harlingen TX            | None                     | 134,599                 | 298,948  | None         | None              | 134,599  | 298,948  | 433,547   | 273,759   |  |   |                         |
| Houston TX              | None                     | 151,018                 | 335,417  | None         | None              | 151,018  | 335,417  | 486,435   | 307,155   |  |   |                         |
| Houston TX              | None                     | 392,113                 | 729,002  | None         | None              | 392,113  | 729,002  | 1,121,115   | 266,082   |  |   |                         |
| Houston TX              | None                     | 1,030,379               | 1,914,353  | None         | None              | 1,030,379  | 1,914,353  | 2,944,732   | 698,735   |  |   |                         |
| Houston TX              | None                     | 619,101                 | 1,150,551  | None         | None              | 619,101  | 1,150,551  | 1,769,652   | 419,947   |  |   |                         |
| Houston TX              | None                     | 642,495                 | 1,193,997  | None         | None              | 642,495  | 1,193,997  | 1,836,492   | 435,805   |  |   |                         |
| Houston TX              | None                     | 872,866                 | 1,621,829  | None         | None              | 872,866  | 1,621,829  | 2,494,695   | 591,964   |  |   |                         |
| Humble TX               | None                     | 612,414                 | 1,138,132  | None         | None              | 612,414  | 1,138,132  | 1,750,546   | 415,414   |  |   |                         |
| Leon Valley TX          | None                     | 178,221                 | 395,834  | None         | None              | 178,221  | 395,834  | 574,055   | 362,481   |  |   |                         |
| Leon Valley TX          | None                     | 529,967                 | 985,046  | None         | None              | 529,967  | 985,046  | 1,515,013   | 359,537   |  |   |                         |
| Mesquite TX             | None                     | 591,538                 | 1,099,363  | None         | None              | 591,538  | 1,099,363  | 1,690,901   | 401,263   |  |   |                         |
| Pasadena TX             | None                     | 107,391                 | 238,519  | None         | None              | 107,391  | 238,519  | 345,910   | 218,421   |  |   |                         |
| Plano TX                | None                     | 187,564                 | 417,157  | 700          | None              | 187,564  | 417,857  | 605,421   | 381,828   |  |   |                         |
| Plano TX                | None                     | 494,407                 | 918,976  | None         | None              | 494,407  | 918,976  | 1,413,383   | 335,422   |  |   |                         |
| Richardson TX           | None                     | 555,188                 | 1,031,855  | None         | None              | 555,188  | 1,031,855  | 1,587,043   | 376,623   |  |   |                         |
| San Antonio TX          | None                     | 245,164                 | 544,518  | None         | None              | 245,164  | 544,518  | 789,682   | 496,774   |  |   |                         |
| San Antonio TX          | None                     | 688,249                 | 1,278,967  | None         | None              | 688,249  | 1,278,967  | 1,967,216   | 466,819   |  |   |                         |
| Stafford TX             | None                     | 706,786                 | 1,313,395  | None         | None              | 706,786  | 1,313,395  | 2,020,181   | 479,385   |  |   |                         |
| Waco TX                 | None                     | 401,999                 | 747,362  | None         | None              | 401,999  | 747,362  | 1,149,361   | 272,783   |  |   |                         |
| Webster TX              | None                     | 600,261                 | 1,115,563  | None         | None              | 600,261  | 1,115,563  | 1,715,824   | 407,176   |  |   |                         |
| Bountiful UT            | None                     | 183,750                 | 408,115  | None         | 111               | 183,750  | 408,226  | 591,976   | 373,807   |  |   |                         |
| Alexandria VA           | None                     | 542,791                 | 1,008,832  | None         | None              | 542,791  | 1,008,832  | 1,551,623   | 368,220   |  |   |                         |
| Alexandria VA           | None                     | 592,698                 | 1,101,517  | None         | None              | 592,698  | 1,101,517  | 1,694,215   | 402,049   |  |   |                         |
| Chesapeake VA           | None                     | 770,000                 | 1,112,334  | None         | None              | 770,000  | 1,112,334  | 1,882,334   | 228,028   |  |   |                         |
| Lynchburg VA            | None                     | 342,751                 | 637,329  | None         | None              | 342,751  | 637,329  | 980,080   | 232,621   |  |   |                         |
| Virginia Beach VA       | None                     | 780,000                 | 1,026,384  | None         | None              | 780,000  | 1,026,384  | 1,806,384   | 210,409   |  |   |                         |
| Woodbridge VA           | None                     | 774,854                 | 1,439,806  | None         | None              | 774,854  | 1,439,806  | 2,214,660   | 525,525   |  |   |                         |
| Tacoma WA               | None                     | 187,111                 | 415,579  | None         | None              | 187,111  | 415,579  | 602,690   | 380,563   |  |   |                         |
| Brown Deer WI           | None                     | 257,408                 | 802,141  | None         | None              | 257,408  | 802,141  | 1,059,549   | 450,598   |  | 12/15/99                                |                         |
| Delafield WI            | None                     | 324,574                 | 772,702  | None         | None              | 324,574  | 772,702  | 1,097,276   | 410,165   |  | 07/29/99                                |                         |
| Madison WI              | None                     | 452,630                 | 811,977  | None         | None              | 452,630  | 811,977  | 1,264,607   | 461,530   |  | 10/20/99                                |                         |
| Oak Creek WI            | None                     | 420,465                 | 852,408  | None         | None              | 420,465  | 852,408  | 1,272,873   | 484,511   |  | 08/07/99                                |                         |
| <b>Beverages</b>        |                          |                         |  |              |                   |  |  |   |           |  |   |                         |
| Calistoga CA            | None                     | 12,677,285              | 2,750,715  | None         | None              | 12,677,285                                       | 2,750,715  | 15,428,000  | 285,732   |  |   |                         |
| Calistoga CA            | None                     | 5,445,030               | 21,154,970   | None         | None              | 5,445,030  | 21,154,970   | 26,600,000  | 2,150,755 |  |   |                         |
| Calistoga CA            | None                     | 6,039,131               | 1,576,869  | None         | None              | 6,039,131  | 1,576,869  | 7,616,000   | 160,315   |  |   |                         |
| Calistoga CA            | None                     | 4,988,527               | 1,999,473  | None         | None              | 4,988,527  | 1,999,473  | 6,988,000   | 204,414   |  |   |                         |
| Calistoga CA            | None                     | 8,146,907               | 2,067,093  | None         | None              | 8,146,907  | 2,067,093  | 10,214,000  | 210,154   |  |   |                         |
| Calistoga CA            | None                     | 12,675,172              | 4,907,828  | None         | None              | 12,675,172                                       | 4,907,828  | 17,583,000  | 500,043   |  |   |                         |
| Calistoga CA            | None                     | 45,184,528              | 10,437,472   | None         | None              | 45,184,528                                       | 10,437,472   | 55,622,000  | 1,063,979 |  |   |                         |
| Calistoga CA            | None                     | 10,630,191              | 5,580,929  | None         | None              | 10,630,191                                       | 5,580,929  | 16,211,120  | 456,297   |  |   |                         |
| Napa CA                 | None                     | 6,000,000               | 25,000,000   | None         | None              | 6,000,000  | 25,000,000   | 31,000,000  | 2,541,667 |  |   |                         |
| Napa CA                 | None                     | 11,253,989              | 2,846,011  | None         | None              | 11,253,989                                       | 2,846,011  | 14,100,000  | 291,613   |  |   |                         |
| Napa CA                 | None                     | 17,590,091              | 5,898,149  | None         | None              | 17,590,091                                       | 5,898,149  | 23,488,240  | 625,246   |  |   |                         |



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|      |    |      |            |         |      |      |            |         |            |        |
|------|----|------|------------|---------|------|------|------------|---------|------------|--------|
| Napa | CA | None | 10,777,485 | 390,515 | None | None | 10,777,485 | 390,515 | 11,168,000 | 38,291 |
| Napa | CA | None | 4,675,262  | 298,928 | None | None | 4,675,262  | 298,928 | 4,974,190  | 24,412 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)         | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |            |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |          |
|---------------------------------|--------------------------|---|------------|--|-------------------|---|------------|-----------|---|-------------------------|----------|
|                                 |                          | Land  | Fees       | Improvements                                     | Carrying<br>Costs | Land  | Fees       | Total     |   |                         |          |
| Napa                            | CA                       | None  | 6,860,862  | 524,117  | None              | None  | 6,860,862  | 524,117   | 7,384,979                               | 21,838                  |          |
| Paicines                        | CA                       | None  | 12,058,127 | 1,607,783  | None              | None  | 12,058,127 | 1,607,783 | 13,665,910                              | 170,800                 |          |
| St. Helena                      | CA                       | None  | 15,254,700 | 4,150,300  | None              | None  | 15,254,700 | 4,150,300 | 19,405,000                              | 429,660                 |          |
| St. Helena                      | CA                       | None  | 23,471,336 | 6,589,664  | None              | None  | 23,471,336 | 6,589,664 | 30,061,000                              | 674,000                 |          |
| Shreveport                      | LA                       | None  | 1,320,003  | 8,130,438  | None              | 147   | 1,320,003  | 8,130,585 | 9,450,588                               | 555,622                 |          |
| <b><u>Book stores</u></b>       |                          |   |            |  |                   |   |            |           |   |                         |          |
| Tampa                           | FL                       | None  | 998,250    | 3,696,707  | 124,751           | 79  | 998,250    | 3,821,537 | 4,819,787                               | 2,337,874               |          |
| <b><u>Business services</u></b> |                          |   |            |  |                   |   |            |           |   |                         |          |
| Midland                         | TX                       | None  | 45,500     | 101,058  | None              | None  | 45,500     | 101,058   | 146,558                                 | 101,058                 |          |
| <b><u>Child care</u></b>        |                          |   |            |  |                   |   |            |           |   |                         |          |
| Birmingham                      | AL                       | None  | 63,800     | 295,791  | None              | 84  | 63,800     | 295,875   | 359,675                                 | 295,820                 |          |
| Avondale                        | AZ                       | None  | 242,723    | 1,129,139  | None              | None  | 242,723    | 1,129,139 | 1,371,862                               | 611,704                 | 04/20/99 |
| Chandler                        | AZ                       | None  | 291,720    | 647,923  | None              | 171   | 291,720    | 648,094   | 939,814                                 | 648,066                 |          |
| Chandler                        | AZ                       | None  | 271,695    | 603,446  | 9,758             | 19,469  | 271,695    | 632,673   | 904,368                                 | 605,849                 |          |
| Glendale                        | AZ                       | None  | 115,000    | 285,172  | 39,971            | 22,341  | 115,000    | 347,484   | 462,484                                 | 328,846                 |          |
| Mesa                            | AZ                       | None  | 308,951    | 1,025,612  | None              | None  | 308,951    | 1,025,612 | 1,334,563                               | 545,321                 | 07/26/99 |
| Phoenix                         | AZ                       | None  | 318,500    | 707,397  | 35,595            | 70  | 318,500    | 743,062   | 1,061,562                               | 692,390                 |          |
| Phoenix                         | AZ                       | None  | 260,719    | 516,181  | None              | 32,296  | 260,719    | 548,477   | 809,196                                 | 466,302                 |          |
| Scottsdale                      | AZ                       | None  | 291,993    | 648,529  | None              | 171   | 291,993    | 648,700   | 940,693                                 | 648,672                 |          |
| Scottsdale                      | AZ                       | None  | 264,504    | 587,471  | None              | 27,528  | 264,504    | 614,999   | 879,503                                 | 536,676                 |          |
| Tempe                           | AZ                       | None  | 292,200    | 648,989  | None              | 16,676  | 292,200    | 665,665   | 957,865                                 | 655,822                 |          |
| Tucson                          | AZ                       | None  | 304,500    | 676,303  | None              | 123   | 304,500    | 676,426   | 980,926                                 | 657,011                 |          |
| Tucson                          | AZ                       | None  | 283,500    | 546,878  | None              | 316   | 283,500    | 547,194   | 830,694                                 | 531,428                 |          |
| Calabasas                       | CA                       | None  | 156,430    | 725,248  | 100,838           | 58,741  | 156,430    | 884,827   | 1,041,257                               | 794,361                 |          |
| Carmichael                      | CA                       | None  | 131,035    | 607,507  | 50,368            | 10,947  | 131,035    | 668,822   | 799,857                                 | 613,743                 |          |
| Chino                           | CA                       | None  | 155,000    | 634,071  | None              | 22  | 155,000    | 634,093   | 789,093                                 | 634,087                 |          |
| Chula Vista                     | CA                       | None  | 350,563    | 778,614  | None              | 43,353  | 350,563    | 821,967   | 1,172,530                               | 796,296                 |          |
| El Cajon                        | CA                       | None  | 157,804    | 731,621  | 2,540             | 44,802  | 157,804    | 778,963   | 936,767                                 | 740,596                 |          |
| Escondido                       | CA                       | None  | 276,286    | 613,638  | 5,000             | 44,389  | 276,286    | 663,027   | 939,313                                 | 637,447                 |          |
| Folsom                          | CA                       | None  | 281,563    | 625,363  | None              | 46  | 281,563    | 625,409   | 906,972                                 | 625,385                 |          |
| Mission Viejo                   | CA                       | None  | 353,891    | 744,367  | 12,500            | None  | 353,891    | 756,867   | 1,110,758                               | 610,849                 |          |
| Oceanside                       | CA                       | None  | 145,568    | 674,889  | 17,000            | None  | 145,568    | 691,889   | 837,457                                 | 683,449                 |          |
| Palmdale                        | CA                       | None  | 249,490    | 554,125  | 9,864             | None  | 249,490    | 563,989   | 813,479                                 | 547,098                 |          |
| Rancho Cordova                  | CA                       | None  | 276,328    | 613,733  | 24,967            | None  | 276,328    | 638,700   | 915,028                                 | 600,331                 |          |
| Rancho Cucamonga                | CA                       | None  | 471,733    | 1,047,739  | 49,000            | 80  | 471,733    | 1,096,819 | 1,568,552                               | 1,063,334               |          |
| Roseville                       | CA                       | None  | 297,343    | 660,411  | 27,496            | None  | 297,343    | 687,907   | 985,250                                 | 679,205                 |          |
| Sacramento                      | CA                       | None  | 290,734    | 645,732  | None              | 127   | 290,734    | 645,859   | 936,593                                 | 645,859                 |          |

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|              |    |      |         |           |        |        |         |           |           |           |
|--------------|----|------|---------|-----------|--------|--------|---------|-----------|-----------|-----------|
| Simi Valley  | CA | None | 208,585 | 967,055   | 65,400 | 31     | 208,585 | 1,032,486 | 1,241,071 | 992,202   |
| Valencia     | CA | None | 301,295 | 669,185   | 67,995 | 46     | 301,295 | 737,226   | 1,038,521 | 682,665   |
| Walnut       | CA | None | 217,365 | 1,007,753 | 1,200  | 51,164 | 217,365 | 1,060,117 | 1,277,482 | 1,026,442 |
| Aurora       | CO | None | 287,000 | 637,440   | None   | 278    | 287,000 | 637,718   | 924,718   | 637,611   |
| Broomfield   | CO | None | 155,306 | 344,941   | 25,000 | 211    | 155,306 | 370,152   | 525,458   | 360,308   |
| Colorado     |    |      |         |           |        |        |         |           |           |           |
| Springs      | CO | None | 58,400  | 271,217   | 25,000 | 211    | 58,400  | 296,428   | 354,828   | 286,418   |
| Fort Collins | CO | None | 55,200  | 256,356   | None   | 79     | 55,200  | 256,435   | 311,635   | 256,369   |
| Greenwood    |    |      |         |           |        |        |         |           |           |           |
| Village      | CO | None | 131,216 | 608,372   | 6,862  | 21,268 | 131,216 | 636,502   | 767,718   | 623,006   |
| Littleton    | CO | None | 161,617 | 358,956   | None   | 82     | 161,617 | 359,038   | 520,655   | 358,976   |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|---------|--|-------------------|---|---------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees    | Improvements                                     | Carrying<br>Costs | Land  | Fees    | Total     |   |                         |                  |
| Longmont                | CO                       | None  | 115,592 | 535,931  | None              | 71  | 115,592 | 536,002   | 651,594                                 | 535,948                 | 03/25/99         |
| Louisville              | CO                       | None  | 58,089  | 269,313  | 18,159            | 82  | 58,089  | 287,554   | 345,643                                 | 269,455                 | 06/22/99         |
| Parker                  | CO                       | None  | 153,551 | 341,042  | None              | 211   | 153,551 | 341,253   | 494,804                                 | 341,186                 | 10/19/99         |
| Westminster             | CO                       | None  | 306,387 | 695,737  | None              | 504   | 306,387 | 696,241   | 1,002,628                               | 654,148                 | 09/27/99         |
| Bradenton               | FL                       | None  | 160,060 | 355,501  | 25,000            | 79  | 160,060 | 380,580   | 540,640                                 | 368,024                 | 05/05/99         |
| Clearwater              | FL                       | None  | 42,223  | 269,380  | None              | 79  | 42,223  | 269,459   | 311,682                                 | 269,421                 | 12/22/99         |
| Jacksonville            | FL                       | None  | 48,000  | 243,060  | None              | 420   | 48,000  | 243,480   | 291,480                                 | 243,280                 | 12/22/99         |
| Jacksonville            | FL                       | None  | 184,800 | 410,447  | 22,872            | 189   | 184,800 | 433,508   | 618,308                                 | 405,098                 | 03/30/99         |
| Margate                 | FL                       | None  | 66,686  | 309,183  | None              | 240   | 66,686  | 309,423   | 376,109                                 | 309,342                 | 12/16/99         |
| Melbourne               | FL                       | None  | 256,439 | 549,345  | None              | 79  | 256,439 | 549,424   | 805,863                                 | 446,919                 | 04/16/99         |
| Niceville               | FL                       | None  | 73,696  | 341,688  | None              | 420   | 73,696  | 342,108   | 415,804                                 | 341,907                 | 12/03/99         |
| Orlando                 | FL                       | None  | 68,001  | 313,922  | None              | 189   | 68,001  | 314,111   | 382,112                                 | 314,092                 | 09/04/99         |
| Orlando                 | FL                       | None  | 159,177 | 353,538  | None              | 154   | 159,177 | 353,692   | 512,869                                 | 353,584                 | 07/02/99         |
| Orlando                 | FL                       | None  | 190,050 | 422,107  | 5,707             | 342   | 190,050 | 428,156   | 618,206                                 | 405,444                 | 03/30/99         |
| Oviedo                  | FL                       | None  | 166,409 | 369,598  | None              | 154   | 166,409 | 369,752   | 536,161                                 | 369,645                 | 11/20/99         |
| Panama City             | FL                       | None  | 69,500  | 244,314  | 82,701            | 4,560   | 69,500  | 331,575   | 401,075                                 | 270,715                 | 06/15/99         |
| Pensacola               | FL                       | None  | 147,000 | 326,492  | 20,000            | 240   | 147,000 | 346,732   | 493,732                                 | 316,744                 | 03/28/99         |
| Royal Palm<br>Beach     | FL                       | None  | 194,193 | 431,309  | 25,000            | None  | 194,193 | 456,309   | 650,502                                 | 428,297                 | 11/15/99         |
| St. Augustine           | FL                       | None  | 44,800  | 213,040  | 23,090            | 189   | 44,800  | 236,319   | 281,119                                 | 222,612                 | 12/22/99         |
| Sunrise                 | FL                       | None  | 245,000 | 533,280  | 92,266            | 28,616  | 245,000 | 654,162   | 899,162                                 | 560,051                 | 05/25/99         |
| Tampa                   | FL                       | None  | 53,385  | 199,846  | None              | 154   | 53,385  | 200,000   | 253,385                                 | 199,893                 | 12/22/99         |
| Duluth                  | GA                       | None  | 310,000 | 1,040,008  | None              | None  | 310,000 | 1,040,008 | 1,350,008                               | 549,520                 | 08/25/99         |
| Ellenwood               | GA                       | None  | 119,678 | 275,414  | 58,545            | 479   | 119,678 | 334,438   | 454,116                                 | 276,167                 | 11/16/99         |
| Lawrenceville           | GA                       | None  | 141,449 | 314,161  | 133,888           | 14,614  | 141,449 | 462,663   | 604,112                                 | 336,443                 | 07/07/99         |
| Lithia Springs          | GA                       | None  | 187,444 | 363,358  | None              | 84  | 187,444 | 363,442   | 550,886                                 | 335,249                 | 12/28/99         |
| Lithonia                | GA                       | None  | 239,715 | 524,459  | 24,410            | 26,132  | 239,715 | 575,001   | 814,716                                 | 489,346                 | 08/20/99         |
| Marietta                | GA                       | None  | 148,620 | 330,090  | 25,000            | 205   | 148,620 | 355,295   | 503,915                                 | 338,455                 | 09/16/99         |
| Marietta                | GA                       | None  | 292,250 | 649,095  | 71,161            | 10,464  | 292,250 | 730,720   | 1,022,970                               | 629,474                 | 12/02/99         |
| Marietta                | GA                       | None  | 295,750 | 596,299  | None              | 17,678  | 295,750 | 613,977   | 909,727                                 | 584,181                 | 12/30/99         |
| Marietta                | GA                       | None  | 301,000 | 668,529  | 71,474            | 19,961  | 301,000 | 759,964   | 1,060,964                               | 656,989                 | 12/30/99         |
| Smyrna                  | GA                       | None  | 274,750 | 610,229  | None              | 415   | 274,750 | 610,644   | 885,394                                 | 588,809                 | 11/15/99         |
| Stockbridge             | GA                       | None  | 168,700 | 374,688  | 47,047            | 84  | 168,700 | 421,819   | 590,519                                 | 372,612                 | 03/28/99         |
| Cedar Rapids            | IA                       | None  | 194,950 | 427,085  | None              | None  | 194,950 | 427,085   | 622,035                                 | 357,968                 | 09/24/99         |
| Iowa City               | IA                       | None  | 186,900 | 408,910  | None              | None  | 186,900 | 408,910   | 595,810                                 | 342,647                 | 09/24/99         |
| Addison                 | IL                       | None  | 125,780 | 583,146  | None              | 134   | 125,780 | 583,280   | 709,060                                 | 583,213                 | 03/25/99         |
| Algonquin               | IL                       | None  | 241,500 | 509,629  | 28,260            | 134   | 241,500 | 538,023   | 779,523                                 | 459,271                 | 07/10/99         |
| Aurora                  | IL                       | None  | 165,679 | 398,738  | 27,450            | 21,087  | 165,679 | 447,275   | 612,954                                 | 414,117                 | 12/21/99         |
| Aurora                  | IL                       | None  | 468,000 | 1,259,926  | None              | None  | 468,000 | 1,259,926 | 1,727,926                               | 657,352                 | 10/26/99         |
| Bartlett                | IL                       | None  | 120,824 | 560,166  | 54,360            | 8,536   | 120,824 | 623,062   | 743,886                                 | 562,792                 | 03/25/99         |
| Carol Stream            | IL                       | None  | 122,831 | 586,416  | None              | 134   | 122,831 | 586,550   | 709,381                                 | 586,484                 | 03/25/99         |
| Crystal Lake            | IL                       | None  | 400,000 | 1,259,424  | None              | None  | 400,000 | 1,259,424 | 1,659,424                               | 661,278                 | 09/28/99         |
| Glendale<br>Heights     | IL                       | None  | 318,500 | 707,399  | None              | 172   | 318,500 | 707,571   | 1,026,071                               | 682,330                 | 11/16/99         |
| Hoffman<br>Estates      | IL                       | None  | 318,500 | 707,399  | None              | 257   | 318,500 | 707,656   | 1,026,156                               | 672,422                 | 03/31/99         |
| Homer Glen              | IL                       | None  | 189,477 | 442,018  | None              | 85  | 189,477 | 442,103   | 631,580                                 | 442,038                 | 10/29/99         |

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|                   |    |      |         |           |      |      |         |           |           |         |          |          |
|-------------------|----|------|---------|-----------|------|------|---------|-----------|-----------|---------|----------|----------|
| Lake in the Hills | IL | None | 375,000 | 1,127,678 | None | None | 375,000 | 1,127,678 | 1,502,678 | 592,108 | 09/03/99 | 05/14/00 |
| Naperville        | IL | None | 425,000 | 1,230,654 | None | None | 425,000 | 1,230,654 | 1,655,654 | 642,074 | 10/06/99 | 05/19/00 |
| O Fallon          | IL | None | 141,250 | 313,722   | None | 232  | 141,250 | 313,954   | 455,204   | 313,787 |          | 10/30/00 |
| Oswego            | IL | None | 380,000 | 1,165,818 | None | None | 380,000 | 1,165,818 | 1,545,818 | 615,994 | 08/18/99 | 06/30/00 |
| Palatine          | IL | None | 121,911 | 565,232   | None | 134  | 121,911 | 565,366   | 687,277   | 565,300 |          | 03/25/00 |
| Roselle           | IL | None | 297,541 | 561,037   | None | 172  | 297,541 | 561,209   | 858,750   | 539,210 |          | 12/30/00 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|-----------|--|-------------------|---|-----------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total     |   |                         |                  |
| Schaumburg IL           | None                     | 218,798   | 485,955   | 20,461   | None              | 218,798   | 506,416   | 725,214   | 493,948                                 |                         | 12/17/99         |
| Vernon Hills IL         | None                     | 132,523   | 614,430   | None   | 134               | 132,523   | 614,564   | 747,087   | 614,498                                 |                         | 03/25/99         |
| Westmont IL             | None                     | 124,742   | 578,330   | None   | 266               | 124,742   | 578,596   | 703,338   | 578,489                                 |                         | 03/25/99         |
| Fishers IN              | None                     | 212,118   | 419,958   | None   | 372               | 212,118   | 420,330   | 632,448   | 369,184                                 |                         | 12/27/99         |
| Highland IN             | None                     | 220,460   | 436,476   | None   | 314               | 220,460   | 436,790   | 657,250   | 383,634                                 |                         | 12/26/99         |
| Indianapolis IN         | None                     | 245,000   | 544,153   | None   | 211               | 245,000   | 544,364   | 789,364   | 489,209                                 |                         | 06/29/99         |
| Lenexa KS               | None                     | 318,500   | 707,399   | 14,200   | None              | 318,500   | 721,599   | 1,040,099 | 682,788                                 |                         | 03/31/99         |
| Olathe KS               | None                     | 304,500   | 676,308   | 66,918   | 186               | 304,500   | 743,412   | 1,047,912 | 676,660                                 |                         | 09/28/99         |
| Overland Park KS        | None                     | 357,500   | 1,115,171 | None   | None              | 357,500   | 1,115,171 | 1,472,671 | 592,936                                 | 07/23/99                | 05/14/99         |
| Shawnee KS              | None                     | 315,000   | 699,629   | None   | 302               | 315,000   | 699,931   | 1,014,931 | 677,371                                 |                         | 10/27/99         |
| Shawnee KS              | None                     | 288,246   | 935,875   | None   | None              | 288,246   | 935,875   | 1,224,121 | 519,451                                 | 12/29/98                | 08/24/99         |
| Wichita KS              | None                     | 108,569   | 352,287   | (70,181)   | 109               | 108,569   | 282,215   | 390,784   | 48,717                                  |                         | 12/16/99         |
| Wichita KS              | None                     | 209,890   | 415,549   | 33,984   | 16,592            | 209,890   | 466,125   | 676,015   | 380,737                                 |                         | 12/26/99         |
| Lexington KY            | None                     | 210,427   | 420,883   | None   | 187               | 210,427   | 421,070   | 631,497   | 363,057                                 |                         | 08/20/99         |
| Acton MA                | None                     | 315,533   | 700,813   | None   | 278               | 315,533   | 701,091   | 1,016,624 | 681,042                                 |                         | 09/30/99         |
| Marlborough MA          | None                     | 352,765   | 776,488   | None   | 232               | 352,765   | 776,720   | 1,129,485 | 749,008                                 |                         | 11/04/99         |
| Westborough MA          | None                     | 359,412   | 773,877   | 63,037   | 22,543            | 359,412   | 859,457   | 1,218,869 | 754,775                                 |                         | 11/01/99         |
| Ellicott City MD        | None                     | 219,368   | 630,839   | 26,550   | None              | 219,368   | 657,389   | 876,757   | 621,542                                 |                         | 12/19/99         |
| Frederick MD            | None                     | 203,352   | 1,017,109 | None   | 302               | 203,352   | 1,017,411 | 1,220,763 | 588,278                                 |                         | 07/06/99         |
| Olney MD                | None                     | 342,500   | 760,701   | 4,400  | 41,605            | 342,500   | 806,706   | 1,149,206 | 779,340                                 |                         | 12/18/99         |
| Waldorf MD              | None                     | 130,430   | 604,702   | None   | 580               | 130,430   | 605,282   | 735,712   | 605,012                                 |                         | 09/26/99         |
| Waldorf MD              | None                     | 237,207   | 526,844   | None   | 172               | 237,207   | 527,016   | 764,223   | 526,885                                 |                         | 12/31/99         |
| Canton MI               | None                     | 55,000  | 378,848   | 2,913  | 11,071            | 55,000  | 392,832   | 447,832   | 388,312                                 |                         | 10/06/99         |
| Apple Valley MN         | None                     | 113,523   | 526,319   | None   | 197               | 113,523   | 526,516   | 640,039   | 526,411                                 |                         | 03/26/99         |
| Brooklyn Park MN        | None                     | 118,111   | 547,587   | None   | 197               | 118,111   | 547,784   | 665,895   | 547,679                                 |                         | 03/26/99         |
| Eden Prairie MN         | None                     | 124,286   | 576,243   | None   | 197               | 124,286   | 576,440   | 700,726   | 576,335                                 |                         | 03/27/99         |
| Maple Grove MN          | None                     | 313,250   | 660,149   | None   | 278               | 313,250   | 660,427   | 973,677   | 592,070                                 |                         | 07/11/99         |
| Plymouth MN             | None                     | 134,221   | 622,350   | None   | 197               | 134,221   | 622,547   | 756,768   | 622,442                                 |                         | 12/12/99         |
| White Bear Lake MN      | None                     | 242,165   | 537,856   | None   | 278               | 242,165   | 538,134   | 780,299   | 479,986                                 |                         | 08/30/99         |
| Florissant MO           | None                     | 181,300   | 402,672   | 34,635   | 12,499            | 181,300   | 449,806   | 631,106   | 399,443                                 |                         | 03/29/99         |
| Florissant MO           | None                     | 318,500   | 707,399   | 78,556   | 10,975            | 318,500   | 796,930   | 1,115,430 | 695,526                                 |                         | 03/30/99         |
| Gladstone MO            | None                     | 294,000   | 652,987   | None   | 9,295             | 294,000   | 662,282   | 956,282   | 638,177                                 |                         | 09/29/99         |
| Lee s Summit MO         | None                     | 239,627   | 532,220   | None   | 179               | 239,627   | 532,399   | 772,026   | 494,725                                 |                         | 09/27/99         |
| Lee s Summit MO         | None                     | 330,000   | 993,787   | None   | None              | 330,000   | 993,787   | 1,323,787 | 528,393                                 | 07/26/99                | 06/17/99         |
| Lee s Summit MO         | None                     | 313,740   | 939,367   | None   | None              | 313,740   | 939,367   | 1,253,107 | 496,346                                 | 09/08/99                | 06/30/99         |
| North Kansas City MO    | None                     | 307,784   | 910,401   | None   | None              | 307,784   | 910,401   | 1,218,185 | 510,821                                 | 09/28/99                | 08/21/99         |
| Jackson MS              | None                     | 248,483   | 572,522   | 17,627   | 17,780            | 248,483   | 607,929   | 856,412   | 312,369                                 |                         | 11/16/99         |
| Pearl MS                | None                     | 121,801   | 270,524   | 18,837   | 4,207             | 121,801   | 293,568   | 415,369   | 274,768                                 |                         | 11/15/99         |
| Tupelo MS               | None                     | 121,697   | 637,691   | 26,216   | 9,587             | 121,697   | 673,494   | 795,191   | 421,503                                 |                         | 11/26/99         |
| Cary NC                 | None                     | 75,200  | 262,973   | 15,000   | 187               | 75,200  | 278,160   | 353,360   | 267,285                                 |                         | 01/25/99         |
| Charlotte NC            | None                     | 134,582   | 268,222   | 24,478   | 139               | 134,582   | 292,839   | 427,421   | 275,359                                 |                         | 11/16/99         |
| Concord NC              | None                     | 32,441  | 190,859   | None   | 326               | 32,441  | 191,185   | 223,626   | 191,102                                 |                         | 12/23/99         |
| Durham NC               | None                     | 175,700   | 390,234   | 26,312   | 187               | 175,700   | 416,733   | 592,433   | 389,305                                 |                         | 03/29/99         |

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|              |    |      |         |         |        |     |         |         |           |         |        |
|--------------|----|------|---------|---------|--------|-----|---------|---------|-----------|---------|--------|
| Durham       | NC | None | 220,728 | 429,380 | None   | 321 | 220,728 | 429,701 | 650,429   | 396,414 | 12/29/ |
| Kernersville | NC | None | 162,216 | 316,300 | None   | 223 | 162,216 | 316,523 | 478,739   | 292,160 | 12/14/ |
| Bellevue     | NE | None | 60,568  | 280,819 | None   | 179 | 60,568  | 280,998 | 341,566   | 280,971 | 12/16/ |
| Omaha        | NE | None | 60,500  | 280,491 | None   | 211 | 60,500  | 280,702 | 341,202   | 280,646 | 08/01/ |
| Omaha        | NE | None | 53,000  | 245,720 | 22,027 | 211 | 53,000  | 267,958 | 320,958   | 254,214 | 10/11/ |
| Omaha        | NE | None | 142,867 | 317,315 | None   | 178 | 142,867 | 317,493 | 460,360   | 317,464 | 12/09/ |
| Londonderry  | NH | None | 335,467 | 745,082 | None   | 278 | 335,467 | 745,360 | 1,080,827 | 695,380 | 08/18/ |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)  | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|--------------------------|--------------------------|---|-----------|--------------|--|---|-----------|-----------|---|-------------------------|------------------|
|                          |                          | Land  | Fees      | Improvements | Carrying<br>Costs                                | Land  | Fees      | Total     |   |                         |                  |
| Clementon NJ             | None                     | 279,851   | 554,060   | 18,899       | None   | 279,851   | 572,959   | 852,810   | 472,966                                 |                         | 09/09/9          |
| Las Vegas NV             | None                     | 201,250   | 446,983   | None         | 126  | 201,250   | 447,109   | 648,359   | 401,819                                 |                         | 06/29/9          |
| Beavercreek OH           | None                     | 179,552   | 398,786   | None         | 122  | 179,552   | 398,908   | 578,460   | 398,887                                 |                         | 06/30/8          |
| Centerville OH           | None                     | 174,519   | 387,613   | None         | 237  | 174,519   | 387,850   | 562,369   | 387,770                                 |                         | 07/23/8          |
| Dublin OH                | None                     | 84,000  | 389,446   | None         | 230  | 84,000  | 389,676   | 473,676   | 389,671                                 |                         | 10/08/8          |
| Englewood OH             | None                     | 74,000  | 343,083   | None         | 258  | 74,000  | 343,341   | 417,341   | 343,276                                 |                         | 10/23/8          |
| Forest Park OH           | None                     | 170,778   | 379,305   | None         | 85   | 170,778   | 379,390   | 550,168   | 379,325                                 |                         | 09/28/8          |
| Huber Heights OH         | None                     | 245,000   | 544,153   | None         | 122  | 245,000   | 544,275   | 789,275   | 483,607                                 |                         | 09/27/9          |
| Pickerington OH          | None                     | 87,580  | 406,055   | None         | 116  | 87,580  | 406,171   | 493,751   | 406,111                                 |                         | 12/11/8          |
| Westerville OH           | None                     | 82,000  | 380,173   | None         | 122  | 82,000  | 380,295   | 462,295   | 380,274                                 |                         | 10/08/8          |
| Westerville OH           | None                     | 294,350   | 646,557   | None         | 122  | 294,350   | 646,679   | 941,029   | 575,541                                 |                         | 09/26/9          |
| Broken Arrow OK          | None                     | 78,705  | 220,434   | None         | None   | 78,705  | 220,434   | 299,139   | 220,434                                 |                         | 01/27/8          |
| Midwest City Oklahoma OK | None                     | 67,800  | 314,338   | None         | None   | 67,800  | 314,338   | 382,138   | 314,338                                 |                         | 08/14/8          |
| Oklahoma City OK         | None                     | 50,800  | 214,474   | None         | 173  | 50,800  | 214,647   | 265,447   | 214,621                                 |                         | 06/15/8          |
| Oklahoma City OK         | None                     | 79,000  | 366,261   | 17,659       | 173  | 79,000  | 384,093   | 463,093   | 382,032                                 |                         | 11/14/8          |
| Yukon OK                 | None                     | 61,000  | 282,812   | 27,000       | 173  | 61,000  | 309,985   | 370,985   | 301,696                                 |                         | 05/02/8          |
| Charleston SC            | None                     | 125,593   | 278,947   | None         | 514  | 125,593   | 279,461   | 405,054   | 275,327                                 |                         | 05/26/8          |
| Charleston SC            | None                     | 140,700   | 312,498   | 25,000       | 376  | 140,700   | 337,874   | 478,574   | 313,740                                 |                         | 03/28/8          |
| Columbia SC              | None                     | 58,160  | 269,643   | None         | 139  | 58,160  | 269,782   | 327,942   | 269,781                                 |                         | 11/14/8          |
| Columbia SC              | None                     | 160,831   | 313,600   | None         | 223  | 160,831   | 313,823   | 474,654   | 289,668                                 |                         | 12/14/8          |
| Goose Creek SC           | None                     | 61,635  | 192,905   | None         | 376  | 61,635  | 193,281   | 254,916   | 193,152                                 |                         | 12/22/8          |
| Summerville SC           | None                     | 44,400  | 174,500   | None         | 321  | 44,400  | 174,821   | 219,221   | 174,648                                 |                         | 12/22/8          |
| Sumter SC                | None                     | 56,010  | 268,903   | 59,453       | 641  | 56,010  | 328,997   | 385,007   | 269,457                                 |                         | 06/18/8          |
| Memphis TN               | None                     | 238,263   | 504,897   | None         | None   | 238,263   | 504,897   | 743,160   | 490,466                                 |                         | 09/29/8          |
| Memphis TN               | None                     | 238,000   | 528,608   | 2,734        | 111  | 238,000   | 531,453   | 769,453   | 515,780                                 |                         | 09/30/8          |
| Arlington TX             | None                     | 82,109  | 380,677   | 12,321       | 197  | 82,109  | 393,195   | 475,304   | 383,496                                 |                         | 12/13/8          |
| Arlington TX             | None                     | 238,000   | 528,604   | (23,265)     | 605  | 238,000   | 505,944   | 743,944   | 520,350                                 |                         | 09/26/8          |
| Arlington TX             | None                     | 241,500   | 550,559   | 33,725       | 101  | 241,500   | 584,385   | 825,885   | 552,684                                 |                         | 09/22/8          |
| Austin TX                | None                     | 103,600   | 230,532   | 8,750        | 16   | 103,600   | 239,298   | 342,898   | 238,627                                 |                         | 10/29/8          |
| Austin TX                | None                     | 88,872  | 222,684   | 54,562       | 15,026   | 88,872  | 292,272   | 381,144   | 260,340                                 |                         | 01/12/8          |
| Austin TX                | None                     | 134,383   | 623,103   | 2,379        | 13,967   | 134,383   | 639,449   | 773,832   | 628,126                                 |                         | 12/23/8          |
| Austin TX                | None                     | 236,733   | 640,023   | 39,352       | 139  | 236,733   | 679,514   | 916,247   | 564,516                                 |                         | 09/27/8          |
| Austin TX                | None                     | 191,636   | 425,629   | 15,530       | 294  | 191,636   | 441,453   | 633,089   | 422,282                                 |                         | 12/22/8          |
| Austin TX                | None                     | 217,878   | 483,913   | 29,469       | None   | 217,878   | 513,382   | 731,260   | 473,826                                 |                         | 06/22/8          |
| Bedford TX               | None                     | 241,500   | 550,559   | 34,949       | 73   | 241,500   | 585,581   | 827,081   | 540,603                                 |                         | 09/22/8          |
| Carrollton TX            | None                     | 277,850   | 617,113   | 12,086       | 18,544   | 277,850   | 647,743   | 925,593   | 637,928                                 |                         | 12/11/8          |
| Cedar Park TX            | None                     | 168,857   | 375,036   | 5,200        | 282  | 168,857   | 380,518   | 549,375   | 365,786                                 |                         | 11/21/8          |
| Colleyville TX           | None                     | 250,000   | 1,070,360 | None         | 102  | 250,000   | 1,070,462 | 1,320,462 | 565,555                                 | 08/17/99                | 05/14/9          |
| Converse TX              | None                     | 217,000   | 481,963   | None         | 294  | 217,000   | 482,257   | 699,257   | 468,426                                 |                         | 09/28/8          |
| Corinth TX               | None                     | 285,000   | 1,041,626 | None         | None   | 285,000   | 1,041,626 | 1,326,626 | 557,265                                 | 06/04/99                | 05/19/9          |
| Euless TX                | None                     | 234,111   | 519,962   | None         | 217  | 234,111   | 520,179   | 754,290   | 520,170                                 |                         | 05/08/8          |
| Euless TX                | None                     | 202,773   | 442,845   | 32,069       | 16,315   | 202,773   | 491,229   | 694,002   | 457,081                                 |                         | 04/20/8          |



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|            |    |      |         |           |        |        |         |           |           |         |          |          |
|------------|----|------|---------|-----------|--------|--------|---------|-----------|-----------|---------|----------|----------|
| Flower     |    |      |         |           |        |        |         |           |           |         |          |          |
| Mound      |    |      |         |           |        |        |         |           |           |         |          |          |
| Flower     |    |      |         |           |        |        |         |           |           |         |          |          |
| Mound      | TX | None | 281,735 | 1,099,726 | 3,500  | 37     | 281,735 | 1,103,263 | 1,384,998 | 595,673 | 04/23/99 | 01/13/99 |
| Fort Worth | TX | None | 85,518  | 396,495   | 33,279 | 6,266  | 85,518  | 436,040   | 521,558   | 418,550 |          | 12/03/8  |
| Fort Worth | TX | None | 238,000 | 528,608   | 73,662 | 4,191  | 238,000 | 606,461   | 844,461   | 521,934 |          | 09/26/8  |
| Fort Worth | TX | None | 216,160 | 427,962   | None   | 149    | 216,160 | 428,111   | 644,271   | 373,192 |          | 02/07/9  |
| Garland    | TX | None | 211,050 | 468,749   | 19,867 | 95     | 211,050 | 488,711   | 699,761   | 436,383 |          | 12/12/8  |
| Grand      |    |      |         |           |        |        |         |           |           |         |          |          |
| Prairie    | TX | None | 167,164 | 371,276   | 58,206 | 16,412 | 167,164 | 445,894   | 613,058   | 385,071 |          | 12/13/8  |
| Houston    | TX | None | 60,000  | 278,175   | 22,168 | 725    | 60,000  | 301,068   | 361,068   | 285,918 |          | 05/01/8  |
| Houston    | TX | None | 139,125 | 308,997   | 19,128 | 229    | 139,125 | 328,354   | 467,479   | 319,944 |          | 05/22/8  |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | D<br>Ac |
|-------------------------|--------------------------|---|-----------|--|-------------------|---|-----------|-----------|---|-------------------------|---------|
|                         |                          | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total     |   |                         |         |
| Houston TX              | None                     | 141,296   | 313,824   | 12,442   | 5,289             | 141,296   | 331,555   | 472,851   | 324,359                                 |                         | 07/     |
| Houston TX              | None                     | 219,100   | 486,631   | None   | 261               | 219,100   | 486,892   | 705,992   | 472,874                                 |                         | 09/     |
| Houston TX              | None                     | 149,109   | 323,314   | 27,979   | 10,061            | 149,109   | 361,354   | 510,463   | 308,733                                 |                         | 06/     |
| Houston TX              | None                     | 294,582   | 919,276   | None   | None              | 294,582   | 919,276   | 1,213,858 | 507,183                                 | 01/11/99                | 08/     |
| Humble TX               | None                     | 278,915   | 1,034,868 | None   | None              | 278,915   | 1,034,868 | 1,313,783 | 550,235                                 | 07/19/99                | 05/     |
| Katy TX                 | None                     | 309,898   | 983,041   | None   | None              | 309,898   | 983,041   | 1,292,939 | 548,890                                 | 11/30/98                | 08/     |
| Lewisville TX           | None                     | 192,777   | 428,121   | 36,000   | 95                | 192,777   | 464,216   | 656,993   | 430,953                                 |                         | 01/     |
| Mansfield TX            | None                     | 181,375   | 402,839   | 46,878   | 17,274            | 181,375   | 466,991   | 648,366   | 400,643                                 |                         | 12/     |
| Mesquite TX             | None                     | 85,000  | 394,079   | 9,855  | 12,885            | 85,000  | 416,819   | 501,819   | 409,076                                 |                         | 10/     |
| Mesquite TX             | None                     | 139,466   | 326,525   | 39,638   | 13,047            | 139,466   | 379,210   | 518,676   | 316,355                                 |                         | 10/     |
| Pasadena TX             | None                     | 60,000  | 278,173   | 21,315   | 15,075            | 60,000  | 314,563   | 374,563   | 289,116                                 |                         | 10/     |
| Plano TX                | None                     | 261,912   | 581,658   | 30,831   | 18,268            | 261,912   | 630,757   | 892,669   | 611,824                                 |                         | 01/     |
| Plano TX                | None                     | 250,514   | 556,399   | 19,869   | 10,306            | 250,514   | 586,574   | 837,088   | 566,772                                 |                         | 12/     |
| Round Rock TX           | None                     | 80,525  | 373,347   | None   | 19,117            | 80,525  | 392,464   | 472,989   | 383,500                                 |                         | 12/     |
| Round Rock TX           | None                     | 186,380   | 413,957   | 33,093   | None              | 186,380   | 447,050   | 633,430   | 413,500                                 |                         | 04/     |
| San Antonio TX          | None                     | 130,833   | 606,596   | 14,000   | 192               | 130,833   | 620,788   | 751,621   | 606,671                                 |                         | 03/     |
| San Antonio TX          | None                     | 102,512   | 475,288   | 35,211   | None              | 102,512   | 510,499   | 613,011   | 475,447                                 |                         | 12/     |
| San Antonio TX          | None                     | 81,530  | 378,007   | None   | 266               | 81,530  | 378,273   | 459,803   | 378,196                                 |                         | 12/     |
| San Antonio TX          | None                     | 139,125   | 308,997   | 30,885   | 13,386            | 139,125   | 353,268   | 492,393   | 330,747                                 |                         | 05/     |
| San Antonio TX          | None                     | 181,412   | 402,923   | None   | 396               | 181,412   | 403,319   | 584,731   | 403,192                                 |                         | 07/     |
| San Antonio TX          | None                     | 234,500   | 520,831   | None   | 282               | 234,500   | 521,113   | 755,613   | 521,006                                 |                         | 12/     |
| San Antonio TX          | None                     | 217,000   | 481,967   | 32,529   | 115               | 217,000   | 514,611   | 731,611   | 486,690                                 |                         | 10/     |
| San Antonio TX          | None                     | 182,868   | 406,155   | 18,940   | None              | 182,868   | 425,095   | 607,963   | 406,786                                 |                         | 12/     |
| San Antonio TX          | None                     | 220,500   | 447,108   | None   | 115               | 220,500   | 447,223   | 667,723   | 424,991                                 |                         | 03/     |
| Sugar Land TX           | None                     | 339,310   | 1,000,876 | None   | None              | 339,310   | 1,000,876 | 1,340,186 | 538,803                                 | 05/30/99                | 01/     |
| Layton UT               | None                     | 136,574   | 269,008   | None   | 314               | 136,574   | 269,322   | 405,896   | 247,052                                 |                         | 02/     |
| Sandy UT                | None                     | 168,089   | 373,330   | None   | 314               | 168,089   | 373,644   | 541,733   | 340,879                                 |                         | 02/     |
| Centreville VA          | None                     | 371,000   | 824,003   | None   | 592               | 371,000   | 824,595   | 1,195,595 | 766,116                                 |                         | 09/     |
| Chesapeake VA           | None                     | 190,050   | 422,107   | 24,568   | None              | 190,050   | 446,675   | 636,725   | 417,629                                 |                         | 03/     |
| Glen Allen VA           | None                     | 74,643  | 346,060   | None   | 283               | 74,643  | 346,343   | 420,986   | 346,207                                 |                         | 06/     |
| Portsmouth VA           | None                     | 171,575   | 381,073   | 24,932   | None              | 171,575   | 406,005   | 577,580   | 382,551                                 |                         | 12/     |
| Virginia Beach VA       | None                     | 69,080  | 320,270   | 29,024   | 13,825            | 69,080  | 363,119   | 432,199   | 335,186                                 |                         | 11/     |
| Federal Way WA          | None                     | 150,785   | 699,101   | None   | 107               | 150,785   | 699,208   | 849,993   | 699,129                                 |                         | 12/     |
| Federal Way WA          | None                     | 261,943   | 581,782   | 27,500   | 107               | 261,943   | 609,389   | 871,332   | 577,631                                 |                         | 11/     |
| Kent WA                 | None                     | 128,300   | 539,141   | None   | None              | 128,300   | 539,141   | 667,441   | 539,141                                 |                         | 06/     |
| Kent WA                 | None                     | 140,763   | 678,809   | 36,500   | None              | 140,763   | 715,309   | 856,072   | 694,518                                 |                         | 12/     |
| Kirkland WA             | None                     | 301,000   | 668,534   | None   | 107               | 301,000   | 668,641   | 969,641   | 663,752                                 |                         | 03/     |
| Puyallup WA             | None                     | 195,552   | 434,327   | 27,000   | 107               | 195,552   | 461,434   | 656,986   | 435,093                                 |                         | 12/     |
| Redmond WA              | None                     | 279,830   | 621,513   | None   | 107               | 279,830   | 621,620   | 901,450   | 621,542                                 |                         | 07/     |
| Renton WA               | None                     | 111,183   | 515,490   | None   | None              | 111,183   | 515,490   | 626,673   | 515,490                                 |                         | 03/     |
| Appleton WI             | None                     | 196,000   | 424,038   | None   | 581               | 196,000   | 424,619   | 620,619   | 380,508                                 |                         | 07/     |
| Waukesha WI             | None                     | 233,100   | 461,500   | None   | 581               | 233,100   | 462,081   | 695,181   | 405,663                                 |                         | 12/     |
| Waukesha WI             | None                     | 215,950   | 427,546   | None   | 581               | 215,950   | 428,127   | 644,077   | 375,836                                 |                         | 12/     |

Consumer

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appliances

|            |    |      |         |            |      |      |         |            |            |         |    |
|------------|----|------|---------|------------|------|------|---------|------------|------------|---------|----|
| Greenville | OH | None | 820,230 | 12,985,433 | None | None | 820,230 | 12,985,433 | 13,805,663 | 238,066 | 07 |
|------------|----|------|---------|------------|------|------|---------|------------|------------|---------|----|

Consumer

electronics

|             |    |      |         |         |        |    |         |         |         |         |    |
|-------------|----|------|---------|---------|--------|----|---------|---------|---------|---------|----|
| Mary Esther | FL | None | 149,696 | 363,263 | 62,464 | 76 | 149,696 | 425,803 | 575,499 | 249,338 | 11 |
|-------------|----|------|---------|---------|--------|----|---------|---------|---------|---------|----|

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |         |
|-------------------------|--------------------------|-------------------------|--|--|-------------------|---|--|-----------|---|-------------------------|---------|
|                         |                          | 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     |   |                         |         |
| Tampa                   | FL                       | None                    | 401,874  | 933,768  | 103,336           | 31,913  | 401,874  | 1,069,017 | 1,470,891                               | 609,523                 |         |
| Smyrna                  | GA                       | None                    | 1,094,058  | 3,090,236  | None              | None  | 1,094,058  | 3,090,236 | 4,184,294                               | 1,920,982               |         |
| Richmond                | IN                       | None                    | 93,999   | 193,753  | 2,822             | 179   | 93,999   | 196,754   | 290,753                                 | 126,878                 |         |
| Jackson                 | MI                       | None                    | 550,162  | 571,590  | None              | None  | 550,162  | 571,590   | 1,121,752                               | 317,356                 | 01/15/9 |
| Pineville               | NC                       | None                    | 567,864  | 840,284  | 37,249            | 39,217  | 567,864  | 916,750   | 1,484,614                               | 507,590                 |         |
| Westbury                | NY                       | None                    | 6,333,590  | 3,952,773  | 20,493            | None  | 6,333,590  | 3,973,266 | 10,306,856                              | 2,429,846               |         |
| Bartlett                | TN                       | None                    | 420,000  | 674,437  | 49,629            | 6,323   | 420,000  | 730,389   | 1,150,389                               | 374,017                 | 05/12/9 |

Consumer  
goods

|             |    |            |         |            |      |      |         |            |            |         |  |
|-------------|----|------------|---------|------------|------|------|---------|------------|------------|---------|--|
| West Branch | IA | 12,982,457 | 969,797 | 19,896,576 | None | None | 969,797 | 19,896,576 | 20,866,373 | 232,127 |  |
|-------------|----|------------|---------|------------|------|------|---------|------------|------------|---------|--|

Convenience  
stores

|                 |    |      |         |           |      |      |         |           |           |         |  |
|-----------------|----|------|---------|-----------|------|------|---------|-----------|-----------|---------|--|
| Daphne          | AL | None | 140,000 | 391,637   | None | None | 140,000 | 391,637   | 531,637   | 137,723 |  |
| Mobile          | AL | None | 190,000 | 301,637   | None | None | 190,000 | 301,637   | 491,637   | 106,073 |  |
| Mobile          | AL | None | 180,000 | 421,637   | None | None | 180,000 | 421,637   | 601,637   | 148,273 |  |
| Florence        | AZ | None | 150,000 | 371,637   | None | None | 150,000 | 371,637   | 521,637   | 130,690 |  |
| Gilbert         | AZ | None | 680,000 | 1,111,637 | None | None | 680,000 | 1,111,637 | 1,791,637 | 390,923 |  |
| Litchfield Park | AZ | None | 610,000 | 531,637   | None | None | 610,000 | 531,637   | 1,141,637 | 186,956 |  |
| Marana          | AZ | None | 180,000 | 331,637   | None | None | 180,000 | 331,637   | 511,637   | 116,623 |  |
| Marana          | AZ | None | 330,000 | 911,637   | None | None | 330,000 | 911,637   | 1,241,637 | 320,590 |  |
| Maricopa        | AZ | None | 170,000 | 361,637   | None | None | 170,000 | 361,637   | 531,637   | 127,173 |  |
| Mesa            | AZ | None | 560,000 | 821,637   | None | None | 560,000 | 821,637   | 1,381,637 | 288,940 |  |
| Mesa            | AZ | None | 750,000 | 1,071,637 | None | None | 750,000 | 1,071,637 | 1,821,637 | 376,856 |  |
| Mesa            | AZ | None | 810,000 | 1,061,637 | None | None | 810,000 | 1,061,637 | 1,871,637 | 373,340 |  |
| Mesa            | AZ | None | 890,000 | 1,081,637 | None | None | 890,000 | 1,081,637 | 1,971,637 | 380,373 |  |
| Mesa            | AZ | None | 780,000 | 1,071,637 | None | None | 780,000 | 1,071,637 | 1,851,637 | 376,856 |  |
| Mesa            | AZ | None | 900,000 | 1,191,637 | None | None | 900,000 | 1,191,637 | 2,091,637 | 419,056 |  |
| Payson          | AZ | None | 210,000 | 351,637   | None | None | 210,000 | 351,637   | 561,637   | 123,656 |  |
| Payson          | AZ | None | 260,000 | 311,637   | None | None | 260,000 | 311,637   | 571,637   | 109,590 |  |
| Peoria          | AZ | None | 520,000 | 751,637   | None | None | 520,000 | 751,637   | 1,271,637 | 264,323 |  |
| Phoenix         | AZ | None | 440,000 | 511,637   | None | None | 440,000 | 511,637   | 951,637   | 179,923 |  |
| Phoenix         | AZ | None | 360,000 | 421,637   | None | None | 360,000 | 421,637   | 781,637   | 148,273 |  |
| Phoenix         | AZ | None | 710,000 | 591,637   | None | None | 710,000 | 591,637   | 1,301,637 | 208,056 |  |
| Phoenix         | AZ | None | 320,000 | 661,637   | None | None | 320,000 | 661,637   | 981,637   | 232,673 |  |
| Phoenix         | AZ | None | 450,000 | 651,637   | None | None | 450,000 | 651,637   | 1,101,637 | 229,156 |  |
| Phoenix         | AZ | None | 430,000 | 711,637   | None | None | 430,000 | 711,637   | 1,141,637 | 250,256 |  |
| Phoenix         | AZ | None | 730,000 | 931,637   | None | None | 730,000 | 931,637   | 1,661,637 | 327,623 |  |
| Phoenix         | AZ | None | 400,000 | 931,637   | None | None | 400,000 | 931,637   | 1,331,637 | 327,623 |  |
| Phoenix         | AZ | None | 790,000 | 1,051,637 | None | None | 790,000 | 1,051,637 | 1,841,637 | 369,823 |  |
| Pinetop         | AZ | None | 170,000 | 311,637   | None | None | 170,000 | 311,637   | 481,637   | 109,590 |  |
| Queen Creek     | AZ | None | 520,000 | 891,637   | None | None | 520,000 | 891,637   | 1,411,637 | 313,556 |  |
| Scottsdale      | AZ | None | 210,000 | 201,637   | None | None | 210,000 | 201,637   | 411,637   | 70,906  |  |
| Scottsdale      | AZ | None | 660,000 | 1,031,637 | None | None | 660,000 | 1,031,637 | 1,691,637 | 362,790 |  |

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|              |    |      |         |           |      |      |         |           |           |         |
|--------------|----|------|---------|-----------|------|------|---------|-----------|-----------|---------|
| Sierra Vista | AZ | None | 110,000 | 301,637   | None | None | 110,000 | 301,637   | 411,637   | 106,073 |
| Tempe        | AZ | None | 620,000 | 1,071,637 | None | None | 620,000 | 1,071,637 | 1,691,637 | 376,856 |
| Tempe        | AZ | None | 270,000 | 461,637   | None | None | 270,000 | 461,637   | 731,637   | 162,340 |
| Tolleson     | AZ | None | 460,000 | 1,231,637 | None | None | 460,000 | 1,231,637 | 1,691,637 | 433,123 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company 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 3, 4, 6 and 7) |           |         | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|--|-----------|--------------|-------------------|--|---|-----------|---------|---|-------------------------|------------------|
|                         |                          | Land   | Fees      | Improvements | Carrying<br>Costs | Land   | Fees  | Total     |         |   |                         |                  |
| Tombstone AZ            | None                     | 110,000  | 381,637   | None         | None              | 110,000  | 381,637   | 491,637   | 134,206 |   | 03/18/04                |                  |
| Tucson AZ               | None                     | 220,000  | 311,637   | None         | None              | 220,000  | 311,637   | 531,637   | 109,590 |   | 03/18/04                |                  |
| Tucson AZ               | None                     | 240,000  | 341,637   | None         | None              | 240,000  | 341,637   | 581,637   | 120,140 |   | 03/18/04                |                  |
| Tucson AZ               | None                     | 550,000  | 511,637   | None         | None              | 550,000  | 511,637   | 1,061,637 | 179,923 |   | 03/18/04                |                  |
| Tucson AZ               | None                     | 126,000  | 234,565   | None         | None              | 126,000  | 234,565   | 360,565   | 81,707  |   | 04/14/04                |                  |
| Wellton AZ              | None                     | 120,000  | 291,637   | None         | None              | 120,000  | 291,637   | 411,637   | 102,556 |   | 03/18/04                |                  |
| Wickenburg AZ           | None                     | 150,000  | 291,637   | None         | None              | 150,000  | 291,637   | 441,637   | 102,556 |   | 03/18/04                |                  |
| Manchester CT           | None                     | 118,262  | 305,510   | None         | None              | 118,262  | 305,510   | 423,772   | 217,421 |   | 03/03/95                |                  |
| Vernon CT               | None                     | 179,646  | 319,372   | None         | None              | 179,646  | 319,372   | 499,018   | 227,286 |   | 03/09/95                |                  |
| Westbrook CT            | None                     | 98,247   | 373,340   | None         | None              | 98,247   | 373,340   | 471,587   | 265,693 |   | 03/09/95                |                  |
| Camden DE               | None                     | 113,811  | 174,435   | None         | None              | 113,811  | 174,435   | 288,246   | 68,313  |   | 03/19/03                |                  |
| Camden DE               | None                     | 250,528  | 379,165   | None         | None              | 250,528  | 379,165   | 629,693   | 148,499 |   | 03/19/03                |                  |
| Dewey DE                | None                     | 147,465  | 224,665   | None         | None              | 147,465  | 224,665   | 372,130   | 87,987  |   | 03/19/03                |                  |
| Dover DE                | None                     | 278,804  | 421,707   | None         | None              | 278,804  | 421,707   | 700,511   | 165,161 |   | 03/19/03                |                  |
| Dover DE                | None                     | 367,137  | 554,207   | None         | None              | 367,137  | 554,207   | 921,344   | 217,057 |   | 03/19/03                |                  |
| Dover DE                | None                     | 367,425  | 554,884   | None         | None              | 367,425  | 554,884   | 922,309   | 217,322 |   | 03/19/03                |                  |
| Felton DE               | None                     | 307,260  | 464,391   | None         | None              | 307,260  | 464,391   | 771,651   | 181,879 |   | 03/19/03                |                  |
| Greenwood DE            | None                     | 632,303  | 1,176,711 | None         | None              | 632,303  | 1,176,711   | 1,809,014 | 241,224 |   | 11/29/07                |                  |
| Harrington DE           | None                     | 563,812  | 849,220   | None         | None              | 563,812  | 849,220   | 1,413,032 | 332,604 |   | 03/19/03                |                  |
| Milford DE              | None                     | 310,049  | 468,575   | None         | None              | 310,049  | 468,575   | 778,624   | 183,518 |   | 03/19/03                |                  |
| Newcastle DE            | None                     | 589,325  | 887,488   | None         | None              | 589,325  | 887,488   | 1,476,813 | 347,592 |   | 03/19/03                |                  |
| Smyrna DE               | None                     | 121,774  | 186,436   | None         | None              | 121,774  | 186,436   | 308,210   | 73,013  |   | 03/19/03                |                  |
| Smyrna DE               | None                     | 401,135  | 605,332   | None         | None              | 401,135  | 605,332   | 1,006,467 | 237,081 |   | 03/19/03                |                  |
| Townsend DE             | None                     | 241,416  | 365,749   | None         | None              | 241,416  | 365,749   | 607,165   | 143,244 |   | 03/19/03                |                  |
| Wilmington DE           | None                     | 280,682  | 424,525   | None         | None              | 280,682  | 424,525   | 705,207   | 166,265 |   | 03/19/03                |                  |
| Archer FL               | None                     | 296,238  | 578,145   | None         | None              | 296,238  | 578,145   | 874,383   | 315,088 |   | 05/07/99                |                  |
| Bushnell FL             | None                     | 130,000  | 291,637   | None         | None              | 130,000  | 291,637   | 421,637   | 102,556 |   | 03/18/04                |                  |
| Clearwater FL           | None                     | 359,792  | 311,845   | None         | None              | 359,792  | 311,845   | 671,637   | 109,663 |   | 03/18/04                |                  |
| Cocoa FL                | None                     | 323,827  | 287,810   | None         | None              | 323,827  | 287,810   | 611,637   | 101,211 |   | 03/18/04                |                  |
| Deltona FL              | None                     | 140,000  | 321,637   | None         | None              | 140,000  | 321,637   | 461,637   | 113,106 |   | 03/18/04                |                  |
| Ellenton FL             | None                     | 250,000  | 261,637   | None         | None              | 250,000  | 261,637   | 511,637   | 92,006  |   | 03/18/04                |                  |
| Englewood FL            | None                     | 270,000  | 331,637   | None         | None              | 270,000  | 331,637   | 601,637   | 116,623 |   | 03/18/04                |                  |
| Gainesville FL          | None                     | 515,834  | 873,187   | None         | None              | 515,834  | 873,187   | 1,389,021 | 475,886 |   | 05/07/99                |                  |
| Gainesville FL          | None                     | 480,318  | 600,633   | None         | None              | 480,318  | 600,633   | 1,080,951 | 327,344 |   | 05/07/99                |                  |
| Gainesville FL          | None                     | 347,310  | 694,859   | None         | None              | 347,310  | 694,859   | 1,042,169 | 378,697 |   | 05/07/99                |                  |
| Gainesville FL          | None                     | 339,263  | 658,807   | None         | None              | 339,263  | 658,807   | 998,070   | 359,049 |   | 05/07/99                |                  |
| Gainesville FL          | None                     | 351,921  | 552,557   | None         | None              | 351,921  | 552,557   | 904,478   | 301,142 |   | 05/07/99                |                  |
| Gainesville FL          | None                     | 500,032  | 850,291   | None         | None              | 500,032  | 850,291   | 1,350,323 | 463,407 |   | 05/07/99                |                  |
| Homosassa Springs FL    | None                     | 740,000  | 621,637   | None         | None              | 740,000  | 621,637   | 1,361,637 | 218,606 |   | 03/18/04                |                  |
| Hudson FL               | None                     | 300,000  | 351,637   | None         | None              | 300,000  | 351,637   | 651,637   | 123,656 |   | 03/18/04                |                  |
| Intercession City FL    | None                     | 161,776  | 319,861   | None         | None              | 161,776  | 319,861   | 481,637   | 112,482 |   | 03/18/04                |                  |
| Jacksonville FL         | None                     | 522,188  | 371,885   | None         | None              | 522,188  | 371,885   | 894,073   | 202,676 |   | 05/07/99                |                  |
| Jacksonville FL         | None                     | 266,111  | 494,206   | None         | None              | 266,111  | 494,206   | 760,317   | 172,148 |   | 04/01/04                |                  |
| Key West FL             | None                     | 873,700  | 627,937   | None         | None              | 873,700  | 627,937   | 1,501,637 | 220,822 |   | 03/18/04                |                  |
| Key West FL             | None                     | 492,785  | 208,852   | None         | None              | 492,785  | 208,852   | 701,637   | 73,444  |   | 03/18/04                |                  |

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|          |    |      |         |         |      |      |         |         |         |         |          |
|----------|----|------|---------|---------|------|------|---------|---------|---------|---------|----------|
| Lakeland | FL | None | 527,076 | 464,561 | None | None | 527,076 | 464,561 | 991,637 | 163,368 | 03/18/04 |
| Lakeland | FL | None | 300,000 | 321,637 | None | None | 300,000 | 321,637 | 621,637 | 113,106 | 03/18/04 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) |      | Initial Cost to Company |  | Cost Capitalized |                   | Gross Amount at Which Carried |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | D<br>Acc |
|-------------------------|--------------------------|------|-------------------------|--|------------------|-------------------|-------------------------------|--|-----------|---|-------------------------|----------|
|                         |                          |      | 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     |   |                         |          |
| Lakeport                | FL                       | None | 180,342                 | 331,295  | None             | None              | 180,342                       | 331,295  | 511,637   | 116,503                                 |                         | 03       |
| Land O Lakes            | FL                       | None | 120,000                 | 361,637  | None             | None              | 120,000                       | 361,637  | 481,637   | 127,173                                 |                         | 03       |
| Lutz                    | FL                       | None | 480,000                 | 421,637  | None             | None              | 480,000                       | 421,637  | 901,637   | 148,273                                 |                         | 03       |
| Naples                  | FL                       | None | 150,000                 | 301,637  | None             | None              | 150,000                       | 301,637  | 451,637   | 106,073                                 |                         | 03       |
| Naples                  | FL                       | None | 620,000                 | 381,637  | None             | None              | 620,000                       | 381,637  | 1,001,637 | 134,206                                 |                         | 03       |
| New Port                |                          |      |                         |  |                  |                   |                               |  |           |   |                         |          |
| Richey                  | FL                       | None | 190,000                 | 601,637  | None             | None              | 190,000                       | 601,637  | 791,637   | 211,573                                 |                         | 03       |
| North Fort              |                          |      |                         |  |                  |                   |                               |  |           |   |                         |          |
| Meyers                  | FL                       | None | 140,000                 | 281,637  | None             | None              | 140,000                       | 281,637  | 421,637   | 99,040                                  |                         | 03       |
| Okeechobee              | FL                       | None | 195,075                 | 346,562  | None             | None              | 195,075                       | 346,562  | 541,637   | 121,872                                 |                         | 03       |
| Orlando                 | FL                       | None | 240,000                 | 301,637  | None             | None              | 240,000                       | 301,637  | 541,637   | 106,073                                 |                         | 03       |
| Palm Bay                | FL                       | None | 230,880                 | 300,757  | None             | None              | 230,880                       | 300,757  | 531,637   | 105,764                                 |                         | 03       |
| Palm Harbor             | FL                       | None | 510,000                 | 381,637  | None             | None              | 510,000                       | 381,637  | 891,637   | 134,206                                 |                         | 03       |
| Panama City             | FL                       | None | 210,000                 | 431,637  | None             | None              | 210,000                       | 431,637  | 641,637   | 151,790                                 |                         | 03       |
| Pensacola               | FL                       | None | 168,000                 | 312,727  | None             | None              | 168,000                       | 312,727  | 480,727   | 108,931                                 |                         | 04       |
| Port Charlotte          | FL                       | None | 170,000                 | 311,637  | None             | None              | 170,000                       | 311,637  | 481,637   | 109,590                                 |                         | 03       |
| Port Charlotte          | FL                       | None | 200,000                 | 356,637  | None             | None              | 200,000                       | 356,637  | 556,637   | 125,415                                 |                         | 03       |
| Port Orange             | FL                       | None | 609,438                 | 512,199  | None             | None              | 609,438                       | 512,199  | 1,121,637 | 180,121                                 |                         | 03       |
| Punta Gorda             | FL                       | None | 400,000                 | 511,637  | None             | None              | 400,000                       | 511,637  | 911,637   | 179,923                                 |                         | 03       |
| Riverview               | FL                       | None | 1,930,000               | 487,876  | None             | None              | 1,930,000                     | 487,876  | 2,417,876 | 44                                      | In-progress             | 08       |
| Tallahassee             | FL                       | None | 600,000                 | 341,637  | None             | None              | 600,000                       | 341,637  | 941,637   | 120,140                                 |                         | 03       |
| Tampa                   | FL                       | None | 300,000                 | 301,637  | None             | None              | 300,000                       | 301,637  | 601,637   | 106,073                                 |                         | 03       |
| Tampa                   | FL                       | None | 380,000                 | 361,637  | None             | None              | 380,000                       | 361,637  | 741,637   | 127,173                                 |                         | 03       |
| Tampa                   | FL                       | None | 320,000                 | 591,637  | None             | None              | 320,000                       | 591,637  | 911,637   | 208,056                                 |                         | 03       |
| Webster                 | FL                       | None | 640,000                 | 1,071,637  | None             | None              | 640,000                       | 1,071,637  | 1,711,637 | 376,856                                 |                         | 03       |
| Winter                  |                          |      |                         |  |                  |                   |                               |  |           |   |                         |          |
| Springs                 | FL                       | None | 150,000                 | 291,637  | None             | None              | 150,000                       | 291,637  | 441,637   | 102,556                                 |                         | 03       |
| Augusta                 | GA                       | None | 620,000                 | 383,232  | None             | None              | 620,000                       | 383,232  | 1,003,232 | 206,301                                 |                         | 07       |
| Augusta                 | GA                       | None | 540,000                 | 337,853  | None             | None              | 540,000                       | 337,853  | 877,853   | 181,873                                 |                         | 07       |
| Augusta                 | GA                       | None | 510,000                 | 392,929  | None             | None              | 510,000                       | 392,929  | 902,929   | 211,522                                 |                         | 07       |
| Augusta                 | GA                       | None | 180,000                 | 422,020  | None             | None              | 180,000                       | 422,020  | 602,020   | 227,184                                 |                         | 07       |
| Augusta                 | GA                       | None | 260,000                 | 392,171  | None             | None              | 260,000                       | 392,171  | 652,171   | 211,116                                 |                         | 07       |
| Augusta                 | GA                       | None | 240,000                 | 451,637  | None             | None              | 240,000                       | 451,637  | 691,637   | 158,823                                 |                         | 03       |
| Cahutta                 | GA                       | None | 437,500                 | 813,742  | None             | None              | 437,500                       | 813,742  | 1,251,242 | 299,722                                 |                         | 10       |
| Calhoun                 | GA                       | None | 122,500                 | 228,742  | None             | None              | 122,500                       | 228,742  | 351,242   | 84,247                                  |                         | 10       |
| Calhoun                 | GA                       | None | 262,500                 | 488,742  | None             | None              | 262,500                       | 488,742  | 751,242   | 180,014                                 |                         | 10       |
| Cartersville            | GA                       | None | 262,500                 | 488,742  | None             | None              | 262,500                       | 488,742  | 751,242   | 180,014                                 |                         | 10       |
| Chatsworth              | GA                       | None | 140,000                 | 261,242  | None             | 47                | 140,000                       | 261,289  | 401,289   | 96,254                                  |                         | 10       |
| Chatsworth              | GA                       | None | 140,000                 | 261,242  | None             | 47                | 140,000                       | 261,289  | 401,289   | 96,254                                  |                         | 10       |
| Chatsworth              | GA                       | None | 140,000                 | 261,242  | None             | 47                | 140,000                       | 261,289  | 401,289   | 96,254                                  |                         | 10       |
| Chickamauga             | GA                       | None | 181,731                 | 338,742  | None             | None              | 181,731                       | 338,742  | 520,473   | 124,764                                 |                         | 10       |
| Dalton                  | GA                       | None | 171,500                 | 319,742  | None             | None              | 171,500                       | 319,742  | 491,242   | 117,765                                 |                         | 10       |
| Dalton                  | GA                       | None | 87,500                  | 163,742  | None             | None              | 87,500                        | 163,742  | 251,242   | 60,305                                  |                         | 10       |
| Dalton                  | GA                       | None | 485,650                 | 903,162  | None             | None              | 485,650                       | 903,162  | 1,388,812 | 332,659                                 |                         | 10       |
| Dalton                  | GA                       | None | 146,000                 | 272,385  | None             | None              | 146,000                       | 272,385  | 418,385   | 100,322                                 |                         | 10       |
| Dalton                  | GA                       | None | 420,000                 | 781,242  | None             | None              | 420,000                       | 781,242  | 1,201,242 | 287,751                                 |                         | 10       |
| Dalton                  | GA                       | None | 210,000                 | 391,242  | None             | None              | 210,000                       | 391,242  | 601,242   | 144,101                                 |                         | 10       |



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|          |    |      |         |         |      |      |         |         |           |         |    |
|----------|----|------|---------|---------|------|------|---------|---------|-----------|---------|----|
| Dalton   | GA | None | 332,500 | 618,742 | None | None | 332,500 | 618,742 | 951,242   | 227,897 | 10 |
| Decatur  | GA | None | 529,383 | 532,429 | None | 296  | 529,383 | 532,725 | 1,062,108 | 330,977 | 06 |
| Dunwoody | GA | None | 545,462 | 724,254 | None | 296  | 545,462 | 724,550 | 1,270,012 | 450,220 | 06 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|---------|--------------|--|---|---------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees    | Improvements | Carrying<br>Costs                                | Land  | Fees    | Total     |   |                         |                  |
| Flintstone              | GA                       | None  | 157,500 | 293,742      | None   | None  | 157,500 | 293,742   | 451,242                                 | 108,189                 | 10/16/03         |
| Lafayette               | GA                       | None  | 122,500 | 228,742      | None   | None  | 122,500 | 228,742   | 351,242                                 | 84,247                  | 10/16/03         |
| Lithonia                | GA                       | None  | 386,784 | 776,436      | None   | None  | 386,784 | 776,436   | 1,163,220                               | 482,627                 | 06/27/97         |
| Mableton                | GA                       | None  | 491,069 | 355,957      | None   | None  | 491,069 | 355,957   | 847,026                                 | 221,239                 | 06/27/97         |
| Martinez                | GA                       | None  | 450,000 | 402,777      | None   | None  | 450,000 | 402,777   | 852,777                                 | 216,824                 | 07/22/99         |
| Martinez                | GA                       | None  | 830,000 | 871,637      | None   | None  | 830,000 | 871,637   | 1,701,637                               | 306,523                 | 03/18/04         |
| Norcross                | GA                       | None  | 384,162 | 651,273      | None   | None  | 384,162 | 651,273   | 1,035,435                               | 404,815                 | 06/27/97         |
| Ringgold                | GA                       | None  | 234,500 | 1,168,914    | None   | None  | 234,500 | 1,168,914 | 1,403,414                               | 379,320                 | 10/16/03         |
| Ringgold                | GA                       | None  | 385,000 | 716,242      | (21,175)   | None  | 363,825 | 716,242   | 1,080,067                               | 263,809                 | 10/16/03         |
| Ringgold                | GA                       | None  | 482,251 | 896,851      | None   | None  | 482,251 | 896,851   | 1,379,102                               | 330,334                 | 10/16/03         |
| Rocky Face              | GA                       | None  | 164,231 | 306,241      | None   | None  | 164,231 | 306,241   | 470,472                                 | 112,793                 | 10/16/03         |
| Rome                    | GA                       | None  | 210,000 | 391,242      | None   | None  | 210,000 | 391,242   | 601,242                                 | 144,101                 | 10/16/03         |
| Rome                    | GA                       | None  | 199,199 | 371,183      | None   | None  | 199,199 | 371,183   | 570,382                                 | 136,713                 | 10/16/03         |
| Rome                    | GA                       | None  | 201,791 | 375,997      | (22,030)   | None  | 179,761 | 375,997   | 555,758                                 | 138,486                 | 10/16/03         |
| Rome                    | GA                       | None  | 315,000 | 586,242      | None   | None  | 315,000 | 586,242   | 901,242                                 | 215,926                 | 10/16/03         |
| Rossville               | GA                       | None  | 157,500 | 293,742      | None   | None  | 157,500 | 293,742   | 451,242                                 | 108,189                 | 10/16/03         |
| Summerville             | GA                       | None  | 66,231  | 124,242      | None   | None  | 66,231  | 124,242   | 190,473                                 | 45,756                  | 10/16/03         |
| Trenton                 | GA                       | None  | 129,231 | 241,242      | None   | None  | 129,231 | 241,242   | 370,473                                 | 88,851                  | 10/16/03         |
| Belvidere               | IL                       | None  | 768,748 | 1,426,176    | 1,500  | None  | 768,748 | 1,427,676 | 2,196,424                               | 173,968                 | 12/28/09         |
| Dekalb                  | IL                       | None  | 661,500 | 1,226,500    | 2,000  | None  | 661,500 | 1,228,500 | 1,890,000                               | 149,824                 | 12/28/09         |
| Godfrey                 | IL                       | None  | 374,586 | 733,190      | None   | 314   | 374,586 | 733,504   | 1,108,090                               | 455,948                 | 06/27/97         |
| Granite City            | IL                       | None  | 362,287 | 737,255      | None   | 314   | 362,287 | 737,569   | 1,099,856                               | 458,476                 | 06/27/97         |
| Harford                 | IL                       | None  | 599,172 | 1,110,747    | 2,000  | None  | 599,172 | 1,112,747 | 1,711,919                               | 135,741                 | 12/28/09         |
| Loves Park              | IL                       | None  | 547,582 | 1,016,523    | 1,500  | None  | 547,582 | 1,018,023 | 1,565,605                               | 205,747                 | 12/20/07         |
| Loves Park              | IL                       | None  | 760,725 | 1,410,775    | 2,000  | None  | 760,725 | 1,412,775 | 2,173,500                               | 172,244                 | 12/28/09         |
| Machesney<br>Park       | IL                       | None  | 562,275 | 1,043,225    | 1,000  | None  | 562,275 | 1,044,225 | 1,606,500                               | 127,226                 | 12/28/09         |
| Madison                 | IL                       | None  | 173,812 | 625,030      | None   | 314   | 173,812 | 625,344   | 799,156                                 | 388,728                 | 06/27/97         |
| Marengo                 | IL                       | None  | 501,948 | 930,688      | 1,500  | None  | 501,948 | 932,188   | 1,434,136                               | 113,684                 | 12/28/09         |
| Rochelle                | IL                       | None  | 607,418 | 1,128,145    | 1,000  | None  | 607,418 | 1,129,145 | 1,736,563                               | 228,008                 | 12/20/07         |
| Rockford                | IL                       | None  | 463,050 | 858,450      | 1,500  | None  | 463,050 | 859,950   | 1,323,000                               | 104,895                 | 12/28/09         |
| Rockford                | IL                       | None  | 388,631 | 720,244      | 1,500  | None  | 388,631 | 721,744   | 1,110,375                               | 88,080                  | 12/28/09         |
| Tuscola                 | IL                       | None  | 752,456 | 1,394,419    | 3,000  | None  | 752,456 | 1,397,419 | 2,149,875                               | 170,554                 | 12/28/09         |
| Albany                  | IN                       | None  | 427,437 | 794,632      | 2,000  | None  | 427,437 | 796,632   | 1,224,069                               | 179,906                 | 05/25/07         |
| Alexandria              | IN                       | None  | 139,219 | 259,369      | None   | None  | 139,219 | 259,369   | 398,588                                 | 58,355                  | 05/25/07         |
| Anderson                | IN                       | None  | 147,263 | 274,307      | None   | None  | 147,263 | 274,307   | 421,570                                 | 61,716                  | 05/25/07         |
| Anderson                | IN                       | None  | 283,430 | 527,190      | 2,000  | None  | 283,430 | 529,190   | 812,620                                 | 119,731                 | 05/25/07         |
| Elkhart                 | IN                       | None  | 495,914 | 922,471      | 1,500  | None  | 495,914 | 923,971   | 1,419,885                               | 208,390                 | 05/25/07         |
| Frankfort               | IN                       | None  | 208,666 | 388,345      | 2,000  | None  | 208,666 | 390,345   | 599,011                                 | 88,491                  | 05/25/07         |
| Greenwood               | IN                       | None  | 173,250 | 323,022      | None   | None  | 173,250 | 323,022   | 496,272                                 | 72,677                  | 05/25/07         |
| Hartford City           | IN                       | None  | 250,310 | 465,702      | 2,000  | None  | 250,310 | 467,702   | 718,012                                 | 105,896                 | 05/25/07         |
| Indianapolis            | IN                       | None  | 129,938 | 242,134      | None   | None  | 129,938 | 242,134   | 372,072                                 | 54,477                  | 05/25/07         |
| Indianapolis            | IN                       | None  | 269,294 | 500,939      | 1,500  | None  | 269,294 | 502,439   | 771,733                                 | 113,546                 | 05/25/07         |
| Indianapolis            | IN                       | None  | 318,432 | 592,193      | 1,500  | None  | 318,432 | 593,693   | 912,125                                 | 134,078                 | 05/25/07         |
| Knox                    | IN                       | None  | 341,250 | 633,499      | 1,500  | None  | 341,250 | 634,999   | 976,249                                 | 132,766                 | 10/09/07         |
| Lafayette               | IN                       | None  | 147,263 | 274,309      | None   | None  | 147,263 | 274,309   | 421,572                                 | 61,716                  | 05/25/07         |
| Lafayette               | IN                       | None  | 112,613 | 209,959      | None   | None  | 112,613 | 209,959   | 322,572                                 | 47,237                  | 05/25/07         |

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Marion IN None 209,196 389,995 1,500 None 209,196 391,495 600,691 88,583 05/25/07

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company Buildings, Improvements and Acquisition |           |              |                |      | Cost Capitalized Subsequent to Acquisition |           |           | Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7) |          |    | Accumulated Depreciation<br>(Note 5) | Date of Construction | D |
|-------------------------|--------------------------|---|-----------|--------------|----------------|------|--|-----------|-----------|--|----------|----|--------------------------------------|----------------------|---|
|                         |                          | Land  | Fees      | Improvements | Carrying Costs | Land | Fees                                       | Total     |           |  |          |    |                                      |                      |   |
| Michigan City           | IN                       | None  | 227,500   | 422,249      | 1,500          | None | 227,500                                    | 423,749   | 651,249   | 88,756   |          | 10 |                                      |                      |   |
| Mishawaka               | IN                       | None  | 123,983   | 231,743      | 2,000          | None | 123,983                                    | 233,743   | 357,726   | 53,255   |          | 05 |                                      |                      |   |
| Morristown              | IN                       | None  | 366,590   | 682,082      | 2,000          | None | 366,590                                    | 684,082   | 1,050,672 | 154,582  |          | 05 |                                      |                      |   |
| Muncie                  | IN                       | None  | 103,950   | 193,870      | None           | None | 103,950                                    | 193,870   | 297,820   | 43,617   |          | 05 |                                      |                      |   |
| Muncie                  | IN                       | None  | 184,237   | 342,974      | 2,000          | None | 184,237                                    | 344,974   | 529,211   | 78,282   |          | 05 |                                      |                      |   |
| New Albany              | IN                       | None  | 181,459   | 289,353      | None           | 211  | 181,459                                    | 289,564   | 471,023   | 206,103  |          | 03 |                                      |                      |   |
| New Albany              | IN                       | None  | 262,465   | 331,796      | None           | 211  | 262,465                                    | 332,007   | 594,472   | 236,308  |          | 03 |                                      |                      |   |
| New Castle              | IN                       | None  | 138,600   | 258,672      | None           | None | 138,600                                    | 258,672   | 397,272   | 58,198   |          | 05 |                                      |                      |   |
| New Castle              | IN                       | None  | 79,854    | 149,572      | 1,000          | None | 79,854                                     | 150,572   | 230,426   | 34,209   |          | 05 |                                      |                      |   |
| New Castle              | IN                       | None  | 203,941   | 380,019      | 1,500          | None | 203,941                                    | 381,519   | 585,460   | 86,338   |          | 05 |                                      |                      |   |
| Richmond                | IN                       | None  | 281,248   | 523,589      | 1,500          | None | 281,248                                    | 525,089   | 806,337   | 118,642  |          | 05 |                                      |                      |   |
| Richmond                | IN                       | None  | 255,908   | 476,528      | 2,000          | None | 255,908                                    | 478,528   | 734,436   | 108,332  |          | 05 |                                      |                      |   |
| Rushville               | IN                       | None  | 138,600   | 258,672      | None           | None | 138,600                                    | 258,672   | 397,272   | 58,198   |          | 05 |                                      |                      |   |
| Rushville               | IN                       | None  | 121,275   | 226,497      | None           | None | 121,275                                    | 226,497   | 347,772   | 50,958   |          | 05 |                                      |                      |   |
| South Bend              | IN                       | None  | 372,387   | 693,064      | 2,000          | None | 372,387                                    | 695,064   | 1,067,451 | 157,053  |          | 05 |                                      |                      |   |
| Wabash                  | IN                       | None  | 430,437   | 800,871      | 2,000          | None | 430,437                                    | 802,871   | 1,233,308 | 181,309  |          | 05 |                                      |                      |   |
| Wabash                  | IN                       | None  | 334,923   | 623,488      | 1,500          | None | 334,923                                    | 624,988   | 959,911   | 141,119  |          | 05 |                                      |                      |   |
| Warsaw                  | IN                       | None  | 415,275   | 772,713      | 1,500          | None | 415,275                                    | 774,213   | 1,189,488 | 174,695  |          | 05 |                                      |                      |   |
| West Lafayette          | IN                       | None  | 1,052,628 | 1,340,855    | 2,000          | None | 1,052,628                                  | 1,342,855 | 2,395,483 | 302,582  |          | 05 |                                      |                      |   |
| Zionsville              | IN                       | None  | 910,595   | 1,691,926    | 2,000          | None | 910,595                                    | 1,693,926 | 2,604,521 | 381,797  |          | 05 |                                      |                      |   |
| Berea                   | KY                       | None  | 252,077   | 360,815      | None           | 197  | 252,077                                    | 361,012   | 613,089   | 256,932  |          | 03 |                                      |                      |   |
| Elizabethtown           | KY                       | None  | 286,106   | 286,106      | None           | 364  | 286,106                                    | 286,470   | 572,576   | 203,827  |          | 03 |                                      |                      |   |
| Lebanon                 | KY                       | None  | 158,052   | 316,105      | None           | 350  | 158,052                                    | 316,455   | 474,507   | 225,149  |          | 03 |                                      |                      |   |
| Louisville              | KY                       | None  | 198,926   | 368,014      | None           | 211  | 198,926                                    | 368,225   | 567,151   | 262,083  |          | 03 |                                      |                      |   |
| Louisville              | KY                       | None  | 216,849   | 605,697      | None           | 187  | 216,849                                    | 605,884   | 822,733   | 400,740  | 06/18/96 | 11 |                                      |                      |   |
| Mt. Washington          | KY                       | None  | 327,245   | 479,593      | None           | None | 327,245                                    | 479,593   | 806,838   | 309,369  | 12/06/96 | 05 |                                      |                      |   |
| Owensboro               | KY                       | None  | 360,000   | 590,000      | None           | None | 360,000                                    | 590,000   | 950,000   | 410,050  |          | 08 |                                      |                      |   |
| Alexandria              | LA                       | None  | 170,000   | 371,637      | None           | None | 170,000                                    | 371,637   | 541,637   | 130,690  |          | 03 |                                      |                      |   |
| Baton Rouge             | LA                       | None  | 500,000   | 521,637      | None           | None | 500,000                                    | 521,637   | 1,021,637 | 183,440  |          | 03 |                                      |                      |   |
| Baton Rouge             | LA                       | None  | 210,000   | 361,637      | None           | None | 210,000                                    | 361,637   | 571,637   | 127,173  |          | 03 |                                      |                      |   |
| Bossier City            | LA                       | None  | 230,000   | 431,637      | None           | None | 230,000                                    | 431,637   | 661,637   | 151,790  |          | 03 |                                      |                      |   |
| Destrehan               | LA                       | None  | 200,000   | 411,637      | None           | None | 200,000                                    | 411,637   | 611,637   | 144,756  |          | 03 |                                      |                      |   |
| Lafayette               | LA                       | None  | 240,000   | 391,637      | None           | None | 240,000                                    | 391,637   | 631,637   | 137,723  |          | 03 |                                      |                      |   |
| Shreveport              | LA                       | None  | 192,500   | 358,227      | None           | None | 192,500                                    | 358,227   | 550,727   | 124,780  |          | 04 |                                      |                      |   |
| Amherst                 | MA                       | None  | 110,969   | 639,806      | None           | None | 110,969                                    | 639,806   | 750,775   | 239,927  |          | 08 |                                      |                      |   |
| North Reading           | MA                       | None  | 574,601   | 756,174      | None           | None | 574,601                                    | 756,174   | 1,330,775 | 283,565  |          | 08 |                                      |                      |   |
| Seekonk                 | MA                       | None  | 298,354   | 268,518      | None           | None | 298,354                                    | 268,518   | 566,872   | 191,095  |          | 03 |                                      |                      |   |
| Berlin                  | MD                       | None  | 255,951   | 387,395      | None           | None | 255,951                                    | 387,395   | 643,346   | 151,722  |          | 03 |                                      |                      |   |
| Crisfield               | MD                       | None  | 219,704   | 333,024      | None           | None | 219,704                                    | 333,024   | 552,728   | 130,427  |          | 03 |                                      |                      |   |
| Hebron                  | MD                       | None  | 376,251   | 567,844      | None           | None | 376,251                                    | 567,844   | 944,095   | 222,398  |          | 03 |                                      |                      |   |
| La Plata                | MD                       | None  | 1,017,544 | 2,706,729    | None           | None | 1,017,544                                  | 2,706,729 | 3,724,273 | 1,123,045  |          | 08 |                                      |                      |   |
| Mechanicsville          | MD                       | None  | 1,540,335 | 2,860,928    | None           | None | 1,540,335                                  | 2,860,928 | 4,401,263 | 1,206,298  |          | 06 |                                      |                      |   |
| Millersville            | MD                       | None  | 830,737   | 2,696,245    | None           | None | 830,737                                    | 2,696,245 | 3,526,982 | 1,136,963  |          | 06 |                                      |                      |   |
| Breckenridge            | MI                       | None  | 437,500   | 811,968      | 1,500          | None | 437,500                                    | 813,468   | 1,250,968 | 169,947  |          | 10 |                                      |                      |   |
| Carson City             | MI                       | None  | 262,500   | 486,468      | 2,000          | None | 262,500                                    | 488,468   | 750,968   | 102,397  |          | 10 |                                      |                      |   |

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|            |    |      |         |         |       |      |         |         |           |         |    |
|------------|----|------|---------|---------|-------|------|---------|---------|-----------|---------|----|
| Charlevoix | MI | None | 385,000 | 713,013 | 2,500 | None | 385,000 | 715,513 | 1,100,513 | 149,857 | 10 |
| Cheboygan  | MI | None | 280,000 | 518,013 | 2,500 | None | 280,000 | 520,513 | 800,513   | 109,232 | 10 |
| Clare      | MI | None | 306,250 | 567,718 | 2,000 | None | 306,250 | 569,718 | 875,968   | 119,325 | 10 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)      | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|------------------------------|--------------------------|---|---------|--------------|--|------|---|-----------|-----------|---|-------------------------|------------------|
|                              |                          | Land  | Fees    | Improvements | Carrying<br>Costs                                | Land | Fees  | Total     |           |   |                         |                  |
| Clare                        | MI                       | None  | 229,250 | 426,218      | 500  | None | 229,250   | 426,718   | 655,968   | 89,058                                  |                         | 10/09/07         |
| Comstock                     | MI                       | None  | 315,000 | 583,761      | 2,500  | None | 315,000   | 586,261   | 901,261   | 122,929                                 |                         | 10/09/07         |
| Farwell                      | MI                       | None  | 437,500 | 811,468      | 2,000  | None | 437,500   | 813,468   | 1,250,968 | 170,106                                 |                         | 10/09/07         |
| Flint                        | MI                       | None  | 194,492 | 476,504      | None   | 348  | 194,492   | 476,852   | 671,344   | 325,031                                 |                         | 12/21/95         |
| Gladwin                      | MI                       | None  | 140,000 | 259,013      | 1,500  | None | 140,000   | 260,513   | 400,513   | 54,749                                  |                         | 10/09/07         |
| Grand<br>Rapids              | MI                       | None  | 437,500 | 812,261      | 1,500  | None | 437,500   | 813,761   | 1,251,261 | 170,008                                 |                         | 10/09/07         |
| Kalamazoo                    | MI                       | None  | 238,000 | 442,249      | 1,000  | None | 238,000   | 443,249   | 681,249   | 92,660                                  |                         | 10/09/07         |
| Kalkaska                     | MI                       | None  | 437,500 | 809,513      | 3,500  | None | 437,500   | 813,013   | 1,250,513 | 170,486                                 |                         | 10/09/07         |
| Lake City                    | MI                       | None  | 115,500 | 213,513      | 1,500  | None | 115,500   | 215,013   | 330,513   | 45,269                                  |                         | 10/09/07         |
| Lakeview                     | MI                       | None  | 96,250  | 177,718      | 2,000  | None | 96,250  | 179,718   | 275,968   | 38,075                                  |                         | 10/09/07         |
| Mackinaw<br>City             | MI                       | None  | 455,000 | 844,513      | 1,000  | None | 455,000   | 845,513   | 1,300,513 | 176,465                                 |                         | 10/09/07         |
| Mecosta                      | MI                       | None  | 122,500 | 227,468      | 1,000  | None | 122,500   | 228,468   | 350,968   | 47,914                                  |                         | 10/09/07         |
| Midland                      | MI                       | None  | 437,500 | 811,013      | 2,000  | None | 437,500   | 813,013   | 1,250,513 | 170,011                                 |                         | 10/09/07         |
| Mount<br>Pleasant            | MI                       | None  | 162,750 | 300,794      | 2,500  | None | 162,750   | 303,294   | 466,044   | 63,977                                  |                         | 10/09/07         |
| Mount<br>Pleasant            | MI                       | None  | 463,750 | 860,718      | 1,500  | None | 463,750   | 862,218   | 1,325,968 | 180,104                                 |                         | 10/09/07         |
| Mount<br>Pleasant            | MI                       | None  | 210,000 | 388,968      | 2,000  | None | 210,000   | 390,968   | 600,968   | 82,085                                  |                         | 10/09/07         |
| Mount<br>Pleasant            | MI                       | None  | 437,500 | 810,968      | 2,500  | None | 437,500   | 813,468   | 1,250,968 | 170,264                                 |                         | 10/09/07         |
| Mount<br>Pleasant            | MI                       | None  | 350,000 | 649,468      | 1,500  | None | 350,000   | 650,968   | 1,000,968 | 136,093                                 |                         | 10/09/07         |
| Pleasant<br>Petoskey         | MI                       | None  | 175,000 | 324,468      | 1,500  | None | 175,000   | 325,968   | 500,968   | 68,385                                  |                         | 10/09/07         |
| Pleasant<br>Prudenville      | MI                       | None  | 490,000 | 909,513      | 1,000  | None | 490,000   | 910,513   | 1,400,513 | 190,007                                 |                         | 10/09/07         |
| Pleasant<br>Saginaw          | MI                       | None  | 133,000 | 245,013      | 2,500  | None | 133,000   | 247,513   | 380,513   | 52,357                                  |                         | 10/09/07         |
| Pleasant<br>Standish         | MI                       | None  | 262,500 | 486,513      | 1,500  | None | 262,500   | 488,013   | 750,513   | 102,144                                 |                         | 10/09/07         |
| Pleasant<br>Traverse<br>City | MI                       | None  | 92,750  | 171,263      | 1,500  | None | 92,750  | 172,763   | 265,513   | 36,467                                  |                         | 10/09/07         |
| Walker                       | MI                       | None  | 210,000 | 389,002      | 2,000  | None | 210,000   | 391,002   | 601,002   | 82,092                                  |                         | 10/09/07         |
| Alexandria                   | MI                       | None  | 586,250 | 1,088,499    | 1,500  | None | 586,250   | 1,089,999 | 1,676,249 | 227,558                                 |                         | 10/09/07         |
| Andover                      | MN                       | None  | 132,924 | 244,858      | 2,000  | None | 132,924   | 246,858   | 379,782   | 20,413                                  |                         | 12/01/10         |
| Apple Valley                 | MN                       | None  | 888,706 | 1,648,454    | 2,000  | None | 888,706   | 1,650,454 | 2,539,160 | 135,040                                 |                         | 12/01/10         |
| Baxter                       | MN                       | None  | 350,000 | 648,000      | 2,000  | None | 350,000   | 650,000   | 1,000,000 | 53,337                                  |                         | 12/01/10         |
| Blaine                       | MN                       | None  | 350,000 | 648,000      | 2,000  | None | 350,000   | 650,000   | 1,000,000 | 53,337                                  |                         | 12/01/10         |
| Bloomington                  | MN                       | None  | 767,270 | 1,422,929    | 2,000  | None | 767,270   | 1,424,929 | 2,192,199 | 116,623                                 |                         | 12/01/10         |
| Bloomington                  | MN                       | None  | 262,500 | 485,500      | 2,000  | None | 262,500   | 487,500   | 750,000   | 40,066                                  |                         | 12/01/10         |
| Brainerd                     | MN                       | None  | 676,771 | 1,255,359    | 1,500  | None | 676,771   | 1,256,859 | 1,933,630 | 102,833                                 |                         | 12/01/10         |
| Brooklyn<br>Center           | MN                       | None  | 490,000 | 907,000      | 3,000  | None | 490,000   | 910,000   | 1,400,000 | 74,697                                  |                         | 12/01/10         |
| Brooklyn<br>Center           | MN                       | None  | 979,764 | 1,818,061    | 1,500  | None | 979,764   | 1,819,561 | 2,799,325 | 148,787                                 |                         | 12/01/10         |
| Brooklyn<br>Center           | MN                       | None  | 979,764 | 1,817,561    | 2,000  | None | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
|                              | MN                       | None  | 979,764 | 1,817,561    | 2,000  | None | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |

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|                  |    |      |         |           |       |      |         |           |           |         |          |
|------------------|----|------|---------|-----------|-------|------|---------|-----------|-----------|---------|----------|
| Brooklyn Center  |    |      |         |           |       |      |         |           |           |         |          |
| Brooklyn Park    | MN | None | 830,336 | 1,540,052 | 2,000 | None | 830,336 | 1,542,052 | 2,372,388 | 126,188 | 12/01/10 |
| Brooklyn Park    | MN | None | 578,964 | 1,073,220 | 2,000 | None | 578,964 | 1,075,220 | 1,654,184 | 88,063  | 12/01/10 |
| Burnsville       | MN | None | 615,240 | 1,141,089 | 1,500 | None | 615,240 | 1,142,589 | 1,757,829 | 93,501  | 12/01/10 |
| Burnsville       | MN | None | 515,298 | 954,981   | 2,000 | None | 515,298 | 956,981   | 1,472,279 | 78,407  | 12/01/10 |
| Burnsville       | MN | None | 350,000 | 648,000   | 2,000 | None | 350,000 | 650,000   | 1,000,000 | 53,337  | 12/01/10 |
| Burnsville       | MN | None | 932,558 | 1,729,892 | 2,000 | None | 932,558 | 1,731,892 | 2,664,450 | 141,691 | 12/01/10 |
| Chaska           | MN | None | 979,764 | 1,817,561 | 2,000 | None | 979,764 | 1,819,561 | 2,799,325 | 148,851 | 12/01/10 |
| Chaska           | MN | None | 490,000 | 908,000   | 2,000 | None | 490,000 | 910,000   | 1,400,000 | 74,570  | 12/01/10 |
| Columbia Heights | MN | None | 673,068 | 1,248,483 | 1,500 | None | 673,068 | 1,249,983 | 1,923,051 | 102,272 | 12/01/10 |
| Coon Rapids      | MN | None | 490,000 | 908,000   | 2,000 | None | 490,000 | 910,000   | 1,400,000 | 74,570  | 12/01/10 |
| Cottage Grove    | MN | None | 805,888 | 1,494,650 | 2,000 | None | 805,888 | 1,496,650 | 2,302,538 | 122,480 | 12/01/10 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company Buildings,<br>Improvements and |                     |              | Cost Capitalized<br>Subsequent<br>to Acquisition | Carrying<br>Costs | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|--|---------------------|--------------|--|-------------------|---|-----------|-----------|---|-------------------------|------------------|
|                         |                          | Land   | Acquisition<br>Fees | Improvements | Land   |                   | Acquisition<br>Fees   | Total     |           |   |                         |                  |
| Crystal                 | MN                       | None   | 552,641             | 1,024,332    | 2,000  | None              | 552,641   | 1,026,332 | 1,578,973 | 84,070                                  |                         | 12/01/10         |
| Crystal                 | MN                       | None   | 740,518             | 1,373,248    | 2,000  | None              | 740,518   | 1,375,248 | 2,115,766 | 112,565                                 |                         | 12/01/10         |
| Eagan                   | MN                       | None   | 906,287             | 1,680,604    | 2,500  | None              | 906,287   | 1,683,104 | 2,589,391 | 137,770                                 |                         | 12/01/10         |
| Eagan                   | MN                       | None   | 699,277             | 1,296,658    | 2,000  | None              | 699,277   | 1,298,658 | 1,997,935 | 106,310                                 |                         | 12/01/10         |
| Eden<br>Prairie         | MN                       | None   | 947,702             | 1,758,519    | 1,500  | None              | 947,702   | 1,760,019 | 2,707,721 | 143,925                                 |                         | 12/01/10         |
| Eden<br>Prairie         | MN                       | None   | 485,526             | 899,690      | 2,000  | None              | 485,526   | 901,690   | 1,387,216 | 73,891                                  |                         | 12/01/10         |
| Edina                   | MN                       | None   | 568,893             | 1,054,516    | 2,000  | None              | 568,893   | 1,056,516 | 1,625,409 | 86,535                                  |                         | 12/01/10         |
| Elk River               | MN                       | None   | 613,113             | 1,137,137    | 1,500  | None              | 613,113   | 1,138,637 | 1,751,750 | 93,179                                  |                         | 12/01/10         |
| Elk River               | MN                       | None   | 456,850             | 846,435      | 2,000  | None              | 456,850   | 848,435   | 1,305,285 | 69,542                                  |                         | 12/01/10         |
| Excelsior<br>Falcon     | MN                       | None   | 262,500             | 485,500      | 2,000  | None              | 262,500   | 487,500   | 750,000   | 40,066                                  |                         | 12/01/10         |
| Heights                 | MN                       | None   | 494,415             | 916,199      | 2,000  | None              | 494,415   | 918,199   | 1,412,614 | 75,240                                  |                         | 12/01/10         |
| Farmington              | MN                       | None   | 437,500             | 810,500      | 2,000  | None              | 437,500   | 812,500   | 1,250,000 | 66,608                                  |                         | 12/01/10         |
| Forest Lake             | MN                       | None   | 398,985             | 739,473      | 1,500  | None              | 398,985   | 740,973   | 1,139,958 | 60,703                                  |                         | 12/01/10         |
| Fridley                 | MN                       | None   | 519,325             | 962,461      | 2,000  | None              | 519,325   | 964,461   | 1,483,786 | 79,018                                  |                         | 12/01/10         |
| Fridley                 | MN                       | None   | 706,295             | 1,309,691    | 2,000  | None              | 706,295   | 1,311,691 | 2,017,986 | 107,375                                 |                         | 12/01/10         |
| Fridley                 | MN                       | None   | 175,000             | 323,000      | 2,000  | None              | 175,000   | 325,000   | 500,000   | 26,795                                  |                         | 12/01/10         |
| Golden<br>Valley        | MN                       | None   | 979,764             | 1,817,561    | 2,000  | None              | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| Ham Lake                | MN                       | None   | 979,764             | 1,817,561    | 2,000  | None              | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| Hastings                | MN                       | None   | 979,764             | 1,817,561    | 2,000  | None              | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| Inver Grove<br>Hghts    | MN                       | None   | 134,705             | 248,666      | 1,500  | None              | 134,705   | 250,166   | 384,871   | 20,620                                  |                         | 12/01/10         |
| Inver Grove<br>Hghts    | MN                       | None   | 979,764             | 1,817,561    | 2,000  | None              | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| Lakeville               | MN                       | None   | 631,855             | 1,171,446    | 2,000  | None              | 631,855   | 1,173,446 | 1,805,301 | 96,085                                  |                         | 12/01/10         |
| Lakeville               | MN                       | None   | 654,912             | 1,214,266    | 2,000  | None              | 654,912   | 1,216,266 | 1,871,178 | 99,582                                  |                         | 12/01/10         |
| Litchfield              | MN                       | None   | 388,788             | 720,536      | 1,500  | None              | 388,788   | 722,036   | 1,110,824 | 59,156                                  |                         | 12/01/10         |
| Little Falls            | MN                       | None   | 175,000             | 323,500      | 1,500  | None              | 175,000   | 325,000   | 500,000   | 26,732                                  |                         | 12/01/10         |
| Long Lake               | MN                       | None   | 808,543             | 1,499,579    | 2,000  | None              | 808,543   | 1,501,579 | 2,310,122 | 122,882                                 |                         | 12/01/10         |
| Maplewood               | MN                       | None   | 931,427             | 1,728,293    | 1,500  | None              | 931,427   | 1,729,793 | 2,661,220 | 141,456                                 |                         | 12/01/10         |
| Maplewood               | MN                       | None   | 175,000             | 323,000      | 2,000  | None              | 175,000   | 325,000   | 500,000   | 26,795                                  |                         | 12/01/10         |
| Mendota<br>Heights      | MN                       | None   | 827,026             | 1,533,906    | 2,000  | None              | 827,026   | 1,535,906 | 2,362,932 | 125,686                                 |                         | 12/01/10         |
| Mendota<br>Heights      | MN                       | None   | 717,808             | 1,331,072    | 2,000  | None              | 717,808   | 1,333,072 | 2,050,880 | 109,121                                 |                         | 12/01/10         |
| Minneapolis             | MN                       | None   | 967,640             | 1,795,045    | 2,000  | None              | 967,640   | 1,797,045 | 2,764,685 | 147,012                                 |                         | 12/01/10         |
| Minneapolis             | MN                       | None   | 856,122             | 1,587,941    | 2,000  | None              | 856,122   | 1,589,941 | 2,446,063 | 130,099                                 |                         | 12/01/10         |
| Minneapolis             | MN                       | None   | 979,764             | 1,817,561    | 2,000  | None              | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| Minneapolis             | MN                       | None   | 979,764             | 1,817,561    | 2,000  | None              | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| Minneapolis             | MN                       | None   | 938,237             | 1,740,440    | 2,000  | None              | 938,237   | 1,742,440 | 2,680,677 | 142,553                                 |                         | 12/01/10         |
| Minneapolis             | MN                       | None   | 365,977             | 678,171      | 1,500  | None              | 365,977   | 679,671   | 1,045,648 | 55,696                                  |                         | 12/01/10         |
| Minneapolis             | MN                       | None   | 979,764             | 1,817,561    | 2,000  | None              | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| Minneapolis             | MN                       | None   | 738,535             | 1,370,064    | 1,500  | None              | 738,535   | 1,371,564 | 2,110,099 | 112,201                                 |                         | 12/01/10         |
| Minneapolis             | MN                       | None   | 811,510             | 1,505,590    | 1,500  | None              | 811,510   | 1,507,090 | 2,318,600 | 123,269                                 |                         | 12/01/10         |



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|                      |      |         |           |       |      |         |           |           |         |          |
|----------------------|------|---------|-----------|-------|------|---------|-----------|-----------|---------|----------|
| Minneapolis MN       | None | 539,242 | 999,450   | 2,000 | None | 539,242 | 1,001,450 | 1,540,692 | 82,038  | 12/01/10 |
| Minneapolis MN       | None | 577,070 | 1,069,702 | 2,000 | None | 577,070 | 1,071,702 | 1,648,772 | 87,776  | 12/01/10 |
| Minneapolis MN       | None | 175,000 | 323,000   | 2,000 | None | 175,000 | 325,000   | 500,000   | 26,795  | 12/01/10 |
| Minneapolis MN       | None | 979,764 | 1,817,561 | 2,000 | None | 979,764 | 1,819,561 | 2,799,325 | 148,851 | 12/01/10 |
| Minneapolis MN       | None | 350,000 | 648,500   | 1,500 | None | 350,000 | 650,000   | 1,000,000 | 53,273  | 12/01/10 |
| Minneapolis MN       | None | 759,822 | 1,409,597 | 1,500 | None | 759,822 | 1,411,097 | 2,170,919 | 115,430 | 12/01/10 |
| Monticello Mounds    | None | 589,643 | 1,093,051 | 2,000 | None | 589,643 | 1,095,051 | 1,684,694 | 89,683  | 12/01/10 |
| View New Brighton MN | None | 743,926 | 1,379,578 | 2,000 | None | 743,926 | 1,381,578 | 2,125,504 | 113,082 | 12/01/10 |
| Brighton MN          | None | 585,039 | 1,085,002 | 1,500 | None | 585,039 | 1,086,502 | 1,671,541 | 88,921  | 12/01/10 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)     | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-----------------------------|--------------------------|---|-----------|--------------|--|---|-----------|-----------|---|-------------------------|------------------|
|                             |                          | Land  | Fees      | Improvements | Carrying<br>Costs                                | Land  | Fees      | Total     |   |                         |                  |
| New Hope MN                 | None                     | 175,000   | 323,500   | 1,500        | None   | 175,000   | 325,000   | 500,000   | 26,732                                  |                         | 12/01/10         |
| Newport Oak Park Heights MN | None                     | 967,228   | 1,794,280 | 2,000        | None   | 967,228   | 1,796,280 | 2,763,508 | 146,950                                 |                         | 12/01/10         |
| Pine City MN                | None                     | 635,158   | 1,177,579 | 2,000        | None   | 635,158   | 1,179,579 | 1,814,737 | 96,586                                  |                         | 12/01/10         |
| Princeton MN                | None                     | 644,412   | 1,194,265 | 2,500        | None   | 644,412   | 1,196,765 | 1,841,177 | 98,052                                  |                         | 12/01/10         |
| Ramsey MN                   | None                     | 546,257   | 1,012,476 | 2,000        | None   | 546,257   | 1,014,476 | 1,560,733 | 83,102                                  |                         | 12/01/10         |
| Richfield MN                | None                     | 650,205   | 1,205,523 | 2,000        | None   | 650,205   | 1,207,523 | 1,857,728 | 98,868                                  |                         | 12/01/10         |
| Richfield MN                | None                     | 630,540   | 1,169,003 | 2,000        | None   | 630,540   | 1,171,003 | 1,801,543 | 95,885                                  |                         | 12/01/10         |
| Richfield MN                | None                     | 678,216   | 1,257,543 | 2,000        | None   | 678,216   | 1,259,543 | 1,937,759 | 103,116                                 |                         | 12/01/10         |
| Richfield MN                | None                     | 436,919   | 809,921   | 1,500        | None   | 436,919   | 811,421   | 1,248,340 | 66,456                                  |                         | 12/01/10         |
| Richfield MN                | None                     | 839,497   | 1,557,065 | 2,000        | None   | 839,497   | 1,559,065 | 2,398,562 | 127,577                                 |                         | 12/01/10         |
| Rochester MN                | None                     | 585,831   | 1,085,971 | 2,000        | None   | 585,831   | 1,087,971 | 1,673,802 | 89,104                                  |                         | 12/01/10         |
| Rochester MN                | None                     | 262,500   | 485,500   | 2,000        | None   | 262,500   | 487,500   | 750,000   | 40,066                                  |                         | 12/01/10         |
| Rochester MN                | None                     | 66,848  | 122,146   | 2,000        | None   | 66,848  | 124,146   | 190,994   | 10,392                                  |                         | 12/01/10         |
| Rochester MN                | None                     | 594,385   | 1,101,857 | 2,000        | None   | 594,385   | 1,103,857 | 1,698,242 | 90,402                                  |                         | 12/01/10         |
| Rochester MN                | None                     | 110,113   | 202,995   | 1,500        | None   | 110,113   | 204,495   | 314,608   | 16,890                                  |                         | 12/01/10         |
| Rogers MN                   | None                     | 781,303   | 1,448,991 | 2,000        | None   | 781,303   | 1,450,991 | 2,232,294 | 118,751                                 |                         | 12/01/10         |
| Roseville MN                | None                     | 403,786   | 748,387   | 1,500        | None   | 403,786   | 749,887   | 1,153,673 | 61,431                                  |                         | 12/01/10         |
| Roseville MN                | None                     | 979,764   | 1,817,561 | 2,000        | None   | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| Roseville MN                | None                     | 979,764   | 1,817,561 | 2,000        | None   | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| Roseville MN                | None                     | 979,764   | 1,817,561 | 2,000        | None   | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| Sauk Rapids MN              | None                     | 175,000   | 323,000   | 2,000        | None   | 175,000   | 325,000   | 500,000   | 26,795                                  |                         | 12/01/10         |
| Savage MN                   | None                     | 605,220   | 1,122,481 | 1,500        | None   | 605,220   | 1,123,981 | 1,729,201 | 91,982                                  |                         | 12/01/10         |
| Savage MN                   | None                     | 569,195   | 1,055,575 | 1,500        | None   | 569,195   | 1,057,075 | 1,626,270 | 86,518                                  |                         | 12/01/10         |
| Savage MN                   | None                     | 175,000   | 323,000   | 2,000        | None   | 175,000   | 325,000   | 500,000   | 26,795                                  |                         | 12/01/10         |
| Shakopee MN                 | None                     | 522,391   | 966,156   | 4,000        | None   | 522,391   | 970,156   | 1,492,547 | 79,736                                  |                         | 12/01/10         |
| Shakopee MN                 | None                     | 477,517   | 883,817   | 3,000        | None   | 477,517   | 886,817   | 1,364,334 | 72,803                                  |                         | 12/01/10         |
| Shakopee MN                 | None                     | 688,324   | 1,276,317 | 2,000        | None   | 688,324   | 1,278,317 | 1,966,641 | 104,649                                 |                         | 12/01/10         |
| Shakopee MN                 | None                     | 783,764   | 1,454,062 | 1,500        | None   | 783,764   | 1,455,562 | 2,239,326 | 119,061                                 |                         | 12/01/10         |
| St. Cloud MN                | None                     | 786,129   | 1,458,454 | 1,500        | None   | 786,129   | 1,459,954 | 2,246,083 | 119,420                                 |                         | 12/01/10         |
| St. Cloud MN                | None                     | 175,000   | 322,000   | 3,000        | None   | 175,000   | 325,000   | 500,000   | 26,922                                  |                         | 12/01/10         |
| St. Cloud MN                | None                     | 677,052   | 1,255,383 | 2,000        | None   | 677,052   | 1,257,383 | 1,934,435 | 102,940                                 |                         | 12/01/10         |
| St. Louis Park MN           | None                     | 175,000   | 323,500   | 1,500        | None   | 175,000   | 325,000   | 500,000   | 26,732                                  |                         | 12/01/10         |
| St. Michael MN              | None                     | 561,604   | 1,040,480 | 2,500        | None   | 561,604   | 1,042,980 | 1,604,584 | 85,493                                  |                         | 12/01/10         |
| St. Paul MN                 | None                     | 808,755   | 1,500,473 | 1,500        | None   | 808,755   | 1,501,973 | 2,310,728 | 122,851                                 |                         | 12/01/10         |
| St. Paul MN                 | None                     | 418,774   | 776,223   | 1,500        | None   | 418,774   | 777,723   | 1,196,497 | 63,704                                  |                         | 12/01/10         |
| St. Paul MN                 | None                     | 175,000   | 323,500   | 1,500        | None   | 175,000   | 325,000   | 500,000   | 26,732                                  |                         | 12/01/10         |
| St. Paul MN                 | None                     | 832,144   | 1,543,409 | 2,000        | None   | 832,144   | 1,545,409 | 2,377,553 | 126,462                                 |                         | 12/01/10         |
| St. Paul MN                 | None                     | 979,764   | 1,817,561 | 2,000        | None   | 979,764   | 1,819,561 | 2,799,325 | 148,851                                 |                         | 12/01/10         |
| St. Paul MN                 | None                     | 175,000   | 323,500   | 1,500        | None   | 175,000   | 325,000   | 500,000   | 26,732                                  |                         | 12/01/10         |
| St. Paul MN                 | None                     | 979,764   | 1,818,061 | 1,500        | None   | 979,764   | 1,819,561 | 2,799,325 | 148,787                                 |                         | 12/01/10         |
| St. Paul MN                 | None                     | 576,820   | 1,069,736 | 1,500        | None   | 576,820   | 1,071,236 | 1,648,056 | 87,674                                  |                         | 12/01/10         |
| St. Paul MN                 | None                     | 531,091   | 984,311   | 2,000        | None   | 531,091   | 986,311   | 1,517,402 | 80,802                                  |                         | 12/01/10         |
| St. Paul MN                 | None                     | 592,617   | 1,099,075 | 1,500        | None   | 592,617   | 1,100,575 | 1,693,192 | 90,070                                  |                         | 12/01/10         |
| St. Paul MN                 | None                     | 739,277   | 1,371,444 | 1,500        | None   | 739,277   | 1,372,944 | 2,112,221 | 112,314                                 |                         | 12/01/10         |

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|          |    |      |         |           |       |      |         |           |           |         |          |
|----------|----|------|---------|-----------|-------|------|---------|-----------|-----------|---------|----------|
| St. Paul | MN | None | 788,752 | 1,463,324 | 1,500 | None | 788,752 | 1,464,824 | 2,253,576 | 119,817 | 12/01/10 |
| St. Paul | MN | None | 950,678 | 1,764,046 | 1,500 | None | 950,678 | 1,765,546 | 2,716,224 | 144,376 | 12/01/10 |
| St. Paul | MN | None | 175,000 | 323,500   | 1,500 | None | 175,000 | 325,000   | 500,000   | 26,732  | 12/01/10 |
| St. Paul | MN | None | 262,500 | 486,000   | 1,500 | None | 262,500 | 487,500   | 750,000   | 40,003  | 12/01/10 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) |      | Initial Cost to Company Buildings,<br>Improvements<br>and |                     |              |                   | Cost Capitalized<br>Subsequent<br>to Acquisition |           | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |         |  | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|------|---|---------------------|--------------|-------------------|--|-----------|---|---------|--|---|-------------------------|------------------|
|                         |                          |      | Land  | Acquisition<br>Fees | Improvements | Carrying<br>Costs | Land   | Fees      | Total   |         |  |   |                         |                  |
| St. Paul                | MN                       | None | 541,547   | 1,004,231           | 1,500        | None              | 541,547  | 1,005,731 | 1,547,278   | 82,325  |  | 12/0                                    |                         |                  |
| St. Paul                | MN                       | None | 827,608   | 1,535,987           | 1,000        | None              | 827,608  | 1,536,987 | 2,364,595   | 125,647 |  | 12/0                                    |                         |                  |
| St. Paul                | MN                       | None | 789,790   | 1,464,752           | 2,000        | None              | 789,790  | 1,466,752 | 2,256,542   | 120,038 |  | 12/0                                    |                         |                  |
| St. Paul<br>Park        | MN                       | None | 979,764   | 1,818,061           | 1,500        | None              | 979,764  | 1,819,561 | 2,799,325   | 148,787 |  | 12/0                                    |                         |                  |
| St. Paul<br>Park        | MN                       | None | 1,925,000   | 3,575,000           | None         | None              | 1,925,000  | 3,575,000 | 5,500,000   | 291,958 |  | 12/0                                    |                         |                  |
| Vadnais<br>Heights      | MN                       | None | 931,400   | 1,727,742           | 2,000        | None              | 931,400  | 1,729,742 | 2,661,142   | 141,516 |  | 12/0                                    |                         |                  |
| West St.<br>Paul        | MN                       | None | 979,764   | 1,818,061           | 1,500        | None              | 979,764  | 1,819,561 | 2,799,325   | 148,787 |  | 12/0                                    |                         |                  |
| White Bear<br>Lake      | MN                       | None | 943,945   | 1,751,040           | 2,000        | None              | 943,945  | 1,753,040 | 2,696,985   | 143,418 |  | 12/0                                    |                         |                  |
| White Bear<br>Lake      | MN                       | None | 860,523   | 1,596,113           | 2,000        | None              | 860,523  | 1,598,113 | 2,458,636   | 130,766 |  | 12/0                                    |                         |                  |
| Willmar                 | MN                       | None | 919,366   | 1,705,395           | 2,000        | None              | 919,366  | 1,707,395 | 2,626,761   | 139,691 |  | 12/0                                    |                         |                  |
| Woodbury                | MN                       | None | 962,500   | 1,786,000           | 1,500        | None              | 962,500  | 1,787,500 | 2,750,000   | 146,169 |  | 12/0                                    |                         |                  |
| Zimmerman               | MN                       | None | 979,764   | 1,817,561           | 2,000        | None              | 979,764  | 1,819,561 | 2,799,325   | 148,851 |  | 12/0                                    |                         |                  |
| Brandon                 | MS                       | None | 671,486   | 1,247,588           | None         | None              | 671,486  | 1,247,588 | 1,919,074   | 376,356 |  | 06/3                                    |                         |                  |
| Flowood                 | MS                       | None | 437,926   | 813,832             | None         | None              | 437,926  | 813,832   | 1,251,758   | 245,507 |  | 06/3                                    |                         |                  |
| Flowood                 | MS                       | None | 399,972   | 743,347             | None         | None              | 399,972  | 743,347   | 1,143,319   | 224,244 |  | 06/3                                    |                         |                  |
| Jackson                 | MS                       | None | 329,904   | 613,221             | None         | None              | 329,904  | 613,221   | 943,125   | 184,989 |  | 06/3                                    |                         |                  |
| Jackson                 | MS                       | None | 540,108   | 1,003,600           | None         | None              | 540,108  | 1,003,600 | 1,543,708   | 302,753 |  | 06/3                                    |                         |                  |
| Marion                  | MS                       | None | 350,341   | 651,013             | None         | None              | 350,341  | 651,013   | 1,001,354   | 196,389 |  | 06/3                                    |                         |                  |
| Meridian                | MS                       | None | 437,926   | 813,671             | None         | None              | 437,926  | 813,671   | 1,251,597   | 245,458 |  | 06/3                                    |                         |                  |
| Meridian                | MS                       | None | 405,811   | 754,030             | None         | None              | 405,811  | 754,030   | 1,159,841   | 227,466 |  | 06/3                                    |                         |                  |
| Meridian                | MS                       | None | 145,975   | 271,478             | None         | None              | 145,975  | 271,478   | 417,453   | 81,896  |  | 06/3                                    |                         |                  |
| Meridian                | MS                       | None | 280,273   | 520,887             | None         | None              | 280,273  | 520,887   | 801,160   | 157,135 |  | 06/3                                    |                         |                  |
| Meridian                | MS                       | None | 321,146   | 596,794             | None         | None              | 321,146  | 596,794   | 917,940   | 178,044 |  | 07/1                                    |                         |                  |
| Newton                  | MS                       | None | 467,121   | 867,891             | None         | None              | 467,121  | 867,891   | 1,335,012   | 261,814 |  | 06/3                                    |                         |                  |
| Pearl                   | MS                       | None | 544,488   | 1,011,733           | None         | None              | 544,488  | 1,011,733 | 1,556,221   | 305,207 |  | 06/3                                    |                         |                  |
| Philadelphia            | MS                       | None | 472,960   | 878,735             | None         | None              | 472,960  | 878,735   | 1,351,695   | 265,085 |  | 06/3                                    |                         |                  |
| Southaven               | MS                       | None | 310,000   | 641,637             | None         | None              | 310,000  | 641,637   | 951,637   | 225,640 |  | 03/1                                    |                         |                  |
| Terry                   | MS                       | None | 583,901   | 1,084,930           | None         | None              | 583,901  | 1,084,930 | 1,668,831   | 327,288 |  | 06/3                                    |                         |                  |
| Waveland                | MS                       | None | 180,000   | 331,637             | None         | None              | 180,000  | 331,637   | 511,637   | 116,623 |  | 03/1                                    |                         |                  |
| Aberdeen                | NC                       | None | 600,000   | 300,625             | None         | None              | 600,000  | 300,625   | 900,625   | 143,776 |  | 01/2                                    |                         |                  |
| Archdale                | NC                       | None | 410,000   | 731,637             | None         | None              | 410,000  | 731,637   | 1,141,637   | 257,290 |  | 03/1                                    |                         |                  |
| Banner Elk              | NC                       | None | 386,993   | 718,861             | 2,000        | None              | 386,993  | 720,861   | 1,107,854   | 138,731 |  | 03/2                                    |                         |                  |
| Banner Elk              | NC                       | None | 355,330   | 660,558             | 1,500        | None              | 355,330  | 662,058   | 1,017,388   | 127,318 |  | 03/2                                    |                         |                  |
| Burgaw                  | NC                       | None | 198,774   | 369,653             | 1,000        | None              | 198,774  | 370,653   | 569,427   | 71,324  |  | 03/2                                    |                         |                  |
| Burgaw<br>Carolina      | NC                       | None | 457,356   | 849,377             | 1,500        | None              | 457,356  | 850,877   | 1,308,233   | 163,509 |  | 03/2                                    |                         |                  |
| Beach                   | NC                       | None | 457,356   | 848,929             | 2,000        | None              | 457,356  | 850,929   | 1,308,285   | 163,660 |  | 03/2                                    |                         |                  |
| Cary                    | NC                       | None | 255,064   | 473,349             | 2,500        | None              | 255,064  | 475,849   | 730,913   | 91,912  |  | 03/2                                    |                         |                  |
| Charlotte               | NC                       | None | 300,000   | 291,637             | None         | None              | 300,000  | 291,637   | 591,637   | 102,556 |  | 03/1                                    |                         |                  |
| Charlotte               | NC                       | None | 640,000   | 581,637             | None         | None              | 640,000  | 581,637   | 1,221,637   | 204,540 |  | 03/1                                    |                         |                  |
| Durham                  | NC                       | None | 720,000   | 851,637             | None         | None              | 720,000  | 851,637   | 1,571,637   | 299,490 |  | 03/1                                    |                         |                  |

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|              |    |      |         |           |       |      |         |           |           |         |      |
|--------------|----|------|---------|-----------|-------|------|---------|-----------|-----------|---------|------|
| Goldsboro    | NC | None | 460,000 | 740,625   | None  | None | 460,000 | 740,625   | 1,200,625 | 354,242 | 01/2 |
| Greensboro   | NC | None | 700,000 | 655,000   | None  | None | 700,000 | 655,000   | 1,355,000 | 346,058 | 10/2 |
| Greenville   | NC | None | 330,000 | 515,000   | None  | None | 330,000 | 515,000   | 845,000   | 357,925 | 08/2 |
| Hampstead    | NC | None | 562,900 | 1,045,971 | 1,000 | None | 562,900 | 1,046,971 | 1,609,871 | 200,952 | 03/2 |
| Holly Ridge  | NC | None | 721,215 | 1,339,486 | 1,500 | None | 721,215 | 1,340,986 | 2,062,201 | 257,446 | 03/2 |
| Hubert       | NC | None | 404,584 | 750,372   | 2,500 | None | 404,584 | 752,872   | 1,157,456 | 145,008 | 03/2 |
| Jacksonville | NC | None | 150,000 | 530,000   | None  | None | 150,000 | 530,000   | 680,000   | 368,350 | 08/2 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) |      | Initial Cost to Company |  | Cost Capitalized |                   | Gross Amount at Which Carried |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Ac |
|-------------------------|--------------------------|------|-------------------------|--|------------------|-------------------|-------------------------------|--|-----------|---|-------------------------|----|
|                         |                          |      | 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     |   |                         |    |
| Jacksonville            | NC                       | None | 180,000                 | 371,637  | None             | None              | 180,000                       | 371,637  | 551,637   | 130,690                                 |                         | 03 |
| Jacksonville            | NC                       | None | 140,000                 | 260,727  | None             | None              | 140,000                       | 260,727  | 400,727   | 90,817                                  |                         | 04 |
| Jacksonville            | NC                       | None | 351,812                 | 653,367  | 1,500            | None              | 351,812                       | 654,867  | 1,006,679 | 125,940                                 |                         | 03 |
| Kinston                 | NC                       | None | 550,000                 | 1,057,833  | None             | 153               | 550,000                       | 1,057,986  | 1,607,986 | 643,499                                 |                         | 10 |
| Raleigh                 | NC                       | None | 740,000                 | 791,637  | None             | None              | 740,000                       | 791,637  | 1,531,637 | 278,390                                 |                         | 03 |
| Richlands               | NC                       | None | 492,537                 | 914,735  | 1,500            | None              | 492,537                       | 916,235  | 1,408,772 | 176,035                                 |                         | 03 |
| Richlands               | NC                       | None | 376,439                 | 698,103  | 2,500            | None              | 376,439                       | 700,603  | 1,077,042 | 134,989                                 |                         | 03 |
| Riegelwood              | NC                       | None | 0                       | 452,416  | 1,500            | None              | 0                             | 453,916  | 453,916   | 92,631                                  |                         | 03 |
| Rose Hill               | NC                       | None | 198,774                 | 369,153  | 1,500            | None              | 198,774                       | 370,653  | 569,427   | 71,466                                  |                         | 03 |
| Roxboro                 | NC                       | None | 243,112                 | 368,107  | None             | None              | 243,112                       | 368,107  | 611,219   | 144,168                                 |                         | 03 |
| Shalotte                | NC                       | None | 492,537                 | 914,766  | 1,500            | None              | 492,537                       | 916,266  | 1,408,803 | 176,041                                 |                         | 03 |
| Wallace                 | NC                       | None | 0                       | 175,408  | 2,000            | None              | 0                             | 177,408  | 177,408   | 46,987                                  |                         | 03 |
| Whitelake               | NC                       | None | 351,812                 | 653,367  | 1,500            | None              | 351,812                       | 654,867  | 1,006,679 | 125,940                                 |                         | 03 |
| Wilmington              | NC                       | None | 228,678                 | 424,774  | 1,500            | None              | 228,678                       | 426,274  | 654,952   | 82,126                                  |                         | 03 |
| Wilmington              | NC                       | None | 527,718                 | 979,145  | 2,500            | None              | 527,718                       | 981,645  | 1,509,363 | 188,856                                 |                         | 03 |
| Wilmington              | NC                       | None | 351,812                 | 653,930  | 1,000            | None              | 351,812                       | 654,930  | 1,006,742 | 125,810                                 |                         | 03 |
| Wilmington              | NC                       | None | 474,946                 | 881,640  | 2,000            | None              | 474,946                       | 883,640  | 1,358,586 | 169,930                                 |                         | 03 |
| Wilmington              | NC                       | None | 0                       | 351,366  | 2,000            | None              | 0                             | 353,366  | 353,366   | 119,758                                 |                         | 03 |
| Wilmington              | NC                       | None | 364,126                 | 676,287  | 1,500            | None              | 364,126                       | 677,787  | 1,041,913 | 130,333                                 |                         | 03 |
| Wilmington              | NC                       | None | 439,765                 | 817,271  | 1,000            | None              | 439,765                       | 818,271  | 1,258,036 | 157,117                                 |                         | 03 |
| Wilmington              | NC                       | None | 0                       | 804,196  | 1,500            | None              | 0                             | 805,696  | 805,696   | 154,849                                 |                         | 03 |
| Wilmington              | NC                       | None | 334,222                 | 621,320  | 1,000            | None              | 334,222                       | 622,320  | 956,542   | 119,560                                 |                         | 03 |
| Wilmington              | NC                       | None | 386,993                 | 718,788  | 1,500            | None              | 386,993                       | 720,288  | 1,107,281 | 138,479                                 |                         | 03 |
| Wilmington              | NC                       | None | 439,765                 | 815,793  | 2,500            | None              | 439,765                       | 818,293  | 1,258,058 | 157,547                                 |                         | 03 |
| Wilmington              | NC                       | None | 527,718                 | 979,102  | 2,500            | None              | 527,718                       | 981,602  | 1,509,320 | 188,848                                 |                         | 03 |
| Wilmington              | NC                       | None | 334,222                 | 620,284  | 2,000            | None              | 334,222                       | 622,284  | 956,506   | 119,837                                 |                         | 03 |
| Wilmington              | NC                       | None | 334,222                 | 620,751  | 1,500            | None              | 334,222                       | 622,251  | 956,473   | 119,689                                 |                         | 03 |
| Winston-Salem           | NC                       | None | 320,000                 | 311,637  | None             | None              | 320,000                       | 311,637  | 631,637   | 109,590                                 |                         | 03 |
| Zebulon                 | NC                       | None | 306,077                 | 568,087  | 2,500            | None              | 306,077                       | 570,587  | 876,664   | 110,070                                 |                         | 03 |
| Farmingdale             | NJ                       | None | 1,459,957               | 2,712,264  | None             | None              | 1,459,957                     | 2,712,264  | 4,172,221 | 1,125,550                               |                         | 08 |
| Galloway                | NJ                       | None | 1,367,872               | 2,540,604  | None             | None              | 1,367,872                     | 2,540,604  | 3,908,476 | 1,071,245                               |                         | 06 |
| Hamilton                | NJ                       | None | 1,539,117               | 2,858,630  | None             | None              | 1,539,117                     | 2,858,630  | 4,397,747 | 1,206,283                               |                         | 06 |
| Millville               | NJ                       | None | 953,891                 | 1,771,782  | None             | None              | 953,891                       | 1,771,782  | 2,725,673 | 747,092                                 |                         | 06 |
| Toms River              | NJ                       | None | 1,265,861               | 2,351,154  | None             | None              | 1,265,861                     | 2,351,154  | 3,617,015 | 991,757                                 |                         | 06 |
| Toms River              | NJ                       | None | 982,526                 | 1,824,961  | None             | None              | 982,526                       | 1,824,961  | 2,807,487 | 769,173                                 |                         | 06 |
| Albuquerque             | NM                       | None | 200,000                 | 271,637  | None             | None              | 200,000                       | 271,637  | 471,637   | 95,523                                  |                         | 03 |
| Kingston                | NY                       | None | 257,763                 | 456,042  | None             | None              | 257,763                       | 456,042  | 713,805   | 323,030                                 |                         | 04 |
| Alliance                | OH                       | None | 454,440                 | 841,460  | 2,500            | None              | 454,440                       | 843,960  | 1,298,400 | 86,173                                  |                         | 06 |
| Atwater                 | OH                       | None | 118,555                 | 266,748  | None             | 209               | 118,555                       | 266,957  | 385,512   | 189,981                                 |                         | 03 |
| Bellefontaine           | OH                       | None | 560,000                 | 1,039,610  | 2,500            | None              | 560,000                       | 1,042,110  | 1,602,110 | 203,922                                 |                         | 02 |
| Bellefontaine           | OH                       | None | 455,000                 | 845,610  | 1,500            | None              | 455,000                       | 847,110  | 1,302,110 | 165,608                                 |                         | 02 |
| Columbus                | OH                       | None | 147,296                 | 304,411  | None             | 122               | 147,296                       | 304,533  | 451,829   | 216,740                                 |                         | 03 |

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|                |    |      |         |           |        |      |         |           |           |         |    |
|----------------|----|------|---------|-----------|--------|------|---------|-----------|-----------|---------|----|
| Columbus       | OH | None | 273,085 | 471,693   | 13,088 | None | 273,085 | 484,781   | 757,866   | 322,573 | 12 |
| Cuyahoga Falls | OH | None | 321,792 | 1,144,619 | None   | None | 321,792 | 1,144,619 | 1,466,411 | 440,796 | 03 |
| De Graff       | OH | None | 302,750 | 561,860   | 2,500  | None | 302,750 | 564,360   | 867,110   | 110,760 | 02 |
| Eaton          | OH | None | 164,588 | 306,934   | None   | None | 164,588 | 306,934   | 471,522   | 69,057  | 05 |
| Galion         | OH | None | 138,981 | 327,597   | None   | 209  | 138,981 | 327,806   | 466,787   | 233,285 | 03 |
| Groveport      | OH | None | 277,198 | 445,497   | 16,091 | 116  | 277,198 | 461,704   | 738,902   | 306,234 | 12 |

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|-----------|--|-------------------|---|-----------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total     |   |                         |                  |
| Jackson                 |                          |   |           |  |                   |   |           |           |   |                         |                  |
| Center                  | OH                       | None  | 367,500   | 682,110  | 2,500             | None  | 367,500   | 684,610   | 1,052,110                               | 134,209                 | 02/2             |
| Kenton                  | OH                       | None  | 140,000   | 261,462  | 1,000             | None  | 140,000   | 262,462   | 402,462                                 | 46,179                  | 08/2             |
| Marysville              | OH                       | None  | 507,500   | 943,110  | 1,500             | None  | 507,500   | 944,610   | 1,452,110                               | 184,621                 | 02/2             |
| Marysville              | OH                       | None  | 700,000   | 1,300,610  | 1,500             | None  | 700,000   | 1,302,110 | 2,002,110                               | 254,333                 | 02/2             |
| Marysville              | OH                       | None  | 350,000   | 650,610  | 1,500             | None  | 350,000   | 652,110   | 1,002,110                               | 127,583                 | 02/2             |
| Perrysburg              | OH                       | None  | 211,678   | 390,680  | None              | 134   | 211,678   | 390,814   | 602,492                                 | 251,105                 | 01/10/96         |
| Russells                |                          |   |           |  |                   |   |           |           |   |                         |                  |
| Point                   | OH                       | None  | 546,000   | 1,013,610  | 2,500             | None  | 546,000   | 1,016,110 | 1,562,110                               | 198,852                 | 02/2             |
| Streetsboro             | OH                       | None  | 402,988   | 533,349  | None              | 114   | 402,988   | 533,463   | 936,451                                 | 314,714                 | 01/27/97         |
| Tiffin                  | OH                       | None  | 117,017   | 273,040  | None              | 209   | 117,017   | 273,249   | 390,266                                 | 194,458                 | 03/0             |
| Tipp City               | OH                       | None  | 355,009   | 588,111  | None              | 85  | 355,009   | 588,196   | 943,205                                 | 351,898                 | 01/31/97         |
| Wadsworth               | OH                       | None  | 266,507   | 496,917  | None              | 116   | 266,507   | 497,033   | 763,540                                 | 304,169                 | 11/26/96         |
| Tulsa                   | OK                       | None  | 126,545   | 508,266  | None              | 173   | 126,545   | 508,439   | 634,984                                 | 316,077                 | 06/2             |
| Aliquippa               | PA                       | None  | 226,195   | 452,631  | None              | None  | 226,195   | 452,631   | 678,826                                 | 162,191                 | 01/2             |
| Beaver                  | PA                       | None  | 95,626    | 223,368  | None              | None  | 95,626    | 223,368   | 318,994                                 | 80,038                  | 01/2             |
| Beaver Falls            | PA                       | None  | 92,207    | 230,758  | None              | None  | 92,207    | 230,758   | 322,965                                 | 82,686                  | 01/2             |
| Cornwells               |                          |   |           |  |                   |   |           |           |   |                         |                  |
| Heights                 | PA                       | None  | 569,763   | 387,611  | None              | None  | 569,763   | 387,611   | 957,374                                 | 149,224                 | 05/2             |
| Doylestown              | PA                       | None  | 800,134   | 1,226,452  | None              | None  | 800,134   | 1,226,452 | 2,026,586                               | 472,179                 | 05/2             |
| East Caln               | PA                       | None  | 1,722,222 | 576  | None              | None  | 1,722,222 | 576       | 1,722,798                               | 226                     | 02/2             |
| Lansdale                | PA                       | None  | 1,356,324 | 385,761  | None              | None  | 1,356,324 | 385,761   | 1,742,085                               | 148,512                 | 05/2             |
| Penndel                 | PA                       | None  | 739,487   | 1,003,809  | None              | None  | 739,487   | 1,003,809 | 1,743,296                               | 386,461                 | 05/2             |
| Perryopolis             | PA                       | None  | 148,953   | 134,299  | None              | None  | 148,953   | 134,299   | 283,252                                 | 48,122                  | 01/2             |
| Philadelphia            | PA                       | None  | 808,681   | 256,843  | None              | None  | 808,681   | 256,843   | 1,065,524                               | 98,879                  | 05/2             |
| Philadelphia            | PA                       | None  | 425,928   | 167,147  | None              | None  | 425,928   | 167,147   | 593,075                                 | 64,346                  | 05/2             |
| Philadelphia            | PA                       | None  | 390,342   | 226,919  | None              | None  | 390,342   | 226,919   | 617,261                                 | 87,358                  | 05/2             |
| Philadelphia            | PA                       | None  | 541,792   | 236,049  | None              | None  | 541,792   | 236,049   | 777,841                                 | 90,873                  | 05/2             |
| Philadelphia            | PA                       | None  | 530,018   | 214,977  | None              | None  | 530,018   | 214,977   | 744,995                                 | 82,761                  | 05/2             |
| Philadelphia            | PA                       | None  | 614,101   | 277,277  | None              | None  | 614,101   | 277,277   | 891,378                                 | 106,746                 | 05/2             |
| Philadelphia            | PA                       | None  | 1,011,389 | 491,302  | None              | None  | 1,011,389 | 491,302   | 1,502,691                               | 189,146                 | 05/2             |
| Philadelphia            | PA                       | None  | 935,672   | 448,426  | None              | None  | 935,672   | 448,426   | 1,384,098                               | 172,639                 | 05/2             |
| Philadelphia            | PA                       | None  | 689,172   | 426,596  | None              | None  | 689,172   | 426,596   | 1,115,768                               | 164,234                 | 05/2             |
| Philadelphia            | PA                       | None  | 349,294   | 134,485  | None              | None  | 349,294   | 134,485   | 483,779                                 | 51,771                  | 05/2             |
| Philadelphia            | PA                       | None  | 557,515   | 244,121  | None              | None  | 557,515   | 244,121   | 801,636                                 | 90,732                  | 09/1             |
| Pittsburgh              | PA                       | None  | 497,668   | 320,170  | None              | None  | 497,668   | 320,170   | 817,838                                 | 114,726                 | 01/2             |
| Pittsburgh              | PA                       | None  | 296,277   | 287,540  | None              | None  | 296,277   | 287,540   | 583,817                                 | 103,033                 | 01/2             |
| Pittsburgh              | PA                       | None  | 395,417   | 474,741  | None              | None  | 395,417   | 474,741   | 870,158                                 | 170,113                 | 01/2             |
| Pittsburgh              | PA                       | None  | 118,118   | 231,108  | None              | None  | 118,118   | 231,108   | 349,226                                 | 82,812                  | 01/2             |
| South Park              | PA                       | None  | 252,247   | 436,182  | None              | None  | 252,247   | 436,182   | 688,429                                 | 156,257                 | 01/2             |
| Southampton             | PA                       | None  | 783,279   | 163,721  | None              | None  | 783,279   | 163,721   | 947,000                                 | 63,027                  | 05/2             |
| Valencia                | PA                       | None  | 440,565   | 278,492  | None              | None  | 440,565   | 278,492   | 719,057                                 | 99,791                  | 01/2             |
| Verona                  | PA                       | None  | 171,411   | 257,358  | None              | None  | 171,411   | 257,358   | 428,769                                 | 92,218                  | 01/2             |
| Willow Grove            | PA                       | None  | 329,934   | 73,123   | None              | None  | 329,934   | 73,123    | 403,057                                 | 28,147                  | 05/2             |
| Aiken                   | SC                       | None  | 320,000   | 432,527  | None              | None  | 320,000   | 432,527   | 752,527                                 | 232,840                 | 07/2             |
| Aiken                   | SC                       | None  | 330,000   | 472,679  | None              | None  | 330,000   | 472,679   | 802,679                                 | 254,455                 | 07/2             |
| Aiken                   | SC                       | None  | 560,000   | 543,588  | None              | None  | 560,000   | 543,588   | 1,103,588                               | 292,626                 | 07/2             |



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|              |    |      |         |         |      |      |         |         |         |         |      |
|--------------|----|------|---------|---------|------|------|---------|---------|---------|---------|------|
| Aiken        | SC | None | 360,000 | 542,982 | None | None | 360,000 | 542,982 | 902,982 | 292,301 | 07/2 |
| Aiken        | SC | None | 540,000 | 388,058 | None | None | 540,000 | 388,058 | 928,058 | 208,900 | 07/2 |
| Aiken        | SC | None | 250,000 | 251,770 | None | None | 250,000 | 251,770 | 501,770 | 135,534 | 07/2 |
| Beech Island | SC | None | 330,000 | 481,637 | None | None | 330,000 | 481,637 | 811,637 | 169,373 | 03/1 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized |                   | Gross Amount at Which Carried |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|-------------------------|--|------------------|-------------------|-------------------------------|--|-----------|---|-------------------------|------------------|
|                         |                          | 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     |   |                         |                  |
| Belvedere               | SC                       | None                    | 490,000  | 463,080          | None              | None                          | 490,000  | 463,080   | 953,080                                 | 249,287                 | 07/22/99         |
| Bishopville             | SC                       | None                    | 191,738  | 356,130          | 1,500             | None                          | 191,738  | 357,630   | 549,368                                 | 68,970                  | 03/27/08         |
| Bonneau                 | SC                       | None                    | 128,411  | 239,191          | 1,500             | None                          | 128,411  | 240,691   | 369,102                                 | 46,556                  | 03/27/08         |
| Camden                  | SC                       | None                    | 269,136  | 499,897          | 1,500             | None                          | 269,136  | 501,397   | 770,533                                 | 96,525                  | 03/27/08         |
| Charleston              | SC                       | None                    | 170,000  | 350,000          | None              | None                          | 170,000  | 350,000   | 520,000                                 | 243,250                 | 08/25/95         |
| Columbia                | SC                       | None                    | 150,000  | 450,000          | None              | None                          | 150,000  | 450,000   | 600,000                                 | 312,750                 | 08/25/95         |
| Columbia                | SC                       | None                    | 520,000  | 471,637          | None              | None                          | 520,000  | 471,637   | 991,637                                 | 165,856                 | 03/18/04         |
| Conway                  | SC                       | None                    | 0  | 251,890          | 1,000             | None                          | 0  | 252,890   | 252,890                                 | 75,493                  | 03/27/08         |
| Cordova                 | SC                       | None                    | 137,207  | 255,025          | 2,000             | None                          | 137,207  | 257,025   | 394,232                                 | 49,829                  | 03/27/08         |
| Eastover                | SC                       | None                    | 138,966  | 258,625          | 1,000             | None                          | 138,966  | 259,625   | 398,591                                 | 50,044                  | 03/27/08         |
| Florence                | SC                       | None                    | 193,497  | 359,413          | 1,500             | None                          | 193,497  | 360,913   | 554,410                                 | 69,599                  | 03/27/08         |
| Florence                | SC                       | None                    | 337,740  | 627,293          | 1,500             | None                          | 337,740  | 628,793   | 966,533                                 | 120,943                 | 03/27/08         |
| Goose                   |                          |                         |  |                  |                   |                               |  |           |   |                         |                  |
| Creek                   | SC                       | None                    | 150,000  | 241,637          | None              | None                          | 150,000  | 241,637   | 391,637                                 | 84,973                  | 03/18/04         |
| Greenville              | SC                       | None                    | 390,000  | 462,847          | None              | None                          | 390,000  | 462,847   | 852,847                                 | 249,161                 | 07/22/99         |
| Greenville              | SC                       | None                    | 300,000  | 402,392          | None              | None                          | 300,000  | 402,392   | 702,392                                 | 216,617                 | 07/22/99         |
| Greenville              | SC                       | None                    | 370,000  | 432,695          | None              | None                          | 370,000  | 432,695   | 802,695                                 | 232,930                 | 07/22/99         |
| Greenville              | SC                       | None                    | 620,000  | 483,604          | None              | None                          | 620,000  | 483,604   | 1,103,604                               | 260,335                 | 07/22/99         |
| Greenville              | SC                       | None                    | 680,000  | 423,604          | None              | None                          | 680,000  | 423,604   | 1,103,604                               | 228,035                 | 07/22/99         |
| Greer                   | SC                       | None                    | 400,000  | 502,879          | None              | None                          | 400,000  | 502,879   | 902,879                                 | 270,712                 | 07/22/99         |
| Hemingway               | SC                       | None                    | 246,269  | 458,069          | 1,500             | None                          | 246,269  | 459,569   | 705,838                                 | 88,508                  | 03/27/08         |
| Hilton Head             | SC                       | None                    | 500,000  | 691,637          | None              | None                          | 500,000  | 691,637   | 1,191,637                               | 243,223                 | 03/18/04         |
| Hilton Head             | SC                       | None                    | 185,500  | 344,510          | None              | None                          | 185,500  | 344,510   | 530,010                                 | 120,004                 | 04/14/04         |
| Irmo                    | SC                       | None                    | 690,000  | 461,637          | None              | None                          | 690,000  | 461,637   | 1,151,637                               | 162,340                 | 03/18/04         |
| Jackson                 | SC                       | None                    | 170,000  | 632,626          | None              | None                          | 170,000  | 632,626   | 802,626                                 | 340,559                 | 07/22/99         |
| Kingstree               | SC                       | None                    | 0  | 301,766          | 2,000             | None                          | 0  | 303,766   | 303,766                                 | 84,752                  | 03/27/08         |
| Kingstree               | SC                       | None                    | 209,328  | 389,965          | 1,000             | None                          | 209,328  | 390,965   | 600,293                                 | 75,217                  | 03/27/08         |
| Lake City               | SC                       | None                    | 202,292  | 376,398          | 1,500             | None                          | 202,292  | 377,898   | 580,190                                 | 72,854                  | 03/27/08         |
| Lexington               | SC                       | None                    | 255,000  | 545,000          | None              | None                          | 255,000  | 545,000   | 800,000                                 | 378,775                 | 08/25/95         |
| Lexington               | SC                       | None                    | 640,000  | 563,891          | None              | None                          | 640,000  | 563,891   | 1,203,891                               | 303,555                 | 07/22/99         |
| Lexington               | SC                       | None                    | 540,000  | 563,588          | None              | None                          | 540,000  | 563,588   | 1,103,588                               | 303,393                 | 07/22/99         |
| Lexington               | SC                       | None                    | 360,000  | 843,891          | None              | None                          | 360,000  | 843,891   | 1,203,891                               | 454,289                 | 07/22/99         |
| Lugoff                  | SC                       | None                    | 200,533  | 372,490          | 1,500             | None                          | 200,533  | 373,990   | 574,523                                 | 72,105                  | 03/27/08         |
| Moncks                  |                          |                         |  |                  |                   |                               |  |           |   |                         |                  |
| Corner                  | SC                       | None                    | 351,812  | 654,578          | 1,000             | None                          | 351,812  | 655,578   | 1,007,390                               | 125,935                 | 03/27/08         |
| Mt. Pleasant            | SC                       | None                    | 668,443  | 1,241,940        | 1,000             | None                          | 668,443  | 1,242,940 | 1,911,383                               | 238,512                 | 03/27/08         |
| Myrtle                  |                          |                         |  |                  |                   |                               |  |           |   |                         |                  |
| Beach                   | SC                       | None                    | 140,725  | 261,942          | 1,000             | None                          | 140,725  | 262,942   | 403,667                                 | 50,679                  | 03/27/08         |
| Myrtle                  |                          |                         |  |                  |                   |                               |  |           |   |                         |                  |
| Beach                   | SC                       | None                    | 492,537  | 913,807          | 2,500             | None                          | 492,537  | 916,307   | 1,408,844                               | 176,333                 | 03/27/08         |
| Myrtle                  |                          |                         |  |                  |                   |                               |  |           |   |                         |                  |
| Beach                   | SC                       | None                    | 527,718  | 980,766          | 1,500             | None                          | 527,718  | 982,266   | 1,509,984                               | 188,692                 | 03/27/08         |
|                         | SC                       | None                    | 703,624  | 1,307,326        | 1,000             | None                          | 703,624  | 1,308,326 | 2,011,950                               | 251,045                 | 03/27/08         |

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|               |    |      |         |           |       |      |         |           |           |         |          |
|---------------|----|------|---------|-----------|-------|------|---------|-----------|-----------|---------|----------|
| Myrtle Beach  | SC | None | 0       | 176,002   | 1,500 | None | 0       | 177,502   | 177,502   | 34,445  | 03/27/08 |
| Myrtle Beach  | SC | None | 0       | 753,979   | 1,500 | None | 0       | 755,479   | 755,479   | 145,224 | 03/27/08 |
| Myrtle Beach  | SC | None | 0       | 327,278   | 1,000 | None | 0       | 328,278   | 328,278   | 114,488 | 03/27/08 |
| Myrtle Beach  | SC | None | 0       | 277,019   | 1,000 | None | 0       | 278,019   | 278,019   | 84,725  | 03/27/08 |
| North Augusta | SC | None | 400,000 | 452,777   | None  | None | 400,000 | 452,777   | 852,777   | 243,741 | 07/22/99 |
| North Augusta | SC | None | 490,000 | 1,221,637 | None  | None | 490,000 | 1,221,637 | 1,711,637 | 429,606 | 03/18/04 |
| Charleston    | SC | None | 400,000 | 650,000   | None  | 8    | 400,000 | 650,008   | 1,050,008 | 451,751 | 08/25/95 |
| Orangeburg    | SC | None | 320,000 | 691,637   | None  | None | 320,000 | 691,637   | 1,011,637 | 243,223 | 03/18/04 |
| Pinewood      | SC | None | 325,426 | 605,076   | 1,500 | None | 325,426 | 606,576   | 932,002   | 116,684 | 03/27/08 |
| Simpsonville  | SC | None | 530,000 | 573,485   | None  | None | 530,000 | 573,485   | 1,103,485 | 308,720 | 07/22/99 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |         | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|-----------|--------------|--|---------|---|-----------|---------|---|-------------------------|------------------|
|                         |                          | Land  | Fees      | Improvements | Carrying<br>Costs                                | Land    | Fees  | Total     |         |   |                         |                  |
| Spartanburg SC          | None                     | 470,000   | 432,879   | None         | None   | 470,000 | 432,879   | 902,879   | 233,028 |   | 07/22/99                |                  |
| Summerton SC            | None                     | 142,484   | 265,326   | 1,500        | None   | 142,484 | 266,826   | 409,310   | 51,565  |   | 03/27/08                |                  |
| Summerville SC          | None                     | 115,000   | 515,000   | None         | None   | 115,000 | 515,000   | 630,000   | 357,925 |   | 08/25/95                |                  |
| Summerville SC          | None                     | 297,500   | 553,227   | None         | None   | 297,500 | 553,227   | 850,727   | 192,705 |   | 04/14/04                |                  |
| Sumter SC               | None                     | 211,087   | 392,065   | 1,500        | None   | 211,087 | 393,565   | 604,652   | 75,857  |   | 03/27/08                |                  |
| Sumter SC               | None                     | 263,859   | 490,128   | 1,500        | None   | 263,859 | 491,628   | 755,487   | 94,653  |   | 03/27/08                |                  |
| Sumter SC               | None                     | 362,367   | 673,012   | 1,500        | None   | 362,367 | 674,512   | 1,036,879 | 129,705 |   | 03/27/08                |                  |
| Sumter SC               | None                     | 181,183   | 336,587   | 1,500        | None   | 181,183 | 338,087   | 519,270   | 65,224  |   | 03/27/08                |                  |
| Sumter SC               | None                     | 154,797   | 287,584   | 1,500        | None   | 154,797 | 289,084   | 443,881   | 55,832  |   | 03/27/08                |                  |
| Sumter SC               | None                     | 351,812   | 653,469   | 1,500        | None   | 351,812 | 654,969   | 1,006,781 | 125,960 |   | 03/27/08                |                  |
| Sumter SC               | None                     | 334,222   | 620,801   | 1,500        | None   | 334,222 | 622,301   | 956,523   | 119,698 |   | 03/27/08                |                  |
| Sumter SC               | None                     | 281,450   | 522,796   | 1,500        | None   | 281,450 | 524,296   | 805,746   | 100,914 |   | 03/27/08                |                  |
| Sumter SC               | None                     | 149,520   | 278,284   | 1,000        | None   | 149,520 | 279,284   | 428,804   | 53,812  |   | 03/27/08                |                  |
| Sumter SC               | None                     | 146,002   | 271,250   | 1,500        | None   | 146,002 | 272,750   | 418,752   | 52,701  |   | 03/27/08                |                  |
| Sumter SC               | None                     | 372,921   | 693,113   | 1,000        | None   | 372,921 | 694,113   | 1,067,034 | 133,321 |   | 03/27/08                |                  |
| Sumter SC               | None                     | 149,520   | 277,726   | 1,500        | None   | 149,520 | 279,226   | 428,746   | 53,942  |   | 03/27/08                |                  |
| Sumter SC               | None                     | 262,100   | 486,861   | 1,500        | None   | 262,100 | 488,361   | 750,461   | 94,026  |   | 03/27/08                |                  |
| Sumter SC               | None                     | 184,701   | 344,620   | None         | None   | 184,701 | 344,620   | 529,321   | 66,051  |   | 03/27/08                |                  |
| West Aiken SC           | None                     | 400,000   | 402,665   | None         | None   | 400,000 | 402,665   | 802,665   | 216,764 |   | 07/22/99                |                  |
| West<br>Columbia SC     | None                     | 410,000   | 693,574   | None         | None   | 410,000 | 693,574   | 1,103,574 | 373,368 |   | 07/22/99                |                  |
| West<br>Columbia SC     | None                     | 336,000   | 624,727   | None         | None   | 336,000 | 624,727   | 960,727   | 217,611 |   | 04/14/04                |                  |
| Arrington TN            | None                     | 385,000   | 716,242   | None         | None   | 385,000 | 716,242   | 1,101,242 | 263,809 |   | 10/16/03                |                  |
| Athens TN               | None                     | 175,000   | 326,242   | None         | None   | 175,000 | 326,242   | 501,242   | 120,159 |   | 10/16/03                |                  |
| Athens TN               | None                     | 124,179   | 231,860   | None         | None   | 124,179 | 231,860   | 356,039   | 85,395  |   | 10/16/03                |                  |
| Benton TN               | None                     | 192,500   | 358,742   | None         | None   | 192,500 | 358,742   | 551,242   | 132,130 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 181,731   | 338,741   | None         | None   | 181,731 | 338,741   | 520,472   | 124,763 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 168,000   | 313,242   | None         | None   | 168,000 | 313,242   | 481,242   | 115,371 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 175,000   | 326,242   | (79,571)     | None   | 162,879 | 258,792   | 421,671   | 95,315  |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 159,979   | 298,346   | None         | None   | 159,979 | 298,346   | 458,325   | 109,884 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 105,000   | 196,242   | None         | None   | 105,000 | 196,242   | 301,242   | 72,276  |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 245,000   | 456,242   | None         | None   | 245,000 | 456,242   | 701,242   | 168,043 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 297,500   | 553,742   | None         | None   | 297,500 | 553,742   | 851,242   | 203,955 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 323,750   | 822,529   | None         | None   | 323,750 | 822,529   | 1,146,279 | 283,045 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 280,000   | 521,242   | None         | None   | 280,000 | 521,242   | 801,242   | 191,984 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 257,250   | 478,992   | None         | None   | 257,250 | 478,992   | 736,242   | 176,422 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 283,209   | 527,201   | None         | None   | 283,209 | 527,201   | 810,410   | 194,179 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 542,500   | 1,008,742 | None         | None   | 542,500 | 1,008,742   | 1,551,242 | 371,547 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 332,500   | 618,742   | None         | None   | 332,500 | 618,742   | 951,242   | 227,897 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 300,373   | 559,077   | (39,679)     | None   | 260,694 | 559,077   | 819,771   | 205,920 |   | 10/16/03                |                  |
| Chattanooga TN          | None                     | 175,000   | 326,242   | (24,664)     | None   | 150,336 | 326,242   | 476,578   | 120,159 |   | 10/16/03                |                  |
| Cleveland TN            | None                     | 110,009   | 205,545   | None         | None   | 110,009 | 205,545   | 315,554   | 75,703  |   | 10/16/03                |                  |
| Cleveland TN            | None                     | 227,500   | 423,742   | None         | None   | 227,500 | 423,742   | 651,242   | 156,072 |   | 10/16/03                |                  |
| Cleveland TN            | None                     | 280,000   | 521,242   | None         | None   | 280,000 | 521,242   | 801,242   | 191,984 |   | 10/16/03                |                  |
| Cleveland TN            | None                     | 245,000   | 456,242   | None         | None   | 245,000 | 456,242   | 701,242   | 168,043 |   | 10/16/03                |                  |
| Cleveland TN            | None                     | 157,500   | 293,742   | None         | None   | 157,500 | 293,742   | 451,242   | 108,189 |   | 10/16/03                |                  |

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|           |    |      |         |         |      |      |         |         |         |         |          |
|-----------|----|------|---------|---------|------|------|---------|---------|---------|---------|----------|
| Cleveland | TN | None | 122,500 | 228,742 | None | None | 122,500 | 228,742 | 351,242 | 84,247  | 10/16/03 |
| Cleveland | TN | None | 300,373 | 559,077 | None | None | 300,373 | 559,077 | 859,450 | 205,920 | 10/16/03 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|---------|--------------|--|---|---------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees    | Improvements | Carrying<br>Costs                                | Land  | Fees    | Total     |   |                         |                  |
| Dayton                  | TN                       | None  | 262,500 | 488,742      | None   | None  | 262,500 | 488,742   | 751,242                                 | 180,014                 | 10/16/03         |
| Decatur                 | TN                       | None  | 181,731 | 338,742      | None   | None  | 181,731 | 338,742   | 520,473                                 | 124,764                 | 10/16/03         |
| Dunlap                  | TN                       | None  | 315,000 | 586,242      | None   | None  | 315,000 | 586,242   | 901,242                                 | 215,926                 | 10/16/03         |
| Etowah                  | TN                       | None  | 192,500 | 358,742      | None   | None  | 192,500 | 358,742   | 551,242                                 | 132,130                 | 10/16/03         |
| Gallatin                | TN                       | None  | 525,000 | 976,242      | None   | None  | 525,000 | 976,242   | 1,501,242                               | 359,576                 | 10/16/03         |
| Gray                    | TN                       | None  | 191,151 | 355,563      | None   | None  | 191,151 | 355,563   | 546,714                                 | 72,889                  | 11/29/07         |
| Harrison                | TN                       | None  | 484,313 | 900,680      | None   | None  | 484,313 | 900,680   | 1,384,993                               | 331,744                 | 10/16/03         |
| Hixson                  | TN                       | None  | 271,250 | 504,992      | None   | None  | 271,250 | 504,992   | 776,242                                 | 185,999                 | 10/16/03         |
| Hixson                  | TN                       | None  | 513,215 | 954,355      | None   | None  | 513,215 | 954,355   | 1,467,570                               | 351,515                 | 10/16/03         |
| Hixson                  | TN                       | None  | 94,500  | 176,742      | None   | None  | 94,500  | 176,742   | 271,242                                 | 65,094                  | 10/16/03         |
| Hixson                  | TN                       | None  | 300,373 | 559,077      | None   | None  | 300,373 | 559,077   | 859,450                                 | 205,920                 | 10/16/03         |
| Kimball                 | TN                       | None  | 332,500 | 618,742      | None   | None  | 332,500 | 618,742   | 951,242                                 | 227,897                 | 10/16/03         |
| Kingsport               | TN                       | None  | 155,603 | 289,545      | None   | None  | 155,603 | 289,545   | 445,148                                 | 59,355                  | 11/29/07         |
| Kingsport               | TN                       | None  | 310,303 | 576,845      | None   | None  | 310,303 | 576,845   | 887,148                                 | 118,252                 | 10/16/03         |
| La Vergne               | TN                       | None  | 340,000 | 650,000      | None   | None  | 340,000 | 650,000   | 990,000                                 | 451,750                 | 08/25/95         |
| La Vergne               | TN                       | None  | 577,500 | 1,073,742    | (15,745)   | None  | 561,755 | 1,073,742 | 1,635,497                               | 395,489                 | 10/16/03         |
| Manchester              | TN                       | None  | 266,119 | 495,463      | None   | None  | 266,119 | 495,463   | 761,582                                 | 182,489                 | 10/16/03         |
| Manchester              | TN                       | None  | 281,675 | 524,352      | None   | None  | 281,675 | 524,352   | 806,027                                 | 193,130                 | 10/16/03         |
| Manchester              | TN                       | None  | 319,846 | 595,242      | None   | None  | 319,846 | 595,242   | 915,088                                 | 219,241                 | 10/16/03         |
| Monteagle               | TN                       | None  | 271,173 | 504,849      | None   | None  | 271,173 | 504,849   | 776,022                                 | 185,946                 | 10/16/03         |
| Mt. Juliet              | TN                       | None  | 397,128 | 738,764      | None   | None  | 397,128 | 738,764   | 1,135,892                               | 272,105                 | 10/16/03         |
| Murfreesboro            | TN                       | None  | 549,500 | 1,021,742    | None   | None  | 549,500 | 1,021,742 | 1,571,242                               | 376,335                 | 10/16/03         |
| Murfreesboro            | TN                       | None  | 467,810 | 870,032      | None   | None  | 467,810 | 870,032   | 1,337,842                               | 320,455                 | 10/16/03         |
| Murfreesboro            | TN                       | None  | 300,373 | 559,077      | None   | None  | 300,373 | 559,077   | 859,450                                 | 205,920                 | 10/16/03         |
| Nashville               | TN                       | None  | 498,628 | 927,264      | None   | None  | 498,628 | 927,264   | 1,425,892                               | 341,536                 | 10/16/03         |
| Ocoee                   | TN                       | None  | 119,792 | 223,713      | (11,239)   | None  | 108,553 | 223,713   | 332,266                                 | 82,395                  | 10/16/03         |
| Ooltewah                | TN                       | None  | 234,231 | 436,241      | None   | None  | 234,231 | 436,241   | 670,472                                 | 160,676                 | 10/16/03         |
| Ooltewah                | TN                       | None  | 700,000 | 1,301,242    | (190,623)  | None  | 635,909 | 1,174,710 | 1,810,619                               | 436,887                 | 10/16/03         |
| Ooltewah                | TN                       | None  | 105,000 | 196,242      | None   | None  | 105,000 | 196,242   | 301,242                                 | 72,276                  | 10/16/03         |
| Red Bank                | TN                       | None  | 350,000 | 651,242      | None   | None  | 350,000 | 651,242   | 1,001,242                               | 239,868                 | 10/16/03         |
| Roan                    |                          |   |         |              |  |   |         |           |   |                         |                  |
| Mountain                | TN                       | None  | 286,303 | 532,274      | None   | None  | 286,303 | 532,274   | 818,577                                 | 109,115                 | 11/29/07         |
| Shelbyville             | TN                       | None  | 320,229 | 595,953      | None   | None  | 320,229 | 595,953   | 916,182                                 | 219,503                 | 10/16/03         |
| Smyrna                  | TN                       | None  | 426,466 | 793,251      | None   | None  | 426,466 | 793,251   | 1,219,717                               | 292,174                 | 10/16/03         |
| Smyrna                  | TN                       | None  | 630,000 | 1,170,036    | None   | None  | 630,000 | 1,170,036 | 1,800,036                               | 294,459                 | 09/27/06         |
| Soddy Daisy             | TN                       | None  | 297,500 | 553,732      | None   | None  | 297,500 | 553,732   | 851,232                                 | 203,952                 | 10/16/03         |
| Soddy Daisy             | TN                       | None  | 350,000 | 651,242      | None   | None  | 350,000 | 651,242   | 1,001,242                               | 239,868                 | 10/16/03         |
| Soddy Daisy             | TN                       | None  | 245,000 | 456,242      | None   | None  | 245,000 | 456,242   | 701,242                                 | 168,043                 | 10/16/03         |
| Sweetwater              | TN                       | None  | 122,500 | 228,742      | None   | None  | 122,500 | 228,742   | 351,242                                 | 84,247                  | 10/16/03         |
| Sweetwater              | TN                       | None  | 339,231 | 1,131,287    | None   | None  | 339,231 | 1,131,287 | 1,470,518                               | 339,178                 | 10/16/03         |
| Sweetwater              | TN                       | None  | 133,000 | 248,242      | None   | None  | 133,000 | 248,242   | 381,242                                 | 91,429                  | 10/16/03         |
| Abingdon                | VA                       | None  | 57,847  | 107,997      | None   | None  | 57,847  | 107,997   | 165,844                                 | 22,138                  | 11/29/07         |
| Big Stone               |                          |   |         |              |  |   |         |           |   |                         |                  |
| Gap                     | VA                       | None  | 527,303 | 979,860      | None   | None  | 527,303 | 979,860   | 1,507,163                               | 200,870                 | 11/29/07         |
| Bristol                 | VA                       | None  | 213,369 | 396,824      | None   | None  | 213,369 | 396,824   | 610,193                                 | 81,347                  | 11/29/07         |
| Bristol                 | VA                       | None  | 268,303 | 498,845      | None   | None  | 268,303 | 498,845   | 767,148                                 | 102,262                 | 11/29/07         |
| Bristol                 | VA                       | None  | 171,156 | 318,428      | None   | None  | 171,156 | 318,428   | 489,584                                 | 65,276                  | 11/29/07         |

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|             |    |      |         |         |      |      |         |         |           |         |          |
|-------------|----|------|---------|---------|------|------|---------|---------|-----------|---------|----------|
| Castlewood  | VA | None | 387,303 | 720,307 | None | None | 387,303 | 720,307 | 1,107,610 | 147,661 | 11/29/07 |
| Cedar Bluff | VA | None | 492,303 | 915,307 | None | None | 492,303 | 915,307 | 1,407,610 | 187,636 | 11/29/07 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) |      | Initial Cost to Company Buildings, Improvements and Acquisition |           |              |                | Cost Capitalized Subsequent to Acquisition |           | Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7) |           |  | Accumulated Depreciation<br>(Note 5) | Date of Construction | Date Acquired |
|-------------------------|--------------------------|------|---|-----------|--------------|----------------|--|-----------|--|-----------|--|--------------------------------------|----------------------|---------------|
|                         |                          |      | Land  | Fees      | Improvements | Carrying Costs | Land                                       | Fees      | Total  |           |  |                                      |                      |               |
| Chatham                 | VA                       | None | 347,728   | 525,031   | None         | None           | 347,728                                    | 525,031   | 872,759  | 205,630   |  | 03/19                                |                      |               |
| Chesapeake              | VA                       | None | 225,000   | 400,366   | None         | None           | 225,000                                    | 400,366   | 625,366  | 118,108   |  | 08/18                                |                      |               |
| Clintwood               | VA                       | None | 378,553   | 703,610   | None         | None           | 378,553                                    | 703,610   | 1,082,163  | 144,239   |  | 11/29                                |                      |               |
| Coeburn                 | VA                       | None | 168,934   | 314,764   | None         | None           | 168,934                                    | 314,764   | 483,698  | 64,525    |  | 11/29                                |                      |               |
| Coeburn                 | VA                       | None | 312,303   | 581,021   | None         | None           | 312,303                                    | 581,021   | 893,324  | 119,108   |  | 11/29                                |                      |               |
| Coeburn                 | VA                       | None | 282,303   | 525,307   | None         | None           | 282,303                                    | 525,307   | 807,610  | 107,686   |  | 11/29                                |                      |               |
| Collinsville            | VA                       | None | 84,465  | 130,137   | None         | None           | 84,465                                     | 130,137   | 214,602  | 50,963    |  | 03/19                                |                      |               |
| Danville                | VA                       | None | 149,276   | 227,333   | None         | None           | 149,276                                    | 227,333   | 376,609  | 89,031    |  | 03/19                                |                      |               |
| Danville                | VA                       | None | 83,644  | 128,884   | None         | None           | 83,644                                     | 128,884   | 212,528  | 50,473    |  | 03/19                                |                      |               |
| Danville                | VA                       | None | 266,722   | 403,501   | None         | None           | 266,722                                    | 403,501   | 670,223  | 158,031   |  | 03/19                                |                      |               |
| Franklin                | VA                       | None | 536,667   | 863,699   | None         | None           | 536,667                                    | 863,699   | 1,400,366  | 254,791   |  | 08/18                                |                      |               |
| Gate City               | VA                       | None | 422,303   | 784,845   | None         | None           | 422,303                                    | 784,845   | 1,207,148  | 160,892   |  | 11/29                                |                      |               |
| Glen Allen              | VA                       | None | 700,000   | 440,965   | None         | None           | 700,000                                    | 440,965   | 1,140,965  | 259,425   |  | 04/17                                |                      |               |
| Hampton                 | VA                       | None | 433,985   | 459,108   | None         | None           | 433,985                                    | 459,108   | 893,093  | 270,098   |  | 04/17                                |                      |               |
| Highland Springs        | VA                       | None | 396,720   | 598,547   | None         | None           | 396,720                                    | 598,547   | 995,267  | 234,424   |  | 03/19                                |                      |               |
| Honaker                 | VA                       | None | 492,303   | 915,307   | None         | None           | 492,303                                    | 915,307   | 1,407,610  | 187,636   |  | 11/29                                |                      |               |
| Martinsville            | VA                       | None | 246,820   | 373,653   | None         | None           | 246,820                                    | 373,653   | 620,473  | 146,340   |  | 03/19                                |                      |               |
| Martinsville            | VA                       | None | 83,521  | 128,706   | None         | None           | 83,521                                     | 128,706   | 212,227  | 50,403    |  | 03/19                                |                      |               |
| Midlothian              | VA                       | None | 325,000   | 302,872   | None         | 153            | 325,000                                    | 303,025   | 628,025  | 186,276   |  | 08/21                                |                      |               |
| Newport News            | VA                       | None | 490,616   | 605,304   | None         | None           | 490,616                                    | 605,304   | 1,095,920  | 326,778   |  | 01/20/00                             | 04/17                |               |
| Norton                  | VA                       | None | 157,826   | 293,688   | None         | None           | 157,826                                    | 293,688   | 451,514  | 60,204    |  | 11/29                                |                      |               |
| Norton                  | VA                       | None | 457,303   | 849,860   | None         | None           | 457,303                                    | 849,860   | 1,307,163  | 174,220   |  | 11/29                                |                      |               |
| Norton                  | VA                       | None | 222,256   | 413,344   | None         | None           | 222,256                                    | 413,344   | 635,600  | 84,734    |  | 11/29                                |                      |               |
| Pound                   | VA                       | None | 256,170   | 476,327   | None         | None           | 256,170                                    | 476,327   | 732,497  | 97,645    |  | 11/29                                |                      |               |
| Pound                   | VA                       | None | 276,303   | 513,717   | None         | None           | 276,303                                    | 513,717   | 790,020  | 105,310   |  | 11/29                                |                      |               |
| Richlands               | VA                       | None | 140,051   | 261,125   | None         | None           | 140,051                                    | 261,125   | 401,176  | 53,529    |  | 11/29                                |                      |               |
| Richmond                | VA                       | None | 700,000   | 400,740   | None         | None           | 700,000                                    | 400,740   | 1,100,740  | 235,761   |  | 04/17                                |                      |               |
| Richmond                | VA                       | None | 400,000   | 250,875   | None         | None           | 400,000                                    | 250,875   | 650,875  | 147,589   |  | 04/17                                |                      |               |
| Richmond                | VA                       | None | 1,000,000   | 740       | None         | None           | 1,000,000                                  | 740       | 1,000,740  | 428       |  | 04/17                                |                      |               |
| Richmond                | VA                       | None | 700,000   | 100,695   | None         | None           | 700,000                                    | 100,695   | 800,695  | 59,235    |  | 04/17                                |                      |               |
| Richmond                | VA                       | None | 1,144,841   | 3,371,146 | None         | None           | 1,144,841                                  | 3,371,146 | 4,515,987  | 1,397,185 |  | 08/22                                |                      |               |
| Richmond                | VA                       | None | 298,227   | 451,014   | None         | None           | 298,227                                    | 451,014   | 749,241  | 176,640   |  | 03/19                                |                      |               |
| Richmond                | VA                       | None | 329,698   | 498,015   | None         | None           | 329,698                                    | 498,015   | 827,713  | 195,048   |  | 03/19                                |                      |               |
| Richmond                | VA                       | None | 213,982   | 324,659   | None         | None           | 213,982                                    | 324,659   | 538,641  | 127,151   |  | 03/19                                |                      |               |
| Richmond                | VA                       | None | 482,735   | 727,776   | None         | None           | 482,735                                    | 727,776   | 1,210,511  | 285,039   |  | 03/19                                |                      |               |
| Richmond                | VA                       | None | 350,453   | 529,365   | None         | None           | 350,453                                    | 529,365   | 879,818  | 207,327   |  | 03/19                                |                      |               |
| Richmond                | VA                       | None | 323,496   | 488,918   | None         | None           | 323,496                                    | 488,918   | 812,414  | 191,486   |  | 03/19                                |                      |               |
| Richmond                | VA                       | None | 278,443   | 421,584   | None         | None           | 278,443                                    | 421,584   | 700,027  | 165,113   |  | 03/19                                |                      |               |
| Roanoke                 | VA                       | None | 325,000   | 575,366   | None         | None           | 325,000                                    | 575,366   | 900,366  | 169,733   |  | 08/18                                |                      |               |
| Rosedale                | VA                       | None | 211,147   | 393,160   | None         | None           | 211,147                                    | 393,160   | 604,307  | 80,596    |  | 11/29                                |                      |               |
| Sandston                | VA                       | None | 152,535   | 232,528   | None         | None           | 152,535                                    | 232,528   | 385,063  | 91,066    |  | 03/19                                |                      |               |
| South Boston            | VA                       | None | 160,893   | 244,778   | None         | None           | 160,893                                    | 244,778   | 405,671  | 95,864    |  | 03/19                                |                      |               |
| St. Paul                | VA                       | None | 334,803   | 622,807   | None         | None           | 334,803                                    | 622,807   | 957,610  | 127,674   |  | 11/29                                |                      |               |
| St. Paul                | VA                       | None | 422,303   | 785,307   | None         | None           | 422,303                                    | 785,307   | 1,207,610  | 160,986   |  | 11/29                                |                      |               |



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|          |    |      |         |           |      |      |         |           |           |         |       |
|----------|----|------|---------|-----------|------|------|---------|-----------|-----------|---------|-------|
| Stafford | VA | None | 271,865 | 601,997   | None | 167  | 271,865 | 602,164   | 874,029   | 386,358 | 12/20 |
| Staunton | VA | None | 675,000 | 1,000,366 | None | None | 675,000 | 1,000,366 | 1,675,366 | 295,108 | 08/18 |
| Suffolk  | VA | None | 700,000 | 1,000,366 | None | None | 700,000 | 1,000,366 | 1,700,366 | 295,108 | 08/18 |
| Tazewell | VA | None | 153,382 | 285,882   | None | None | 153,382 | 285,882   | 439,264   | 58,604  | 11/20 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)              | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |  |            | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | A           |
|--------------------------------------|--------------------------|-------------------------|--|--|-------------------|---|--|------------|---|-------------------------|-------------|
|                                      |                          | 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      |   |                         |             |
| Troutville<br>Virginia<br>Beach      | VA                       | None                    | 575,000  | 975,366  | None              | None  | 575,000  | 975,366    | 1,550,366                               | 287,733                 | 0           |
| Warrenton                            | VA                       | None                    | 1,194,560  | 2,218,773  | None              | None  | 1,194,560  | 2,218,773  | 3,413,333                               | 935,567                 | 0           |
| Weber City                           | VA                       | None                    | 515,971  | 649,125  | None              | 161   | 515,971  | 649,286    | 1,165,257                               | 416,594                 | 1           |
| Williamsburg                         | VA                       | None                    | 369,803  | 687,345  | None              | None  | 369,803  | 687,345    | 1,057,148                               | 140,904                 | 1           |
| Wise                                 | VA                       | None                    | 838,172  | 1,556,910  | None              | None  | 838,172  | 1,556,910  | 2,395,082                               | 656,421                 | 0           |
| Wise                                 | VA                       | None                    | 334,803  | 622,360  | None              | None  | 334,803  | 622,360    | 957,163                                 | 127,582                 | 1           |
| Wise                                 | VA                       | None                    | 66,733   | 124,517  | None              | None  | 66,733   | 124,517    | 191,250                                 | 25,524                  | 1           |
| Wise                                 | VA                       | None                    | 527,303  | 979,860  | None              | None  | 527,303  | 979,860    | 1,507,163                               | 200,870                 | 1           |
| Wytheville                           | VA                       | None                    | 1,222,535  | 1,577,830  | None              | None  | 1,222,535  | 1,577,830  | 2,800,365                               | 465,460                 | 0           |
| Yorktown                             | VA                       | None                    | 309,435  | 447,144  | None              | None  | 309,435  | 447,144    | 756,579                                 | 263,054                 | 0           |
| Spokane                              | WA                       | None                    | 66,150   | 146,921  | 55,528            | 7,650   | 66,150   | 210,099    | 276,249                                 | 164,748                 | 1           |
| East Troy                            | WI                       | None                    | 578,813  | 1,072,938  | 2,000             | None  | 578,813  | 1,074,938  | 1,653,751                               | 131,141                 | 1           |
| Ellsworth                            | WI                       | None                    | 175,000  | 323,500  | 1,500             | None  | 175,000  | 325,000    | 500,000                                 | 26,732                  | 1           |
| Menomonie                            | WI                       | None                    | 770,442  | 1,428,821  | 2,000             | None  | 770,442  | 1,430,821  | 2,201,263                               | 117,104                 | 1           |
| Menomonie                            | WI                       | None                    | 175,000  | 323,000  | 2,000             | None  | 175,000  | 325,000    | 500,000                                 | 26,795                  | 1           |
| Menomonie                            | WI                       | None                    | 441,256  | 817,975  | 1,500             | None  | 441,256  | 819,475    | 1,260,731                               | 67,114                  | 1           |
| Mondovi                              | WI                       | None                    | 175,000  | 323,500  | 1,500             | None  | 175,000  | 325,000    | 500,000                                 | 26,732                  | 1           |
| Osseo                                | WI                       | None                    | 613,373  | 1,136,622  | 2,500             | None  | 613,373  | 1,139,122  | 1,752,495                               | 93,345                  | 1           |
| <b><u>Crafts and novelties</u></b>   |                          |                         |  |  |                   |   |  |            |   |                         |             |
| Morgan Hill<br>Rancho                | CA                       | None                    | 319,063  | 2,518,205  | None              | None  | 319,063  | 2,518,205  | 2,837,268                               | 29,379                  | 0           |
| Cucamonga                            | CA                       | None                    | 2,790,740  | 4,713,106  | None              | None  | 2,790,740  | 4,713,106  | 7,503,846                               | 54,986                  | 0           |
| Roseville                            | CA                       | None                    | 1,415,674  | 4,367,269  | None              | None  | 1,415,674  | 4,367,269  | 5,782,943                               | 50,951                  | 0           |
| Temecula                             | CA                       | None                    | 2,027,441  | 4,644,558  | None              | None  | 2,027,441  | 4,644,558  | 6,671,999                               | 54,187                  | 0           |
| Clermont                             | FL                       | None                    | 980,500  | 3,632,575  | None              | None  | 980,500  | 3,632,575  | 4,613,075                               | 213                     | In-progress |
| Cutler Ridge                         | FL                       | None                    | 743,498  | 657,485  | 200,746           | 154   | 743,498  | 858,385    | 1,601,883                               | 479,600                 | 1           |
| Rockford                             | IL                       | None                    | 159,587  | 618,398  | None              | 211   | 159,587  | 618,609    | 778,196                                 | 398,888                 | 1           |
| Stony Brook<br>Pleasant<br>Hills     | NY<br>PA                 | None                    | 980,000  | 1,801,586  | 5,641             | 232   | 980,000  | 1,807,459  | 2,787,459                               | 1,008,445               | 0           |
| <b><u>Diversified industrial</u></b> |                          |                         |  |  |                   |   |  |            |   |                         |             |
| Portland                             | TN                       | 10,150,000              | 1,481,370  | 10,969,189                                       | None              | None  | 1,481,370  | 10,969,189 | 12,450,559                              | 127,974                 | 0           |
| <b><u>Dollar stores</u></b>          |                          |                         |  |  |                   |   |  |            |   |                         |             |
| Birmingham                           | AL                       | None                    | 707,673  | 1,314,251  | None              | None  | 707,673  | 1,314,251  | 2,021,924                               | 28,475                  | 0           |
| Birmingham                           | AL                       | None                    | 322,861  | 599,600  | None              | None  | 322,861  | 599,600    | 922,461                                 | 999                     | 1           |
| Decatur                              | AL                       | None                    | 301,085  | 559,159  | None              | None  | 301,085  | 559,159    | 860,244                                 | 12,115                  | 0           |
| Florence                             | AL                       | None                    | 419,440  | 778,959  | None              | None  | 419,440  | 778,959    | 1,198,399                               | 1,298                   | 1           |
| Huntsville                           | AL                       | None                    | 501,318  | 931,020  | None              | None  | 501,318  | 931,020    | 1,432,338                               | 20,172                  | 0           |
| Montgomery                           | AL                       | None                    | 532,170  | 988,317  | None              | None  | 532,170  | 988,317    | 1,520,487                               | 1,647                   | 1           |

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|            |    |      |         |           |      |      |         |           |           |        |
|------------|----|------|---------|-----------|------|------|---------|-----------|-----------|--------|
| Montgomery | AL | None | 366,980 | 681,533   | None | None | 366,980 | 681,533   | 1,048,513 | 1,136  |
| Prichard   | AL | None | 429,411 | 797,478   | None | None | 429,411 | 797,478   | 1,226,889 | 1,329  |
| Atkins     | AR | None | 264,657 | 491,507   | None | None | 264,657 | 491,507   | 756,164   | 819    |
| Hope       | AR | None | 421,413 | 782,623   | None | None | 421,413 | 782,623   | 1,204,036 | 16,957 |
| Marianna   | AR | None | 230,373 | 427,836   | None | None | 230,373 | 427,836   | 658,209   | 713    |
| Pine Bluff | AR | None | 562,282 | 1,044,237 | None | None | 562,282 | 1,044,237 | 1,606,519 | 22,625 |
| Pine Bluff | AR | None | 579,851 | 1,076,865 | None | None | 579,851 | 1,076,865 | 1,656,716 | 1,795  |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|---------|--------------|--|---|---------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees    | Improvements | Carrying<br>Costs                                | Land  | Fees    | Total     |   |                         |                  |
| West                    |                          |   |         |              |  |   |         |           |   |                         |                  |
| Helena<br>Camp          | AR                       | None  | 331,612 | 615,851      | None   | None  | 331,612 | 615,851   | 947,463                                 | 1,026                   | 12/14/12         |
| Verde<br>Lake           | AZ                       | None  | 244,826 | 454,678      | None   | None  | 244,826 | 454,678   | 699,504                                 | 9,851                   | 06/01/12         |
| Havasu                  | AZ                       | None  | 439,388 | 816,005      | None   | None  | 439,388 | 816,005   | 1,255,393                               | 17,680                  | 06/01/12         |
| Phoenix                 | AZ                       | None  | 712,708 | 1,323,600    | None   | None  | 712,708 | 1,323,600 | 2,036,308                               | 28,678                  | 06/01/12         |
| Phoenix                 | AZ                       | None  | 642,917 | 1,193,990    | None   | None  | 642,917 | 1,193,990 | 1,836,907                               | 25,870                  | 06/01/12         |
| Phoenix                 | AZ                       | None  | 721,637 | 1,340,182    | None   | None  | 721,637 | 1,340,182 | 2,061,819                               | 29,037                  | 06/01/12         |
| Phoenix                 | AZ                       | None  | 580,167 | 1,077,452    | None   | None  | 580,167 | 1,077,452 | 1,657,619                               | 23,345                  | 06/01/12         |
| Tolleson                | AZ                       | None  | 581,123 | 1,079,228    | None   | None  | 581,123 | 1,079,228 | 1,660,351                               | 23,383                  | 06/01/12         |
| Tucson                  | AZ                       | None  | 461,061 | 856,257      | None   | None  | 461,061 | 856,257   | 1,317,318                               | 18,552                  | 06/01/12         |
| Yuma                    | AZ                       | None  | 225,609 | 418,988      | None   | None  | 225,609 | 418,988   | 644,597                                 | 9,078                   | 06/01/12         |
| Federal<br>Heights      | CO                       | None  | 561,752 | 1,043,254    | None   | None  | 561,752 | 1,043,254 | 1,605,006                               | 22,604                  | 06/01/12         |
| Federal<br>Heights      | CO                       | None  | 501,314 | 931,013      | None   | None  | 501,314 | 931,013   | 1,432,327                               | 20,172                  | 06/01/12         |
| Bartow                  | FL                       | None  | 476,372 | 884,692      | None   | None  | 476,372 | 884,692   | 1,361,064                               | 1,474                   | 12/14/12         |
| Brandon                 | FL                       | None  | 605,652 | 1,124,782    | None   | None  | 605,652 | 1,124,782 | 1,730,434                               | 1,875                   | 12/14/12         |
| Cottdonale<br>Crystal   | FL                       | None  | 458,337 | 851,196      | None   | None  | 458,337 | 851,196   | 1,309,533                               | 1,419                   | 12/14/12         |
| River<br>Fern Park      | FL                       | None  | 432,782 | 803,739      | None   | None  | 432,782 | 803,739   | 1,236,521                               | 1,340                   | 12/14/12         |
| Gainesville             | FL                       | None  | 663,492 | 1,232,199    | None   | None  | 663,492 | 1,232,199 | 1,895,691                               | 2,054                   | 12/14/12         |
| Groveland               | FL                       | None  | 491,957 | 913,635      | None   | None  | 491,957 | 913,635   | 1,405,592                               | 1,523                   | 12/14/12         |
| Hudson                  | FL                       | None  | 101,782 | 189,258      | None   | 189   | 101,782 | 189,447   | 291,229                                 | 104,574                 | 03/31/99         |
| Immokalee               | FL                       | None  | 485,785 | 902,173      | None   | None  | 485,785 | 902,173   | 1,387,958                               | 1,504                   | 12/14/12         |
| Jacksonville            | FL                       | None  | 659,438 | 1,224,671    | None   | None  | 659,438 | 1,224,671 | 1,884,109                               | 26,535                  | 06/01/12         |
| Jacksonville            | FL                       | None  | 479,745 | 890,954      | None   | None  | 479,745 | 890,954   | 1,370,699                               | 19,304                  | 06/01/12         |
| Jacksonville            | FL                       | None  | 635,245 | 1,179,740    | None   | None  | 635,245 | 1,179,740 | 1,814,985                               | 1,966                   | 12/14/12         |
| Jacksonville            | FL                       | None  | 577,368 | 1,072,255    | None   | None  | 577,368 | 1,072,255 | 1,649,623                               | 1,787                   | 12/14/12         |
| Jacksonville            | FL                       | None  | 774,832 | 1,438,974    | None   | None  | 774,832 | 1,438,974 | 2,213,806                               | 2,398                   | 12/14/12         |
| Jacksonville            | FL                       | None  | 580,539 | 1,078,144    | None   | None  | 580,539 | 1,078,144 | 1,658,683                               | 1,797                   | 12/14/12         |
| Jasper                  | FL                       | None  | 397,823 | 738,814      | None   | None  | 397,823 | 738,814   | 1,136,637                               | 1,231                   | 12/14/12         |
| Lakeland                | FL                       | None  | 342,755 | 636,546      | None   | None  | 342,755 | 636,546   | 979,301                                 | 13,792                  | 06/01/12         |
| Lakeland                | FL                       | None  | 455,575 | 846,067      | None   | None  | 455,575 | 846,067   | 1,301,642                               | 1,410                   | 12/14/12         |
| Largo                   | FL                       | None  | 567,646 | 1,054,201    | None   | None  | 567,646 | 1,054,201 | 1,621,847                               | 1,757                   | 12/14/12         |
| Lehigh<br>Acres         | FL                       | None  | 560,116 | 1,040,215    | None   | None  | 560,116 | 1,040,215 | 1,600,331                               | 1,734                   | 12/14/12         |
| Miami                   | FL                       | None  | 648,087 | 1,203,591    | None   | None  | 648,087 | 1,203,591 | 1,851,678                               | 2,006                   | 12/14/12         |
| Ocala                   | FL                       | None  | 482,475 | 896,026      | None   | None  | 482,475 | 896,026   | 1,378,501                               | 1,493                   | 12/14/12         |
| Opa Locka<br>Panama     | FL                       | None  | 665,870 | 1,236,615    | None   | None  | 665,870 | 1,236,615 | 1,902,485                               | 26,793                  | 06/01/12         |
| City<br>S Dayton        | FL                       | None  | 468,060 | 869,253      | None   | None  | 468,060 | 869,253   | 1,337,313                               | 1,449                   | 12/14/12         |
| Beach                   | FL                       | None  | 652,903 | 1,212,534    | None   | None  | 652,903 | 1,212,534 | 1,865,437                               | 2,021                   | 12/14/12         |
| Seminole                | FL                       | None  | 541,317 | 1,005,304    | None   | None  | 541,317 | 1,005,304 | 1,546,621                               | 1,676                   | 12/14/12         |
| Tampa                   | FL                       | None  | 559,416 | 1,038,915    | None   | None  | 559,416 | 1,038,915 | 1,598,331                               | 22,510                  | 06/01/12         |

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|                |    |      |         |           |      |      |         |           |           |        |          |
|----------------|----|------|---------|-----------|------|------|---------|-----------|-----------|--------|----------|
| Tampa          | FL | None | 552,447 | 1,025,973 | None | None | 552,447 | 1,025,973 | 1,578,420 | 22,229 | 06/01/12 |
| Tampa          | FL | None | 549,314 | 1,020,154 | None | None | 549,314 | 1,020,154 | 1,569,468 | 1,700  | 12/14/12 |
| Tampa          | FL | None | 611,153 | 1,134,998 | None | None | 611,153 | 1,134,998 | 1,746,151 | 1,892  | 12/14/12 |
| Tampa          | FL | None | 634,199 | 1,177,799 | None | None | 634,199 | 1,177,799 | 1,811,998 | 1,963  | 12/14/12 |
| Temple Terrace | FL | None | 666,400 | 1,237,599 | None | None | 666,400 | 1,237,599 | 1,903,999 | 26,815 | 06/01/12 |
| Winter Haven   | FL | None | 441,079 | 819,148   | None | None | 441,079 | 819,148   | 1,260,227 | 17,748 | 06/01/12 |
| Winter Haven   | FL | None | 437,109 | 811,775   | None | None | 437,109 | 811,775   | 1,248,884 | 1,353  | 12/14/12 |
| Augusta        | GA | None | 572,784 | 1,063,741 | None | None | 572,784 | 1,063,741 | 1,636,525 | 23,048 | 06/01/12 |
| Augusta        | GA | None | 396,046 | 735,513   | None | None | 396,046 | 735,513   | 1,131,559 | 1,226  | 12/14/12 |
| Brunswick      | GA | None | 525,784 | 976,455   | None | None | 525,784 | 976,455   | 1,502,239 | 1,627  | 12/14/12 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized |   | Gross Amount at Which Carried |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|-------------------------|--|------------------|---|-------------------------------|--|-----------|---|-------------------------|------------------|
|                         |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements     | Subsequent<br>to Acquisition<br>Carrying<br>Costs | Land                          | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |                         |                  |
| Brunswick               | GA                       | None                    | 374,722  | 695,913          | None  | None                          | 374,722  | 695,913   | 1,070,635                               | 1,160                   | 12/14/11         |
| Coryers                 | GA                       | None                    | 737,753  | 1,370,114        | None  | None                          | 737,753  | 1,370,114 | 2,107,867                               | 29,686                  | 06/01/11         |
| Dawson                  | GA                       | None                    | 413,732  | 768,359          | None  | None                          | 413,732  | 768,359   | 1,182,091                               | 1,281                   | 12/14/11         |
| Thomasville             | GA                       | None                    | 407,954  | 757,629          | None  | None                          | 407,954  | 757,629   | 1,165,583                               | 1,263                   | 12/14/11         |
| Warrenton               | GA                       | None                    | 298,668  | 554,669          | None  | None                          | 298,668  | 554,669   | 853,337                                 | 924                     | 12/14/11         |
| Waycross                | GA                       | None                    | 417,843  | 775,994          | None  | None                          | 417,843  | 775,994   | 1,193,837                               | 1,293                   | 12/14/11         |
| Wrightsville            | GA                       | None                    | 274,254  | 509,328          | None  | None                          | 274,254  | 509,328   | 783,582                                 | 849                     | 12/14/11         |
| Des Moines              | IA                       | None                    | 455,336  | 845,625          | None  | None                          | 455,336  | 845,625   | 1,300,961                               | 18,322                  | 06/01/11         |
| Mason City              | IA                       | None                    | 242,135  | 449,678          | None  | None                          | 242,135  | 449,678   | 691,813                                 | 9,743                   | 06/01/11         |
| Calumet City            | IL                       | None                    | 561,828  | 1,043,394        | None  | None                          | 561,828  | 1,043,394 | 1,605,222                               | 22,607                  | 06/01/11         |
| Chicago                 | IL                       | None                    | 759,213  | 1,409,966        | None  | None                          | 759,213  | 1,409,966 | 2,169,179                               | 2,350                   | 12/14/11         |
| Dwight                  | IL                       | None                    | 355,224  | 659,701          | None  | None                          | 355,224  | 659,701   | 1,014,925                               | 1,100                   | 12/14/11         |
| East Saint Louis        | IL                       | None                    | 564,367  | 1,048,111        | None  | None                          | 564,367  | 1,048,111 | 1,612,478                               | 1,747                   | 12/14/11         |
| Galesburg               | IL                       | None                    | 325,959  | 605,353          | None  | None                          | 325,959  | 605,353   | 931,312                                 | 13,116                  | 06/01/11         |
| Harvey                  | IL                       | None                    | 356,530  | 662,127          | None  | None                          | 356,530  | 662,127   | 1,018,657                               | 1,104                   | 12/14/11         |
| Joliet                  | IL                       | None                    | 396,961  | 737,212          | None  | None                          | 396,961  | 737,212   | 1,134,173                               | 1,229                   | 12/14/11         |
| Metropolis              | IL                       | None                    | 522,911  | 971,120          | None  | None                          | 522,911  | 971,120   | 1,494,031                               | 1,619                   | 12/14/11         |
| Peoria                  | IL                       | None                    | 378,198  | 702,367          | None  | None                          | 378,198  | 702,367   | 1,080,565                               | 15,218                  | 06/01/11         |
| Virden                  | IL                       | None                    | 546,679  | 1,015,261        | None  | None                          | 546,679  | 1,015,261 | 1,561,940                               | 1,692                   | 12/14/11         |
| Anderson                | IN                       | None                    | 634,963  | 1,179,216        | None  | None                          | 634,963  | 1,179,216 | 1,814,179                               | 1,965                   | 12/14/11         |
| Indianapolis            | IN                       | None                    | 454,789  | 844,607          | None  | None                          | 454,789  | 844,607   | 1,299,396                               | 18,300                  | 06/01/11         |
| New Albany              | IN                       | None                    | 437,343  | 812,209          | None  | None                          | 437,343  | 812,209   | 1,249,552                               | 1,354                   | 12/14/11         |
| Parker City             | IN                       | None                    | 266,530  | 494,983          | None  | None                          | 266,530  | 494,983   | 761,513                                 | 10,725                  | 06/01/11         |
| Rockport                | IN                       | None                    | 203,782  | 378,451          | None  | None                          | 203,782  | 378,451   | 582,233                                 | 631                     | 12/14/11         |
| South Bend              | IN                       | None                    | 507,845  | 943,140          | None  | None                          | 507,845  | 943,140   | 1,450,985                               | 1,572                   | 12/14/11         |
| Arma                    | KS                       | None                    | 170,875  | 793,860          | None  | None                          | 170,875  | 793,860   | 964,735                                 | 11,908                  | 08/30/11         |
| Basehor                 | KS                       | None                    | 171,627  | 872,548          | None  | None                          | 171,627  | 872,548   | 1,044,175                               | 13,088                  | 08/30/11         |
| Burlington              | KS                       | None                    | 173,930  | 806,439          | None  | None                          | 173,930  | 806,439   | 980,369                                 | 12,097                  | 08/30/11         |
| Cheney                  | KS                       | None                    | 161,300  | 770,354          | None  | None                          | 161,300  | 770,354   | 931,654                                 | 11,555                  | 08/30/11         |
| Cherryvale              | KS                       | None                    | 90,248   | 811,836          | None  | None                          | 90,248   | 811,836   | 902,084                                 | 12,178                  | 08/30/11         |
| Coffeyville             | KS                       | None                    | 519,254  | 964,328          | None  | None                          | 519,254  | 964,328   | 1,483,582                               | 1,607                   | 12/14/11         |
| Edwardsville            | KS                       | None                    | 161,785  | 906,004          | None  | None                          | 161,785  | 906,004   | 1,067,789                               | 13,590                  | 08/30/11         |
| Elkhart                 | KS                       | None                    | 119,882  | 848,233          | None  | None                          | 119,882  | 848,233   | 968,115                                 | 12,724                  | 08/30/11         |
| Fort Scott              | KS                       | None                    | 442,309  | 875,130          | None  | None                          | 442,309  | 875,130   | 1,317,439                               | 7,293                   | 10/31/11         |
| Fredonia                | KS                       | None                    | 353,485  | 699,387          | None  | None                          | 353,485  | 699,387   | 1,052,872                               | 5,828                   | 10/31/11         |
| Galena                  | KS                       | None                    | 348,023  | 688,581          | None  | None                          | 348,023  | 688,581   | 1,036,604                               | 5,738                   | 10/31/11         |
| Horton                  | KS                       | None                    | 101,571  | 844,142          | None  | None                          | 101,571  | 844,142   | 945,713                                 | 12,662                  | 08/30/11         |
| Hoxie                   | KS                       | None                    | 338,945  | 670,621          | None  | None                          | 338,945  | 670,621   | 1,009,566                               | 5,589                   | 10/31/11         |
| Independence            | KS                       | None                    | 350,000  | 727,505          | None  | None                          | 350,000  | 727,505   | 1,077,505                               | 6,063                   | 10/31/11         |
| Kansas City             | KS                       | None                    | 577,037  | 1,071,640        | None  | None                          | 577,037  | 1,071,640 | 1,648,677                               | 23,219                  | 06/01/11         |
| Kansas City             | KS                       | None                    | 140,147  | 922,934          | None  | None                          | 140,147  | 922,934   | 1,063,081                               | 13,844                  | 08/30/11         |
| Lawrence                | KS                       | None                    | 236,948  | 965,247          | None  | None                          | 236,948  | 965,247   | 1,202,195                               | 14,479                  | 08/30/11         |
| Leavenworth             | KS                       | None                    | 432,608  | 855,938          | None  | None                          | 432,608  | 855,938   | 1,288,546                               | 7,133                   | 10/31/11         |
| Liberal                 | KS                       | None                    | 344,113  | 680,846          | None  | None                          | 344,113  | 680,846   | 1,024,959                               | 5,674                   | 10/31/11         |
| Lyndon                  | KS                       | None                    | 100,642  | 822,510          | None  | None                          | 100,642  | 822,510   | 923,152                                 | 12,338                  | 08/30/11         |
| Neodesha                | KS                       | None                    | 124,388  | 867,203          | None  | None                          | 124,388  | 867,203   | 991,591                                 | 13,008                  | 08/30/11         |

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|        |    |      |         |         |      |      |         |         |           |        |         |
|--------|----|------|---------|---------|------|------|---------|---------|-----------|--------|---------|
| Newton | KS | None | 110,986 | 873,540 | None | None | 110,986 | 873,540 | 984,526   | 13,103 | 08/30/1 |
| Salina | KS | None | 194,508 | 889,894 | None | None | 194,508 | 889,894 | 1,084,402 | 13,348 | 08/30/1 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|---------|--------------|--|---|---------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees    | Improvements | Carrying<br>Costs                                | Land  | Fees    | Total     |   |                         |                  |
| Topeka                  | KS                       | None  | 352,665 | 697,766      | None   | None  | 352,665 | 697,766   | 1,050,431                               | 5,815                   | 10/31/12         |
| Washington              | KS                       | None  | 81,586  | 828,885      | None   | None  | 81,586  | 828,885   | 910,471                                 | 12,433                  | 08/30/12         |
| Wichita                 | KS                       | None  | 375,827 | 743,592      | None   | None  | 375,827 | 743,592   | 1,119,419                               | 6,197                   | 10/31/12         |
| Wichita                 | KS                       | None  | 90,000  | 1,206,374    | None   | None  | 90,000  | 1,206,374 | 1,296,374                               | 10,053                  | 10/31/12         |
| Wichita                 | KS                       | None  | 444,855 | 880,168      | None   | None  | 444,855 | 880,168   | 1,325,023                               | 7,335                   | 10/31/12         |
| Wichita                 | KS                       | None  | 412,493 | 816,139      | None   | None  | 412,493 | 816,139   | 1,228,632                               | 6,801                   | 10/31/12         |
| Wichita                 | KS                       | None  | 418,954 | 828,922      | None   | None  | 418,954 | 828,922   | 1,247,876                               | 6,908                   | 10/31/12         |
| Louisville              | KY                       | None  | 499,759 | 928,124      | None   | None  | 499,759 | 928,124   | 1,427,883                               | 1,547                   | 12/14/12         |
| Mount<br>Vernon         | KY                       | None  | 470,619 | 874,008      | None   | None  | 470,619 | 874,008   | 1,344,627                               | 1,457                   | 12/14/12         |
| Somerset                | KY                       | None  | 456,467 | 847,725      | None   | None  | 456,467 | 847,725   | 1,304,192                               | 18,367                  | 06/01/12         |
| Baton<br>Rouge          | LA                       | None  | 563,114 | 1,045,783    | None   | None  | 563,114 | 1,045,783 | 1,608,897                               | 22,659                  | 06/01/12         |
| Baton<br>Rouge          | LA                       | None  | 433,213 | 804,539      | None   | None  | 433,213 | 804,539   | 1,237,752                               | 1,341                   | 12/14/12         |
| Dixie Inn               | LA                       | None  | 318,870 | 592,187      | None   | None  | 318,870 | 592,187   | 911,057                                 | 987                     | 12/14/12         |
| Dutch Town              | LA                       | None  | 489,660 | 909,368      | None   | None  | 489,660 | 909,368   | 1,399,028                               | 1,516                   | 12/14/12         |
| Hammond                 | LA                       | None  | 417,284 | 974,955      | None   | None  | 417,284 | 974,955   | 1,192,239                               | 16,791                  | 06/01/12         |
| Logansport              | LA                       | None  | 494,202 | 917,805      | None   | None  | 494,202 | 917,805   | 1,412,007                               | 1,530                   | 12/14/12         |
| Minden                  | LA                       | None  | 339,679 | 630,832      | None   | None  | 339,679 | 630,832   | 970,511                                 | 13,668                  | 06/01/12         |
| Saint<br>Bernard        | LA                       | None  | 447,884 | 831,784      | None   | None  | 447,884 | 831,784   | 1,279,668                               | 18,022                  | 06/01/12         |
| Shreveport              | LA                       | None  | 605,336 | 1,124,196    | None   | None  | 605,336 | 1,124,196 | 1,729,532                               | 24,358                  | 06/01/12         |
| Shreveport              | LA                       | None  | 719,595 | 1,336,390    | None   | None  | 719,595 | 1,336,390 | 2,055,985                               | 2,227                   | 12/14/12         |
| Bangor                  | MI                       | None  | 513,772 | 954,149      | None   | None  | 513,772 | 954,149   | 1,467,921                               | 20,673                  | 06/01/12         |
| Battle<br>Creek         | MI                       | None  | 438,869 | 815,042      | None   | None  | 438,869 | 815,042   | 1,253,911                               | 17,659                  | 06/01/12         |
| Beaverton               | MI                       | None  | 242,135 | 449,678      | None   | None  | 242,135 | 449,678   | 691,813                                 | 9,743                   | 06/01/12         |
| Croswell                | MI                       | None  | 387,461 | 719,571      | None   | None  | 387,461 | 719,571   | 1,107,032                               | 15,591                  | 06/01/12         |
| Dearborn                | MI                       | None  | 522,650 | 970,637      | None   | None  | 522,650 | 970,637   | 1,493,287                               | 21,030                  | 06/01/12         |
| Detroit                 | MI                       | None  | 667,232 | 1,239,145    | None   | None  | 667,232 | 1,239,145 | 1,906,377                               | 26,848                  | 06/01/12         |
| Flint                   | MI                       | None  | 510,751 | 948,537      | None   | None  | 510,751 | 948,537   | 1,459,288                               | 20,552                  | 06/01/12         |
| Grand<br>Rapids         | MI                       | None  | 526,567 | 977,911      | None   | None  | 526,567 | 977,911   | 1,504,478                               | 1,630                   | 12/14/12         |
| Jackson                 | MI                       | None  | 473,329 | 879,039      | None   | None  | 473,329 | 879,039   | 1,352,368                               | 19,046                  | 06/01/12         |
| Jackson                 | MI                       | None  | 592,388 | 1,100,149    | None   | None  | 592,388 | 1,100,149 | 1,692,537                               | 1,834                   | 12/14/12         |
| Marion                  | MI                       | None  | 354,869 | 659,042      | None   | None  | 354,869 | 659,042   | 1,013,911                               | 1,098                   | 12/14/12         |
| Mount<br>Morris         | MI                       | None  | 604,949 | 1,123,476    | None   | None  | 604,949 | 1,123,476 | 1,728,425                               | 1,872                   | 12/14/12         |
| Onaway                  | MI                       | None  | 510,098 | 947,326      | None   | None  | 510,098 | 947,326   | 1,457,424                               | 1,579                   | 12/14/12         |
| Romulus                 | MI                       | None  | 578,474 | 1,074,310    | None   | None  | 578,474 | 1,074,310 | 1,652,784                               | 23,277                  | 06/01/12         |
| Yale                    | MI                       | None  | 248,856 | 462,160      | None   | None  | 248,856 | 462,160   | 711,016                                 | 10,013                  | 06/01/12         |
| Kansas City             | MO                       | None  | 443,895 | 824,377      | None   | None  | 443,895 | 824,377   | 1,268,272                               | 17,862                  | 06/01/12         |
| Kansas City             | MO                       | None  | 557,439 | 1,035,244    | None   | None  | 557,439 | 1,035,244 | 1,592,683                               | 22,430                  | 06/01/12         |
| Kansas City             | MO                       | None  | 352,739 | 697,913      | None   | None  | 352,739 | 697,913   | 1,050,652                               | 5,816                   | 10/31/12         |
| St Louis                | MO                       | None  | 647,256 | 1,202,046    | None   | None  | 647,256 | 1,202,046 | 1,849,302                               | 26,044                  | 06/01/12         |
| Jackson                 | MS                       | None  | 465,674 | 864,824      | None   | None  | 465,674 | 864,824   | 1,330,498                               | 18,738                  | 06/01/12         |



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|            |    |      |         |           |      |      |         |           |           |        |          |
|------------|----|------|---------|-----------|------|------|---------|-----------|-----------|--------|----------|
| Jackson    | MS | None | 668,518 | 1,241,534 | None | None | 668,518 | 1,241,534 | 1,910,052 | 26,900 | 06/01/12 |
| Liberty    | MS | None | 432,170 | 802,601   | None | None | 432,170 | 802,601   | 1,234,771 | 17,390 | 06/01/12 |
| Vicksburg  | MS | None | 577,491 | 1,072,483 | None | None | 577,491 | 1,072,483 | 1,649,974 | 23,237 | 06/01/12 |
| Durham     | NC | None | 442,367 | 821,540   | None | None | 442,367 | 821,540   | 1,263,907 | 1,369  | 12/14/12 |
| Kings      |    |      |         |           |      |      |         |           |           |        |          |
| Mountain   | NC | None | 492,867 | 915,324   | None | None | 492,867 | 915,324   | 1,408,191 | 1,526  | 12/14/12 |
| Lincolnton | NC | None | 343,797 | 638,479   | None | None | 343,797 | 638,479   | 982,276   | 1,064  | 12/14/12 |
| Lumberton  | NC | None | 459,702 | 853,731   | None | None | 459,702 | 853,731   | 1,313,433 | 1,423  | 12/14/12 |
| Marion     | NC | None | 475,680 | 883,406   | None | None | 475,680 | 883,406   | 1,359,086 | 1,472  | 12/14/12 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |      |         | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |       |
|-------------------------|--------------------------|---|---------|--|---|------|---------|---|-------------------------|------------------|-------|
|                         |                          | Land  | Fees    | Improvements                                     | Carrying<br>Costs   | Land | Fees    |   |                         |                  | Total |
| Taylorsville            | NC                       | None  | 336,401 | 624,744  | None  | None | 336,401 | 624,744                                 | 961,145                 | 1,041            | 12/14 |
| Winterville             | NC                       | None  | 250,429 | 465,082  | None  | None | 250,429 | 465,082                                 | 715,511                 | 10,077           | 06/01 |
| Lexington               | NE                       | None  | 370,620 | 688,294  | None  | None | 370,620 | 688,294                                 | 1,058,914               | 1,147            | 12/14 |
| Nebraska City           | NE                       | None  | 190,852 | 354,439  | None  | None | 190,852 | 354,439                                 | 545,291                 | 591              | 12/14 |
| South Sioux<br>City     | NE                       | None  | 290,379 | 539,274  | None  | None | 290,379 | 539,274                                 | 829,653                 | 11,684           | 06/01 |
| Manchester              | NH                       | None  | 457,288 | 849,249  | None  | None | 457,288 | 849,249                                 | 1,306,537               | 1,415            | 12/14 |
| Walpole                 | NH                       | None  | 477,671 | 887,103  | None  | None | 477,671 | 887,103                                 | 1,364,774               | 1,479            | 12/14 |
| Malaga                  | NJ                       | None  | 513,159 | 953,010  | None  | None | 513,159 | 953,010                                 | 1,466,169               | 1,588            | 12/14 |
| Albuquerque             | NM                       | None  | 589,570 | 1,094,917  | None  | None | 589,570 | 1,094,917                               | 1,684,487               | 23,723           | 06/01 |
| Albuquerque             | NM                       | None  | 281,887 | 523,504  | None  | None | 281,887 | 523,504                                 | 805,391                 | 11,343           | 06/01 |
| Bloomfield              | NM                       | None  | 458,086 | 850,732  | None  | None | 458,086 | 850,732                                 | 1,308,818               | 18,433           | 06/01 |
| Chama                   | NM                       | None  | 392,836 | 729,552  | None  | None | 392,836 | 729,552                                 | 1,122,388               | 1,216            | 12/14 |
| Cuba                    | NM                       | None  | 543,339 | 1,009,059  | None  | None | 543,339 | 1,009,059                               | 1,552,398               | 21,863           | 06/01 |
| Gallup                  | NM                       | None  | 667,383 | 1,239,426  | None  | None | 667,383 | 1,239,426                               | 1,906,809               | 26,854           | 06/01 |
| Kirtland                | NM                       | None  | 688,532 | 1,278,703  | None  | None | 688,532 | 1,278,703                               | 1,967,235               | 27,705           | 06/01 |
| Las Cruces              | NM                       | None  | 331,422 | 615,497  | None  | None | 331,422 | 615,497                                 | 946,919                 | 13,336           | 06/01 |
| Los Lunas               | NM                       | None  | 505,257 | 938,335  | None  | None | 505,257 | 938,335                                 | 1,443,592               | 20,331           | 06/01 |
| Tularosa                | NM                       | None  | 233,037 | 432,782  | None  | None | 233,037 | 432,782                                 | 665,819                 | 721              | 12/14 |
| Mesquite                | NV                       | None  | 225,609 | 418,988  | None  | None | 225,609 | 418,988                                 | 644,597                 | 9,078            | 06/01 |
| Gouverneur              | NY                       | None  | 485,614 | 901,855  | None  | None | 485,614 | 901,855                                 | 1,387,469               | 1,503            | 12/14 |
| Gowanda                 | NY                       | None  | 503,722 | 935,484  | None  | None | 503,722 | 935,484                                 | 1,439,206               | 20,269           | 06/01 |
| Schenectady             | NY                       | None  | 468,077 | 869,287  | None  | None | 468,077 | 869,287                                 | 1,337,364               | 1,449            | 12/14 |
| Andover                 | OH                       | None  | 469,209 | 871,388  | None  | None | 469,209 | 871,388                                 | 1,340,597               | 1,452            | 12/14 |
| Blanchester             | OH                       | None  | 359,899 | 668,383  | None  | None | 359,899 | 668,383                                 | 1,028,282               | 1,114            | 12/14 |
| Columbus                | OH                       | None  | 574,968 | 1,067,799  | None  | None | 574,968 | 1,067,799                               | 1,642,767               | 23,136           | 06/01 |
| Columbus                | OH                       | None  | 359,083 | 666,868  | None  | None | 359,083 | 666,868                                 | 1,025,951               | 14,449           | 06/01 |
| Georgetown              | OH                       | None  | 381,051 | 707,665  | None  | None | 381,051 | 707,665                                 | 1,088,716               | 1,179            | 12/14 |
| Kenton                  | OH                       | None  | 400,787 | 744,320  | None  | None | 400,787 | 744,320                                 | 1,145,107               | 16,127           | 06/01 |
| Manchester              | OH                       | None  | 371,453 | 689,842  | None  | None | 371,453 | 689,842                                 | 1,061,295               | 1,150            | 12/14 |
| Mechanicsburg           | OH                       | None  | 350,151 | 650,280  | None  | None | 350,151 | 650,280                                 | 1,000,431               | 14,089           | 06/01 |
| Orwell                  | OH                       | None  | 293,628 | 545,309  | None  | None | 293,628 | 545,309                                 | 838,937                 | 11,815           | 06/01 |
| Peebles                 | OH                       | None  | 436,054 | 809,815  | None  | None | 436,054 | 809,815                                 | 1,245,869               | 1,350            | 12/14 |
| Ripley                  | OH                       | None  | 359,515 | 667,671  | None  | None | 359,515 | 667,671                                 | 1,027,186               | 14,466           | 06/01 |
| Warren                  | OH                       | None  | 505,805 | 939,353  | None  | None | 505,805 | 939,353                                 | 1,445,158               | 20,353           | 06/01 |
| Ardmore                 | OK                       | None  | 347,932 | 646,160  | None  | None | 347,932 | 646,160                                 | 994,092                 | 14,000           | 06/01 |
| Claremore               | OK                       | None  | 231,355 | 774,203  | None  | None | 231,355 | 774,203                                 | 1,005,558               | 11,613           | 08/30 |
| Clayton                 | OK                       | None  | 428,202 | 847,219  | None  | None | 428,202 | 847,219                                 | 1,275,421               | 7,060            | 10/31 |
| Davis                   | OK                       | None  | 505,183 | 999,530  | None  | None | 505,183 | 999,530                                 | 1,504,713               | 8,329            | 10/31 |
| Drumright               | OK                       | None  | 169,840 | 315,418  | None  | None | 169,840 | 315,418                                 | 485,258                 | 526              | 12/14 |
| Duncan                  | OK                       | None  | 430,448 | 799,403  | None  | None | 430,448 | 799,403                                 | 1,229,851               | 1,332            | 12/14 |
| Grove                   | OK                       | None  | 376,598 | 745,118  | None  | None | 376,598 | 745,118                                 | 1,121,716               | 6,209            | 10/31 |
| Haskell                 | OK                       | None  | 228,333 | 424,047  | None  | None | 228,333 | 424,047                                 | 652,380                 | 9,188            | 06/01 |
| Hollis                  | OK                       | None  | 61,713  | 880,041  | None  | None | 61,713  | 880,041                                 | 941,754                 | 13,201           | 08/30 |
| Hulbert                 | OK                       | None  | 336,767 | 666,310  | None  | None | 336,767 | 666,310                                 | 1,003,077               | 5,553            | 10/31 |
| Kansas                  | OK                       | None  | 342,548 | 677,749  | None  | None | 342,548 | 677,749                                 | 1,020,297               | 5,648            | 10/31 |
| Kellyville              | OK                       | None  | 373,030 | 738,059  | None  | None | 373,030 | 738,059                                 | 1,111,089               | 6,150            | 10/31 |

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|        |    |      |         |         |      |      |         |         |           |       |       |
|--------|----|------|---------|---------|------|------|---------|---------|-----------|-------|-------|
| Konawa | OK | None | 344,210 | 681,036 | None | None | 344,210 | 681,036 | 1,025,246 | 5,675 | 10/31 |
| Lawton | OK | None | 435,764 | 862,182 | None | None | 435,764 | 862,182 | 1,297,946 | 7,185 | 10/31 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |          |
|-------------------------|--------------------------|---|---------|--------------|--|---|---------|-----------|---|-------------------------|------------------|----------|
|                         |                          | Land  | Fees    | Improvements | Carrying<br>Costs                                | Land  | Fees    | Total     |   |                         |                  |          |
| Oklahoma City           | OK                       | None  | 640,000 | 495,915      | None   | None  | 640,000 | 495,915   | 1,135,915                               | 4,133                   |                  | 10/31/12 |
| Oklahoma City           | OK                       | None  | 318,134 | 590,821      | None   | None  | 318,134 | 590,821   | 908,955                                 | 985                     |                  | 12/14/12 |
| Shawnee                 | OK                       | None  | 288,016 | 534,887      | None   | None  | 288,016 | 534,887   | 822,903                                 | 11,589                  |                  | 06/01/12 |
| Shawnee                 | OK                       | None  | 342,323 | 677,303      | None   | None  | 342,323 | 677,303   | 1,019,626                               | 5,644                   |                  | 10/31/12 |
| Stratford               | OK                       | None  | 342,426 | 677,506      | None   | None  | 342,426 | 677,506   | 1,019,932                               | 5,646                   |                  | 10/31/12 |
| Tulsa                   | OK                       | None  | 384,370 | 760,495      | None   | None  | 384,370 | 760,495   | 1,144,865                               | 6,337                   |                  | 10/31/12 |
| Wilson                  | OK                       | None  | 89,538  | 814,202      | None   | None  | 89,538  | 814,202   | 903,740                                 | 12,213                  |                  | 08/30/12 |
| Woodward                | OK                       | None  | 221,150 | 802,563      | None   | None  | 221,150 | 802,563   | 1,023,713                               | 12,038                  |                  | 08/30/12 |
| Myrtle Beach            | SC                       | None  | 268,056 | 497,817      | None   | None  | 268,056 | 497,817   | 765,873                                 | 830                     |                  | 12/14/12 |
| Newberry                | SC                       | None  | 383,286 | 711,817      | None   | None  | 383,286 | 711,817   | 1,095,103                               | 1,186                   |                  | 12/14/12 |
| Mascot                  | TN                       | None  | 378,741 | 749,359      | None   | None  | 378,741 | 749,359   | 1,128,100                               | 6,245                   |                  | 10/31/12 |
| Memphis                 | TN                       | None  | 225,548 | 418,876      | None   | None  | 225,548 | 418,876   | 644,424                                 | 9,076                   |                  | 06/01/12 |
| Memphis                 | TN                       | None  | 493,000 | 915,572      | None   | None  | 493,000 | 915,572   | 1,408,572                               | 19,837                  |                  | 06/01/12 |
| Memphis                 | TN                       | None  | 369,950 | 687,049      | None   | None  | 369,950 | 687,049   | 1,056,999                               | 14,886                  |                  | 06/01/12 |
| Memphis                 | TN                       | None  | 563,795 | 1,047,048    | None   | None  | 563,795 | 1,047,048 | 1,610,843                               | 22,686                  |                  | 06/01/12 |
| Memphis                 | TN                       | None  | 552,777 | 1,026,586    | None   | None  | 552,777 | 1,026,586 | 1,579,363                               | 22,243                  |                  | 06/01/12 |
| Alton                   | TX                       | None  | 345,945 | 642,468      | None   | None  | 345,945 | 642,468   | 988,413                                 | 13,920                  |                  | 06/01/12 |
| Amarillo                | TX                       | None  | 191,492 | 811,497      | None   | None  | 191,492 | 811,497   | 1,002,989                               | 12,172                  |                  | 08/30/12 |
| Amarillo                | TX                       | None  | 260,864 | 712,639      | None   | None  | 260,864 | 712,639   | 973,503                                 | 10,690                  |                  | 08/30/12 |
| Anahuac                 | TX                       | None  | 531,601 | 987,259      | None   | None  | 531,601 | 987,259   | 1,518,860                               | 1,645                   |                  | 12/14/12 |
| Arcola                  | TX                       | None  | 309,969 | 961,069      | None   | None  | 309,969 | 961,069   | 1,271,038                               | 14,416                  |                  | 08/30/12 |
| Atlanta                 | TX                       | None  | 401,127 | 793,650      | None   | None  | 401,127 | 793,650   | 1,194,777                               | 6,614                   |                  | 10/31/12 |
| Austin                  | TX                       | None  | 610,000 | 876,114      | None   | None  | 610,000 | 876,114   | 1,486,114                               | 7,301                   |                  | 10/31/12 |
| Bacliff                 | TX                       | None  | 557,574 | 1,035,495    | None   | None  | 557,574 | 1,035,495 | 1,593,069                               | 22,436                  |                  | 06/01/12 |
| Balch Springs           | TX                       | None  | 588,809 | 1,093,502    | None   | None  | 588,809 | 1,093,502 | 1,682,311                               | 1,823                   |                  | 12/14/12 |
| Baytown                 | TX                       | None  | 486,394 | 903,304      | None   | None  | 486,394 | 903,304   | 1,389,698                               | 19,572                  |                  | 06/01/12 |
| Baytown                 | TX                       | None  | 447,005 | 830,152      | None   | None  | 447,005 | 830,152   | 1,277,157                               | 17,987                  |                  | 06/01/12 |
| Beaumont                | TX                       | None  | 526,746 | 978,243      | None   | None  | 526,746 | 978,243   | 1,504,989                               | 21,195                  |                  | 06/01/12 |
| Beaumont                | TX                       | None  | 186,877 | 1,007,961    | None   | None  | 186,877 | 1,007,961 | 1,194,838                               | 15,119                  |                  | 08/30/12 |
| Beeville                | TX                       | None  | 382,613 | 710,566      | None   | None  | 382,613 | 710,566   | 1,093,179                               | 15,396                  |                  | 06/01/12 |
| Blossom                 | TX                       | None  | 82,320  | 825,297      | None   | None  | 82,320  | 825,297   | 907,617                                 | 12,379                  |                  | 08/30/12 |
| Brownsville             | TX                       | None  | 287,319 | 533,592      | None   | None  | 287,319 | 533,592   | 820,911                                 | 11,561                  |                  | 06/01/12 |
| Canton Canyon           | TX                       | None  | 165,267 | 1,358,083    | None   | None  | 165,267 | 1,358,083 | 1,523,350                               | 20,371                  |                  | 08/30/12 |
| Lake Cedar              | TX                       | None  | 183,707 | 1,170,581    | None   | None  | 183,707 | 1,170,581 | 1,354,288                               | 17,559                  |                  | 08/30/12 |
| Creek Corpus            | TX                       | None  | 183,296 | 933,294      | None   | None  | 183,296 | 933,294   | 1,116,590                               | 13,999                  |                  | 08/30/12 |
| Christi Corpus          | TX                       | None  | 460,501 | 855,215      | None   | None  | 460,501 | 855,215   | 1,315,716                               | 18,530                  |                  | 06/01/12 |
| Christi Corpus          | TX                       | None  | 577,037 | 1,071,640    | None   | None  | 577,037 | 1,071,640 | 1,648,677                               | 23,219                  |                  | 06/01/12 |
| Christi                 | TX                       | None  | 291,106 | 540,626      | None   | None  | 291,106 | 540,626   | 831,732                                 | 11,714                  |                  | 06/01/12 |

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|                 |      |         |           |      |      |         |           |           |        |          |
|-----------------|------|---------|-----------|------|------|---------|-----------|-----------|--------|----------|
| Cotulla TX      | None | 919,863 | 1,708,316 | None | None | 919,863 | 1,708,316 | 2,628,179 | 2,847  | 12/14/12 |
| Creedmoor TX    | None | 391,935 | 775,464   | None | None | 391,935 | 775,464   | 1,167,399 | 6,462  | 10/31/12 |
| Crystal City TX | None | 549,519 | 1,020,535 | None | None | 549,519 | 1,020,535 | 1,570,054 | 1,701  | 12/14/12 |
| Dallas TX       | None | 660,890 | 1,227,367 | None | None | 660,890 | 1,227,367 | 1,888,257 | 26,593 | 06/01/12 |
| Dallas TX       | None | 474,480 | 881,177   | None | None | 474,480 | 881,177   | 1,355,657 | 19,092 | 06/01/12 |
| Del Rio TX      | None | 447,839 | 886,072   | None | None | 447,839 | 886,072   | 1,333,911 | 7,384  | 10/31/12 |
| Desoto TX       | None | 452,327 | 894,952   | None | None | 452,327 | 894,952   | 1,347,279 | 7,458  | 10/31/12 |
| Eagle Pass TX   | None | 516,608 | 959,416   | None | None | 516,608 | 959,416   | 1,476,024 | 20,787 | 06/01/12 |
| Eagle Pass TX   | None | 383,327 | 758,431   | None | None | 383,327 | 758,431   | 1,141,758 | 6,320  | 10/31/12 |
| Fort            |      |         |           |      |      |         |           |           |        |          |
| Stockton TX     | None | 465,636 | 864,752   | None | None | 465,636 | 864,752   | 1,330,388 | 1,441  | 12/14/12 |
| Fort Worth TX   | None | 547,855 | 1,019,204 | None | None | 547,855 | 1,019,204 | 1,567,059 | 15,288 | 08/30/12 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|-----------|--|-------------------|---|-----------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total     |   |                         |                  |
| Fort Worth TX           | None                     | 213,683   | 848,314   | None   | None              | 213,683   | 848,314   | 1,061,997 | 12,725                                  |                         | 08/30/12         |
| Fort Worth TX           | None                     | 600,746   | 1,115,672 | None   | None              | 600,746   | 1,115,672 | 1,716,418 | 1,859                                   |                         | 12/14/12         |
| Freer TX                | None                     | 269,137   | 499,827   | None   | None              | 269,137   | 499,827   | 768,964   | 833                                     |                         | 12/14/12         |
| Garland TX              | None                     | 228,333   | 424,047   | None   | None              | 228,333   | 424,047   | 652,380   | 9,188                                   |                         | 06/01/12         |
| Grape Creek TX          | None                     | 232,999   | 710,940   | None   | None              | 232,999   | 710,940   | 943,939   | 10,664                                  |                         | 08/30/12         |
| Hardin TX               | None                     | 143,336   | 805,614   | None   | None              | 143,336   | 805,614   | 948,950   | 12,084                                  |                         | 08/30/12         |
| Harker Heights TX       | None                     | 488,753   | 907,685   | None   | None              | 488,753   | 907,685   | 1,396,438 | 19,667                                  |                         | 06/01/12         |
| Harker Heights TX       | None                     | 366,122   | 724,391   | None   | None              | 366,122   | 724,391   | 1,090,513 | 6,037                                   |                         | 10/31/12         |
| Hebbronville TX         | None                     | 481,250   | 893,750   | None   | None              | 481,250   | 893,750   | 1,375,000 | 1,490                                   |                         | 12/14/12         |
| Hewitt TX               | None                     | 438,118   | 866,838   | None   | None              | 438,118   | 866,838   | 1,304,956 | 7,224                                   |                         | 10/31/12         |
| Houston TX              | None                     | 279,181   | 518,479   | None   | None              | 279,181   | 518,479   | 797,660   | 11,234                                  |                         | 06/01/12         |
| Houston TX              | None                     | 434,980   | 807,819   | None   | None              | 434,980   | 807,819   | 1,242,799 | 17,503                                  |                         | 06/01/12         |
| Houston TX              | None                     | 429,081   | 796,866   | None   | None              | 429,081   | 796,866   | 1,225,947 | 17,265                                  |                         | 06/01/12         |
| Houston TX              | None                     | 490,377   | 910,700   | None   | None              | 490,377   | 910,700   | 1,401,077 | 19,732                                  |                         | 06/01/12         |
| Houston TX              | None                     | 453,245   | 896,768   | None   | None              | 453,245   | 896,768   | 1,350,013 | 7,473                                   |                         | 10/31/12         |
| Houston TX              | None                     | 500,000   | 1,027,118 | None   | None              | 500,000   | 1,027,118 | 1,527,118 | 8,559                                   |                         | 10/31/12         |
| Houston TX              | None                     | 430,589   | 851,943   | None   | None              | 430,589   | 851,943   | 1,282,532 | 7,100                                   |                         | 10/31/12         |
| Houston TX              | None                     | 467,805   | 868,780   | None   | None              | 467,805   | 868,780   | 1,336,585 | 1,448                                   |                         | 12/14/12         |
| Houston TX              | None                     | 610,149   | 1,133,135 | None   | None              | 610,149   | 1,133,135 | 1,743,284 | 1,889                                   |                         | 12/14/12         |
| Houston TX              | None                     | 474,480   | 881,178   | None   | None              | 474,480   | 881,178   | 1,355,658 | 1,469                                   |                         | 12/14/12         |
| Katy TX                 | None                     | 436,233   | 863,109   | None   | None              | 436,233   | 863,109   | 1,299,342 | 7,193                                   |                         | 10/31/12         |
| Kaufman TX              | None                     | 488,687   | 907,561   | None   | None              | 488,687   | 907,561   | 1,396,248 | 19,664                                  |                         | 06/01/12         |
| Killeen TX              | None                     | 480,758   | 892,837   | None   | None              | 480,758   | 892,837   | 1,373,595 | 19,345                                  |                         | 06/01/12         |
| Killeen TX              | None                     | 409,670   | 810,553   | None   | None              | 409,670   | 810,553   | 1,220,223 | 6,755                                   |                         | 10/31/12         |
| Lacy Lakeview TX        | None                     | 429,768   | 798,141   | None   | None              | 429,768   | 798,141   | 1,227,909 | 17,293                                  |                         | 06/01/12         |
| Lake Hills TX           | None                     | 183,968   | 795,341   | None   | None              | 183,968   | 795,341   | 979,309   | 11,930                                  |                         | 08/30/12         |
| Lamesa TX               | None                     | 450,012   | 835,736   | None   | None              | 450,012   | 835,736   | 1,285,748 | 18,108                                  |                         | 06/01/12         |
| Leonard TX              | None                     | 277,575   | 515,496   | None   | None              | 277,575   | 515,496   | 793,071   | 11,169                                  |                         | 06/01/12         |
| Longview TX             | None                     | 435,985   | 809,687   | None   | None              | 435,985   | 809,687   | 1,245,672 | 1,349                                   |                         | 12/14/12         |
| Longview TX             | None                     | 473,119   | 878,650   | None   | None              | 473,119   | 878,650   | 1,351,769 | 1,464                                   |                         | 12/14/12         |
| Longview TX             | None                     | 150,012   | 278,594   | None   | None              | 150,012   | 278,594   | 428,606   | 464                                     |                         | 12/14/12         |
| Los Fresnos TX          | None                     | 533,059   | 989,968   | None   | None              | 533,059   | 989,968   | 1,523,027 | 21,449                                  |                         | 06/01/12         |
| Lufkin TX               | None                     | 267,700   | 497,158   | None   | None              | 267,700   | 497,158   | 764,858   | 829                                     |                         | 12/14/12         |
| Marshall TX             | None                     | 665,113   | 1,235,211 | None   | None              | 665,113   | 1,235,211 | 1,900,324 | 26,763                                  |                         | 06/01/12         |
| Midland TX              | None                     | 544,075   | 1,322,431 | None   | None              | 544,075   | 1,322,431 | 1,866,506 | 786,734                                 |                         | 02/03/99         |
| Midland TX              | None                     | 194,594   | 790,843   | None   | None              | 194,594   | 790,843   | 985,437   | 11,863                                  |                         | 08/30/12         |
| Monahans TX             | None                     | 473,723   | 879,770   | None   | None              | 473,723   | 879,770   | 1,353,493 | 1,466                                   |                         | 12/14/12         |
| Mt Enterprise TX        | None                     | 510,030   | 947,198   | None   | None              | 510,030   | 947,198   | 1,457,228 | 1,579                                   |                         | 12/14/12         |
| Nacogdoches TX          | None                     | 585,075   | 1,086,567 | None   | None              | 585,075   | 1,086,567 | 1,671,642 | 1,811                                   |                         | 12/14/12         |
| New Boston TX           | None                     | 226,547   | 420,730   | None   | None              | 226,547   | 420,730   | 647,277   | 9,116                                   |                         | 06/01/12         |
| Odessa TX               | None                     | 200,900   | 874,978   | None   | None              | 200,900   | 874,978   | 1,075,878 | 13,125                                  |                         | 08/30/12         |
| Odessa TX               | None                     | 393,275   | 795,622   | None   | None              | 393,275   | 795,622   | 1,188,897 | 11,934                                  |                         | 08/30/12         |
| Odessa TX               | None                     | 299,235   | 687,360   | None   | None              | 299,235   | 687,360   | 986,595   | 10,310                                  |                         | 08/30/12         |
| Onalaska TX             | None                     | 455,522   | 845,970   | None   | None              | 455,522   | 845,970   | 1,301,492 | 1,410                                   |                         | 12/14/12         |

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|          |    |      |         |         |      |      |         |         |           |        |          |
|----------|----|------|---------|---------|------|------|---------|---------|-----------|--------|----------|
| Paris    | TX | None | 194,054 | 844,235 | None | None | 194,054 | 844,235 | 1,038,289 | 12,664 | 08/30/11 |
| Pearsall | TX | None | 314,465 | 584,006 | None | None | 314,465 | 584,006 | 898,471   | 12,653 | 06/01/11 |
| Perryton | TX | None | 534,489 | 992,623 | None | None | 534,489 | 992,623 | 1,527,112 | 1,654  | 12/14/11 |
| Pharr    | TX | None | 506,911 | 941,407 | None | None | 506,911 | 941,407 | 1,448,318 | 20,397 | 06/01/11 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|-----------|--------------|--|---|-----------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees      | Improvements | Carrying<br>Costs                                | Land  | Fees      | Total     |   |                         |                  |
| Pinehurst TX            | None                     | 392,523   | 776,626   | None         | None   | 392,523   | 776,626   | 1,169,149 | 6,472                                   |                         | 10/31/12         |
| Pittsburg TX            | None                     | 469,724   | 872,344   | None         | None   | 469,724   | 872,344   | 1,342,068 | 18,901                                  |                         | 06/01/12         |
| Port Acres TX           | None                     | 268,899   | 499,384   | None         | None   | 268,899   | 499,384   | 768,283   | 10,820                                  |                         | 06/01/12         |
| Port Arthur TX          | None                     | 253,535   | 828,487   | None         | None   | 253,535   | 828,487   | 1,082,022 | 12,427                                  |                         | 08/30/12         |
| Port Isabel TX          | None                     | 225,609   | 418,988   | None         | None   | 225,609   | 418,988   | 644,597   | 9,078                                   |                         | 06/01/12         |
| Port                    |                          |   |           |              |  |   |           |           |   |                         |                  |
| Neches TX               | None                     | 498,469   | 925,729   | None         | None   | 498,469   | 925,729   | 1,424,198 | 1,543                                   |                         | 12/14/12         |
| Porter TX               | None                     | 559,462   | 1,039,001 | None         | None   | 559,462   | 1,039,001 | 1,598,463 | 1,732                                   |                         | 12/14/12         |
| Progreso TX             | None                     | 200,597   | 372,537   | None         | None   | 200,597   | 372,537   | 573,134   | 621                                     |                         | 12/14/12         |
| Rio Vista TX            | None                     | 61,254  | 829,871   | None         | None   | 61,254  | 829,871   | 891,125   | 12,448                                  |                         | 08/30/12         |
| Rosenburg TX            | None                     | 408,933   | 759,448   | None         | None   | 408,933   | 759,448   | 1,168,381 | 16,455                                  |                         | 06/01/12         |
| Rusk TX                 | None                     | 446,174   | 828,610   | None         | None   | 446,174   | 828,610   | 1,274,784 | 1,381                                   |                         | 12/14/12         |
| Saginaw TX              | None                     | 485,162   | 901,016   | None         | None   | 485,162   | 901,016   | 1,386,178 | 19,522                                  |                         | 06/01/12         |
| San Angelo TX           | None                     | 308,573   | 1,000,504 | None         | None   | 308,573   | 1,000,504 | 1,309,077 | 15,008                                  |                         | 08/30/12         |
| San Antonio TX          | None                     | 663,903   | 1,232,962 | None         | None   | 663,903   | 1,232,962 | 1,896,865 | 26,714                                  |                         | 06/01/12         |
| San Antonio TX          | None                     | 474,828   | 881,824   | None         | None   | 474,828   | 881,824   | 1,356,652 | 19,106                                  |                         | 06/01/12         |
| San Antonio TX          | None                     | 357,827   | 664,536   | None         | None   | 357,827   | 664,536   | 1,022,363 | 14,398                                  |                         | 06/01/12         |
| San Antonio TX          | None                     | 637,451   | 1,183,837 | None         | None   | 637,451   | 1,183,837 | 1,821,288 | 25,650                                  |                         | 06/01/12         |
| San Antonio TX          | None                     | 265,044   | 818,313   | None         | None   | 265,044   | 818,313   | 1,083,357 | 12,275                                  |                         | 08/30/12         |
| San Antonio TX          | None                     | 273,109   | 896,601   | None         | None   | 273,109   | 896,601   | 1,169,710 | 13,449                                  |                         | 08/30/12         |
| Augustine TX            | None                     | 468,018   | 869,176   | None         | None   | 468,018   | 869,176   | 1,337,194 | 1,449                                   |                         | 12/14/12         |
| Sattler TX              | None                     | 424,566   | 788,481   | None         | None   | 424,566   | 788,481   | 1,213,047 | 17,084                                  |                         | 06/01/12         |
| Schertz TX              | None                     | 300,878   | 558,773   | None         | None   | 300,878   | 558,773   | 859,651   | 12,107                                  |                         | 06/01/12         |
| Seminole TX             | None                     | 103,470   | 899,122   | None         | None   | 103,470   | 899,122   | 1,002,592 | 13,487                                  |                         | 08/30/12         |
| Sherman TX              | None                     | 242,135   | 449,678   | None         | None   | 242,135   | 449,678   | 691,813   | 9,743                                   |                         | 06/01/12         |
| Sullivan                |                          |   |           |              |  |   |           |           |   |                         |                  |
| City TX                 | None                     | 496,544   | 922,154   | None         | None   | 496,544   | 922,154   | 1,418,698 | 1,537                                   |                         | 12/14/12         |
| Temple TX               | None                     | 248,015   | 805,588   | None         | None   | 248,015   | 805,588   | 1,053,603 | 12,084                                  |                         | 08/30/12         |
| Temple TX               | None                     | 580,869   | 1,078,758 | None         | None   | 580,869   | 1,078,758 | 1,659,627 | 1,798                                   |                         | 12/14/12         |
| Texas City TX           | None                     | 238,472   | 973,286   | None         | None   | 238,472   | 973,286   | 1,211,758 | 14,599                                  |                         | 08/30/12         |
| Waco TX                 | None                     | 527,779   | 980,161   | None         | None   | 527,779   | 980,161   | 1,507,940 | 21,237                                  |                         | 06/01/12         |
| Wells TX                | None                     | 141,780   | 840,639   | None         | None   | 141,780   | 840,639   | 982,419   | 12,610                                  |                         | 08/30/12         |
| Wichita                 |                          |   |           |              |  |   |           |           |   |                         |                  |
| Falls TX                | None                     | 297,454   | 552,415   | None         | None   | 297,454   | 552,415   | 849,869   | 11,969                                  |                         | 06/01/12         |
| Willis TX               | None                     | 664,432   | 1,233,946 | None         | None   | 664,432   | 1,233,946 | 1,898,378 | 26,735                                  |                         | 06/01/12         |
| Wills Point TX          | None                     | 417,304   | 774,994   | None         | None   | 417,304   | 774,994   | 1,192,298 | 1,292                                   |                         | 12/14/12         |
| Wilmer TX               | None                     | 489,576   | 909,212   | None         | None   | 489,576   | 909,212   | 1,398,788 | 1,515                                   |                         | 12/14/12         |
| Winnsboro TX            | None                     | 446,940   | 830,031   | None         | None   | 446,940   | 830,031   | 1,276,971 | 1,383                                   |                         | 12/14/12         |
| Winters TX              | None                     | 50,842  | 811,377   | None         | None   | 50,842  | 811,377   | 862,219   | 12,171                                  |                         | 08/30/12         |
| Kanab UT                | None                     | 563,114   | 1,045,783 | None         | None   | 563,114   | 1,045,783 | 1,608,897 | 22,659                                  |                         | 06/01/12         |



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| Mt         |    |      |         |           |      |      |         |           |           |        |          |
|------------|----|------|---------|-----------|------|------|---------|-----------|-----------|--------|----------|
| Pleasant   | UT | None | 573,530 | 1,065,126 | None | None | 573,530 | 1,065,126 | 1,638,656 | 23,078 | 06/01/12 |
| Concord    | VA | None | 259,997 | 906,036   | None | None | 259,997 | 906,036   | 1,166,033 | 13,591 | 08/30/12 |
| Goshen     | VA | None | 80,157  | 831,602   | None | None | 80,157  | 831,602   | 911,759   | 12,474 | 08/30/12 |
| Madison    |    |      |         |           |      |      |         |           |           |        |          |
| Heights    | VA | None | 276,413 | 936,546   | None | None | 276,413 | 936,546   | 1,212,959 | 14,048 | 08/30/12 |
| Onley      | VA | None | 313,433 | 582,089   | None | None | 313,433 | 582,089   | 895,522   | 970    | 12/14/12 |
| Portsmouth | VA | None | 524,294 | 973,688   | None | None | 524,294 | 973,688   | 1,497,982 | 21,097 | 06/01/12 |
| Richmond   | VA | None | 709,379 | 1,317,417 | None | None | 709,379 | 1,317,417 | 2,026,796 | 28,544 | 06/01/12 |
| Roanoke    | VA | None | 591,344 | 1,098,210 | None | None | 591,344 | 1,098,210 | 1,689,554 | 23,795 | 06/01/12 |
| Roanoke    | VA | None | 655,795 | 1,217,906 | None | None | 655,795 | 1,217,906 | 1,873,701 | 2,030  | 12/14/12 |
| Roanoke    | VA | None | 478,904 | 889,394   | None | None | 478,904 | 889,394   | 1,368,298 | 1,482  | 12/14/12 |
| Shawsville | VA | None | 334,624 | 1,066,596 | None | None | 334,624 | 1,066,596 | 1,401,220 | 15,999 | 08/30/12 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |  |
|-------------------------|--------------------------|---|-----------|--|-------------------|---|-----------|-----------|---|-------------------------|--|
|                         |                          | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total     |   |                         |  |
| Stanleytown VA          | None                     | 359,846   | 668,286   | None   | None              | 359,846   | 668,286   | 1,028,132 | 1,114                                   | 12/08                   |  |
| Victoria VA             | None                     | 194,099   | 914,642   | None   | None              | 194,099   | 914,642   | 1,108,741 | 13,720                                  | 08/08                   |  |
| Eagle River WI          | None                     | 208,955   | 388,060   | None   | None              | 208,955   | 388,060   | 597,015   | 647                                     | 12/08                   |  |
| Milwaukee WI            | None                     | 538,419   | 999,922   | None   | None              | 538,419   | 999,922   | 1,538,341 | 21,665                                  | 06/08                   |  |
| Spooner WI              | None                     | 564,022   | 1,047,470 | None   | None              | 564,022   | 1,047,470 | 1,611,492 | 22,695                                  | 06/08                   |  |
| Huntington WV           | None                     | 376,119   | 698,508   | None   | None              | 376,119   | 698,508   | 1,074,627 | 1,164                                   | 12/08                   |  |
| Cheyenne WY             | None                     | 521,603   | 968,690   | None   | None              | 521,603   | 968,690   | 1,490,293 | 20,988                                  | 06/08                   |  |
| Cheyenne WY             | None                     | 564,022   | 1,047,470 | None   | None              | 564,022   | 1,047,470 | 1,611,492 | 22,695                                  | 06/08                   |  |
| <b>Drug stores</b>      |                          |   |           |  |                   |   |           |           |   |                         |  |
| Montgomery AL           | None                     | 1,150,000   | 1,479,627 | None   | None              | 1,150,000   | 1,479,627 | 2,629,627 | 466,090                                 | 02/08                   |  |
| Tucson AZ               | None                     | 959,875   | 2,350,208 | None   | None              | 959,875   | 2,350,208 | 3,310,083 | 35,253                                  | 08/08                   |  |
| Bakersfield CA          | None                     | 0   | 3,501,678 | None   | None              | 0   | 3,501,678 | 3,501,678 | 682,826                                 | 02/08                   |  |
| Encinitas CA            | None                     | 0   | 3,751,713 | None   | None              | 0   | 3,751,713 | 3,751,713 | 731,583                                 | 02/08                   |  |
| Indio CA                | None                     | 2,205,539   | 4,096,524 | None   | None              | 2,205,539   | 4,096,524 | 6,302,063 | 798,821                                 | 02/08                   |  |
| Sacramento CA           | None                     | 1,490,000   | 3,473,583 | None   | None              | 1,490,000   | 3,473,583 | 4,963,583 | 306,833                                 | 10/08                   |  |
| Tracy CA                | None                     | 2,467,993   | 4,584,246 | None   | None              | 2,467,993   | 4,584,246 | 7,052,239 | 924,489                                 | 12/08                   |  |
| <b>Colorado</b>         |                          |   |           |  |                   |   |           |           |   |                         |  |
| Springs CO              | None                     | 1,025,000   | 1,645,371 | None   | 79                | 1,025,000   | 1,645,450 | 2,670,450 | 518,297                                 | 02/08                   |  |
| Fort Collins CO         | None                     | 1,100,000   | 1,385,014 | None   | 79                | 1,100,000   | 1,385,093 | 2,485,093 | 436,284                                 | 02/08                   |  |
| Casselberry FL          | None                     | 1,075,020   | 1,664,284 | None   | None              | 1,075,020   | 1,664,284 | 2,739,304 | 951,443                                 | 09/08                   |  |
| Milton FL               | None                     | 500,000   | 1,774,311 | None   | None              | 500,000   | 1,774,311 | 2,274,311 | 156,731                                 | 10/08                   |  |
| Adel GA                 | None                     | 500,000   | 1,056,116 | None   | None              | 500,000   | 1,056,116 | 1,556,116 | 325,630                                 | 04/08                   |  |
| Blackshear GA           | None                     | 430,000   | 1,005,393 | None   | None              | 430,000   | 1,005,393 | 1,435,393 | 309,990                                 | 04/08                   |  |
| Bowdon GA               | None                     | 410,000   | 1,010,615 | None   | None              | 410,000   | 1,010,615 | 1,420,615 | 311,600                                 | 04/08                   |  |
| Cairo GA                | None                     | 330,000   | 1,152,243 | None   | None              | 330,000   | 1,152,243 | 1,482,243 | 355,269                                 | 04/08                   |  |
| Quitman GA              | None                     | 730,000   | 856,586   | None   | None              | 730,000   | 856,586   | 1,586,586 | 269,816                                 | 02/08                   |  |
| Blackfoot ID            | None                     | 560,000   | 1,932,186 | None   | None              | 560,000   | 1,932,186 | 2,492,186 | 608,630                                 | 02/08                   |  |
| Burley ID               | None                     | 700,000   | 2,011,543 | None   | None              | 700,000   | 2,011,543 | 2,711,543 | 633,627                                 | 02/08                   |  |
| Chubbuck ID             | None                     | 890,000   | 1,267,183 | None   | None              | 890,000   | 1,267,183 | 2,157,183 | 399,154                                 | 02/08                   |  |
| Chicago IL              | None                     | 1,589,068   | 2,841,507 | None   | None              | 1,589,068   | 2,841,507 | 4,430,575 | 61,566                                  | 06/08                   |  |
| Maryville IL            | None                     | 780,685   | 2,344,436 | None   | None              | 780,685   | 2,344,436 | 3,125,121 | 168,018                                 | 03/08                   |  |
| Troy IL                 | None                     | 768,515   | 1,991,358 | None   | None              | 768,515   | 1,991,358 | 2,759,873 | 142,714                                 | 03/08                   |  |
| Hammond IN              | None                     | 667,821   | 2,656,839 | None   | None              | 667,821   | 2,656,839 | 3,324,660 | 75,277                                  | 04/08                   |  |
| Salem IN                | None                     | 0   | 2,351,296 | None   | None              | 0   | 2,351,296 | 2,351,296 | 599,580                                 | 08/08                   |  |
| Elkton MD               | None                     | 1,751,013   | 3,252,546 | None   | None              | 1,751,013   | 3,252,546 | 5,003,559 | 634,245                                 | 02/08                   |  |
| Laurel MD               | None                     | 0   | 2,400,696 | None   | None              | 0   | 2,400,696 | 2,400,696 | 612,177                                 | 08/08                   |  |
| Portland ME             | None                     | 2,100,849   | 3,902,402 | None   | None              | 2,100,849   | 3,902,402 | 6,003,251 | 786,983                                 | 12/08                   |  |
| Gladwin MI              | None                     | 1,365,747   | 2,536,910 | None   | None              | 1,365,747   | 2,536,910 | 3,902,657 | 494,697                                 | 02/08                   |  |
| Metamora MI             | None                     | 859,139   | 2,291,557 | None   | None              | 859,139   | 2,291,557 | 3,150,696 | 584,347                                 | 08/08                   |  |
| Dellwood MO             | None                     | 766,461   | 2,438,272 | None   | None              | 766,461   | 2,438,272 | 3,204,733 | 174,743                                 | 03/08                   |  |
| St. Louis MO            | None                     | 744,817   | 2,300,087 | None   | None              | 744,817   | 2,300,087 | 3,044,904 | 164,840                                 | 03/08                   |  |
| Wildwood MO             | None                     | 681,200   | 2,649,759 | None   | None              | 681,200   | 2,649,759 | 3,330,959 | 189,899                                 | 03/08                   |  |
| Carson City NV          | None                     | 800,000   | 2,770,950 | None   | None              | 800,000   | 2,770,950 | 3,570,950 | 872,841                                 | 02/08                   |  |
| Reno NV                 | None                     | 1,100,000   | 2,602,911 | None   | 175               | 1,100,000   | 2,603,086 | 3,703,086 | 819,932                                 | 02/08                   |  |

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|            |    |      |           |           |       |      |           |           |           |         |    |
|------------|----|------|-----------|-----------|-------|------|-----------|-----------|-----------|---------|----|
| Reno       | NV | None | 850,000   | 2,306,647 | None  | None | 850,000   | 2,306,647 | 3,156,647 | 726,585 | 02 |
| Sparks     | NV | None | 1,000,000 | 2,271,513 | None  | None | 1,000,000 | 2,271,513 | 3,271,513 | 715,518 | 02 |
| Sun Valley | NV | None | 550,000   | 2,678,380 | None  | None | 550,000   | 2,678,380 | 3,228,380 | 843,681 | 02 |
| Cortland   | OH | None | 1,440,000 | 1,364,725 | 1,250 | None | 1,440,000 | 1,365,975 | 2,805,975 | 430,416 | 02 |
| Madison    | OH | None | 580,000   | 1,272,742 | None  | None | 580,000   | 1,272,742 | 1,852,742 | 392,423 | 02 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent<br>to Acquisition |        | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |
|-------------------------|--------------------------|-------------------------|--|--------------|--|--------|---|-----------|-----------|---|-------------------------|
|                         |                          | 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     |           |   |                         |
| Mayfield Heights        | OH                       | None                    | 0  | 2,703,730    | None   | None   | 0   | 2,703,730 | 2,703,730 | 527,227                                 |                         |
| Warren                  | OH                       | None                    | 960,000  | 1,326,083    | None   | None   | 960,000   | 1,326,083 | 2,286,083 | 417,707                                 |                         |
| Warren                  | OH                       | None                    | 800,000  | 1,241,503    | None   | None   | 800,000   | 1,241,503 | 2,041,503 | 391,065                                 |                         |
| Willowick               | OH                       | None                    | 530,000  | 1,241,308    | None   | None   | 530,000   | 1,241,308 | 1,771,308 | 382,731                                 |                         |
| Beaver                  | PA                       | None                    | 1,933,000  | 3,003,160    | None   | None   | 1,933,000   | 3,003,160 | 4,936,160 | 605,637                                 |                         |
| Delmont                 | PA                       | None                    | 720,000  | 1,246,023    | 10,475   | None   | 720,000   | 1,256,498 | 1,976,498 | 397,465                                 |                         |
| Gettysburg              | PA                       | None                    | 0  | 2,500,750    | None   | None   | 0   | 2,500,750 | 2,500,750 | 637,691                                 |                         |
| Girard                  | PA                       | None                    | 0  | 1,352,590    | 555,016  | None   | 0   | 1,907,606 | 1,907,606 | 873,033                                 |                         |
| Johnstown               | PA                       | None                    | 250,000  | 2,593,436    | None   | None   | 250,000   | 2,593,436 | 2,843,436 | 816,924                                 |                         |
| Johnstown               | PA                       | None                    | 600,000  | 2,010,255    | None   | None   | 600,000   | 2,010,255 | 2,610,255 | 633,222                                 |                         |
| Murrysville             | PA                       | None                    | 710,000  | 1,666,912    | None   | None   | 710,000   | 1,666,912 | 2,376,912 | 525,065                                 |                         |
| Oakdale                 | PA                       | None                    | 1,255,750  | 2,995,001    | None   | None   | 1,255,750   | 2,995,001 | 4,250,751 | 763,725                                 |                         |
| Philadelphia            | PA                       | None                    | 0  | 3,803,732    | None   | None   | 0   | 3,803,732 | 3,803,732 | 741,726                                 |                         |
| Reading                 | PA                       | None                    | 1,400,000  | 3,304,996    | None   | None   | 1,400,000   | 3,304,996 | 4,704,996 | 644,473                                 |                         |
| Saint Marys             | PA                       | None                    | 1,663,632  | 3,090,403    | None   | None   | 1,663,632   | 3,090,403 | 4,754,035 | 623,231                                 |                         |
| Slippery Rock           | PA                       | None                    | 0  | 1,295,495    | 622,721  | None   | 0   | 1,918,216 | 1,918,216 | 870,585                                 |                         |
| West Norriton           | PA                       | None                    | 0  | 3,603,611    | None   | None   | 0   | 3,603,611 | 3,603,611 | 702,703                                 |                         |
| Wexford                 | PA                       | None                    | 2,300,000  | 2,606,080    | None   | None   | 2,300,000   | 2,606,080 | 4,906,080 | 508,185                                 |                         |
| Yeadon                  | PA                       | None                    | 0  | 3,253,285    | None   | None   | 0   | 3,253,285 | 3,253,285 | 656,079                                 |                         |
| Fredericksburg          | VA                       | None                    | 0  | 2,901,815    | None   | None   | 0   | 2,901,815 | 2,901,815 | 565,852                                 |                         |
| Buckhannon              | WV                       | None                    | 1,716,898  | 3,189,190    | None   | None   | 1,716,898   | 3,189,190 | 4,906,088 | 621,890                                 |                         |
| <b>Education</b>        |                          |                         |  |              |  |        |   |           |           |   |                         |
| Peoria                  | AZ                       | None                    | 281,750  | 625,779      | 69,854   | 32,530 | 281,750   | 728,163   | 1,009,913 | 678,442                                 |                         |
| Corona                  | CA                       | None                    | 144,856  | 671,584      | None   | 26,846 | 144,856   | 698,430   | 843,286   | 677,820                                 |                         |
| Santee                  | CA                       | None                    | 248,418  | 551,748      | 37,230   | 29,831 | 248,418   | 618,809   | 867,227   | 552,811                                 |                         |
| Coconut Creek           | FL                       | None                    | 310,111  | 1,243,682    | None   | None   | 310,111   | 1,243,682 | 1,553,793 | 665,657                                 | 08/02/9                 |
| Las Vegas               | NV                       | None                    | 1,080,444  | 3,346,772    | None   | 73     | 1,080,444   | 3,346,845 | 4,427,289 | 1,980,100                               |                         |
| Beaverton               | OR                       | None                    | 135,148  | 626,647      | None   | 26,935 | 135,148   | 653,582   | 788,730   | 632,245                                 |                         |
| Arlington               | TX                       | None                    | 195,650  | 387,355      | 851  | 2,816  | 195,650   | 391,022   | 586,672   | 339,196                                 |                         |
| Austin                  | TX                       | None                    | 238,000  | 528,604      | 90,133   | 24,911 | 238,000   | 643,648   | 881,648   | 542,152                                 |                         |
| Coppell                 | TX                       | None                    | 208,641  | 463,398      | 32,562   | 147    | 208,641   | 496,107   | 704,748   | 471,921                                 |                         |
| Mesquite                | TX                       | None                    | 1,049,287  | 1,949,085    | 211,064  | 64,012 | 1,049,287   | 2,224,161 | 3,273,448 | 964,943                                 |                         |
| Missouri City           | TX                       | None                    | 221,025  | 437,593      | 248,454  | 128    | 221,025   | 686,175   | 907,200   | 397,746                                 |                         |
| Southlake               | TX                       | None                    | 228,279  | 511,750      | None   | 25,453 | 228,279   | 537,203   | 765,482   | 435,365                                 |                         |
| Sugar Land              | TX                       | None                    | 1,600,000  | 6,300,995    | None   | None   | 1,600,000   | 6,300,995 | 7,900,995 | 1,648,757                               |                         |
| Chantilly               | VA                       | None                    | 688,917  | 3,208,607    | None   | None   | 688,917   | 3,208,607 | 3,897,524 | 1,680,324                               | 05/07/9                 |
| Kingstowne              | VA                       | None                    | 300,000  | 1,191,396    | None   | None   | 300,000   | 1,191,396 | 1,491,396 | 597,985                                 | 08/22/0                 |
| <b>Entertainment</b>    |                          |                         |  |              |  |        |   |           |           |   |                         |
| Riverside               | CA                       | None                    | 7,800,000  | 130          | (416,985)  | None   | 7,383,015   | 130       | 7,383,145 | 52                                      |                         |
| Vista                   | CA                       | None                    | 2,300,000  | 22           | None   | None   | 2,300,000   | 22        | 2,300,022 | 12                                      |                         |
| Dania                   | FL                       | None                    | 8,272,080  | 1,713        | None   | 36     | 8,272,080   | 1,749     | 8,273,829 | 949                                     |                         |
| Marietta                | GA                       | None                    | 1,500,000  | 768          | None   | None   | 1,500,000   | 768       | 1,500,768 | 339                                     |                         |
| Norcross                | GA                       | None                    | 1,600,000  | 768          | None   | None   | 1,600,000   | 768       | 1,600,768 | 339                                     |                         |
| Greensboro              | NC                       | None                    | 4,000,000  | 463          | None   | None   | 4,000,000   | 463       | 4,000,463 | 186                                     |                         |

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|            |    |      |           |           |         |        |           |           |           |           |
|------------|----|------|-----------|-----------|---------|--------|-----------|-----------|-----------|-----------|
| Omaha      | NE | None | 1,956,296 | 3,949,402 | 142,904 | 70,143 | 1,956,296 | 4,162,449 | 6,118,745 | 2,489,166 |
| Brookhaven | NY | None | 1,500,000 | 745       | None    | None   | 1,500,000 | 745       | 1,500,745 | 401       |
| Riverhead  | NY | None | 6,200,000 | 744       | None    | None   | 6,200,000 | 744       | 6,200,744 | 400       |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)   | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized |                   | Gross Amount at Which Carried |  |            | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |
|---------------------------|--------------------------|-------------------------|--|------------------|-------------------|-------------------------------|--|------------|---|-------------------------|
|                           |                          | 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><u>Equipment</u></b>   |                          |                         |  |                  |                   |                               |  |            |   |                         |
| <b><u>services</u></b>    |                          |                         |  |                  |                   |                               |  |            |   |                         |
| Lake Worth                | FL                       | None                    | 679,079  | 1,262,568        | None              | None                          | 679,079  | 1,262,568  | 1,941,647                               | 477,672                 |
| Sanford                   | NC                       | 8,358,520               | 226,784  | 15,056,005       | None              | None                          | 226,784  | 15,056,005 | 15,282,789                              | 175,653                 |
| Elko                      | NV                       | None                    | 1,401,115  | 10,342,501       | 9,281             | None                          | 1,401,115  | 10,351,782 | 11,752,897                              | 741,341                 |
| Lewisville                | TX                       | None                    | 1,010,134  | 1,877,384        | None              | None                          | 1,010,134  | 1,877,384  | 2,887,518                               | 710,277                 |
| <b><u>Financial</u></b>   |                          |                         |  |                  |                   |                               |  |            |   |                         |
| <b><u>services</u></b>    |                          |                         |  |                  |                   |                               |  |            |   |                         |
| Phoenix                   | AZ                       | None                    | 245,137  | 456,324          | None              | None                          | 245,137  | 456,324    | 701,461                                 | 88,983                  |
| Canon City<br>Colorado    | CO                       | None                    | 66,500   | 147,699          | None              | None                          | 66,500   | 147,699    | 214,199                                 | 147,699                 |
| Springs                   | CO                       | None                    | 313,250  | 695,730          | 40,500            | 79                            | 313,250  | 736,309    | 1,049,559                               | 736,243                 |
| Clearwater                | FL                       | None                    | 476,179  | 725,023          | 10,154            | 224                           | 476,179  | 735,401    | 1,211,580                               | 411,236                 |
| Orlando                   | FL                       | None                    | 532,556  | 940,177          | None              | None                          | 532,556  | 940,177    | 1,472,733                               | 242,846                 |
| Hinesville                | GA                       | None                    | 172,611  | 383,376          | 23,850            | 18,118                        | 172,611  | 425,344    | 597,955                                 | 401,098                 |
| Coeur D Alene             | ID                       | None                    | 165,900  | 368,468          | None              | None                          | 165,900  | 368,468    | 534,368                                 | 368,468                 |
| Quincy                    | MA                       | None                    | 289,121  | 539,719          | 50,595            | 15,595                        | 289,121  | 605,909    | 895,030                                 | 117,471                 |
| Blue Springs              | MO                       | None                    | 222,569  | 494,333          | None              | None                          | 222,569  | 494,333    | 716,902                                 | 462,897                 |
| Albuquerque               | NM                       | None                    | 80,500   | 178,794          | 8,003             | 299                           | 80,500   | 187,096    | 267,596                                 | 182,994                 |
| Santa Fe                  | NM                       | None                    | 70,000   | 155,473          | None              | 295                           | 70,000   | 155,768    | 225,768                                 | 155,768                 |
| Columbus                  | OH                       | None                    | 214,737  | 85,425           | 25,900            | 5,335                         | 214,737  | 116,660    | 331,397                                 | 36,492                  |
| Dublin                    | OH                       | None                    | 2,399,969  | 17,044,099       | None              | None                          | 2,399,969  | 17,044,099 | 19,444,068                              | 1,221,494               |
| Pasadena                  | TX                       | None                    | 385,199  | 716,468          | None              | None                          | 385,199  | 716,468    | 1,101,667                               | 139,711                 |
| Madison                   | WI                       | None                    | 154,375  | 287,794          | None              | None                          | 154,375  | 287,794    | 442,169                                 | 56,120                  |
| Milwaukee                 | WI                       | None                    | 265,985  | 495,071          | None              | None                          | 265,985  | 495,071    | 761,056                                 | 96,539                  |
| <b><u>Food</u></b>        |                          |                         |  |                  |                   |                               |  |            |   |                         |
| <b><u>processing</u></b>  |                          |                         |  |                  |                   |                               |  |            |   |                         |
| Cedar Rapids              | IA                       | 29,307,500              | 1,784,980  | 36,815,951       | None              | None                          | 1,784,980  | 36,815,951 | 38,600,931                              | 429,519                 |
| St. Louis                 | MO                       | 8,779,966               | 3,112,401  | 32,725,202       | None              | 147                           | 3,112,401  | 32,725,349 | 35,837,750                              | 1,909,012               |
| Weldon Springs            | MO                       | None                    | 3,675,034  | 13,827,581       | None              | None                          | 3,675,034  | 13,827,581 | 17,502,615                              | 944,885                 |
| Memphis                   | TN                       | None                    | 1,568,476  | 12,746,033       | None              | None                          | 1,568,476  | 12,746,033 | 14,314,509                              | 8,079                   |
| <b><u>General</u></b>     |                          |                         |  |                  |                   |                               |  |            |   |                         |
| <b><u>merchandise</u></b> |                          |                         |  |                  |                   |                               |  |            |   |                         |
| Canon City                | CO                       | None                    | 339,045  | 630,531          | None              | None                          | 339,045  | 630,531    | 969,576                                 | 154,480                 |
| Monte Vista               | CO                       | None                    | 47,652   | 582,159          | None              | None                          | 47,652   | 582,159    | 629,811                                 | 326,993                 |
| Orange Park               | FL                       | None                    | 478,314  | 618,348          | 163,348           | 27,981                        | 478,314  | 809,677    | 1,287,991                               | 385,624                 |
| Clarinda                  | IA                       | None                    | 439,267  | 816,010          | None              | None                          | 439,267  | 816,010    | 1,255,277                               | 216,243                 |
| Garnett                   | KS                       | None                    | 59,690   | 518,121          | None              | None                          | 59,690   | 518,121    | 577,811                                 | 291,025                 |
| Hillsboro                 | KS                       | None                    | 335,292  | 622,914          | None              | None                          | 335,292  | 622,914    | 958,206                                 | 165,072                 |
| Phillipsburg              | KS                       | None                    | 423,725  | 787,146          | None              | None                          | 423,725  | 787,146    | 1,210,871                               | 208,594                 |
| Caledonia                 | MN                       | None                    | 89,723   | 559,300          | None              | None                          | 89,723   | 559,300    | 649,023                                 | 314,157                 |

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|                |    |      |         |         |      |      |         |         |           |         |
|----------------|----|------|---------|---------|------|------|---------|---------|-----------|---------|
| Long Prarie    | MN | None | 88,892  | 553,997 | None | None | 88,892  | 553,997 | 642,889   | 311,176 |
| Paynesville    | MN | None | 49,483  | 525,406 | None | None | 49,483  | 525,406 | 574,889   | 295,118 |
| Spring Valley  | MN | None | 69,785  | 579,238 | None | None | 69,785  | 579,238 | 649,023   | 325,356 |
| Warroad        | MN | None | 70,000  | 580,000 | None | None | 70,000  | 580,000 | 650,000   | 325,767 |
| Independence   | MO | None | 210,643 | 467,844 | None | None | 210,643 | 467,844 | 678,487   | 438,092 |
| Kansas City    | MO | None | 210,070 | 466,571 | None | 146  | 210,070 | 466,717 | 676,787   | 460,018 |
| Kansas City    | MO | None | 168,350 | 373,910 | None | 146  | 168,350 | 374,056 | 542,406   | 368,687 |
| Willow Springs | MO | None | 416,494 | 773,718 | None | None | 416,494 | 773,718 | 1,190,212 | 205,035 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |          |
|-------------------------|--------------------------|---|---------|--|-------------------|---|---------|-----------|---|-------------------------|----------|
|                         |                          | Land  | Fees    | Improvements                                     | Carrying<br>Costs | Land  | Fees    | Total     |   |                         |          |
| Mayville                | ND                       | None  | 59,333  | 565,562  | None              | None  | 59,333  | 565,562   | 624,895                                 | 317,689                 | 12/01/00 |
| Ainsworth               | NE                       | None  | 362,675 | 673,768  | None              | None  | 362,675 | 673,768   | 1,036,443                               | 178,549                 | 09/01/00 |
| Imperial                | NE                       | None  | 388,599 | 721,914  | None              | None  | 388,599 | 721,914   | 1,110,513                               | 188,901                 | 06/01/00 |
| Bloomfield              | NM                       | None  | 59,559  | 616,252  | None              | None  | 59,559  | 616,252   | 675,811                                 | 346,142                 | 12/01/00 |
| Milwaukie               | OR                       | None  | 180,250 | 400,336  | 49,088            | 23,867  | 180,250 | 473,291   | 653,541                                 | 443,041                 | 08/01/00 |
| Memphis                 | TN                       | None  | 197,708 | 507,647  | 17,670            | 23,118  | 197,708 | 548,435   | 746,143                                 | 309,984                 | 09/01/00 |
| Amarillo                | TX                       | None  | 140,000 | 419,734  | None              | 173   | 140,000 | 419,907   | 559,907                                 | 407,871                 | 09/01/00 |
| Coleman                 | TX                       | None  | 243,060 | 451,661  | None              | None  | 243,060 | 451,661   | 694,721                                 | 119,690                 | 09/01/00 |
| Colorado<br>City        | TX                       | None  | 92,535  | 505,276  | None              | None  | 92,535  | 505,276   | 597,811                                 | 283,810                 | 12/01/00 |
| Devine                  | TX                       | None  | 212,408 | 394,735  | None              | None  | 212,408 | 394,735   | 607,143                                 | 104,605                 | 09/01/00 |
| Presidio                | TX                       | None  | 407,657 | 757,362  | None              | None  | 407,657 | 757,362   | 1,165,019                               | 200,701                 | 09/01/00 |
| Winnsboro               | TX                       | None  | 79,280  | 1,299,056  | None              | None  | 79,280  | 1,299,056 | 1,378,336                               | 318,458                 | 10/19/06 |
| Yoakum                  | TX                       | None  | 390,147 | 724,821  | None              | None  | 390,147 | 724,821   | 1,114,968                               | 192,078                 | 09/01/00 |
| Puyallup                | WA                       | None  | 173,250 | 384,795  | None              | 22,814  | 173,250 | 407,609   | 580,859                                 | 396,773                 | 09/01/00 |
| Redmond                 | WA                       | None  | 196,000 | 435,317  | 42,356            | 29,173  | 196,000 | 506,846   | 702,846                                 | 457,004                 | 09/01/00 |
| Tacoma                  | WA                       | None  | 189,000 | 419,777  | None              | 19,146  | 189,000 | 438,923   | 627,923                                 | 429,988                 | 09/01/00 |

Grocery

stores

|                    |    |      |           |           |      |      |           |           |            |           |          |
|--------------------|----|------|-----------|-----------|------|------|-----------|-----------|------------|-----------|----------|
| Mesa               | AZ | None | 807,252   | 1,499,183 | None | None | 807,252   | 1,499,183 | 2,306,435  | 62,466    | 12/01/00 |
| Phoenix            | AZ | None | 664,796   | 1,234,621 | None | None | 664,796   | 1,234,621 | 1,899,417  | 51,443    | 12/01/00 |
| Phoenix            | AZ | None | 546,083   | 1,014,153 | None | None | 546,083   | 1,014,153 | 1,560,236  | 42,256    | 12/01/00 |
| Yuma               | AZ | None | 783,510   | 1,455,089 | None | None | 783,510   | 1,455,089 | 2,238,599  | 60,629    | 12/01/00 |
| Buena Park         | CA | None | 2,136,844 | 3,968,425 | None | None | 2,136,844 | 3,968,425 | 6,105,269  | 165,351   | 12/01/00 |
| Burbank            | CA | None | 2,193,827 | 4,074,250 | None | None | 2,193,827 | 4,074,250 | 6,268,077  | 169,760   | 12/01/00 |
| Carson             | CA | None | 949,709   | 1,763,744 | None | None | 949,709   | 1,763,744 | 2,713,453  | 73,489    | 12/01/00 |
| Chula Vista        | CA | None | 1,044,679 | 1,940,119 | None | None | 1,044,679 | 1,940,119 | 2,984,798  | 80,838    | 12/01/00 |
| Cloverdale         | CA | None | 1,505,000 | 2,795,321 | None | None | 1,505,000 | 2,795,321 | 4,300,321  | 1,038,927 | 09/01/00 |
| El Centro          | CA | None | 394,903   | 733,392   | None | None | 394,903   | 733,392   | 1,128,295  | 30,558    | 12/01/00 |
| Fortuna            | CA | None | 1,190,000 | 2,210,308 | None | None | 1,190,000 | 2,210,308 | 3,400,308  | 821,498   | 09/01/00 |
| Glendale           | CA | None | 3,270,797 | 6,074,336 | None | None | 3,270,797 | 6,074,336 | 9,345,133  | 253,097   | 12/01/00 |
| Hanford            | CA | None | 1,234,621 | 2,292,868 | None | None | 1,234,621 | 2,292,868 | 3,527,489  | 95,536    | 12/01/00 |
| Inglewood          | CA | None | 1,661,990 | 3,086,553 | None | None | 1,661,990 | 3,086,553 | 4,748,543  | 128,606   | 12/01/00 |
| Los Angeles        | CA | None | 712,282   | 1,322,809 | None | None | 712,282   | 1,322,809 | 2,035,091  | 55,117    | 12/01/00 |
| Los Angeles        | CA | None | 1,424,563 | 2,645,617 | None | None | 1,424,563 | 2,645,617 | 4,070,180  | 110,234   | 12/01/00 |
| Los Angeles        | CA | None | 1,576,516 | 2,927,816 | None | None | 1,576,516 | 2,927,816 | 4,504,332  | 121,992   | 12/01/00 |
| Los Angeles        | CA | None | 1,638,247 | 3,042,460 | None | None | 1,638,247 | 3,042,460 | 4,680,707  | 126,769   | 12/01/00 |
| Los Angeles        | CA | None | 1,994,388 | 3,703,864 | None | None | 1,994,388 | 3,703,864 | 5,698,252  | 154,328   | 12/01/00 |
| Los Angeles        | CA | None | 3,111,111 | 5,777,778 | None | None | 3,111,111 | 5,777,778 | 8,888,889  | 240,741   | 12/01/00 |
| Monrovia           | CA | None | 1,139,650 | 2,116,494 | None | None | 1,139,650 | 2,116,494 | 3,256,144  | 88,187    | 12/01/00 |
| North<br>Hollywood | CA | None | 4,036,263 | 7,495,917 | None | None | 4,036,263 | 7,495,917 | 11,532,180 | 312,330   | 12/01/00 |
| Oakland            | CA | None | 2,374,272 | 4,409,361 | None | None | 2,374,272 | 4,409,361 | 6,783,633  | 183,723   | 12/01/00 |
| Pacoima            | CA | None | 949,709   | 1,763,744 | None | None | 949,709   | 1,763,744 | 2,713,453  | 73,489    | 12/01/00 |
| Pasadena           | CA | None | 2,113,102 | 3,924,331 | None | None | 2,113,102 | 3,924,331 | 6,037,433  | 163,514   | 12/01/00 |



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|            |    |      |           |           |      |      |           |           |           |         |    |
|------------|----|------|-----------|-----------|------|------|-----------|-----------|-----------|---------|----|
| Redlands   | CA | None | 1,187,136 | 2,204,680 | None | None | 1,187,136 | 2,204,680 | 3,391,816 | 91,862  | 12 |
| Redondo    |    |      |           |           |      |      |           |           |           |         |    |
| Beach      | CA | None | 1,306,667 | 2,426,666 | None | None | 1,306,667 | 2,426,666 | 3,733,333 | 101,111 | 12 |
| Redwood    |    |      |           |           |      |      |           |           |           |         |    |
| City       | CA | None | 1,638,247 | 3,042,460 | None | None | 1,638,247 | 3,042,460 | 4,680,707 | 126,769 | 12 |
| Riverside  | CA | None | 1,068,422 | 1,984,213 | None | None | 1,068,422 | 1,984,213 | 3,052,635 | 82,676  | 12 |
| Sacramento | CA | None | 759,767   | 1,410,995 | None | None | 759,767   | 1,410,995 | 2,170,762 | 58,791  | 12 |
| Sacramento | CA | None | 1,139,650 | 2,116,494 | None | None | 1,139,650 | 2,116,494 | 3,256,144 | 88,187  | 12 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)           | Encumbrances<br>(Note 2) |      | Initial Cost to Company |  | Cost Capitalized |   | Gross Amount at Which Carried |  |            | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Ac |
|-----------------------------------|--------------------------|------|-------------------------|--|------------------|---|-------------------------------|--|------------|---|-------------------------|----|
|                                   |                          |      | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements     | Subsequent<br>to Acquisition<br>Carrying<br>Costs | Land                          | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total      |   |                         |    |
| Salinas                           | CA                       | None | 1,044,679               | 1,940,119  | None             | None  | 1,044,679                     | 1,940,119  | 2,984,798  | 80,838                                  |                         | 12 |
| San Diego                         | CA                       | None | 1,633,333               | 3,033,334  | None             | None  | 1,633,333                     | 3,033,334  | 4,666,667  | 126,389                                 |                         | 12 |
| Stockton<br>Thousand              | CA                       | None | 1,424,563               | 2,645,617  | None             | None  | 1,424,563                     | 2,645,617  | 4,070,180  | 110,234                                 |                         | 12 |
| Oaks                              | CA                       | None | 2,018,131               | 3,747,957  | None             | None  | 2,018,131                     | 3,747,957  | 5,766,088  | 156,165                                 |                         | 12 |
| Boulder                           | CO                       | None | 426,675                 | 1,199,508  | None             | 91,534  | 426,675                       | 1,291,042  | 1,717,717  | 1,123,741                               |                         | 01 |
| Brandon                           | FL                       | None | 2,570,000               | 676,996  | None             | 154   | 2,570,000                     | 677,150  | 3,247,150  | 59,848                                  |                         | 10 |
| Tampa<br>Council                  | FL                       | None | 2,610,000               | 5,769,576  | 2,937            | None  | 2,610,000                     | 5,772,513  | 8,382,513  | 510,527                                 |                         | 10 |
| Bluffs                            | IA                       | None | 255,217                 | 117,792  | 47,188           | 37  | 255,217                       | 165,017  | 420,234    | 105,977                                 |                         | 11 |
| Warsaw                            | IN                       | None | 2,140,000               | 4,689,646  | None             | None  | 2,140,000                     | 4,689,646  | 6,829,646  | 1,102,055                               |                         | 02 |
| Reno                              | NV                       | None | 456,000                 | 562,344  | 19,733           | 30,746  | 456,000                       | 612,823  | 1,068,823  | 587,986                                 |                         | 05 |
| Reno                              | NV                       | None | 721,365                 | 1,339,679  | None             | None  | 721,365                       | 1,339,679  | 2,061,044  | 55,820                                  |                         | 12 |
| Bartlesville                      | OK                       | None | 1,650,000               | 1,573,823  | 1,000            | None  | 1,650,000                     | 1,574,823  | 3,224,823  | 139,201                                 |                         | 10 |
| Norman                            | OK                       | None | 1,580,000               | 1,900,618  | 1,000            | None  | 1,580,000                     | 1,901,618  | 3,481,618  | 168,068                                 |                         | 10 |
| Norman                            | OK                       | None | 3,000,000               | 2,474,669  | 1,000            | None  | 3,000,000                     | 2,475,669  | 5,475,669  | 218,657                                 |                         | 10 |
| Stillwater                        | OK                       | None | 2,590,000               | 2,472,123  | 1,000            | None  | 2,590,000                     | 2,473,123  | 5,063,123  | 218,551                                 |                         | 10 |
| Tulsa                             | OK                       | None | 1,550,000               | 203,990  | None             | None  | 1,550,000                     | 203,990  | 1,753,990  | 18,019                                  |                         | 10 |
| Tulsa                             | OK                       | None | 2,000,000               | 753,609  | None             | None  | 2,000,000                     | 753,609  | 2,753,609  | 66,569                                  |                         | 10 |
| Tulsa                             | OK                       | None | 1,850,000               | 1,785,277  | None             | None  | 1,850,000                     | 1,785,277  | 3,635,277  | 157,699                                 |                         | 10 |
| Tulsa                             | OK                       | None | 1,700,000               | 978,092  | None             | None  | 1,700,000                     | 978,092  | 2,678,092  | 86,398                                  |                         | 10 |
| Tulsa                             | OK                       | None | 2,900,000               | 1,197,386  | None             | None  | 2,900,000                     | 1,197,386  | 4,097,386  | 105,769                                 |                         | 10 |
| Tulsa                             | OK                       | None | 3,000,000               | 3,485,618  | 1,000            | None  | 3,000,000                     | 3,486,618  | 6,486,618  | 308,076                                 |                         | 10 |
| Central<br>Point                  | OR                       | None | 840,000                 | 1,560,308  | None             | None  | 840,000                       | 1,560,308  | 2,400,308  | 579,914                                 |                         | 09 |
| Pendleton                         | OR                       | None | 546,083                 | 1,014,153  | None             | None  | 546,083                       | 1,014,153  | 1,560,236  | 42,256                                  |                         | 12 |
| Phoenix                           | OR                       | None | 840,000                 | 1,560,308  | None             | None  | 840,000                       | 1,560,308  | 2,400,308  | 579,914                                 |                         | 09 |
| Rapid City                        | SD                       | None | 2,140,000               | 1,465,451  | None             | None  | 2,140,000                     | 1,465,451  | 3,605,451  | 129,448                                 |                         | 10 |
| Richland                          | WA                       | None | 1,756,961               | 3,262,927  | None             | None  | 1,756,961                     | 3,262,927  | 5,019,888  | 135,955                                 |                         | 12 |
| Sheboygan                         | WI                       | None | 1,513,216               | 4,427,968  | 18,817           | 172   | 1,513,216                     | 4,446,957  | 5,960,173  | 2,378,686                               | 06/03/99                | 08 |
| <b>Health<br/>and<br/>fitness</b> |                          |      |                         |  |                  |   |                               |  |            |   |                         |    |
| Paradise<br>Valley                | AZ                       | None | 2,608,389               | 3,418,783  | None             | None  | 2,608,389                     | 3,418,783  | 6,027,172  | 1,487,137                               | 06/06/02                | 06 |
| Phoenix                           | AZ                       | None | 2,100,000               | 6,556,542  | None             | None  | 2,100,000                     | 6,556,542  | 8,656,542  | 90,555                                  | In-progress             | 06 |
| Antioch                           | CA                       | None | 5,375,000               | 9,982,143  | None             | None  | 5,375,000                     | 9,982,143  | 15,357,143 | 515,744                                 |                         | 09 |
| Bakersfield                       | CA                       | None | 2,259,649               | 4,698,845  | None             | None  | 2,259,649                     | 4,698,845  | 6,958,494  | 242,774                                 |                         | 09 |
| Bakersfield                       | CA                       | None | 3,260,933               | 6,056,019  | None             | None  | 3,260,933                     | 6,056,019  | 9,316,952  | 312,894                                 |                         | 09 |
| Ceres                             | CA                       | None | 2,145,750               | 3,984,963  | None             | None  | 2,145,750                     | 3,984,963  | 6,130,713  | 205,890                                 |                         | 09 |
| Chula Vista<br>Diamond            | CA                       | None | 4,226,250               | 7,848,750  | None             | None  | 4,226,250                     | 7,848,750  | 12,075,000 | 876,444                                 |                         | 03 |
| Bar                               | CA                       | None | 3,038,879               | 5,494,141  | None             | 882   | 3,038,879                     | 5,495,023  | 8,533,902  | 2,344,638                               | 03/21/00                | 09 |
| Fairfield                         | CA                       | None | 836,500                 | 1,553,500  | None             | None  | 836,500                       | 1,553,500  | 2,390,000  | 12,946                                  |                         | 10 |
| Los Banos                         | CA                       | None | 1,378,343               | 2,559,779  | None             | None  | 1,378,343                     | 2,559,779  | 3,938,122  | 132,255                                 |                         | 09 |

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|                 |    |      |           |           |      |      |           |           |           |           |             |
|-----------------|----|------|-----------|-----------|------|------|-----------|-----------|-----------|-----------|-------------|
| Merced          | CA | None | 910,000   | 1,690,000 | None | None | 910,000   | 1,690,000 | 2,600,000 | 14,083    | 10          |
| Norco           | CA | None | 1,247,243 | 4,907,430 | None | 130  | 1,247,243 | 4,907,560 | 6,154,803 | 1,996,284 | 12/13/00 06 |
| Shingle Springs | CA | None | 1,575,000 | 2,925,000 | None | None | 1,575,000 | 2,925,000 | 4,500,000 | 24,375    | 10          |
| Stockton        | CA | None | 2,320,442 | 4,309,392 | None | None | 2,320,442 | 4,309,392 | 6,629,834 | 222,652   | 09          |
| Stockton        | CA | None | 1,602,459 | 2,975,994 | None | None | 1,602,459 | 2,975,994 | 4,578,453 | 153,760   | 09          |
| Stockton        | CA | None | 509,091   | 945,454   | None | None | 509,091   | 945,454   | 1,454,545 | 11,030    | 09          |
| Tracy           | CA | None | 556,906   | 1,034,254 | None | None | 556,906   | 1,034,254 | 1,591,160 | 53,436    | 09          |
| Tracy           | CA | None | 3,228,902 | 5,996,532 | None | None | 3,228,902 | 5,996,532 | 9,225,434 | 309,821   | 09          |
| Vacaville       | CA | None | 1,575,000 | 2,925,000 | None | None | 1,575,000 | 2,925,000 | 4,500,000 | 24,375    | 10          |
| Vallejo         | CA | None | 756,000   | 1,404,000 | None | None | 756,000   | 1,404,000 | 2,160,000 | 11,700    | 10          |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)           | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |          |
|-----------------------------------|--------------------------|-------------------------|--|--|-------------------|---|--|-----------|---|-------------------------|----------|
|                                   |                          | 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     |   |                         |          |
| Casselberry                       | FL                       | None                    | 1,979,598  | 8,256,394  | 14,554            | 167,804   | 1,979,598  | 8,438,752 | 10,418,350                              | 4,033,977               | 12/30/03 |
| Hialeah                           | FL                       | None                    | 2,104,393  | 3,910,500  | None              | None  | 2,104,393  | 3,910,500 | 6,014,893                               | 905,916                 |          |
| Miami                             | FL                       | None                    | 3,115,101  | 5,670,715  | None              | 106   | 3,115,101  | 5,670,821 | 8,785,922                               | 2,270,083               | 05/19/00 |
| Oakland Park                      | FL                       | None                    | 2,800,000  | 2,196,480  | None              | None  | 2,800,000  | 2,196,480 | 4,996,480                               | 915,391                 | 07/06/01 |
| Orlando<br>Pembroke               | FL                       | None                    | 2,144,778  | 3,755,905  | None              | None  | 2,144,778  | 3,755,905 | 5,900,683                               | 1,374,140               | 08/07/03 |
| Pines                             | FL                       | None                    | 1,714,388  | 4,387,824  | None              | None  | 1,714,388  | 4,387,824 | 6,102,212                               | 2,122,052               | 12/11/00 |
| Sunrise                           | FL                       | None                    | 2,850,000  | 3,601,884  | None              | None  | 2,850,000  | 3,601,884 | 6,451,884                               | 318,166                 |          |
| Alsip                             | IL                       | None                    | 2,944,221  | 5,467,839  | None              | None  | 2,944,221  | 5,467,839 | 8,412,060                               | 665,254                 |          |
| Bolinbrook<br>Glendale<br>Heights | IL                       | None                    | 3,010,512  | 8,161,186  | None              | None  | 3,010,512  | 8,161,186 | 11,171,698                              | 1,654,518               | 10/26/07 |
| Waukegan                          | IL                       | None                    | 1,213,770  | 2,255,759  | None              | None  | 1,213,770  | 2,255,759 | 3,469,529                               | 522,422                 |          |
| Carmel                            | IN                       | None                    | 2,961,951  | 5,500,766  | None              | None  | 2,961,951  | 5,500,766 | 8,462,717                               | 669,260                 |          |
| Indianapolis                      | IN                       | None                    | 3,675,000  | 6,825,000  | None              | None  | 3,675,000  | 6,825,000 | 10,500,000                              | 762,125                 |          |
| Southport                         | IN                       | None                    | 3,008,186  | 6,999,881  | None              | None  | 3,008,186  | 6,999,881 | 10,008,067                              | 1,577,589               | 03/20/07 |
| Florence                          | IN                       | None                    | 2,121,873  | 7,522,735  | None              | None  | 2,121,873  | 7,522,735 | 9,644,608                               | 1,476,925               | 12/20/07 |
| Nottingham                        | KY                       | None                    | 850,000  | 9,465,367  | None              | None  | 850,000  | 9,465,367 | 10,315,367                              | 47,327                  |          |
| Roseville<br>East                 | MD                       | None                    | 3,055,453  | 5,675,230  | None              | None  | 3,055,453  | 5,675,230 | 8,730,683                               | 1,314,761               |          |
| Brunswick                         | MN                       | None                    | 3,611,925  | 8,804,654  | None              | None  | 3,611,925  | 8,804,654 | 12,416,579                              | 1,732,523               | 06/05/08 |
| Yonkers                           | NJ                       | None                    | 1,654,529  | 3,073,912  | None              | None  | 1,654,529  | 3,073,912 | 4,728,441                               | 722,368                 |          |
| Beachwood                         | NY                       | None                    | 1,488,894  | 2,765,894  | None              | None  | 1,488,894  | 2,765,894 | 4,254,788                               | 640,764                 |          |
| Columbus                          | OH                       | None                    | 1,504,354  | 2,794,305  | None              | 151   | 1,504,354  | 2,794,456 | 4,298,810                               | 656,699                 |          |
| Powell                            | OH                       | None                    | 0  | 6,087,055  | None              | None  | 0  | 6,087,055 | 6,087,055                               | 23,485                  |          |
| Philadelphia                      | OH                       | None                    | 1,140,000  | 7,786,433  | None              | None  | 1,140,000  | 7,786,433 | 8,926,433                               | 38,932                  |          |
| Pittsburgh                        | PA                       | None                    | 2,254,830  | 4,188,725  | None              | None  | 2,254,830  | 4,188,725 | 6,443,555                               | 984,350                 |          |
| Cypress                           | PA                       | None                    | 4,420,799  | 5,543,009  | None              | None  | 4,420,799  | 5,543,009 | 9,963,808                               | 227,443                 | 09/01/11 |
| Dallas                            | TX                       | None                    | 1,417,377  | 5,696,789  | None              | None  | 1,417,377  | 5,696,789 | 7,114,166                               | 1,490,579               | 05/15/06 |
| Fort Worth                        | TX                       | None                    | 1,417,377  | 5,696,789  | None              | None  | 1,417,377  | 5,696,789 | 7,114,166                               | 1,490,579               | 05/15/06 |
| Keller                            | TX                       | None                    | 5,293,733  | 6,555,637  | None              | None  | 5,293,733  | 6,555,637 | 11,849,370                              | 1,653,261               | 08/04/06 |
| McKinney                          | TX                       | None                    | 1,445,901  | 5,277,886  | None              | None  | 1,445,901  | 5,277,886 | 6,723,787                               | 2,653,633               | 06/02/00 |
| Plano                             | TX                       | None                    | 1,478,222  | 5,679,604  | None              | None  | 1,478,222  | 5,679,604 | 7,157,826                               | 1,633,263               | 09/08/05 |
| San Antonio                       | TX                       | None                    | 1,805,460  | 5,972,111  | None              | None  | 1,805,460  | 5,972,111 | 7,777,571                               | 1,663,207               | 12/07/05 |
| San Antonio                       | TX                       | None                    | 3,178,115  | 5,832,224  | None              | None  | 3,178,115  | 5,832,224 | 9,010,339                               | 1,624,446               | 12/06/05 |
| Kent                              | TX                       | None                    | 1,120,000  | 2,075,196  | None              | None  | 1,120,000  | 2,075,196 | 3,195,196                               | 287,069                 |          |
|                                   | TX                       | None                    | 1,200,000  | 2,489,568  | None              | None  | 1,200,000  | 2,489,568 | 3,689,568                               | 344,390                 |          |
|                                   | WA                       | None                    | 4,086,250  | 7,588,750  | None              | None  | 4,086,250  | 7,588,750 | 11,675,000                              | 923,298                 |          |

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Home  
furnishings

|                    |    |      |           |           |         |         |           |           |           |           |          |
|--------------------|----|------|-----------|-----------|---------|---------|-----------|-----------|-----------|-----------|----------|
| Little Rock        | AR | None | 1,079,232 | 2,594,956 | 132,816 | 13,503  | 1,079,232 | 2,741,275 | 3,820,507 | 1,550,097 |          |
| Osceola            | AR | None | 88,759    | 520,047   | 4,083   | None    | 88,759    | 524,130   | 612,889   | 305,597   |          |
| Wynne              | AR | None | 70,000    | 547,576   | 58,039  | 2,024   | 70,000    | 607,639   | 677,639   | 332,543   | 11/10/98 |
| Jackson            | CA | None | 300,000   | 390,849   | 6,775   | 8,819   | 300,000   | 406,443   | 706,443   | 395,327   |          |
| Danbury            | CT | None | 643,736   | 3,621,163 | 122,847 | 121,625 | 643,736   | 3,865,635 | 4,509,371 | 2,269,408 |          |
| Brandon            | FL | None | 430,000   | 1,020,608 | None    | 218     | 430,000   | 1,020,826 | 1,450,826 | 593,796   |          |
| Ocala              | FL | None | 339,690   | 543,504   | None    | 25,254  | 339,690   | 568,758   | 908,448   | 369,711   |          |
| Tampa              | FL | None | 685,000   | 885,624   | None    | 218     | 685,000   | 885,842   | 1,570,842 | 515,280   |          |
| Tampa              | FL | None | 494,763   | 767,737   | 71,880  | 233     | 494,763   | 839,850   | 1,334,613 | 503,173   |          |
| West Palm<br>Beach | FL | None | 347,651   | 706,081   | 69,111  | 233     | 347,651   | 775,425   | 1,123,076 | 429,030   |          |
| Rome               | GA | None | 254,902   | 486,812   | 32,783  | 499     | 254,902   | 520,094   | 774,996   | 316,533   |          |
| Davenport          | IA | None | 270,000   | 930,689   | None    | 146     | 270,000   | 930,835   | 1,200,835 | 541,494   |          |
| Joliet             | IL | None | 440,000   | 910,689   | None    | 338     | 440,000   | 911,027   | 1,351,027 | 529,892   |          |
| Anderson           | IN | None | 180,628   | 653,162   | 100,170 | 15,352  | 180,628   | 768,684   | 949,312   | 480,634   |          |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Constructi |
|-------------------------|--------------------------|-------------------------|--|--|-------------------|---|--|-----------|---|-----------------------|
|                         |                          | 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     |   |                       |
| Kansas City             | KS                       | None                    | 185,955  | 413,014  | 31,870            | 8,629   | 185,955  | 453,513   | 639,468                                 | 423,304               |
| Wichita                 | KS                       | None                    | 430,000  | 740,725  | None              | 146   | 430,000  | 740,871   | 1,170,871                               | 430,999               |
| Alexandria              | LA                       | None                    | 400,000  | 810,608  | None              | 168   | 400,000  | 810,776   | 1,210,776                               | 471,558               |
| Monroe                  | LA                       | None                    | 450,000  | 835,608  | None              | None  | 450,000  | 835,608   | 1,285,608                               | 486,043               |
| Shreveport              | LA                       | None                    | 525,000  | 725,642  | None              | 73  | 525,000  | 725,715   | 1,250,715                               | 422,097               |
| Battle Creek            | MI                       | None                    | 485,000  | 895,689  | None              | 265   | 485,000  | 895,954   | 1,380,954                               | 521,143               |
| Eden Prairie            | MN                       | None                    | 500,502  | 1,055,244  | None              | None  | 500,502  | 1,055,244 | 1,555,746                               | 585,624               |
| Gulfport                | MS                       | None                    | 299,464  | 502,326  | 49,988            | 16,923  | 299,464  | 569,237   | 868,701                                 | 356,426               |
| Hattiesburg             | MS                       | None                    | 300,000  | 660,608  | None              | 168   | 300,000  | 660,776   | 960,776                                 | 384,308               |
| Ridgeland               | MS                       | None                    | 281,867  | 769,890  | None              | 36  | 281,867  | 769,926   | 1,051,793                               | 478,534               |
| Matthews                | NC                       | None                    | 768,222  | 843,401  | 46,414            | 38,052  | 768,222  | 927,867   | 1,696,089                               | 511,031               |
| Dayton                  | OH                       | None                    | 401,723  | 698,872  | 13,435            | 11,200  | 401,723  | 723,507   | 1,125,230                               | 419,389               |
| Lancaster               | OH                       | None                    | 250,000  | 830,689  | None              | 319   | 250,000  | 831,008   | 1,081,008                               | 483,455               |
| Altoona                 | PA                       | None                    | 455,000  | 745,694  | None              | None  | 455,000  | 745,694   | 1,200,694                               | 433,743               |
| Erie                    | PA                       | None                    | 510,000  | 900,689  | None              | None  | 510,000  | 900,689   | 1,410,689                               | 523,899               |
| Pennsdale               | PA                       | None                    | 315,000  | 835,648  | None              | None  | 315,000  | 835,648   | 1,150,648                               | 486,066               |
| Whitehall               | PA                       | None                    | 515,525  | 1,146,868  | None              | 457   | 515,525  | 1,147,325 | 1,662,850                               | 667,550               |
| Columbia                | SC                       | None                    | 600,000  | 900,725  | None              | 724   | 600,000  | 901,449   | 1,501,449                               | 524,381               |
| Jackson                 | TN                       | None                    | 381,076  | 857,261  | 35,685            | 16,534  | 381,076  | 909,480   | 1,290,556                               | 545,785               |
| Jackson                 | TN                       | None                    | 380,000  | 750,608  | None              | 82  | 380,000  | 750,690   | 1,130,690                               | 436,658               |
| Memphis                 | TN                       | None                    | 804,262  | 1,432,520  | 35,328            | 223   | 804,262  | 1,468,071 | 2,272,333                               | 903,740               |
| Abilene                 | TX                       | None                    | 400,000  | 680,616  | None              | None  | 400,000  | 680,616   | 1,080,616                               | 395,889               |
| Cedar Park              | TX                       | None                    | 253,591  | 827,237  | 21,887            | 3,052   | 253,591  | 852,176   | 1,105,767                               | 527,284               |
| Plainview               | TX                       | None                    | 125,000  | 734,558  | 40,000            | None  | 125,000  | 774,558   | 899,558                                 | 505,022               |
| San Antonio             | TX                       | None                    | 323,451  | 637,991  | 47,914            | 115   | 323,451  | 686,020   | 1,009,471                               | 406,331               |
| Webster                 | TX                       | None                    | 283,604  | 538,002  | 2,470             | 354   | 283,604  | 540,826   | 824,430                                 | 336,570               |
| Pasco                   | WA                       | None                    | 161,700  | 359,142  | 56,707            | 14,444  | 161,700  | 430,293   | 591,993                                 | 393,114               |
| Eau Claire              | WI                       | None                    | 260,000  | 820,689  | None              | 357   | 260,000  | 821,046   | 1,081,046                               | 477,532               |
| La Crosse               | WI                       | None                    | 372,883  | 877,812  | None              | 395   | 372,883  | 878,207   | 1,251,090                               | 510,764               |

Home  
improvement

|              |    |      |           |           |      |      |           |           |            |           |
|--------------|----|------|-----------|-----------|------|------|-----------|-----------|------------|-----------|
| Lawndale     | CA | None | 667,007   | 1,238,841 | None | None | 667,007   | 1,238,841 | 1,905,848  | 695,814   |
| Los Angeles  | CA | None | 902,494   | 1,676,204 | None | 31   | 902,494   | 1,676,235 | 2,578,729  | 941,473   |
| Los Angeles  | CA | None | 163,668   | 304,097   | None | 78   | 163,668   | 304,175   | 467,843    | 170,876   |
| Van Nuys     | CA | None | 750,293   | 1,393,545 | None | None | 750,293   | 1,393,545 | 2,143,838  | 782,705   |
| West Covina  | CA | None | 311,040   | 577,733   | None | 54   | 311,040   | 577,787   | 888,827    | 324,494   |
| Broadview    | IL | None | 345,166   | 641,739   | None | 94   | 345,166   | 641,833   | 986,999    | 360,467   |
| Lenexa       | KS | None | 1,051,077 | 1,952,233 | None | None | 1,051,077 | 1,952,233 | 3,003,310  | 543,372   |
| Lenexa       | KS | None | 3,688,591 | 6,850,770 | None | None | 3,688,591 | 6,850,770 | 10,539,361 | 1,906,798 |
| Baltimore    | MD | None | 171,320   | 318,882   | None | 86   | 171,320   | 318,968   | 490,288    | 179,175   |
| Blue Springs | MO | None | 870,071   | 1,616,080 | None | None | 870,071   | 1,616,080 | 2,486,151  | 449,809   |
| Chillicothe  | MO | None | 804,948   | 1,495,138 | None | None | 804,948   | 1,495,138 | 2,300,086  | 416,147   |
| Columbia     | MO | None | 2,039,436 | 3,787,757 | None | 30   | 2,039,436 | 3,787,787 | 5,827,223  | 1,054,282 |
| Columbia     | MO | None | 1,080,521 | 2,006,915 | None | None | 1,080,521 | 2,006,915 | 3,087,436  | 558,591   |
| Fulton       | MO | None | 791,603   | 1,470,353 | None | None | 791,603   | 1,470,353 | 2,261,956  | 409,248   |

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|                |    |      |           |           |      |      |           |           |           |         |
|----------------|----|------|-----------|-----------|------|------|-----------|-----------|-----------|---------|
| Jefferson City | MO | None | 1,481,299 | 2,751,217 | None | None | 1,481,299 | 2,751,217 | 4,232,516 | 765,756 |
| Kirkville      | MO | None | 1,421,788 | 2,640,696 | None | None | 1,421,788 | 2,640,696 | 4,062,484 | 734,994 |
| Macon          | MO | None | 493,394   | 916,537   | None | None | 493,394   | 916,537   | 1,409,931 | 255,103 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)          | Encumbrances<br>(Note 2) |      | Initial Cost to Company Buildings, Improvements and Acquisition Fees |            | Cost Capitalized Subsequent to Acquisition |                | Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7) |  |            | Accumulated Depreciation<br>(Note 5) | Date of Construction |
|----------------------------------|--------------------------|------|--|------------|--|----------------|--|--|------------|--------------------------------------|----------------------|
|                                  |                          |      | Land   |            | Improvements                               | Carrying Costs | Land   | Buildings, Improvements and Acquisition Fees | Total      |                                      |                      |
| Moberly                          | MO                       | None | 1,293,387  | 2,402,283  | None                                       | None           | 1,293,387  | 2,402,283                                    | 3,695,670  | 668,634                              |                      |
| Omaha                            | NE                       | None | 1,515,773  | 2,816,678  | None                                       | 32             | 1,515,773  | 2,816,710                                    | 4,332,483  | 783,980                              |                      |
| Rochester                        | NY                       | None | 158,168  | 294,456    | None                                       | None           | 158,168  | 294,456                                      | 452,624    | 165,397                              |                      |
| Carrollton                       | TX                       | None | 201,569  | 374,342    | None                                       | 102            | 201,569  | 374,444                                      | 576,013    | 135,390                              |                      |
| Midland                          | TX                       | None | 1,590,052  | 2,953,473  | None                                       | None           | 1,590,052  | 2,953,473                                    | 4,543,525  | 822,050                              |                      |
| Odessa                           | TX                       | None | 1,346,834  | 2,501,783  | None                                       | None           | 1,346,834  | 2,501,783                                    | 3,848,617  | 696,330                              |                      |
| Pasadena                         | TX                       | None | 147,535  | 274,521    | None                                       | 128            | 147,535  | 274,649                                      | 422,184    | 154,230                              |                      |
| Plano                            | TX                       | None | 363,851  | 676,249    | None                                       | 102            | 363,851  | 676,351                                      | 1,040,202  | 379,832                              |                      |
| San Antonio                      | TX                       | None | 367,890  | 683,750    | None                                       | None           | 367,890  | 683,750                                      | 1,051,640  | 384,042                              |                      |
| Chesapeake                       | VA                       | None | 144,014  | 649,869    | None                                       | 11,754         | 144,014  | 661,623                                      | 805,637    | 658,842                              |                      |
| Windsor Heights                  | IA                       | None | 225,771  | 682,604    | None                                       | 73             | 225,771  | 682,677                                      | 908,448    | 381,120                              |                      |
| <u>Insurance</u>                 |                          |      |  |            |  |                |  |  |            |                                      |                      |
| Cedar Falls                      | IA                       | None | 634,343  | 6,331,030  | None                                       | None           | 634,343  | 6,331,030                                    | 6,965,373  | 94,965                               |                      |
| <u>Machinery</u>                 |                          |      |  |            |  |                |  |  |            |                                      |                      |
| Tomah                            | WI                       | None | 1,630,917  | 12,938,430 | None                                       | None           | 1,630,917  | 12,938,430                                   | 14,569,347 | 237,205                              |                      |
| <u>Motor vehicle dealerships</u> |                          |      |  |            |  |                |  |  |            |                                      |                      |
| Robertsdale                      | AL                       | None | 3,026,015  | 6,117,490  | None                                       | None           | 3,026,015  | 6,117,490                                    | 9,143,505  | 1,471,059                            | 01/29/07             |
| Longmont                         | CO                       | None | 2,502,092  | 6,906,609  | None                                       | 115            | 2,502,092  | 6,906,724                                    | 9,408,816  | 2,313,771                            |                      |
| Gulf Breeze                      | FL                       | None | 3,518,413  | 905,480    | None                                       | None           | 3,518,413  | 905,480                                      | 4,423,893  | 242,970                              |                      |
| Woodstock                        | GA                       | None | 2,509,102  | 2,509,993  | None                                       | None           | 2,509,102  | 2,509,993                                    | 5,019,095  | 723,715                              |                      |
| Island Lake                      | IL                       | None | 2,107,134  | 6,383,412  | None                                       | None           | 2,107,134  | 6,383,412                                    | 8,490,546  | 1,934,534                            |                      |
| Colfax                           | NC                       | None | 1,125,979  | 2,196,033  | None                                       | None           | 1,125,979  | 2,196,033                                    | 3,322,012  | 703,976                              |                      |
| Statesville                      | NC                       | None | 2,353,825  | 4,159,653  | None                                       | None           | 2,353,825  | 4,159,653                                    | 6,513,478  | 1,309,772                            |                      |
| Chichester                       | NH                       | None | 578,314  | 4,546,307  | None                                       | None           | 578,314  | 4,546,307                                    | 5,124,621  | 1,445,431                            |                      |
| Churchville                      | NY                       | None | 1,000,000  | 5,755,166  | None                                       | None           | 1,000,000  | 5,755,166                                    | 6,755,166  | 1,511,709                            | 06/06/06             |
| Green                            | OH                       | None | 715,953  | 554,589    | None                                       | None           | 715,953  | 554,589                                      | 1,270,542  | 162,187                              | 02/13/06             |
| Hillsboro                        | OR                       | None | 1,611,084  | 1,936,755  | None                                       | None           | 1,611,084  | 1,936,755                                    | 3,547,839  | 487,417                              |                      |
| Woods Village                    | OR                       | None | 3,822,277  | 5,687,110  | None                                       | None           | 3,822,277  | 5,687,110                                    | 9,509,387  | 1,366,700                            |                      |
| Myrtle Beach                     | SC                       | None | 4,099,824  | 2,081,997  | (1,800,804)                                | None           | 2,299,020  | 2,081,997                                    | 4,381,017  | 648,774                              | 07/28/00             |
| Austin                           | TX                       | None | 2,100,000  | 3,900,895  | None                                       | None           | 2,100,000  | 3,900,895                                    | 6,000,895  | 773,676                              |                      |
| Garland                          | TX                       | None | 3,233,329  | 12,064,417 | 500  | None           | 3,233,329  | 12,064,917                                   | 15,298,246 | 60,326                               |                      |
| Katy                             | TX                       | None | 1,347,454  | 8,564,135  | None                                       | None           | 1,347,454  | 8,564,135                                    | 9,911,589  | 2,447,819                            | 10/28/05             |
| San Antonio                      | TX                       | None | 4,337,454  | 7,312,625  | 500  | None           | 4,337,454  | 7,313,125                                    | 11,650,579 | 12,192                               |                      |
| <u>Office supplies</u>           |                          |      |  |            |  |                |  |  |            |                                      |                      |
| Lakewood                         | CA                       | None | 1,398,387  | 3,098,607  | None                                       | 10,284         | 1,398,387  | 3,108,891                                    | 4,507,278  | 1,978,771                            |                      |
| Riverside                        | CA                       | None | 1,410,177  | 1,659,850  | None                                       | None           | 1,410,177  | 1,659,850                                    | 3,070,027  | 1,015,209                            |                      |



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|                 |    |      |           |           |        |         |           |           |           |           |          |
|-----------------|----|------|-----------|-----------|--------|---------|-----------|-----------|-----------|-----------|----------|
| Casselberry     | FL | None | 0         | 1,277,112 | 66,856 | None    | 0         | 1,343,968 | 1,343,968 | 365,160   | 07/14/05 |
| Hutchinson      | KS | None | 269,964   | 1,704,013 | 62,362 | None    | 269,964   | 1,766,375 | 2,036,339 | 1,085,989 |          |
| Salina          | KS | None | 240,423   | 1,829,837 | 82,815 | None    | 240,423   | 1,912,652 | 2,153,075 | 1,168,538 |          |
| Sikeston        | MO | None | 409,114   | 2,005,416 | None   | None    | 409,114   | 2,005,416 | 2,414,530 | 879,028   |          |
| Helena          | MT | None | 564,241   | 1,503,118 | 23,911 | None    | 564,241   | 1,527,029 | 2,091,270 | 949,243   |          |
| Asheboro        | NC | None | 465,557   | 2,176,416 | 21,418 | 340     | 465,557   | 2,198,174 | 2,663,731 | 1,309,159 |          |
| Westbury<br>New | NY | None | 3,808,076 | 2,377,932 | 7,206  | 338,968 | 3,808,076 | 2,724,106 | 6,532,182 | 1,507,115 |          |
| Philadelphia    | OH | None | 726,636   | 1,650,672 | 29,340 | 114     | 726,636   | 1,680,126 | 2,406,762 | 1,036,957 |          |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)                             | Encumbrances<br>(Note 2) | Initial Cost to Company<br>Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |           | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |                     |            | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |          |
|---|--------------------------|---|-----------|--|-------------------|---|---------------------|------------|---|-------------------------|----------|
|   |                          | Land  |           | Improvements                                     | Carrying<br>Costs | Land  | Acquisition<br>Fees | Total      |   |                         |          |
| Edmond  | OK                       | None  | 1,390,000 | 3,009,650  | 8,201             | None  | 1,390,000           | 3,017,851  | 4,407,851                               | 267,988                 |          |
| <b><u>Packaging</u></b>                             |                          |   |           |  |                   |   |                     |            |   |                         |          |
| Lewisburg   | OH                       | 4,068,728   | 641,174   | 11,787,510                                       | None              | None  | 641,174             | 11,787,510 | 12,428,684                              | 98,229                  |          |
| Raphine   | VA                       | 23,625,000  | 2,679,884 | 21,236,904                                       | None              | None  | 2,679,884           | 21,236,904 | 23,916,788                              | 1,309,609               |          |
| Wytheville  | VA                       | 29,510,193  | 2,175,524 | 33,138,859                                       | None              | None  | 2,175,524           | 33,138,859 | 35,314,383                              | 165,694                 |          |
| <b><u>Paper</u></b>                                 |                          |   |           |  |                   |   |                     |            |   |                         |          |
| Marianna  | FL                       | None  | 1,473,182 | 6,930,359  | None              | None  | 1,473,182           | 6,930,359  | 8,403,541                               | 450,473                 |          |
| Columbia  | SC                       | 6,882,769   | 989,232   | 5,004,326  | None              | None  | 989,232             | 5,004,326  | 5,993,558                               | 5,958                   |          |
| <b><u>Pet<br/>supplies<br/>and<br/>services</u></b> |                          |   |           |  |                   |   |                     |            |   |                         |          |
| Duluth  | GA                       | None  | 361,058   | 1,591,629  | None              | None  | 361,058             | 1,591,629  | 1,952,687                               | 829,418                 | 01/27/99 |
| Marietta  | GA                       | None  | 495,412   | 1,526,370  | None              | None  | 495,412             | 1,526,370  | 2,021,782                               | 778,756                 | 05/28/99 |
| Indianapolis  | IN                       | None  | 427,000   | 1,296,901  | None              | None  | 427,000             | 1,296,901  | 1,723,901                               | 655,742                 | 03/10/00 |
| Sudbury   | MA                       | None  | 543,038   | 2,477,213  | None              | None  | 543,038             | 2,477,213  | 3,020,251                               | 1,233,546               | 11/12/99 |
| Tyngsborough  | MA                       | None  | 312,204   | 1,222,522  | None              | None  | 312,204             | 1,222,522  | 1,534,726                               | 711,093                 |          |
| Warren  | MI                       | None  | 356,348   | 903,351  | 155,408           | 31,687  | 356,348             | 1,090,446  | 1,446,794                               | 595,004                 |          |
| Matthews  | NC                       | None  | 610,177   | 1,394,743  | 83,465            | None  | 610,177             | 1,478,208  | 2,088,385                               | 812,852                 |          |
| North   |                          |   |           |  |                   |   |                     |            |   |                         |          |
| Plainfield  | NJ                       | None  | 985,430   | 1,590,447  | None              | None  | 985,430             | 1,590,447  | 2,575,877                               | 841,197                 |          |
| Albuquerque   | NM                       | None  | 684,036   | 874,914  | 305,425           | 21,585  | 684,036             | 1,201,924  | 1,885,960                               | 670,828                 |          |
| Franklin  | OH                       | None  | 337,572   | 777,943  | 41,328            | 22,715  | 337,572             | 841,986    | 1,179,558                               | 486,430                 |          |
| Maineville  | OH                       | None  | 173,105   | 384,468  | 24,215            | 12,804  | 173,105             | 421,487    | 594,592                                 | 397,028                 |          |
| Dickson City  | PA                       | None  | 659,790   | 1,880,722  | 5,396             | 34  | 659,790             | 1,886,152  | 2,545,942                               | 1,173,445               |          |
| Mt Pleasant   | SC                       | None  | 40,700    | 180,400  | 42,905            | 19,091  | 40,700              | 242,396    | 283,096                                 | 203,225                 |          |
| Clarksville   | TN                       | None  | 290,775   | 395,870  | None              | 340   | 290,775             | 396,210    | 686,985                                 | 255,476                 |          |
| <b><u>Restaurants -<br/>casual dining</u></b>       |                          |   |           |  |                   |   |                     |            |   |                         |          |
| Boaz  | AL                       | None  | 829,001   | 1,541,245  | 480               | 7,213   | 829,001             | 1,548,938  | 2,377,939                               | 377,844                 |          |
| Enterprise  | AL                       | None  | 840,946   | 1,563,474  | None              | None  | 840,946             | 1,563,474  | 2,404,420                               | 383,050                 |          |
| Fort Payne  | AL                       | None  | 814,113   | 1,513,596  | None              | None  | 814,113             | 1,513,596  | 2,327,709                               | 370,830                 |          |
| Gadsden   | AL                       | None  | 851,124   | 1,582,332  | 24,859            | 25,239  | 851,124             | 1,632,430  | 2,483,554                               | 393,290                 |          |
| Huntsville  | AL                       | None  | 826,840   | 1,537,233  | (1,149,285)       | 24  | 826,840             | 387,972    | 1,214,812                               | 384,812                 |          |
| Huntsville  | AL                       | None  | 811,599   | 1,508,927  | None              | None  | 811,599             | 1,508,927  | 2,320,526                               | 369,686                 |          |
| Sylacauga   | AL                       | None  | 801,413   | 1,490,012  | 19,613            | 108   | 801,413             | 1,509,733  | 2,311,146                               | 373,418                 |          |
| Conway  | AR                       | None  | 941,465   | 1,750,100  | None              | 148   | 941,465             | 1,750,248  | 2,691,713                               | 428,796                 |          |
| El Dorado   | AR                       | None  | 907,534   | 1,687,608  | None              | 20,759  | 907,534             | 1,708,367  | 2,615,901                               | 415,428                 |          |
| Russellville  | AR                       | None  | 864,497   | 1,607,158  | 3,841             | 20,378  | 864,497             | 1,631,377  | 2,495,874                               | 396,391                 |          |
| Glendale  | AZ                       | None  | 624,761   | 895,976  | None              | 51,014  | 624,761             | 946,990    | 1,571,751                               | 625,794                 |          |

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|           |    |      |           |           |        |        |           |           |           |         |          |
|-----------|----|------|-----------|-----------|--------|--------|-----------|-----------|-----------|---------|----------|
| Glendale  | AZ | None | 1,511,430 | 3,264,231 | None   | 62     | 1,511,430 | 3,264,293 | 4,775,723 | 791,731 | 11/06/06 |
| Goodyear  | AZ | None | 794,360   | 1,274,445 | None   | None   | 794,360   | 1,274,445 | 2,068,805 | 319,800 | 02/23/06 |
| Surprise  | AZ | None | 681,288   | 1,008,310 | None   | None   | 681,288   | 1,008,310 | 1,689,598 | 316,385 | 09/29/04 |
| San Dimas | CA | None | 240,562   | 445,521   | 46,026 | 2,690  | 240,562   | 494,237   | 734,799   | 472,321 |          |
| Denver    | CO | None | 540,250   | 1,132,450 | None   | None   | 540,250   | 1,132,450 | 1,672,700 | 361,819 | 07/29/04 |
| Lakewood  | CO | None | 1,606,511 | 5,865     | None   | None   | 1,606,511 | 5,865     | 1,612,376 | 1,966   | 07/26/06 |
| Parker    | CO | None | 778,054   | 1,148,443 | None   | 13,629 | 778,054   | 1,162,072 | 1,940,126 | 349,925 | 06/10/05 |
| Cromwell  | CT | None | 531,861   | 989,638   | None   | None   | 531,861   | 989,638   | 1,521,499 | 199,572 |          |
| Danbury   | CT | None | 548,459   | 284,639   | None   | None   | 548,459   | 284,639   | 833,098   | 125,714 |          |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |  | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|-----------|--------------|-------------------|--|-----------|---|-----------|--|---|-------------------------|------------------|
|                         |                          | Land  | Fees      | Improvements | Carrying<br>Costs | Land   | Fees      | Total   |           |  |   |                         |                  |
| East                    |                          |   |           |              |                   |  |           |   |           |  |   |                         |                  |
| Windsor CT              | None                     | 0   | 1,235,134 | None         | None              | 0  | 1,235,134 | 1,235,134   | 265,531   |  | 08/3                                    |                         |                  |
| Manchester CT           | None                     | 0   | 1,353,727 | None         | None              | 0  | 1,353,727 | 1,353,727   | 291,029   |  | 08/3                                    |                         |                  |
| New Milford CT          | None                     | 0   | 705,348   | None         | 221               | 0  | 705,348   | 705,348   | 151,593   |  | 08/3                                    |                         |                  |
| Norwich CT              | None                     | 644,000   | 1,198,741 | None         | None              | 644,000  | 1,198,741 | 1,842,741   | 257,712   |  | 08/3                                    |                         |                  |
| Plainville CT           | None                     | 0   | 1,452,933 | None         | None              | 0  | 1,452,933 | 1,452,933   | 312,358   |  | 08/3                                    |                         |                  |
| Torrington CT           | None                     | 504,167   | 939,051   | 1,552        | 331               | 504,167  | 940,934   | 1,445,101   | 202,109   |  | 08/3                                    |                         |                  |
| Unionville CT           | None                     | 167,740   | 316,672   | None         | None              | 167,740  | 316,672   | 484,412   | 139,862   |  | 12/1                                    |                         |                  |
| Waterbury CT            | None                     | 521,021   | 705,163   | None         | None              | 521,021  | 705,163   | 1,226,184   | 311,446   |  | 12/1                                    |                         |                  |
| West Haven CT           | None                     | 540,663   | 1,006,829 | 2,488        | 202               | 540,663  | 1,009,519 | 1,550,182   | 216,472   |  | 08/3                                    |                         |                  |
| Windsor                 |                          |   |           |              |                   |  |           |   |           |  |   |                         |                  |
| Locks CT                | None                     | 844,967   | 1,571,965 | None         | None              | 844,967  | 1,571,965 | 2,416,932   | 337,955   |  | 08/3                                    |                         |                  |
| Casselberry FL          | None                     | 403,900   | 897,075   | 2,816        | 223               | 403,900  | 900,114   | 1,304,014   | 825,971   |  | 12/2                                    |                         |                  |
| Jacksonville FL         | None                     | 1,451,180   | 658,461   | 25,752       | 23,207            | 1,451,180  | 707,420   | 2,158,600   | 193,464   |  | 08/04/06                                | 05/0                    |                  |
| Land O                  |                          |   |           |              |                   |  |           |   |           |  |   |                         |                  |
| Lakes FL                | None                     | 770,136   | 1,190,937 | None         | None              | 770,136  | 1,190,937 | 1,961,073   | 328,196   |  | 10/21/05                                | 03/2                    |                  |
| Melbourne FL            | None                     | 0   | 790,083   | 500          | 145               | 0  | 790,728   | 790,728   | 197,749   |  | 08/3                                    |                         |                  |
| New Port                |                          |   |           |              |                   |  |           |   |           |  |   |                         |                  |
| Richey FL               | None                     | 929,402   | 1,459,392 | 56,969       | 32,400            | 929,402  | 1,548,761 | 2,478,163   | 386,638   |  | 11/13/06                                | 08/0                    |                  |
| Orlando FL              | None                     | 230,000   | 1,066,339 | None         | None              | 230,000  | 1,066,339 | 1,296,339   | 1,066,339 |  | 11/1                                    |                         |                  |
| Orlando FL              | None                     | 1,135,310   | 1,306,940 | None         | 18,336            | 1,135,310  | 1,325,276 | 2,460,586   | 308,876   |  | 01/10/07                                | 06/3                    |                  |
| Orlando FL              | None                     | 735,000   | 1,367,891 | None         | None              | 735,000  | 1,367,891 | 2,102,891   | 294,079   |  | 08/3                                    |                         |                  |
| Orlando FL              | None                     | 0   | 790,583   | 24,406       | 38,527            | 0  | 853,516   | 853,516   | 175,835   |  | 08/3                                    |                         |                  |
| Americus GA             | None                     | 709,624   | 1,319,578 | 71,622       | 3,036             | 709,624  | 1,394,236 | 2,103,860   | 326,694   |  | 11/0                                    |                         |                  |
| Augusta GA              | None                     | 827,895   | 1,539,237 | None         | 240               | 827,895  | 1,539,477 | 2,367,372   | 377,156   |  | 11/0                                    |                         |                  |
| Gainesville GA          | None                     | 952,660   | 1,770,931 | 121,617      | 13,747            | 952,660  | 1,906,295 | 2,858,955   | 435,047   |  | 11/0                                    |                         |                  |
| Lagrange GA             | None                     | 853,599   | 1,586,959 | 4,080        | 240               | 853,599  | 1,591,279 | 2,444,878   | 388,885   |  | 11/0                                    |                         |                  |
| Lithonia GA             | None                     | 89,220  | 0         | None         | None              | 89,220   | -         | 89,220  | -         |  | 01/0                                    |                         |                  |
| Norcross GA             | None                     | 827,707   | 1,538,875 | 115,596      | 8,383             | 827,707  | 1,662,854 | 2,490,561   | 382,339   |  | 11/0                                    |                         |                  |
| Savannah GA             | None                     | 719,188   | 1,337,352 | 5,330        | 240               | 719,188  | 1,342,922 | 2,062,110   | 327,736   |  | 11/0                                    |                         |                  |
| Snellville GA           | None                     | 710,600   | 1,321,389 | 64,999       | 882               | 710,600  | 1,387,270 | 2,097,870   | 343,474   |  | 11/0                                    |                         |                  |
| Statesboro GA           | None                     | 926,462   | 1,722,290 | None         | 240               | 926,462  | 1,722,530 | 2,648,992   | 422,004   |  | 11/0                                    |                         |                  |
| Stone                   |                          |   |           |              |                   |  |           |   |           |  |   |                         |                  |
| Mountain GA             | None                     | 215,940   | 1,001,188 | 63,626       | None              | 215,940  | 1,064,814 | 1,280,754   | 1,053,316 |  | 10/3                                    |                         |                  |
| Thomasville GA          | None                     | 894,504   | 1,662,939 | 87,387       | 13,335            | 894,504  | 1,763,661 | 2,658,165   | 410,960   |  | 11/0                                    |                         |                  |
| Valdosta GA             | None                     | 901,658   | 1,676,225 | 4,820        | 30,696            | 901,658  | 1,711,741 | 2,613,399   | 413,111   |  | 11/0                                    |                         |                  |
| Warner                  |                          |   |           |              |                   |  |           |   |           |  |   |                         |                  |
| Robins GA               | None                     | 896,841   | 1,667,267 | 112,087      | 349               | 896,841  | 1,779,703 | 2,676,544   | 411,224   |  | 11/0                                    |                         |                  |
| Waycross GA             | None                     | 956,765   | 1,778,566 | None         | 536               | 956,765  | 1,779,102 | 2,735,867   | 435,836   |  | 11/0                                    |                         |                  |
| Altoona IA              | None                     | 654,179   | 1,285,639 | None         | None              | 654,179  | 1,285,639 | 1,939,818   | 380,921   |  | 06/11/05                                | 12/3                    |                  |
| Ankeny IA               | None                     | 100,000   | 349,218   | 25,075       | None              | 100,000  | 374,293   | 474,293   | 373,039   |  | 07/2                                    |                         |                  |
| Burlington IA           | None                     | 653,057   | 1,214,571 | 480          | 7                 | 653,057  | 1,215,058 | 1,868,115   | 297,591   |  | 11/0                                    |                         |                  |
| Cedar                   |                          |   |           |              |                   |  |           |   |           |  |   |                         |                  |
| Rapids IA               | None                     | 822,331   | 1,528,939 | None         | None              | 822,331  | 1,528,939 | 2,351,270   | 374,589   |  | 11/0                                    |                         |                  |
| Clive IA                | None                     | 840,697   | 1,563,046 | None         | None              | 840,697  | 1,563,046 | 2,403,743   | 382,945   |  | 11/0                                    |                         |                  |
| Nampa ID                | None                     | 74,156  | 343,820   | 28,206       | 127               | 74,156   | 372,153   | 446,309   | 345,587   |  | 12/3                                    |                         |                  |
| Rexburg ID              | None                     | 90,760  | 420,787   | 59,798       | None              | 90,760   | 480,585   | 571,345   | 425,403   |  | 11/2                                    |                         |                  |

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|           |    |      |         |           |        |        |         |           |           |         |               |
|-----------|----|------|---------|-----------|--------|--------|---------|-----------|-----------|---------|---------------|
| Alton     | IL | None | 225,785 | 419,315   | None   | None   | 225,785 | 419,315   | 645,100   | 405,848 | 10/1          |
| Champaign | IL | None | 805,888 | 1,498,402 | None   | 400    | 805,888 | 1,498,802 | 2,304,690 | 367,428 | 11/0          |
| Effingham | IL | None | 783,528 | 1,456,874 | None   | None   | 783,528 | 1,456,874 | 2,240,402 | 356,933 | 11/0          |
| Marion    | IL | None | 831,323 | 1,545,566 | None   | None   | 831,323 | 1,545,566 | 2,376,889 | 378,663 | 11/0          |
| Moline    | IL | None | 781,044 | 1,452,262 | None   | None   | 781,044 | 1,452,262 | 2,233,306 | 355,803 | 11/0          |
| Mt Vernon | IL | None | 883,110 | 1,641,741 | None   | None   | 883,110 | 1,641,741 | 2,524,851 | 402,225 | 11/0          |
| Oswego    | IL | None | 953,394 | 1,208,677 | 1,988  | 32,452 | 953,394 | 1,243,117 | 2,196,511 | 352,784 | 06/15/05 06/2 |
| Peoria    | IL | None | 662,460 | 1,060,577 | 14,651 | 24,139 | 662,460 | 1,099,367 | 1,761,827 | 352,761 | 10/13/04 06/1 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)   | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Ac |
|---------------------------|--------------------------|---|-----------|--------------|--|--------|---|-----------|-----------|---|-------------------------|----|
|                           |                          | Land  | Fees      | Improvements | Carrying<br>Costs                                | Land   | Fees  | Total     |           |   |                         |    |
| Springfield               | IL                       | None  | 846,830   | 1,574,436    | 10,480   | 15,789 | 846,830   | 1,600,705 | 2,447,535 | 386,924                                 |                         | 11 |
| Swansea                   | IL                       | None  | 890,625   | 1,655,743    | 167,458  | 22,030 | 890,625   | 1,845,231 | 2,735,856 | 442,874                                 |                         | 11 |
| Waukegan                  | IL                       | None  | 1,330,000 | 2,470,909    | None   | None   | 1,330,000   | 2,470,909 | 3,800,909 | 498,300                                 |                         | 12 |
| Anderson                  | IN                       | None  | 831,077   | 1,545,131    | 16,655   | 30,694 | 831,077   | 1,592,480 | 2,423,557 | 380,283                                 |                         | 11 |
| Elkhart                   | IN                       | None  | 835,890   | 1,554,487    | None   | 94     | 835,890   | 1,554,581 | 2,390,471 | 380,847                                 |                         | 11 |
| Marion                    | IN                       | None  | 685,194   | 1,274,206    | 45,372   | 19,275 | 685,194   | 1,338,853 | 2,024,047 | 318,757                                 |                         | 11 |
| Michigan City             | IN                       | None  | 840,998   | 1,563,545    | None   | 75     | 840,998   | 1,563,620 | 2,404,618 | 383,077                                 |                         | 11 |
| Terre Haute               | IN                       | None  | 767,189   | 1,426,532    | None   | None   | 767,189   | 1,426,532 | 2,193,721 | 349,499                                 |                         | 11 |
| Derby                     | KS                       | None  | 96,060    | 445,359      | None   | 207    | 96,060  | 445,566   | 541,626   | 445,456                                 |                         | 10 |
| El Dorado                 | KS                       | None  | 87,400    | 405,206      | 3,358  | 7      | 87,400  | 408,571   | 495,971   | 405,332                                 |                         | 04 |
| Shawnee                   | KS                       | None  | 953,916   | 1,773,245    | None   | None   | 953,916   | 1,773,245 | 2,727,161 | 434,444                                 |                         | 11 |
| Wichita                   | KS                       | None  | 787,377   | 1,463,936    | 36,729   | 11,499 | 787,377   | 1,512,164 | 2,299,541 | 359,968                                 |                         | 11 |
| Hopkinsville              | KY                       | None  | 801,532   | 1,490,241    | None   | None   | 801,532   | 1,490,241 | 2,291,773 | 365,108                                 |                         | 11 |
| Louisville                | KY                       | None  | 821,990   | 1,528,282    | None   | None   | 821,990   | 1,528,282 | 2,350,272 | 374,428                                 |                         | 11 |
| Middlesboro               | KY                       | None  | 859,709   | 1,598,332    | None   | None   | 859,709   | 1,598,332 | 2,458,041 | 391,590                                 |                         | 11 |
| Murray                    | KY                       | None  | 831,246   | 1,545,422    | None   | 13,110 | 831,246   | 1,558,532 | 2,389,778 | 379,233                                 |                         | 11 |
| Richmond                  | KY                       | None  | 913,770   | 1,698,726    | None   | None   | 913,770   | 1,698,726 | 2,612,496 | 416,187                                 |                         | 11 |
| Alexandria                | LA                       | None  | 1,270,223 | 2,361,174    | None   | None   | 1,270,223   | 2,361,174 | 3,631,397 | 578,487                                 |                         | 11 |
| Hammond                   | LA                       | None  | 1,011,084 | 1,879,972    | None   | None   | 1,011,084   | 1,879,972 | 2,891,056 | 460,592                                 |                         | 11 |
| Houma                     | LA                       | None  | 1,061,671 | 1,973,864    | 12,063   | 24,056 | 1,061,671   | 2,009,983 | 3,071,654 | 484,042                                 |                         | 11 |
| Jennings                  | LA                       | None  | 107,120   | 496,636      | None   | 1,742  | 107,120   | 498,378   | 605,498   | 496,753                                 |                         | 10 |
| Morgan City               | LA                       | None  | 832,895   | 1,548,993    | 26,151   | 13,926 | 832,895   | 1,589,070 | 2,421,965 | 381,253                                 |                         | 11 |
| New Iberia                | LA                       | None  | 917,582   | 1,706,269    | 80,944   | 30,339 | 917,582   | 1,817,552 | 2,735,134 | 430,721                                 |                         | 11 |
| Opelousas                 | LA                       | None  | 949,157   | 1,764,908    | 36,600   | 20,658 | 949,157   | 1,822,166 | 2,771,323 | 459,853                                 |                         | 11 |
| Pineville                 | LA                       | None  | 1,136,612 | 2,113,040    | None   | None   | 1,136,612   | 2,113,040 | 3,249,652 | 517,694                                 |                         | 11 |
| Ruston                    | LA                       | None  | 982,427   | 1,826,696    | None   | None   | 982,427   | 1,826,696 | 2,809,123 | 447,539                                 |                         | 11 |
| Zachary                   | LA                       | None  | 898,306   | 1,670,527    | 1,305  | 12,611 | 898,306   | 1,684,443 | 2,582,749 | 410,556                                 |                         | 11 |
| Amesbury                  | MA                       | None  | 0         | 790,494      | None   | None   | 0   | 790,494   | 790,494   | 283,043                                 |                         | 08 |
| Attleboro                 | MA                       | None  | 369,815   | 693,655      | None   | None   | 369,815   | 693,655   | 1,063,470 | 306,363                                 |                         | 12 |
| Auburn                    | MA                       | None  | 418,250   | 779,623      | 500  | None   | 418,250   | 780,123   | 1,198,373 | 167,868                                 |                         | 08 |
| Chicopee                  | MA                       | None  | 761,606   | 1,417,624    | None   | None   | 761,606   | 1,417,624 | 2,179,230 | 304,772                                 |                         | 08 |
| Chicopee<br>Falls<br>East | MA                       | None  | 302,982   | 565,894      | 595  | 317    | 302,982   | 566,806   | 869,788   | 121,780                                 |                         | 08 |
| Longmeadow                | MA                       | None  | 614,319   | 1,144,128    | None   | None   | 614,319   | 1,144,128 | 1,758,447 | 245,970                                 |                         | 08 |
| Gardner                   | MA                       | None  | 625,000   | 828,564      | None   | None   | 625,000   | 828,564   | 1,453,564 | 271,106                                 |                         | 08 |
| Great<br>Barrington       | MA                       | None  | 422,625   | 788,089      | 55,499   | 10,225 | 422,625   | 853,813   | 1,276,438 | 170,882                                 |                         | 08 |
| Greenfield                | MA                       | None  | 389,436   | 726,452      | (398,131)  | 145    | 389,436   | 328,466   | 717,902   | 157,902                                 |                         | 08 |
| Greenfield                | MA                       | None  | 761,417   | 1,417,273    | None   | None   | 761,417   | 1,417,273 | 2,178,690 | 304,697                                 |                         | 08 |
| Haverhill                 | MA                       | None  | 568,635   | 1,058,815    | None   | None   | 568,635   | 1,058,815 | 1,627,450 | 227,628                                 |                         | 08 |
| Holyoke                   | MA                       | None  | 577,667   | 1,076,023    | None   | None   | 577,667   | 1,076,023 | 1,653,690 | 231,328                                 |                         | 08 |
| Hyannis                   | MA                       | None  | 687,917   | 1,280,767    | None   | None   | 687,917   | 1,280,767 | 1,968,684 | 275,348                                 |                         | 08 |
| Lee                       | MA                       | None  | 540,506   | 1,007,010    | None   | None   | 540,506   | 1,007,010 | 1,547,516 | 216,490                                 |                         | 08 |
| North Adams               | MA                       | None  | 377,300   | 703,914      | None   | None   | 377,300   | 703,914   | 1,081,214 | 151,324                                 |                         | 08 |
| Norwood                   | MA                       | None  | 840,616   | 1,563,923    | None   | None   | 840,616   | 1,563,923 | 2,404,539 | 336,226                                 |                         | 08 |
| Palmer                    | MA                       | None  | 141,524   | 598,480      | None   | None   | 141,524   | 598,480   | 740,004   | 264,327                                 |                         | 12 |

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|                   |    |      |         |           |      |      |         |           |           |         |    |
|-------------------|----|------|---------|-----------|------|------|---------|-----------|-----------|---------|----|
| Peabody           | MA | None | 529,555 | 222,590   | None | None | 529,555 | 222,590   | 752,145   | 98,309  | 12 |
| Pittsfield        | MA | None | 286,241 | 950,022   | None | None | 286,241 | 950,022   | 1,236,263 | 419,591 | 12 |
| Raynham           | MA | None | 761,417 | 1,417,287 | None | None | 761,417 | 1,417,287 | 2,178,704 | 304,699 | 08 |
| Sagamore<br>Beach | MA | None | 620,188 | 1,155,007 | None | None | 620,188 | 1,155,007 | 1,775,195 | 248,309 | 08 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | Initial Cost to Company Buildings, Improvements and Acquisition |            |              |                |           | Cost Capitalized Subsequent to Acquisition |            |           | Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7) |     |  | Accumulated Depreciation<br>(Note 5) | Date of Construction | D |
|-------------------------|--------------------------|---|------------|--------------|----------------|-----------|--|------------|-----------|--|-----|--|--------------------------------------|----------------------|---|
|                         |                          | Land  | Fees       | Improvements | Carrying Costs | Land      | Fees                                       | Total      |           |  |     |  |                                      |                      |   |
| Saugus MA               | None                     | 0   | 737,971    | None         | None           | 0         | 737,971                                    | 737,971    | 222,286   | 08/  | 08/ |  |                                      |                      |   |
| Seekonk MA              | None                     | 614,417   | 1,144,267  | None         | None           | 614,417   | 1,144,267                                  | 1,758,684  | 246,000   | 08/  | 08/ |  |                                      |                      |   |
| South                   |                          |   |            |              |                |           |  |            |           |  |     |  |                                      |                      |   |
| Dartmouth MA            | None                     | 379,217   | 707,492    | None         | 79             | 379,217   | 707,571                                    | 1,086,788  | 152,095   | 08/  | 08/ |  |                                      |                      |   |
| Springfield MA          | None                     | 230,030   | 865,572    | None         | None           | 230,030   | 865,572                                    | 1,095,602  | 382,292   | 12/  | 12/ |  |                                      |                      |   |
| Springfield MA          | None                     | 227,207   | 958,444    | None         | None           | 227,207   | 958,444                                    | 1,185,651  | 423,311   | 12/  | 12/ |  |                                      |                      |   |
| Stoneham MA             | None                     | 397,544   | 191,717    | None         | None           | 397,544   | 191,717                                    | 589,261    | 84,673    | 12/  | 12/ |  |                                      |                      |   |
| Sudbury MA              | None                     | 0   | 633,843    | None         | None           | 0         | 633,843                                    | 633,843    | 182,399   | 08/  | 08/ |  |                                      |                      |   |
| Swansea MA              | None                     | 173,853   | 488,699    | None         | None           | 173,853   | 488,699                                    | 662,552    | 215,841   | 12/  | 12/ |  |                                      |                      |   |
| Tewksbury MA            | None                     | 392,079   | 730,927    | None         | None           | 392,079   | 730,927                                    | 1,123,006  | 157,132   | 08/  | 08/ |  |                                      |                      |   |
| Ware MA                 | None                     | 220,457   | 412,133    | 1,095        | 317            | 220,457   | 413,545                                    | 634,002    | 88,988    | 08/  | 08/ |  |                                      |                      |   |
| West                    |                          |   |            |              |                |           |  |            |           |  |     |  |                                      |                      |   |
| Springfield MA          | None                     | 243,556   | 455,532    | 595          | 317            | 243,556   | 456,444                                    | 700,000    | 98,052    | 08/  | 08/ |  |                                      |                      |   |
| West                    |                          |   |            |              |                |           |  |            |           |  |     |  |                                      |                      |   |
| Springfield MA          | None                     | 761,417   | 1,417,273  | None         | None           | 761,417   | 1,417,273                                  | 2,178,690  | 304,697   | 08/  | 08/ |  |                                      |                      |   |
| Wilbraham MA            | None                     | 9,626,112   | 19,216,724 | 2,500        | None           | 9,626,112 | 19,219,224                                 | 28,845,336 | 3,845,039 | 08/  | 08/ |  |                                      |                      |   |
| Wollaston MA            | None                     | 411,366   | 766,745    | None         | None           | 411,366   | 766,745                                    | 1,178,111  | 164,833   | 08/  | 08/ |  |                                      |                      |   |
| Worcester MA            | None                     | 578,336   | 1,077,426  | None         | None           | 578,336   | 1,077,426                                  | 1,655,762  | 231,629   | 08/  | 08/ |  |                                      |                      |   |
| Waterville ME           | None                     | 0   | 717,653    | None         | None           | 0         | 717,653                                    | 717,653    | 154,273   | 08/  | 08/ |  |                                      |                      |   |
| Windham ME              | None                     | 0   | 831,301    | 1,000        | None           | 0         | 832,301                                    | 832,301    | 179,241   | 08/  | 08/ |  |                                      |                      |   |
| Comstock                |                          |   |            |              |                |           |  |            |           |  |     |  |                                      |                      |   |
| Park MI                 | None                     | 810,477   | 1,506,864  | 27,441       | 13,270         | 810,477   | 1,547,575                                  | 2,358,052  | 371,130   | 11/  | 11/ |  |                                      |                      |   |
| Flint MI                | None                     | 827,853   | 0          | None         | 94             | 827,853   | 94   | 827,947    | 13        | 04/  | 04/ |  |                                      |                      |   |
| Flint MI                | None                     | 885,144   | 1,645,531  | 70,987       | 16,059         | 885,144   | 1,732,577                                  | 2,617,721  | 405,356   | 11/  | 11/ |  |                                      |                      |   |
| Lansing MI              | None                     | 873,536   | 1,623,973  | None         | 94             | 873,536   | 1,624,067                                  | 2,497,603  | 397,885   | 11/  | 11/ |  |                                      |                      |   |
| Saginaw MI              | None                     | 766,531   | 1,425,263  | 14,030       | 11,573         | 766,531   | 1,450,866                                  | 2,217,397  | 350,789   | 11/  | 11/ |  |                                      |                      |   |
| Taylor MI               | None                     | 847,070   | 1,574,821  | 47,906       | 1,642          | 847,070   | 1,624,369                                  | 2,471,439  | 386,584   | 11/  | 11/ |  |                                      |                      |   |
| Westland MI             | None                     | 869,530   | 1,616,568  | None         | 228            | 869,530   | 1,616,796                                  | 2,486,326  | 396,138   | 11/  | 11/ |  |                                      |                      |   |
| Roseville MN            | None                     | 281,600   | 1,305,560  | None         | None           | 281,600   | 1,305,560                                  | 1,587,160  | 1,305,560 | 12/  | 12/ |  |                                      |                      |   |
| Bridgeton MO            | None                     | 743,559   | 1,585,207  | 158,517      | 21,922         | 743,559   | 1,765,646                                  | 2,509,205  | 402,056   | 11/  | 11/ |  |                                      |                      |   |
| Cape                    |                          |   |            |              |                |           |  |            |           |  |     |  |                                      |                      |   |
| Girardeau MO            | None                     | 745,915   | 1,386,950  | None         | None           | 745,915   | 1,386,950                                  | 2,132,865  | 339,802   | 11/  | 11/ |  |                                      |                      |   |
| Farmington MO           | None                     | 780,812   | 1,451,767  | None         | None           | 780,812   | 1,451,767                                  | 2,232,579  | 355,682   | 11/  | 11/ |  |                                      |                      |   |
| Festus MO               | None                     | 808,595   | 1,503,364  | None         | None           | 808,595   | 1,503,364                                  | 2,311,959  | 368,323   | 11/  | 11/ |  |                                      |                      |   |
| Fulton MO               | None                     | 210,199   | 466,861    | 31,624       | 3,619          | 210,199   | 502,104                                    | 712,303    | 473,390   | 07/  | 07/ |  |                                      |                      |   |
| Hazelwood MO            | None                     | 157,117   | 725,327    | (104,329)    | None           | 157,117   | 620,998                                    | 778,115    | 620,998   | 08/  | 08/ |  |                                      |                      |   |
| Jefferson               |                          |   |            |              |                |           |  |            |           |  |     |  |                                      |                      |   |
| City MO                 | None                     | 713,088   | 1,325,993  | 21,893       | 11,025         | 713,088   | 1,358,911                                  | 2,071,999  | 325,576   | 11/  | 11/ |  |                                      |                      |   |
| Ozark MO                | None                     | 140,000   | 292,482    | None         | None           | 140,000   | 292,482                                    | 432,482    | 176,941   | 11/  | 11/ |  |                                      |                      |   |
| Poplar Bluff MO         | None                     | 774,256   | 1,439,603  | None         | None           | 774,256   | 1,439,603                                  | 2,213,859  | 352,702   | 11/  | 11/ |  |                                      |                      |   |
| Raymore MO              | None                     | 726,583   | 1,351,055  | None         | None           | 726,583   | 1,351,055                                  | 2,077,638  | 331,007   | 11/  | 11/ |  |                                      |                      |   |
| Sedalia MO              | None                     | 269,798   | 599,231    | 11,556       | None           | 269,798   | 610,787                                    | 880,585    | 570,562   | 07/  | 07/ |  |                                      |                      |   |
| Sedalia MO              | None                     | 696,604   | 1,295,380  | 39,992       | 20             | 696,604   | 1,335,392                                  | 2,031,996  | 317,703   | 11/  | 11/ |  |                                      |                      |   |
| St. Charles MO          | None                     | 175,413   | 809,791    | None         | 47             | 175,413   | 809,838                                    | 985,251    | 809,837   | 08/  | 08/ |  |                                      |                      |   |
| St. Charles MO          | None                     | 695,121   | 1,001,878  | None         | 1,022          | 695,121   | 1,002,900                                  | 1,698,021  | 683,087   | 12/22/95   | 03/ |  |                                      |                      |   |
| St. Joseph MO           | None                     | 775,660   | 1,785,308  | None         | None           | 775,660   | 1,785,308                                  | 2,560,968  | 437,399   | 11/  | 11/ |  |                                      |                      |   |
| St. Robert MO           | None                     | 744,158   | 1,383,694  | None         | None           | 744,158   | 1,383,694                                  | 2,127,852  | 339,004   | 11/  | 11/ |  |                                      |                      |   |



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|             |    |      |         |           |           |        |         |           |           |         |     |
|-------------|----|------|---------|-----------|-----------|--------|---------|-----------|-----------|---------|-----|
| Sullivan    | MO | None | 85,500  | 396,400   | (40,743)  | 13,500 | 85,500  | 369,157   | 454,657   | 360,983 | 12/ |
| Columbus    | MS | None | 720,310 | 1,339,963 | None      | None   | 720,310 | 1,339,963 | 2,060,273 | 328,290 | 11/ |
| Corinth     | MS | None | 867,086 | 1,612,029 | None      | None   | 867,086 | 1,612,029 | 2,479,115 | 394,946 | 11/ |
| Hattiesburg | MS | None | 856,070 | 1,592,088 | None      | None   | 856,070 | 1,592,088 | 2,448,158 | 390,060 | 11/ |
| Laurel      | MS | None | 778,938 | 1,448,844 | 27,259    | 7      | 778,938 | 1,476,110 | 2,255,048 | 355,765 | 11/ |
| Meridian    | MS | None | 0       | 2,481,172 | None      | None   | 0       | 2,481,172 | 2,481,172 | 600,655 | 11/ |
| Vicksburg   | MS | None | 698,189 | 1,298,881 | (766,597) | 8      | 698,189 | 532,292   | 1,230,481 | 334,196 | 11/ |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized<br>Subsequent<br>to Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period (Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date of<br>Acquisition |
|-------------------------|-------|--------------------------|-------------------------|--|--|-------------------|---|--|-----------|---|-------------------------|------------------------|
|                         |       |                          | 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     |   |                         |                        |
| Albemarle               | NC    | None                     | 721,392                 | 1,341,825  | 480  | 137               | 721,392   | 1,342,442  | 2,063,834 | 328,791                                 |                         | 11/01/05               |
| Asheville               | NC    | None                     | 838,421                 | 1,558,792  | 480  | 145               | 838,421   | 1,559,417  | 2,397,838 | 381,948                                 |                         | 11/01/05               |
| Forest City             | NC    | None                     | 872,424                 | 1,621,940  | None   | 131               | 872,424   | 1,622,071  | 2,494,495 | 397,396                                 |                         | 11/01/05               |
| Goldsboro               | NC    | None                     | 811,502                 | 1,509,029  | 71,629   | 131               | 811,502   | 1,580,789  | 2,392,291 | 386,476                                 |                         | 11/01/05               |
| Kernersville            | NC    | None                     | 836,896                 | 1,556,334  | None   | 13,012            | 836,896   | 1,569,346  | 2,406,242 | 383,859                                 |                         | 11/01/05               |
| Roanoke                 |       |                          |                         |  |  |                   |   |  |           |   |                         |                        |
| Rapids                  | NC    | None                     | 834,223                 | 1,551,226  | None   | 131               | 834,223   | 1,551,357  | 2,385,580 | 380,071                                 |                         | 11/01/05               |
| Salisbury               | NC    | None                     | 777,412                 | 1,445,863  | None   | 131               | 777,412   | 1,445,994  | 2,223,406 | 354,257                                 |                         | 11/01/05               |
| Sylva                   | NC    | None                     | 919,724                 | 1,709,783  | None   | 131               | 919,724   | 1,709,914  | 2,629,638 | 418,917                                 |                         | 11/01/05               |
| Bellevue                | NE    | None                     | 656,061                 | 1,004,384  | None   | None              | 656,061   | 1,004,384  | 1,660,445 | 287,476                                 |                         | 09/20/05 02/01/06      |
| Omaha                   | NE    | None                     | 592,716                 | 1,009,253  | None   | 32                | 592,716   | 1,009,285  | 1,602,001 | 300,422                                 |                         | 05/05/05 12/01/05      |
| Papillion               | NE    | None                     | 654,788                 | 908,685  | None   | None              | 654,788   | 908,685  | 1,563,473 | 274,824                                 |                         | 03/09/05 01/01/06      |
| Concord                 | NH    | None                     | 577,667                 | 1,075,628  | None   | None              | 577,667   | 1,075,628  | 1,653,295 | 231,243                                 |                         | 08/01/05               |
| Concord                 | NH    | None                     | 849,884                 | 1,581,175  | None   | None              | 849,884   | 1,581,175  | 2,431,059 | 339,935                                 |                         | 08/01/05               |
| Dover                   | NH    | None                     | 687,917                 | 1,280,378  | None   | None              | 687,917   | 1,280,378  | 1,968,295 | 275,264                                 |                         | 08/01/05               |
| Keene                   | NH    | None                     | 253,769                 | 310,470  | None   | None              | 253,769   | 310,470  | 564,239   | 137,123                                 |                         | 12/01/05               |
| Laconia                 | NH    | None                     | 330,520                 | 467,594  | None   | None              | 330,520   | 467,594  | 798,114   | 206,519                                 |                         | 12/01/05               |
| Manchester              | NH    | None                     | 266,337                 | 486,676  | None   | None              | 266,337   | 486,676  | 753,013   | 214,947                                 |                         | 12/01/05               |
| North                   |       |                          |                         |  |  |                   |   |  |           |   |                         |                        |
| Conway                  | NH    | None                     | 473,031                 | 607,020  | None   | None              | 473,031   | 607,020  | 1,080,051 | 268,099                                 |                         | 12/01/05               |
| Portsmouth              | NH    | None                     | 391,650                 | 730,167  | 37,475   | 10                | 391,650   | 767,652  | 1,159,302 | 157,816                                 |                         | 08/01/05               |
| Rochester               | NH    | None                     | 262,059                 | 695,771  | None   | None              | 262,059   | 695,771  | 957,830   | 307,297                                 |                         | 12/01/05               |
| Bloomfield              | NJ    | None                     | 556,520                 | 260,498  | None   | None              | 556,520   | 260,498  | 817,018   | 115,052                                 |                         | 12/01/05               |
| Clark                   | NJ    | None                     | 541,792                 | 1,009,085  | None   | None              | 541,792   | 1,009,085  | 1,550,877 | 216,936                                 |                         | 08/01/05               |
| Hackettstown            | NJ    | None                     | 307,186                 | 525,142  | None   | None              | 307,186   | 525,142  | 832,328   | 231,936                                 |                         | 12/01/05               |
| Hazlet                  | NJ    | None                     | 614,417                 | 1,143,885  | None   | None              | 614,417   | 1,143,885  | 1,758,302 | 245,918                                 |                         | 08/01/05               |
| Hillsdale               | NJ    | None                     | 398,221                 | 204,106  | None   | None              | 398,221   | 204,106  | 602,327   | 90,145                                  |                         | 12/01/05               |
| Middletown              | NJ    | None                     | 0                       | 640,403  | None   | None              | 0   | 640,403  | 640,403   | 223,069                                 |                         | 08/01/05               |
| Moorestown              | NJ    | None                     | 294,708                 | 550,139  | 637  | 9                 | 294,708   | 550,785  | 845,493   | 118,325                                 |                         | 08/01/05               |
| Morris Plains           | NJ    | None                     | 366,982                 | 188,123  | None   | None              | 366,982   | 188,123  | 555,105   | 83,086                                  |                         | 12/01/05               |
| Mt. Holly               | NJ    | None                     | 0                       | 1,092,178  | None   | None              | 0   | 1,092,178  | 1,092,178 | 220,253                                 |                         | 12/01/05               |
| Pompton                 |       |                          |                         |  |  |                   |   |  |           |   |                         |                        |
| Plains                  | NJ    | None                     | 455,700                 | 849,125  | None   | None              | 455,700   | 849,125  | 1,304,825 | 182,545                                 |                         | 08/01/05               |
| Toms River              | NJ    | None                     | 826,449                 | 1,537,659  | None   | None              | 826,449   | 1,537,659  | 2,364,108 | 330,579                                 |                         | 08/01/05               |
| Albuquerque             | NM    | None                     | 732,059                 | 1,036,922  | None   | None              | 732,059   | 1,036,922  | 1,768,981 | 259,781                                 |                         | 06/21/05 01/01/06      |
| Albany                  | NY    | None                     | 457,538                 | 852,510  | 32,428   | 6,924             | 457,538   | 891,862  | 1,349,400 | 184,940                                 |                         | 08/01/05               |
| Carmel                  | NY    | None                     | 266,619                 | 707,819  | None   | None              | 266,619   | 707,819  | 974,438   | 312,619                                 |                         | 12/01/05               |
| Clifton Park            | NY    | None                     | 1,040,997               | 1,936,100  | None   | None              | 1,040,997   | 1,936,100  | 2,977,097 | 416,244                                 |                         | 08/01/05               |
| Delmar                  | NY    | None                     | 316,382                 | 590,387  | 24,178   | 14,789            | 316,382   | 629,354  | 945,736   | 130,129                                 |                         | 08/01/05               |
| East                    |       |                          |                         |  |  |                   |   |  |           |   |                         |                        |
| Greenbush               | NY    | None                     | 623,313                 | 1,160,389  | None   | None              | 623,313   | 1,160,389  | 1,783,702 | 249,467                                 |                         | 08/01/05               |
| Kingston                | NY    | None                     | 430,667                 | 802,583  | None   | None              | 430,667   | 802,583  | 1,233,250 | 172,538                                 |                         | 08/01/05               |
| Latham                  | NY    | None                     | 651,167                 | 1,212,133  | None   | None              | 651,167   | 1,212,133  | 1,863,300 | 260,591                                 |                         | 08/01/05               |
| Middletown              | NY    | None                     | 242,459                 | 796,905  | None   | 151               | 242,459   | 797,056  | 1,039,515 | 352,093                                 |                         | 12/01/05               |
| New Hartford            | NY    | None                     | 226,041                 | 422,563  | None   | None              | 226,041   | 422,563  | 648,604   | 90,834                                  |                         | 08/01/05               |
| Plattsburgh             | NY    | None                     | 977,012                 | 1,817,269  | None   | None              | 977,012   | 1,817,269  | 2,794,281 | 390,696                                 |                         | 08/01/05               |
| Akron                   | OH    | None                     | 723,347                 | 17   | 10,940   | 44,667            | 723,347   | 55,624   | 778,971   | 46,874                                  |                         | 12/01/05               |

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|             |    |      |         |         |      |      |         |         |         |         |    |
|-------------|----|------|---------|---------|------|------|---------|---------|---------|---------|----|
| Akron       | OH | None | 318,182 | 593,654 | None | None | 318,182 | 593,654 | 911,836 | 127,618 | 08 |
| Akron       | OH | None | 318,182 | 593,654 | None | None | 318,182 | 593,654 | 911,836 | 127,618 | 08 |
| Beavercreek | OH | None | 229,445 | 428,857 | None | None | 229,445 | 428,857 | 658,302 | 92,187  | 08 |
| Defiance    | OH | None | 71,273  | 135,109 | None | 358  | 71,273  | 135,467 | 206,740 | 29,286  | 08 |
| Elyria      | OH | None | 79,545  | 150,491 | None | None | 79,545  | 150,491 | 230,036 | 32,338  | 08 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | D<br>Acq |
|-------------------------|--------------------------|---|-----------|--|-------------------|---|-----------|-----------|---|-------------------------|----------|
|                         |                          | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total     |   |                         |          |
| Marion                  | OH                       | None  | 739,651   | 1,375,358  | None              | None  | 739,651   | 1,375,358 | 2,115,009                               | 336,961                 | 11/      |
| Maumee                  | OH                       | None  | 296,970   | 555,134  | None              | None  | 296,970   | 555,134   | 852,104                                 | 119,334                 | 08/      |
| Mt. Vernon              | OH                       | None  | 147,212   | 276,407  | None              | None  | 147,212   | 276,407   | 423,619                                 | 59,409                  | 08/      |
| North<br>Canton         | OH                       | None  | 487,879   | 908,806  | None              | None  | 487,879   | 908,806   | 1,396,685                               | 195,376                 | 08/      |
| Parma<br>Heights        | OH                       | None  | 275,758   | 514,866  | None              | None  | 275,758   | 514,866   | 790,624                                 | 110,679                 | 08/      |
| Sandusky                | OH                       | None  | 824,270   | 1,532,494  | None              | None  | 824,270   | 1,532,494 | 2,356,764                               | 375,460                 | 11/      |
| Sandusky                | OH                       | None  | 128,158   | 240,761  | None              | None  | 128,158   | 240,761   | 368,919                                 | 51,746                  | 08/      |
| Stow                    | OH                       | None  | 317,546   | 712,455  | None              | 114   | 317,546   | 712,569   | 1,030,115                               | 712,493                 | 12/      |
| Troy                    | OH                       | None  | 255,353   | 476,973  | None              | None  | 255,353   | 476,973   | 732,326                                 | 102,532                 | 08/      |
| Vandalia                | OH                       | None  | 145,833   | 273,579  | None              | None  | 145,833   | 273,579   | 419,412                                 | 58,802                  | 08/      |
| Westlake                | OH                       | None  | 169,697   | 317,897  | None              | None  | 169,697   | 317,897   | 487,594                                 | 68,331                  | 08/      |
| Wooster                 | OH                       | None  | 763,642   | 1,419,901  | None              | 399   | 763,642   | 1,420,300 | 2,183,942                               | 348,195                 | 11/      |
| Norman                  | OK                       | None  | 734,335   | 335,097  | None              | 78,164  | 734,335   | 413,261   | 1,147,596                               | 122,534                 | 09/29/95 |
| Oklahoma<br>City        | OK                       | None  | 759,826   | 0  | None              | None  | 759,826   | -         | 759,826                                 | -                       | 07/      |
| Oklahoma<br>City        | OK                       | None  | 1,165,405 | 2,165,989  | None              | 131   | 1,165,405 | 2,166,120 | 3,331,525                               | 530,687                 | 11/      |
| Tulsa                   | OK                       | None  | 490,000   | 910,004  | None              | 173   | 490,000   | 910,177   | 1,400,177                               | 253,431                 | 01/      |
| Tulsa                   | OK                       | None  | 360,500   | 669,605  | None              | 173   | 360,500   | 669,778   | 1,030,278                               | 177,592                 | 05/      |
| Tulsa                   | OK                       | None  | 1,021,904 | 1,899,486  | 2,440             | 120   | 1,021,904 | 1,902,046 | 2,923,950                               | 465,504                 | 11/      |
| Hermiston<br>Lake       | OR                       | None  | 85,560    | 396,675  | 18,088            | 273   | 85,560    | 415,036   | 500,596                                 | 408,183                 | 12/      |
| Oswego                  | OR                       | None  | 175,899   | 815,508  | None              | 5   | 175,899   | 815,513   | 991,412                                 | 815,511                 | 05/      |
| Feasterville            | PA                       | None  | 236,303   | 441,673  | None              | None  | 236,303   | 441,673   | 677,976                                 | 94,943                  | 08/      |
| Gap                     | PA                       | None  | 0         | 1,012,812  | 1,000             | None  | 0         | 1,013,812 | 1,013,812                               | 218,265                 | 08/      |
| Gettysburg              | PA                       | None  | 289,040   | 809,676  | None              | None  | 289,040   | 809,676   | 1,098,716                               | 357,605                 | 12/      |
| Harrisburg              | PA                       | None  | 577,667   | 1,075,635  | None              | None  | 577,667   | 1,075,635 | 1,653,302                               | 231,244                 | 08/      |
| Horsham                 | PA                       | None  | 554,361   | 1,032,352  | None              | None  | 554,361   | 1,032,352 | 1,586,713                               | 221,938                 | 08/      |
| Indiana                 | PA                       | None  | 828,653   | 1,540,630  | 53,833            | 8,912   | 828,653   | 1,603,375 | 2,432,028                               | 379,989                 | 11/      |
| Lancaster               | PA                       | None  | 170,304   | 413,960  | None              | None  | 170,304   | 413,960   | 584,264                                 | 182,831                 | 12/      |
| Lancaster               | PA                       | None  | 276,251   | 460,784  | None              | None  | 276,251   | 460,784   | 737,035                                 | 203,511                 | 12/      |
| Lebanon                 | PA                       | None  | 0         | 1,292,172  | None              | None  | 0         | 1,292,172 | 1,292,172                               | 322,973                 | 08/      |
| Philadelphia            | PA                       | None  | 503,556   | 937,999  | None              | None  | 503,556   | 937,999   | 1,441,555                               | 201,653                 | 08/      |
| Cranston<br>North       | RI                       | None  | 0         | 790,899  | None              | None  | 0         | 790,899   | 790,899                                 | 265,506                 | 08/      |
| Providence              | RI                       | None  | 0         | 790,921  | None              | None  | 0         | 790,921   | 790,921                                 | 245,110                 | 08/      |
| Pawtucket               | RI                       | None  | 0         | 457,462  | None              | None  | 0         | 457,462   | 457,462                                 | 128,177                 | 08/      |
| Gaffney                 | SC                       | None  | 727,738   | 1,353,238  | 22,043            | 131   | 727,738   | 1,375,412 | 2,103,150                               | 341,545                 | 11/      |
| Lancaster               | SC                       | None  | 778,616   | 1,448,099  | (1,056,134)       | 24  | 778,616   | 391,989   | 1,170,605                               | 355,605                 | 11/      |
| Rock Hill               | SC                       | None  | 826,216   | 1,536,499  | None              | 131   | 826,216   | 1,536,630 | 2,362,846                               | 376,463                 | 11/      |
| Chattanooga             | TN                       | None  | 827,594   | 1,538,633  | 186,235           | 7,882   | 827,594   | 1,732,750 | 2,560,344                               | 382,414                 | 11/      |
| Chattanooga             | TN                       | None  | 933,003   | 1,734,392  | 158,902           | 20,112  | 933,003   | 1,913,406 | 2,846,409                               | 460,167                 | 11/      |
| Dyersburg               | TN                       | None  | 695,135   | 1,292,644  | 90,256            | 25,739  | 695,135   | 1,408,639 | 2,103,774                               | 369,679                 | 11/      |
| Greeneville             | TN                       | None  | 936,669   | 1,741,253  | None              | 131   | 936,669   | 1,741,384 | 2,678,053                               | 426,628                 | 11/      |
| Johnson City            | TN                       | None  | 881,225   | 1,638,285  | 83,254            | 8,114   | 881,225   | 1,729,653 | 2,610,878                               | 404,903                 | 11/      |

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|             |    |      |         |           |         |        |         |           |           |         |          |     |
|-------------|----|------|---------|-----------|---------|--------|---------|-----------|-----------|---------|----------|-----|
| Kingsport   | TN | None | 786,332 | 1,462,055 | 107,280 | 10,878 | 786,332 | 1,580,213 | 2,366,545 | 399,256 |          | 11/ |
| McMinnville | TN | None | 703,355 | 1,307,903 | 17,538  | 172    | 703,355 | 1,325,613 | 2,028,968 | 325,525 |          | 11/ |
| Memphis     | TN | None | 405,274 | 1,060,680 | None    | None   | 405,274 | 1,060,680 | 1,465,954 | 740,708 | 06/30/95 | 03/ |
| Memphis     | TN | None | 871,951 | 1,621,017 | 74,039  | 22,166 | 871,951 | 1,717,222 | 2,589,173 | 432,503 |          | 11/ |
| Newport     | TN | None | 640,841 | 1,191,858 | 15,271  | 20,171 | 640,841 | 1,227,300 | 1,868,141 | 311,365 |          | 11/ |
| Amarillo    | TX | None | 763,283 | 1,995,460 | None    | None   | 763,283 | 1,995,460 | 2,758,743 | 327,524 | 09/12/08 | 03/ |
| Austin      | TX | None | 699,395 | 1,167,223 | None    | 33,872 | 699,395 | 1,201,095 | 1,900,490 | 336,309 | 02/15/06 | 09/ |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | D<br>Acc |
|-------------------------|--------------------------|---|-----------|--|-------------------|---|-----------|-----------|---|-------------------------|----------|
|                         |                          | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total     |   |                         |          |
| Austin TX               | None                     | 976,803   | 1,361,281 | 36,880   | 30,504            | 976,803   | 1,428,665 | 2,405,468 | 354,463                                 | 10/23/06                | 06/      |
| Austin TX               | None                     | 1,049,946   | 1,952,028 | 13,898   | 30,875            | 1,049,946   | 1,996,801 | 3,046,747 | 482,596                                 |                         | 11/      |
| Bedford TX              | None                     | 919,303   | 98,231    | 23,966   | 95                | 919,303   | 122,292   | 1,041,595 | 100,823                                 |                         | 12/      |
| Cedar Park TX           | None                     | 634,489   | 1,472,504 | None   | 28,762            | 634,489   | 1,501,266 | 2,135,755 | 396,862                                 | 06/19/06                | 01/      |
| Crockett TX             | None                     | 90,780  | 420,880   | 22,638   | 1,971             | 90,780  | 445,489   | 536,269   | 431,678                                 |                         | 12/      |
| El Campo TX             | None                     | 98,060  | 454,631   | None   | None              | 98,060  | 454,631   | 552,691   | 454,631                                 |                         | 11/      |
| Georgetown TX           | None                     | 870,981   | 1,177,824 | 168,185  | 34,110            | 870,981   | 1,380,119 | 2,251,100 | 368,806                                 | 06/02/06                | 01/      |
| Greenville TX           | None                     | 909,311   | 1,690,848 | 34,606   | 28,728            | 909,311   | 1,754,182 | 2,663,493 | 443,104                                 |                         | 11/      |
| Harker Heights TX       | None                     | 943,812   | 1,897,644 | None   | None              | 943,812   | 1,897,644 | 2,841,456 | 317,843                                 | 08/28/08                | 03/      |
| Hillsboro TX            | None                     | 75,992  | 352,316   | 78,212   | 14,563            | 75,992  | 445,091   | 521,083   | 392,936                                 |                         | 08/      |
| Houston TX              | None                     | 1,096,376   | 2,300,690 | 235,500  | 102,443           | 1,096,376   | 2,638,633 | 3,735,009 | 1,585,862                               |                         | 09/      |
| Houston TX              | None                     | 989,152   | 1,838,713 | None   | 12,959            | 989,152   | 1,851,672 | 2,840,824 | 451,108                                 |                         | 11/      |
| Irving TX               | None                     | 1,500,411   | 2,156     | None   | None              | 1,500,411   | 2,156     | 1,502,567 | 852                                     |                         | 02/      |
| Killeen TX              | None                     | 1,327,348   | 2,467,204 | 17,494   | 13,105            | 1,327,348   | 2,497,803 | 3,825,151 | 605,575                                 |                         | 11/      |
| Live Oak TX             | None                     | 727,956   | 1,214,835 | 181,920  | 33,148            | 727,956   | 1,429,903 | 2,157,859 | 414,715                                 | 09/27/05                | 06/      |
| Longview TX             | None                     | 1,231,857   | 2,289,864 | None   | None              | 1,231,857   | 2,289,864 | 3,521,721 | 561,015                                 |                         | 11/      |
| Lufkin TX               | None                     | 105,904   | 490,998   | None   | None              | 105,904   | 490,998   | 596,902   | 490,998                                 |                         | 10/      |
| Mesquite TX             | None                     | 134,940   | 625,612   | None   | None              | 134,940   | 625,612   | 760,552   | 625,612                                 |                         | 03/      |
| Mesquite TX             | None                     | 729,596   | 120,820   | None   | None              | 729,596   | 120,820   | 850,416   | 120,820                                 |                         | 12/      |
| Mesquite TX             | None                     | 984,909   | 1,831,268 | 28,576   | 16,218            | 984,909   | 1,876,062 | 2,860,971 | 450,857                                 |                         | 11/      |
| Mexia TX                | None                     | 93,620  | 434,046   | 50,273   | 11,861            | 93,620  | 496,180   | 589,800   | 444,351                                 |                         | 12/      |
| New Braunfels TX        | None                     | 860,262   | 1,169,016 | 250,000  | 56,872            | 860,262   | 1,475,888 | 2,336,150 | 425,099                                 | 02/14/06                | 10/      |
| Palestine TX            | None                     | 825,066   | 1,534,394 | 31,586   | 13,211            | 825,066   | 1,579,191 | 2,404,257 | 377,518                                 |                         | 11/      |
| Plano TX                | None                     | 2,420,222   | 769       | None   | None              | 2,420,222   | 769       | 2,420,991 | 323                                     | 03/12/03                | 06/      |
| San Antonio TX          | None                     | 835,431   | 1,185,257 | None   | 49,931            | 835,431   | 1,235,188 | 2,070,619 | 350,549                                 | 12/02/05                | 06/      |
| San Antonio TX          | None                     | 690,443   | 1,109,136 | None   | 40,933            | 690,443   | 1,150,069 | 1,840,512 | 328,229                                 | 10/24/05                | 06/      |
| San Antonio TX          | None                     | 835,586   | 1,227,220 | None   | 45,378            | 835,586   | 1,272,598 | 2,108,184 | 323,915                                 | 09/14/06                | 05/      |
| Temple TX               | None                     | 797,574   | 1,193,813 | 1,350  | 19,714            | 797,574   | 1,214,877 | 2,012,451 | 316,900                                 | 09/14/06                | 04/      |
| Waxahachie TX           | None                     | 326,935   | 726,137   | 940  | 265               | 326,935   | 727,342   | 1,054,277 | 726,202                                 |                         | 12/      |
| Waxahachie TX           | None                     | 1,035,794   | 1,925,746 | None   | 165               | 1,035,794   | 1,925,911 | 2,961,705 | 471,840                                 |                         | 11/      |
| Sandy UT                | None                     | 635,945   | 884,792   | None   | 286               | 635,945   | 885,078   | 1,521,023 | 603,388                                 |                         | 12/      |
| Bluefield VA            | None                     | 845,277   | 1,571,754 | None   | 302               | 845,277   | 1,572,056 | 2,417,333 | 385,129                                 |                         | 11/      |
| Chester VA              | None                     | 541,628   | 1,008,771 | None   | None              | 541,628   | 1,008,771 | 1,550,399 | 216,869                                 |                         | 08/      |
| Danville VA             | None                     | 751,055   | 1,396,772 | 66,062   | 18,690            | 751,055   | 1,481,524 | 2,232,579 | 359,779                                 |                         | 11/      |
| Martinsville VA         | None                     | 833,114   | 1,549,167 | 480  | 302               | 833,114   | 1,549,949 | 2,383,063 | 379,617                                 |                         | 11/      |
| Midlothian VA           | None                     | 421,479   | 785,639   | 103,125  | 13,683            | 421,479   | 902,447   | 1,323,926 | 172,426                                 |                         | 08/      |
| Richmond VA             | None                     | 385,000   | 717,891   | 3,850  | 145               | 385,000   | 721,886   | 1,106,886 | 154,634                                 |                         | 08/      |
| Staunton VA             | None                     | 867,684   | 1,613,368 | 17,107   | 39,801            | 867,684   | 1,670,276 | 2,537,960 | 435,102                                 |                         | 11/      |
| Williamsburg VA         | None                     | 651,167   | 1,212,201 | None   | None              | 651,167   | 1,212,201 | 1,863,368 | 260,606                                 |                         | 08/      |
| Bennington VT           | None                     | 118,823   | 673,551   | None   | None              | 118,823   | 673,551   | 792,374   | 297,483                                 |                         | 12/      |
| Brattleboro VT          | None                     | 0   | 738,115   | None   | None              | 0   | 738,115   | 738,115   | 235,521                                 |                         | 08/      |
| Rutland VT              | None                     | 812,197   | 1,511,184 | None   | None              | 812,197   | 1,511,184 | 2,323,381 | 324,887                                 |                         | 08/      |
| Williston VT            | None                     | 0   | 1,197,659 | None   | None              | 0   | 1,197,659 | 1,197,659 | 320,441                                 |                         | 08/      |
| Tacoma WA               | None                     | 198,857   | 921,947   | 51,224   | 127               | 198,857   | 973,298   | 1,172,155 | 946,954                                 |                         | 05/      |
| WI                      | None                     | 214,865   | 477,221   | 34,385   | 454               | 214,865   | 512,060   | 726,925   | 492,872                                 |                         | 12/      |

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Sturgeon

Bay

Parkersburg WV

Laramie WY

None

722,732

1,343,920

81,258

33,305

722,732

1,458,483

2,181,215

340,149

None

210,000

466,417

43,443

3,596

210,000

513,456

723,456

426,380

11/

03/

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)                   | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|---|--------------------------|---|-----------|--------------|--|---|-----------|-----------|---|-------------------------|------------------|
|   |                          | Land  | Fees      | Improvements | Carrying<br>Costs                                | Land  | Fees      | Total     |   |                         |                  |
| <b><u>Restaurants - quick service</u></b> |                          |   |           |              |  |   |           |           |   |                         |                  |
| Alabaster AL                              | None                     | 335,197   | 622,697   | None         | None   | 335,197   | 622,697   | 957,894   | 156,712                                 |                         | 09/14/14         |
| Andalusia AL                              | None                     | 252,403   | 468,949   | None         | None   | 252,403   | 468,949   | 721,352   | 118,019                                 |                         | 09/14/14         |
| Atmore AL                                 | None                     | 272,044   | 505,636   | None         | None   | 272,044   | 505,636   | 777,680   | 230,059                                 |                         | 08/31/14         |
| Attalla AL                                | None                     | 148,993   | 276,890   | None         | None   | 148,993   | 276,890   | 425,883   | 69,684                                  |                         | 09/14/14         |
| Bessemer AL                               | None                     | 172,438   | 320,429   | None         | None   | 172,438   | 320,429   | 492,867   | 80,641                                  |                         | 09/14/14         |
| Brent AL                                  | None                     | 134,432   | 249,846   | None         | None   | 134,432   | 249,846   | 384,278   | 62,878                                  |                         | 09/14/14         |
| Clanton AL                                | None                     | 230,036   | 427,391   | None         | None   | 230,036   | 427,391   | 657,427   | 194,461                                 |                         | 08/31/14         |
| Demopolis AL                              | None                     | 251,349   | 466,972   | None         | None   | 251,349   | 466,972   | 718,321   | 212,470                                 |                         | 08/31/14         |
| Fort Payne AL                             | None                     | 303,056   | 563,001   | None         | None   | 303,056   | 563,001   | 866,057   | 256,163                                 |                         | 08/31/14         |
| Gadsden AL                                | None                     | 242,194   | 449,977   | None         | None   | 242,194   | 449,977   | 692,171   | 113,244                                 |                         | 09/14/14         |
| Gardendale AL                             | None                     | 398,669   | 740,568   | None         | None   | 398,669   | 740,568   | 1,139,237 | 336,956                                 |                         | 08/31/14         |
| Greenville AL                             | None                     | 226,108   | 420,117   | None         | None   | 226,108   | 420,117   | 646,225   | 105,729                                 |                         | 09/14/14         |
| Haleyville AL                             | None                     | 262,500   | 488,357   | None         | None   | 262,500   | 488,357   | 750,857   | 98,484                                  |                         | 12/21/14         |
| Hamilton AL                               | None                     | 214,198   | 397,991   | None         | None   | 214,198   | 397,991   | 612,189   | 100,161                                 |                         | 09/14/14         |
| Hoover AL                                 | None                     | 251,434   | 467,185   | None         | None   | 251,434   | 467,185   | 718,619   | 212,566                                 |                         | 08/31/14         |
| Hueytown AL                               | None                     | 281,422   | 522,828   | None         | None   | 281,422   | 522,828   | 804,250   | 131,578                                 |                         | 09/14/14         |
| Leeds AL                                  | None                     | 171,145   | 318,028   | None         | None   | 171,145   | 318,028   | 489,173   | 80,037                                  |                         | 09/14/14         |
| Mobile AL                                 | None                     | 286,333   | 531,950   | None         | None   | 286,333   | 531,950   | 818,283   | 133,874                                 |                         | 09/14/14         |
| Montgomery AL                             | None                     | 143,693   | 267,060   | None         | None   | 143,693   | 267,060   | 410,753   | 67,210                                  |                         | 09/14/14         |
| Montgomery AL                             | None                     | 145,206   | 269,870   | None         | None   | 145,206   | 269,870   | 415,076   | 67,917                                  |                         | 09/14/14         |
| Montgomery AL                             | None                     | 380,468   | 706,777   | None         | None   | 380,468   | 706,777   | 1,087,245 | 175,516                                 |                         | 10/12/14         |
| Opp AL                                    | None                     | 160,778   | 298,782   | None         | None   | 160,778   | 298,782   | 459,560   | 74,198                                  |                         | 10/12/14         |
| Prattville AL                             | None                     | 254,278   | 472,432   | None         | None   | 254,278   | 472,432   | 726,710   | 118,895                                 |                         | 09/14/14         |
| <b>South</b>                              |                          |   |           |              |  |   |           |           |   |                         |                  |
| Alabaster AL                              | None                     | 148,982   | 276,881   | None         | None   | 148,982   | 276,881   | 425,863   | 69,682                                  |                         | 09/14/14         |
| Trussville AL                             | None                     | 256,485   | 476,510   | None         | None   | 256,485   | 476,510   | 732,995   | 118,333                                 |                         | 10/12/14         |
| Warrior AL                                | None                     | 159,109   | 295,676   | None         | None   | 159,109   | 295,676   | 454,785   | 74,412                                  |                         | 09/14/14         |
| Arkadelphia AR                            | None                     | 248,868   | 462,744   | None         | None   | 248,868   | 462,744   | 711,612   | 114,915                                 |                         | 10/12/14         |
| Bentonville AR                            | None                     | 377,086   | 700,582   | None         | None   | 377,086   | 700,582   | 1,077,668 | 318,761                                 |                         | 08/31/14         |
| Hope AR                                   | None                     | 288,643   | 536,715   | None         | None   | 288,643   | 536,715   | 825,358   | 244,196                                 |                         | 08/31/14         |
| Jacksonville AR                           | None                     | 267,376   | 497,124   | None         | None   | 267,376   | 497,124   | 764,500   | 125,110                                 |                         | 09/14/14         |
| Jonesboro AR                              | None                     | 173,984   | 323,371   | None         | 70   | 173,984   | 323,441   | 497,425   | 66,295                                  |                         | 11/16/14         |
| Little Rock AR                            | None                     | 317,000   | 589,377   | None         | None   | 317,000   | 589,377   | 906,377   | 268,158                                 |                         | 08/31/14         |
| Malvern AR                                | None                     | 219,703   | 408,588   | None         | None   | 219,703   | 408,588   | 628,291   | 102,828                                 |                         | 09/14/14         |
| Pocahontas AR                             | None                     | 241,128   | 447,988   | None         | None   | 241,128   | 447,988   | 689,116   | 111,250                                 |                         | 10/12/14         |
| <b>Siloam</b>                             |                          |   |           |              |  |   |           |           |   |                         |                  |
| Springs AR                                | None                     | 190,000   | 352,808   | None         | None   | 190,000   | 352,808   | 542,808   | 213,438                                 |                         | 11/20/14         |
| Glendale AZ                               | None                     | 740,707   | 1,376,143 | None         | None   | 740,707   | 1,376,143 | 2,116,850 | 295,869                                 |                         | 08/28/14         |
| Phoenix AZ                                | None                     | 704,014   | 1,307,998 | (145,542)    | None   | 558,472   | 1,307,998 | 1,866,470 | 281,218                                 |                         | 08/28/14         |
| Phoenix AZ                                | None                     | 813,750   | 1,511,928 | None         | None   | 813,750   | 1,511,928 | 2,325,678 | 325,062                                 |                         | 08/28/14         |
| Tempe AZ                                  | None                     | 525,463   | 976,404   | None         | None   | 525,463   | 976,404   | 1,501,867 | 209,925                                 |                         | 08/28/14         |
| Tucson AZ                                 | None                     | 107,393   | 500,154   | None         | 61   | 107,393   | 500,215   | 607,608   | 498,468                                 |                         | 01/17/14         |
| Tucson AZ                                 | None                     | 463,231   | 860,982   | None         | None   | 463,231   | 860,982   | 1,324,213 | 185,109                                 |                         | 08/28/14         |
| Tucson AZ                                 | None                     | 496,194   | 922,053   | None         | None   | 496,194   | 922,053   | 1,418,247 | 198,239                                 |                         | 08/28/14         |



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|                     |    |      |         |           |      |      |         |           |           |         |       |
|---------------------|----|------|---------|-----------|------|------|---------|-----------|-----------|---------|-------|
| Yuma                | AZ | None | 236,121 | 541,651   | None | None | 236,121 | 541,651   | 777,772   | 316,862 | 05/28 |
| Barstow             | CA | None | 689,842 | 690,204   | None | None | 689,842 | 690,204   | 1,380,046 | 394,569 | 09/24 |
| Fresno              | CA | None | 561,502 | 1,043,688 | None | None | 561,502 | 1,043,688 | 1,605,190 | 224,389 | 08/28 |
| Livermore<br>Rancho | CA | None | 662,161 | 823,242   | None | None | 662,161 | 823,242   | 1,485,403 | 470,623 | 09/23 |
| Cucamonga           | CA | None | 95,192  | 441,334   | None | 5    | 95,192  | 441,339   | 536,531   | 441,336 | 12/20 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|-----------|--------------|--|---|-----------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees      | Improvements | Carrying<br>Costs                                | Land  | Fees      | Total     |   |                         |                  |
| Riverside CA            | None                     | 90,000  | 170,394   | 135,301      | None   | 90,000  | 305,695   | 395,695   | 230,808                                 |                         | 12/09/7          |
| Sacramento CA           | None                     | 386,793   | 417,290   | None         | 127  | 386,793   | 417,417   | 804,210   | 241,460                                 |                         | 07/31/9          |
| San Ramon CA            | None                     | 406,000   | 1,126,930 | None         | None   | 406,000   | 1,126,930 | 1,532,930 | 1,126,930                               |                         | 12/08/8          |
| Aurora CO               | None                     | 288,558   | 537,322   | None         | None   | 288,558   | 537,322   | 825,880   | 115,520                                 |                         | 08/28/0          |
| Aurora CO               | None                     | 210,000   | 540,346   | None         | None   | 210,000   | 540,346   | 750,346   | 29,719                                  |                         | 08/29/1          |
| Broomfield CO           | None                     | 444,277   | 0         | None         | None   | 444,277   | -         | 444,277   | -                                       |                         | 08/29/1          |
| Brush CO                | None                     | 90,000  | 220,976   | None         | None   | 90,000  | 220,976   | 310,976   | 12,154                                  |                         | 08/29/1          |
| Colorado Springs CO     | None                     | 152,000   | 704,736   | None         | None   | 152,000   | 704,736   | 856,736   | 704,736                                 |                         | 09/30/8          |
| Fort Morgan CO          | None                     | 80,000  | 350,452   | None         | None   | 80,000  | 350,452   | 430,452   | 19,275                                  |                         | 08/29/1          |
| Lafayette CO            | None                     | 450,000   | 59,281    | None         | None   | 450,000   | 59,281    | 509,281   | 3,260                                   |                         | 08/29/1          |
| Lakewood CO             | None                     | 510,000   | 124,971   | None         | None   | 510,000   | 124,971   | 634,971   | 6,873                                   |                         | 08/29/1          |
| Littleton CO            | None                     | 260,000   | 508,347   | None         | None   | 260,000   | 508,347   | 768,347   | 27,959                                  |                         | 08/29/1          |
| Littleton CO            | None                     | 470,000   | 207,744   | None         | None   | 470,000   | 207,744   | 677,744   | 11,426                                  |                         | 08/29/1          |
| Westminster CO          | None                     | 261,466   | 487,102   | None         | None   | 261,466   | 487,102   | 748,568   | 104,725                                 |                         | 08/28/0          |
| Meriden CT              | None                     | 369,482   | 687,116   | None         | None   | 369,482   | 687,116   | 1,056,598 | 147,728                                 |                         | 08/28/0          |
| ChIPLEY FL              | None                     | 270,439   | 502,655   | None         | None   | 270,439   | 502,655   | 773,094   | 228,703                                 |                         | 08/31/0          |
| Clearwater FL           | None                     | 484,090   | 899,658   | None         | None   | 484,090   | 899,658   | 1,383,748 | 193,425                                 |                         | 08/28/0          |
| Clearwater FL           | None                     | 370,000   | 512,393   | None         | None   | 370,000   | 512,393   | 882,393   | 28,182                                  |                         | 08/29/1          |
| Dade City FL            | None                     | 140,000   | 387,991   | None         | None   | 140,000   | 387,991   | 527,991   | 21,340                                  |                         | 08/29/1          |
| DeFuniak Springs FL     | None                     | 269,554   | 501,010   | None         | None   | 269,554   | 501,010   | 770,564   | 227,954                                 |                         | 08/31/0          |
| Dunedin FL              | None                     | 440,000   | 100,727   | None         | None   | 440,000   | 100,727   | 540,727   | 5,540                                   |                         | 08/29/1          |
| Jacksonville FL         | None                     | 150,210   | 693,445   | None         | 253  | 150,210   | 693,698   | 843,908   | 693,613                                 |                         | 09/13/8          |
| Lake Mary FL            | None                     | 774,043   | 1,438,165 | None         | None   | 774,043   | 1,438,165 | 2,212,208 | 309,203                                 |                         | 08/28/0          |
| Lake Placid FL          | None                     | 220,000   | 206,076   | None         | None   | 220,000   | 206,076   | 426,076   | 11,334                                  |                         | 08/29/1          |
| Lakeland FL             | None                     | 310,000   | 519,387   | None         | None   | 310,000   | 519,387   | 829,387   | 28,566                                  |                         | 08/29/1          |
| Lakeland FL             | None                     | 530,000   | 556,704   | None         | None   | 530,000   | 556,704   | 1,086,704 | 30,619                                  |                         | 08/29/1          |
| Lakeland FL             | None                     | 170,000   | 288,777   | None         | None   | 170,000   | 288,777   | 458,777   | 15,883                                  |                         | 08/29/1          |
| New Port Richey FL      | None                     | 260,000   | 579,385   | None         | None   | 260,000   | 579,385   | 839,385   | 31,866                                  |                         | 08/29/1          |
| Orlando FL              | None                     | 600,000   | 949,489   | None         | None   | 600,000   | 949,489   | 1,549,489 | 517,693                                 | 05/27/99                | 12/18/9          |
| Oviedo FL               | None                     | 204,200   | 911,338   | None         | None   | 204,200   | 911,338   | 1,115,538 | 466,456                                 | 03/27/00                | 08/24/9          |
| Oviedo FL               | None                     | 456,108   | 847,515   | None         | 18   | 456,108   | 847,533   | 1,303,641 | 241,556                                 |                         | 11/21/0          |
| Oviedo FL               | None                     | 465,993   | 866,048   | None         | None   | 465,993   | 866,048   | 1,332,041 | 186,199                                 |                         | 08/28/0          |
| Palm Bay FL             | None                     | 330,000   | 556,668   | None         | None   | 330,000   | 556,668   | 886,668   | 307,217                                 | 02/17/99                | 12/29/9          |
| Panama City FL          | None                     | 202,047   | 375,424   | None         | None   | 202,047   | 375,424   | 577,471   | 93,230                                  |                         | 10/12/0          |
| Pembroke Pines FL       | None                     | 741,074   | 1,376,913 | None         | None   | 741,074   | 1,376,913 | 2,117,987 | 296,035                                 |                         | 08/28/0          |
| Pensacola FL            | None                     | 767,303   | 1,424,991 | None         | None   | 767,303   | 1,424,991 | 2,192,294 | 11,875                                  |                         | 10/15/1          |
| Port Richey FL          | None                     | 848,210   | 1,575,247 | None         | None   | 848,210   | 1,575,247 | 2,423,457 | 13,127                                  |                         | 10/15/1          |
| Seffner St. FL          | None                     | 200,000   | 209,679   | None         | None   | 200,000   | 209,679   | 409,679   | 11,532                                  |                         | 08/29/1          |
| Petersburg St. FL       | None                     | 379,455   | 705,487   | None         | None   | 379,455   | 705,487   | 1,084,942 | 151,677                                 |                         | 08/28/0          |
| Petersburg FL           | None                     | 370,000   | 675,403   | None         | None   | 370,000   | 675,403   | 1,045,403 | 37,147                                  |                         | 08/29/1          |

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|             |    |      |         |           |      |      |         |           |           |         |         |
|-------------|----|------|---------|-----------|------|------|---------|-----------|-----------|---------|---------|
| Tallahassee | FL | None | 385,000 | 715,857   | None | None | 385,000 | 715,857   | 1,100,857 | 144,363 | 12/25/0 |
| Tallahassee | FL | None | 175,000 | 325,857   | None | None | 175,000 | 325,857   | 500,857   | 65,713  | 12/25/0 |
| Tampa       | FL | None | 962,500 | 1,788,133 | None | None | 962,500 | 1,788,133 | 2,750,633 | 384,447 | 08/28/0 |
| Tampa       | FL | None | 545,211 | 1,013,321 | None | None | 545,211 | 1,013,321 | 1,558,532 | 217,862 | 08/28/0 |
| Tampa       | FL | None | 470,000 | 208,666   | None | None | 470,000 | 208,666   | 678,666   | 11,477  | 08/29/1 |
| Tampa       | FL | None | 430,000 | 589,949   | None | None | 430,000 | 589,949   | 1,019,949 | 32,447  | 08/29/1 |
| Venice      | FL | None | 340,000 | 28,239    | None | None | 340,000 | 28,239    | 368,239   | 1,553   | 08/29/1 |
| Wauchula    | FL | None | 260,000 | 324,525   | None | None | 260,000 | 324,525   | 584,525   | 17,849  | 08/29/1 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |  |
|-------------------------|--------------------------|---|---------|--|-------------------|---|---------|-----------|---|-------------------------|------------------|--|
|                         |                          | Land  | Fees    | Improvements                                     | Carrying<br>Costs | Land  | Fees    | Total     |   |                         |                  |  |
| Zephyrhills             | FL                       | None  | 220,000 | 662,046  | None              | None  | 220,000 | 662,046   | 882,046                                 | 36,413                  | 08/29/           |  |
| Albany                  | GA                       | None  | 326,690 | 607,247  | None              | None  | 326,690 | 607,247   | 933,937                                 | 171,041                 | 12/22/           |  |
| Buford                  | GA                       | None  | 400,000 | 361,957  | None              | None  | 400,000 | 361,957   | 761,957                                 | 19,908                  | 08/29/           |  |
| Cairo                   | GA                       | None  | 210,000 | 390,566  | None              | None  | 210,000 | 390,566   | 600,566                                 | 78,764                  | 12/25/           |  |
| Cumming                 | GA                       | None  | 520,000 | 248,510  | None              | None  | 520,000 | 248,510   | 768,510                                 | 13,668                  | 08/29/           |  |
| Duluth                  | GA                       | None  | 536,205 | 996,521  | None              | None  | 536,205 | 996,521   | 1,532,726                               | 214,250                 | 08/28/           |  |
| Garden City             | GA                       | None  | 197,225 | 438,043  | 32,125            | 433   | 197,225 | 470,601   | 667,826                                 | 430,156                 | 04/20/           |  |
| Lawrenceville           | GA                       | None  | 220,000 | 384,908  | None              | None  | 220,000 | 384,908   | 604,908                                 | 21,170                  | 08/29/           |  |
| Lilburn                 | GA                       | None  | 237,822 | 442,409  | None              | None  | 237,822 | 442,409   | 680,231                                 | 95,116                  | 08/28/           |  |
| Lilburn                 | GA                       | None  | 380,000 | 338,634  | None              | None  | 380,000 | 338,634   | 718,634                                 | 18,625                  | 08/29/           |  |
| Loganville              | GA                       | None  | 340,000 | 422,840  | None              | None  | 340,000 | 422,840   | 762,840                                 | 23,256                  | 08/29/           |  |
| Marietta                | GA                       | None  | 423,132 | 786,530  | None              | None  | 423,132 | 786,530   | 1,209,662                               | 169,102                 | 08/28/           |  |
| Norcross                | GA                       | None  | 310,000 | 286,762  | None              | None  | 310,000 | 286,762   | 596,762                                 | 15,772                  | 08/29/           |  |
| Oakwood                 | GA                       | None  | 440,000 | 100,481  | None              | None  | 440,000 | 100,481   | 540,481                                 | 5,526                   | 08/29/           |  |
| Roswell                 | GA                       | None  | 310,767 | 578,088  | None              | None  | 310,767 | 578,088   | 888,855                                 | 124,285                 | 08/28/           |  |
| Thomasville             | GA                       | None  | 300,211 | 558,074  | None              | None  | 300,211 | 558,074   | 858,285                                 | 157,190                 | 12/22/           |  |
| Washington              | GA                       | None  | 292,628 | 543,862  | None              | None  | 292,628 | 543,862   | 836,490                                 | 247,452                 | 08/31/           |  |
| Waycross                | GA                       | None  | 223,475 | 415,563  | None              | None  | 223,475 | 415,563   | 639,038                                 | 117,050                 | 12/22/           |  |
| Winder                  | GA                       | None  | 230,000 | 429,116  | None              | None  | 230,000 | 429,116   | 659,116                                 | 23,601                  | 08/29/           |  |
| Altoona                 | IA                       | None  | 426,834 | 792,693  | None              | None  | 426,834 | 792,693   | 1,219,527                               | 22,460                  | 04/17/           |  |
| Cedar Falls             | IA                       | None  | 208,411 | 387,971  | None              | None  | 208,411 | 387,971   | 596,382                                 | 109,277                 | 12/22/           |  |
| Cedar Falls             | IA                       | None  | 187,250 | 349,057  | None              | None  | 187,250 | 349,057   | 536,307                                 | 70,389                  | 12/21/           |  |
| Cedar Rapids            | IA                       | None  | 125,076 | 233,206  | None              | None  | 125,076 | 233,206   | 358,282                                 | 65,685                  | 12/22/           |  |
| Fort Dodge              | IA                       | None  | 388,815 | 722,573  | None              | None  | 388,815 | 722,573   | 1,111,388                               | 181,848                 | 09/14/           |  |
| Oelwein                 | IA                       | None  | 84,244  | 157,375  | None              | None  | 84,244  | 157,375   | 241,619                                 | 44,326                  | 12/22/           |  |
| Ottumwa                 | IA                       | None  | 393,010 | 729,875  | None              | None  | 393,010 | 729,875   | 1,122,885                               | 18,247                  | 05/25/           |  |
| Urbandale               | IA                       | None  | 395,896 | 735,724  | None              | None  | 395,896 | 735,724   | 1,131,620                               | 185,157                 | 09/14/           |  |
| Waterloo                | IA                       | None  | 263,555 | 490,374  | None              | None  | 263,555 | 490,374   | 753,929                                 | 134,853                 | 02/28/           |  |
| Boise                   | ID                       | None  | 190,894 | 824,305  | None              | 283   | 190,894 | 824,588   | 1,015,482                               | 442,052                 | 05/17/           |  |
| Boise                   | ID                       | None  | 161,352 | 735,104  | None              | 283   | 161,352 | 735,387   | 896,739                                 | 347,484                 | 10/07/           |  |
| Bethalto                | IL                       | None  | 180,000 | 166,596  | None              | None  | 180,000 | 166,596   | 346,596                                 | 9,163                   | 08/29/           |  |
| Buffalo Grove           | IL                       | None  | 306,250 | 569,693  | None              | None  | 306,250 | 569,693   | 875,943                                 | 122,481                 | 08/28/           |  |
| Cahokia                 | IL                       | None  | 70,000  | 613,995  | None              | None  | 70,000  | 613,995   | 683,995                                 | 33,770                  | 08/29/           |  |
| Carlyle                 | IL                       | None  | 80,000  | 428,860  | None              | None  | 80,000  | 428,860   | 508,860                                 | 23,587                  | 08/29/           |  |
| Centralia               | IL                       | None  | 225,966 | 420,573  | None              | None  | 225,966 | 420,573   | 646,539                                 | 118,460                 | 12/22/           |  |
| Countryside             | IL                       | None  | 301,000 | 559,824  | None              | None  | 301,000 | 559,824   | 860,824                                 | 120,358                 | 08/28/           |  |
| Edwardsville            | IL                       | None  | 360,000 | 328,978  | None              | None  | 360,000 | 328,978   | 688,978                                 | 18,094                  | 08/29/           |  |
| Elgin                   | IL                       | None  | 700,000 | 1,300,943  | None              | None  | 700,000 | 1,300,943 | 2,000,943                               | 279,700                 | 08/28/           |  |
| Fairview                |                          |   |         |  |                   |   |         |           |   |                         |                  |  |
| Heights                 | IL                       | None  | 660,652 | 1,227,321  | None              | None  | 660,652 | 1,227,321 | 1,887,973                               | 349,786                 | 11/21/           |  |
| Godfrey                 | IL                       | None  | 200,000 | 282,701  | None              | None  | 200,000 | 282,701   | 482,701                                 | 15,549                  | 08/29/           |  |
| Gurnee                  | IL                       | None  | 735,000 | 1,365,747  | None              | None  | 735,000 | 1,365,747 | 2,100,747                               | 293,634                 | 08/28/           |  |
| Highland                | IL                       | None  | 130,000 | 454,866  | None              | None  | 130,000 | 454,866   | 584,866                                 | 25,018                  | 08/29/           |  |
| Jerseyville             | IL                       | None  | 150,000 | 420,481  | None              | None  | 150,000 | 420,481   | 570,481                                 | 23,126                  | 08/29/           |  |
| Joliet                  | IL                       | None  | 280,903 | 522,424  | None              | None  | 280,903 | 522,424   | 803,327                                 | 112,319                 | 08/28/           |  |
| Lincoln                 | IL                       | None  | 206,532 | 383,970  | None              | None  | 206,532 | 383,970   | 590,502                                 | 174,701                 | 08/31/           |  |
| Litchfield              | IL                       | None  | 130,000 | 363,760  | None              | None  | 130,000 | 363,760   | 493,760                                 | 20,007                  | 08/29/           |  |

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|           |    |      |         |         |      |      |         |         |         |        |        |
|-----------|----|------|---------|---------|------|------|---------|---------|---------|--------|--------|
| Mascoutah | IL | None | 80,000  | 435,792 | None | None | 80,000  | 435,792 | 515,792 | 23,969 | 08/29/ |
| Red Bud   | IL | None | 180,000 | 251,200 | None | None | 180,000 | 251,200 | 431,200 | 13,816 | 08/29/ |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)   | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|---------------------------|--------------------------|---|-----------|--------------|--|---|-----------|-----------|---|-------------------------|------------------|
|                           |                          | Land  | Fees      | Improvements | Carrying<br>Costs                                | Land  | Fees      | Total     |   |                         |                  |
| Rock Island IL            | None                     | 138,463   | 258,066   | None         | None   | 138,463   | 258,066   | 396,529   | 72,688                                  |                         | 12/22/0          |
| Sparta IL                 | None                     | 240,000   | 236,571   | None         | None   | 240,000   | 236,571   | 476,571   | 13,011                                  |                         | 08/29/1          |
| Troy IL                   | None                     | 230,000   | 281,230   | None         | None   | 230,000   | 281,230   | 511,230   | 15,468                                  |                         | 08/29/1          |
| Waukegan IL               | None                     | 496,908   | 923,576   | None         | None   | 496,908   | 923,576   | 1,420,484 | 198,567                                 |                         | 08/28/0          |
| Westmont IL               | None                     | 475,300   | 883,468   | None         | None   | 475,300   | 883,468   | 1,358,768 | 189,943                                 |                         | 08/28/0          |
| Wood River IL             | None                     | 180,000   | 369,377   | None         | None   | 180,000   | 369,377   | 549,377   | 20,316                                  |                         | 08/29/1          |
| Elkhart IN                | None                     | 496,306   | 922,168   | None         | None   | 496,306   | 922,168   | 1,418,474 | 262,818                                 |                         | 11/21/0          |
| Evansville IN             | None                     | 136,738   | 254,864   | None         | None   | 136,738   | 254,864   | 391,602   | 71,786                                  |                         | 12/22/0          |
| Indianapolis IN           | None                     | 437,500   | 813,225   | None         | None   | 437,500   | 813,225   | 1,250,725 | 174,842                                 |                         | 08/28/0          |
| Jasper IN                 | None                     | 129,919   | 242,199   | None         | None   | 129,919   | 242,199   | 372,118   | 68,218                                  |                         | 12/22/0          |
| Kokomo IN                 | None                     | 417,330   | 775,555   | None         | None   | 417,330   | 775,555   | 1,192,885 | 210,692                                 |                         | 03/28/0          |
| Marion IN                 | None                     | 426,384   | 792,314   | None         | None   | 426,384   | 792,314   | 1,218,698 | 223,168                                 |                         | 12/13/0          |
| Muncie IN                 | None                     | 136,400   | 632,380   | 8,000        | None   | 136,400   | 640,380   | 776,780   | 632,380                                 |                         | 03/18/8          |
| Muncie IN                 | None                     | 67,156  | 149,157   | 13,837       | 179  | 67,156  | 163,173   | 230,329   | 153,066                                 |                         | 03/30/8          |
| Muncie IN                 | None                     | 644,177   | 1,196,786 | None         | None   | 644,177   | 1,196,786 | 1,840,963 | 341,084                                 |                         | 11/21/0          |
| Munster IN                | None                     | 560,000   | 1,040,943 | None         | None   | 560,000   | 1,040,943 | 1,600,943 | 223,800                                 |                         | 08/28/0          |
| Newburgh IN               | None                     | 161,193   | 300,280   | None         | None   | 161,193   | 300,280   | 461,473   | 84,578                                  |                         | 12/22/0          |
| South Bend IN             | None                     | 133,200   | 617,545   | None         | 134  | 133,200   | 617,679   | 750,879   | 617,612                                 |                         | 04/28/8          |
| Valparaiso IN             | None                     | 365,612   | 679,507   | None         | None   | 365,612   | 679,507   | 1,045,119 | 189,129                                 |                         | 01/11/0          |
| Washington IN             | None                     | 155,856   | 290,368   | None         | None   | 155,856   | 290,368   | 446,224   | 81,786                                  |                         | 12/22/0          |
| Westfield IN              | None                     | 213,341   | 477,300   | None         | 211  | 213,341   | 477,511   | 690,852   | 438,639                                 |                         | 12/21/8          |
| Chanute KS                | None                     | 330,852   | 615,008   | None         | None   | 330,852   | 615,008   | 945,860   | 154,777                                 |                         | 09/14/0          |
| Fort Scott KS             | None                     | 269,301   | 500,698   | None         | None   | 269,301   | 500,698   | 769,999   | 126,009                                 |                         | 09/14/0          |
| Kansas City KS            | None                     | 190,000   | 700,039   | None         | None   | 190,000   | 700,039   | 890,039   | 38,502                                  |                         | 08/29/1          |
| Kansas City KS            | None                     | 170,000   | 214,040   | None         | None   | 170,000   | 214,040   | 384,040   | 11,772                                  |                         | 08/29/1          |
| Kansas City KS            | None                     | 210,000   | 624,304   | None         | None   | 210,000   | 624,304   | 834,304   | 34,337                                  |                         | 08/29/1          |
| Kansas City KS            | None                     | 140,000   | 767,812   | None         | None   | 140,000   | 767,812   | 907,812   | 42,230                                  |                         | 08/29/1          |
| Lawrence Overland Park KS | None                     | 410,000   | 338,788   | None         | None   | 410,000   | 338,788   | 748,788   | 18,633                                  |                         | 08/29/1          |
| Overland Park KS          | None                     | 408,578   | 759,513   | None         | None   | 408,578   | 759,513   | 1,168,091 | 163,294                                 |                         | 08/28/0          |
| Overland Park KS          | None                     | 754,020   | 1,401,069 | None         | None   | 754,020   | 1,401,069 | 2,155,089 | 301,228                                 |                         | 08/28/0          |
| Parsons KS                | None                     | 318,516   | 592,099   | None         | None   | 318,516   | 592,099   | 910,615   | 149,012                                 |                         | 09/14/0          |
| Topeka KS                 | None                     | 232,146   | 431,853   | None         | None   | 232,146   | 431,853   | 663,999   | 92,847                                  |                         | 08/28/0          |
| Bowling Green KY          | None                     | 685,246   | 1,273,002 | None         | None   | 685,246   | 1,273,002 | 1,958,248 | 362,806                                 |                         | 11/21/0          |
| Hazard KY                 | None                     | 243,836   | 453,025   | None         | 8  | 243,836   | 453,033   | 696,869   | 114,013                                 |                         | 09/14/0          |
| Lexington KY              | None                     | 122,200   | 1,400     | None         | 31,682   | 122,200   | 33,082    | 155,282   | 9,706                                   |                         | 12/03/8          |
| Madisonville KY           | None                     | 422,501   | 784,831   | None         | None   | 422,501   | 784,831   | 1,207,332 | 197,516                                 |                         | 09/14/0          |
| Paducah KY                | None                     | 673,551   | 1,251,276 | None         | None   | 673,551   | 1,251,276 | 1,924,827 | 356,614                                 |                         | 11/21/0          |
| Bossier City LA           | None                     | 172,269   | 320,497   | None         | None   | 172,269   | 320,497   | 492,766   | 80,659                                  |                         | 09/14/0          |
| Deridder LA               | None                     | 371,127   | 690,819   | None         | None   | 371,127   | 690,819   | 1,061,946 | 153,118                                 |                         | 06/22/0          |
| Jonesboro LA              | None                     | 163,651   | 304,492   | None         | None   | 163,651   | 304,492   | 468,143   | 76,630                                  |                         | 09/14/0          |
| Natchitoches LA           | None                     | 291,675   | 541,890   | None         | None   | 291,675   | 541,890   | 833,565   | 246,557                                 |                         | 08/31/0          |
| Ruston LA                 | None                     | 170,274   | 316,792   | None         | None   | 170,274   | 316,792   | 487,066   | 79,726                                  |                         | 09/14/0          |
| Shreveport LA             | None                     | 359,268   | 667,417   | None         | None   | 359,268   | 667,417   | 1,026,685 | 303,672                                 |                         | 08/31/0          |
| Shreveport LA             | None                     | 154,671   | 287,815   | None         | None   | 154,671   | 287,815   | 442,486   | 72,433                                  |                         | 09/14/0          |

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|            |    |      |         |         |      |      |         |         |         |         |         |
|------------|----|------|---------|---------|------|------|---------|---------|---------|---------|---------|
| Shreveport | LA | None | 200,033 | 372,059 | None | None | 200,033 | 372,059 | 572,092 | 93,635  | 09/14/0 |
| Shreveport | LA | None | 259,987 | 483,401 | None | None | 259,987 | 483,401 | 743,388 | 121,656 | 09/14/0 |
| Shreveport | LA | None | 269,130 | 500,382 | None | None | 269,130 | 500,382 | 769,512 | 125,930 | 09/14/0 |
| Vivian     | LA | None | 135,568 | 252,338 | None | None | 135,568 | 252,338 | 387,906 | 63,505  | 09/14/0 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|---------|--------------|--|------|---|-----------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees    | Improvements | Carrying<br>Costs                                | Land | Fees  | Total     |           |   |                         |                  |
| Winnfield               | LA                       | None  | 145,973 | 271,661      | None   | None | 145,973   | 271,661   | 417,634   | 68,368                                  |                         | 09/14/00         |
| Fall River              | MA                       | None  | 962,500 | 1,787,831    | None   | None | 962,500   | 1,787,831 | 2,750,331 | 384,383                                 |                         | 08/28/00         |
| Lawrence                | MA                       | None  | 910,000 | 1,690,877    | None   | None | 910,000   | 1,690,877 | 2,600,877 | 363,535                                 |                         | 08/28/00         |
| Hagerstown              | MD                       | None  | 499,396 | 928,250      | None   | None | 499,396   | 928,250   | 1,427,646 | 199,572                                 |                         | 08/28/00         |
| Canton                  | MI                       | None  | 279,923 | 521,223      | None   | None | 279,923   | 521,223   | 801,146   | 112,061                                 |                         | 08/28/00         |
| Livonia                 | MI                       | None  | 350,000 | 651,446      | None   | None | 350,000   | 651,446   | 1,001,446 | 140,059                                 |                         | 08/28/00         |
| Aftton                  | MO                       | None  | 120,000 | 171,955      | None   | None | 120,000   | 171,955   | 291,955   | 9,458                                   |                         | 08/29/00         |
| Bolivar                 | MO                       | None  | 237,094 | 440,596      | None   | None | 237,094   | 440,596   | 677,690   | 200,468                                 |                         | 08/31/00         |
| Bridgeton               | MO                       | None  | 570,000 | 228,347      | None   | None | 570,000   | 228,347   | 798,347   | 12,559                                  |                         | 08/29/00         |
| Buffalo                 | MO                       | None  | 159,346 | 296,519      | None   | 24   | 159,346   | 296,543   | 455,889   | 74,646                                  |                         | 09/14/00         |
| Cape                    |                          |   |         |              |  |      |   |           |           |   |                         |                  |
| Girardeau               | MO                       | None  | 450,078 | 836,372      | None   | None | 450,078   | 836,372   | 1,286,450 | 232,790                                 |                         | 01/11/00         |
| Florissant              | MO                       | None  | 290,000 | 86,396       | None   | None | 290,000   | 86,396    | 376,396   | 4,752                                   |                         | 08/29/00         |
| Florissant              | MO                       | None  | 250,000 | 239,221      | None   | None | 250,000   | 239,221   | 489,221   | 13,157                                  |                         | 08/29/00         |
| Grandview               | MO                       | None  | 280,000 | 235,370      | None   | None | 280,000   | 235,370   | 515,370   | 12,945                                  |                         | 08/29/00         |
| Joplin                  | MO                       | None  | 301,207 | 749,000      | None   | None | 301,207   | 749,000   | 1,050,207 | 21,711                                  |                         | 09/14/00         |
| Joplin                  | MO                       | None  | 281,001 | 522,428      | None   | None | 281,001   | 522,428   | 803,429   | 131,478                                 |                         | 09/14/00         |
| Kansas City             | MO                       | None  | 315,334 | 586,423      | None   | None | 315,334   | 586,423   | 901,757   | 126,077                                 |                         | 08/28/00         |
| Kansas City             | MO                       | None  | 230,000 | 484,010      | None   | None | 230,000   | 484,010   | 714,010   | 26,621                                  |                         | 08/29/00         |
| Kansas City             | MO                       | None  | 200,000 | 339,994      | None   | None | 200,000   | 339,994   | 539,994   | 18,700                                  |                         | 08/29/00         |
| Lees                    |                          |   |         |              |  |      |   |           |           |   |                         |                  |
| Summit                  | MO                       | None  | 500,000 | 450,156      | None   | None | 500,000   | 450,156   | 950,156   | 24,759                                  |                         | 08/29/00         |
| Mountain                |                          |   |         |              |  |      |   |           |           |   |                         |                  |
| Grove                   | MO                       | None  | 219,704 | 408,591      | None   | None | 219,704   | 408,591   | 628,295   | 102,829                                 |                         | 09/14/00         |
| Mt. Vernon              | MO                       | None  | 160,000 | 282,586      | None   | None | 160,000   | 282,586   | 442,586   | 170,954                                 |                         | 11/20/99         |
| Nevada                  | MO                       | None  | 290,795 | 540,616      | None   | None | 290,795   | 540,616   | 831,411   | 136,055                                 |                         | 09/14/00         |
| Nixa                    | MO                       | None  | 251,387 | 467,430      | None   | None | 251,387   | 467,430   | 718,817   | 117,637                                 |                         | 09/14/00         |
| Raymore                 | MO                       | None  | 460,000 | 663,580      | None   | None | 460,000   | 663,580   | 1,123,580 | 36,497                                  |                         | 08/29/00         |
| Springfield             | MO                       | None  | 251,381 | 467,418      | None   | None | 251,381   | 467,418   | 718,799   | 117,634                                 |                         | 09/14/00         |
| Springfield             | MO                       | None  | 225,939 | 420,162      | None   | None | 225,939   | 420,162   | 646,101   | 104,340                                 |                         | 10/12/00         |
| St. Louis               | MO                       | None  | 340,000 | 88,519       | None   | None | 340,000   | 88,519    | 428,519   | 4,869                                   |                         | 08/29/00         |
| St. Louis               | MO                       | None  | 500,000 | 184,049      | None   | None | 500,000   | 184,049   | 684,049   | 10,123                                  |                         | 08/29/00         |
| St. Robert              | MO                       | None  | 329,242 | 611,728      | None   | None | 329,242   | 611,728   | 940,970   | 278,333                                 |                         | 08/31/00         |
| Webb City               | MO                       | None  | 337,647 | 627,628      | None   | None | 337,647   | 627,628   | 965,275   | 157,953                                 |                         | 09/14/00         |
| Biloxi                  | MS                       | None  | 414,902 | 770,725      | None   | None | 414,902   | 770,725   | 1,185,627 | 193,966                                 |                         | 09/14/00         |
| Canton                  | MS                       | None  | 163,193 | 303,268      | None   | None | 163,193   | 303,268   | 466,461   | 76,322                                  |                         | 09/14/00         |
| Carthage                | MS                       | None  | 157,803 | 293,257      | None   | None | 157,803   | 293,257   | 451,060   | 73,803                                  |                         | 09/14/00         |
| Columbus                | MS                       | None  | 128,409 | 238,775      | None   | None | 128,409   | 238,775   | 367,184   | 67,255                                  |                         | 12/22/00         |
| Columbus                | MS                       | None  | 117,411 | 218,350      | None   | None | 117,411   | 218,350   | 335,761   | 61,501                                  |                         | 12/22/00         |
| Corinth                 | MS                       | None  | 285,607 | 530,598      | None   | None | 285,607   | 530,598   | 816,205   | 133,534                                 |                         | 09/14/00         |
| Flowood                 | MS                       | None  | 154,733 | 287,549      | None   | 168  | 154,733   | 287,717   | 442,450   | 72,378                                  |                         | 09/14/00         |
| Forest                  | MS                       | None  | 106,457 | 198,007      | None   | None | 106,457   | 198,007   | 304,464   | 55,771                                  |                         | 12/22/00         |
| Fulton                  | MS                       | None  | 239,686 | 445,337      | None   | None | 239,686   | 445,337   | 685,023   | 202,626                                 |                         | 08/31/00         |
| Gautier                 | MS                       | None  | 241,995 | 449,607      | None   | None | 241,995   | 449,607   | 691,602   | 113,151                                 |                         | 09/14/00         |
| Greenville              | MS                       | None  | 311,324 | 578,378      | None   | None | 311,324   | 578,378   | 889,702   | 263,159                                 |                         | 08/31/00         |
| Greenwood               | MS                       | None  | 177,329 | 329,520      | None   | None | 177,329   | 329,520   | 506,849   | 82,929                                  |                         | 09/14/00         |
| Hernando                | MS                       | None  | 137,898 | 256,282      | None   | None | 137,898   | 256,282   | 394,180   | 64,498                                  |                         | 09/14/00         |



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|           |    |      |         |         |      |      |         |         |         |         |         |
|-----------|----|------|---------|---------|------|------|---------|---------|---------|---------|---------|
| Houston   | MS | None | 226,962 | 421,695 | None | None | 226,962 | 421,695 | 648,657 | 106,127 | 09/14/0 |
| Indianola | MS | None | 270,639 | 502,822 | None | None | 270,639 | 502,822 | 773,461 | 228,781 | 08/31/0 |
| Iuka      | MS | None | 139,243 | 258,779 | None | None | 139,243 | 258,779 | 398,022 | 65,126  | 09/14/0 |
| Jackson   | MS | None | 237,982 | 442,154 | None | None | 237,982 | 442,154 | 680,136 | 111,275 | 09/14/0 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |         |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|---------|--------------|--|---|---------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees    | Improvements | Carrying<br>Costs                                | Land  | Fees    | Total     |   |                         |                  |
| Jackson                 | MS                       | None  | 352,003 | 653,900      | None   | None  | 352,003 | 653,900   | 1,005,903                               | 162,385                 | 10/1             |
| Kosciusko               | MS                       | None  | 311,422 | 578,550      | None   | None  | 311,422 | 578,550   | 889,972                                 | 145,602                 | 09/1             |
| Magee                   | MS                       | None  | 264,395 | 491,206      | None   | None  | 264,395 | 491,206   | 755,601                                 | 123,620                 | 09/1             |
| Moss Point              | MS                       | None  | 287,821 | 534,713      | None   | None  | 287,821 | 534,713   | 822,534                                 | 134,569                 | 09/1             |
| Natchez                 | MS                       | None  | 402,589 | 747,934      | None   | None  | 402,589 | 747,934   | 1,150,523                               | 180,751                 | 12/2             |
| Newton                  | MS                       | None  | 284,350 | 528,311      | None   | None  | 284,350 | 528,311   | 812,661                                 | 240,378                 | 08/3             |
| Olive Branch            | MS                       | None  | 332,234 | 617,192      | None   | None  | 332,234 | 617,192   | 949,426                                 | 155,327                 | 09/1             |
| Olive Branch            | MS                       | None  | 362,276 | 673,055      | None   | None  | 362,276 | 673,055   | 1,035,331                               | 137,976                 | 11/1             |
| Oxford                  | MS                       | None  | 164,058 | 304,873      | None   | None  | 164,058 | 304,873   | 468,931                                 | 76,726                  | 09/1             |
| Oxford                  | MS                       | None  | 297,182 | 552,097      | None   | None  | 297,182 | 552,097   | 849,279                                 | 137,104                 | 10/1             |
| Philadelphia            | MS                       | None  | 292,868 | 543,912      | None   | None  | 292,868 | 543,912   | 836,780                                 | 136,885                 | 09/1             |
| Pontotoc                | MS                       | None  | 285,006 | 529,492      | None   | None  | 285,006 | 529,492   | 814,498                                 | 133,255                 | 09/1             |
| Southaven               | MS                       | None  | 498,426 | 925,905      | None   | None  | 498,426 | 925,905   | 1,424,331                               | 189,810                 | 11/1             |
| Starkville              | MS                       | None  | 175,436 | 326,005      | None   | None  | 175,436 | 326,005   | 501,441                                 | 82,045                  | 09/1             |
| Tupelo                  | MS                       | None  | 166,869 | 310,095      | None   | None  | 166,869 | 310,095   | 476,964                                 | 78,040                  | 09/1             |
| Tupelo                  | MS                       | None  | 225,934 | 419,857      | None   | None  | 225,934 | 419,857   | 645,791                                 | 105,664                 | 09/2             |
| Vicksburg               | MS                       | None  | 275,895 | 512,632      | None   | None  | 275,895 | 512,632   | 788,527                                 | 129,013                 | 09/2             |
| West Point              | MS                       | None  | 87,859  | 163,468      | None   | None  | 87,859  | 163,468   | 251,327                                 | 46,043                  | 12/2             |
| Wiggins                 | MS                       | None  | 268,104 | 498,095      | None   | None  | 268,104 | 498,095   | 766,199                                 | 125,354                 | 09/1             |
| Asheville               | NC                       | None  | 264,226 | 491,419      | None   | None  | 264,226 | 491,419   | 755,645                                 | 105,653                 | 08/2             |
| Winston Salem           | NC                       | None  | 126,423 | 235,323      | None   | None  | 126,423 | 235,323   | 361,746                                 | 66,282                  | 12/2             |
| Winston-Salem           | NC                       | None  | 353,239 | 656,427      | None   | None  | 353,239 | 656,427   | 1,009,666                               | 298,669                 | 08/3             |
| Devils Lake             | ND                       | None  | 150,390 | 279,798      | None   | None  | 150,390 | 279,798   | 430,188                                 | 78,810                  | 12/2             |
| Fargo                   | ND                       | None  | 217,057 | 403,609      | None   | None  | 217,057 | 403,609   | 620,666                                 | 113,683                 | 12/2             |
| Jamestown               | ND                       | None  | 136,523 | 254,045      | None   | None  | 136,523 | 254,045   | 390,568                                 | 71,556                  | 12/2             |
| Minot                   | ND                       | None  | 153,870 | 286,260      | None   | None  | 153,870 | 286,260   | 440,130                                 | 80,630                  | 12/2             |
| Omaha                   | NE                       | None  | 444,460 | 825,938      | None   | 32  | 444,460 | 825,970   | 1,270,430                               | 229,889                 | 01/1             |
| Omaha                   | NE                       | None  | 350,000 | 650,877      | None   | 32  | 350,000 | 650,909   | 1,000,909                               | 139,940                 | 08/2             |
| Albuquerque             | NM                       | None  | 471,899 | 876,928      | None   | None  | 471,899 | 876,928   | 1,348,827                               | 188,538                 | 08/2             |
| Amherst                 | NY                       | None  | 412,349 | 767,082      | None   | None  | 412,349 | 767,082   | 1,179,431                               | 164,921                 | 08/2             |
| Buffalo                 | NY                       | None  | 317,454 | 591,060      | None   | None  | 317,454 | 591,060   | 908,514                                 | 127,074                 | 08/2             |
| Cincinnati              | OH                       | None  | 299,187 | 556,978      | None   | None  | 299,187 | 556,978   | 856,165                                 | 119,727                 | 08/2             |
| Mentor                  | OH                       | None  | 394,450 | 734,205      | None   | None  | 394,450 | 734,205   | 1,128,655                               | 157,840                 | 08/2             |
| Parma                   | OH                       | None  | 473,710 | 881,038      | None   | None  | 473,710 | 881,038   | 1,354,748                               | 189,421                 | 08/2             |
| Toledo                  | OH                       | None  | 633,461 | 1,177,718    | None   | None  | 633,461 | 1,177,718 | 1,811,179                               | 253,208                 | 08/2             |
| Bixby                   | OK                       | None  | 145,791 | 271,272      | None   | None  | 145,791 | 271,272   | 417,063                                 | 76,408                  | 12/2             |
| Broken Arrow            | OK                       | None  | 245,000 | 369,002      | None   | 61  | 245,000 | 369,063   | 614,063                                 | 222,020                 | 12/1             |
| Checotah                | OK                       | None  | 153,232 | 285,092      | None   | None  | 153,232 | 285,092   | 438,324                                 | 80,301                  | 12/2             |
| Idabel                  | OK                       | None  | 214,244 | 398,545      | None   | None  | 214,244 | 398,545   | 612,789                                 | 181,329                 | 08/3             |
| Owasso                  | OK                       | None  | 327,043 | 607,645      | None   | None  | 327,043 | 607,645   | 934,688                                 | 276,475                 | 08/3             |
| Tahlequah               | OK                       | None  | 224,982 | 418,341      | None   | None  | 224,982 | 418,341   | 643,323                                 | 117,833                 | 12/2             |
| Tulsa                   | OK                       | None  | 295,993 | 549,981      | None   | None  | 295,993 | 549,981   | 845,974                                 | 250,238                 | 08/3             |
| Salem                   | OR                       | None  | 198,540 | 689,507      | None   | None  | 198,540 | 689,507   | 888,047                                 | 442,233                 | 05/2             |
| Abington                | PA                       | None  | 778,103 | 1,445,849    | None   | None  | 778,103 | 1,445,849 | 2,223,952                               | 310,856                 | 08/2             |
| Greensburg              | PA                       | None  | 315,000 | 586,368      | None   | None  | 315,000 | 586,368   | 901,368                                 | 126,065                 | 08/2             |
| Philadelphia            | PA                       | None  | 423,333 | 787,125      | None   | None  | 423,333 | 787,125   | 1,210,458                               | 169,230                 | 08/2             |
| Aiken                   | SC                       | None  | 240,937 | 447,656      | None   | None  | 240,937 | 447,656   | 688,593                                 | 112,660                 | 09/1             |

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Chamberlain SD

None 139,587

259,627

None

None 139,587

259,627

399,214

73,128

12/2

F-60

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction | Date<br>Acquired |
|-------------------------|--------------------------|---|---------|--------------|--|-------------------|---|-----------|-----------|---|-------------------------|------------------|
|                         |                          | Land  | Fees    | Improvements | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total     |   |                         |                  |
| Madison                 | SD                       | None  | 112,143 | 208,660      | None   | None              | 112,143   | 208,660   | 320,803   | 58,772                                  |                         | 12/22/00         |
| Rapid City              | SD                       | None  | 197,967 | 368,047      | None   | None              | 197,967   | 368,047   | 566,014   | 103,666                                 |                         | 12/22/00         |
| Sioux Falls             | SD                       | None  | 340,718 | 633,332      | None   | None              | 340,718   | 633,332   | 974,050   | 150,944                                 |                         | 01/19/00         |
| Spearfish               | SD                       | None  | 142,114 | 264,320      | None   | None              | 142,114   | 264,320   | 406,434   | 74,450                                  |                         | 12/22/00         |
| Watertown               | SD                       | None  | 197,559 | 367,289      | None   | None              | 197,559   | 367,289   | 564,848   | 103,453                                 |                         | 12/22/00         |
| Winner                  | SD                       | None  | 115,591 | 215,063      | None   | None              | 115,591   | 215,063   | 330,654   | 60,575                                  |                         | 12/22/00         |
| Antioch                 | TN                       | None  | 244,470 | 454,016      | None   | None              | 244,470   | 454,016   | 698,486   | 112,747                                 |                         | 10/02/00         |
| Bartlett                | TN                       | None  | 152,469 | 283,343      | None   | None              | 152,469   | 283,343   | 435,812   | 71,308                                  |                         | 09/14/00         |
| Brownsville             | TN                       | None  | 289,379 | 538,081      | None   | None              | 289,379   | 538,081   | 827,460   | 244,818                                 |                         | 08/31/00         |
| Collierville            | TN                       | None  | 433,503 | 805,339      | None   | None              | 433,503   | 805,339   | 1,238,842 | 165,095                                 |                         | 11/16/00         |
| Columbia                | TN                       | None  | 410,242 | 761,878      | None   | None              | 410,242   | 761,878   | 1,172,120 | 189,200                                 |                         | 10/02/00         |
| Germantown              | TN                       | None  | 356,774 | 662,837      | None   | None              | 356,774   | 662,837   | 1,019,611 | 135,882                                 |                         | 11/16/00         |
| Henderson               | TN                       | None  | 155,954 | 289,815      | None   | None              | 155,954   | 289,815   | 445,769   | 72,937                                  |                         | 09/14/00         |
| Hermitage               | TN                       | None  | 341,251 | 633,753      | None   | None              | 341,251   | 633,753   | 975,004   | 157,382                                 |                         | 10/02/00         |
| Jackson                 | TN                       | None  | 126,158 | 234,594      | None   | None              | 126,158   | 234,594   | 360,752   | 66,077                                  |                         | 12/22/00         |
| Jackson                 | TN                       | None  | 312,734 | 581,049      | None   | 52                | 312,734   | 581,101   | 893,835   | 119,118                                 |                         | 11/16/00         |
| Manchester              | TN                       | None  | 411,504 | 764,222      | None   | None              | 411,504   | 764,222   | 1,175,726 | 189,782                                 |                         | 10/02/00         |
| Martin                  | TN                       | None  | 173,616 | 322,616      | None   | None              | 173,616   | 322,616   | 496,232   | 81,192                                  |                         | 09/14/00         |
| McMinnville             | TN                       | None  | 442,735 | 635,260      | None   | None              | 442,735   | 635,260   | 1,077,995 | 153,503                                 |                         | 12/21/00         |
| Memphis                 | TN                       | None  | 148,386 | 275,760      | None   | None              | 148,386   | 275,760   | 424,146   | 69,400                                  |                         | 09/14/00         |
| Memphis                 | TN                       | None  | 254,423 | 472,680      | None   | None              | 254,423   | 472,680   | 727,103   | 117,382                                 |                         | 10/12/00         |
| Memphis                 | TN                       | None  | 309,358 | 574,779      | None   | None              | 309,358   | 574,779   | 884,137   | 117,830                                 |                         | 11/16/00         |
| Milan                   | TN                       | None  | 138,159 | 256,766      | None   | None              | 138,159   | 256,766   | 394,925   | 64,620                                  |                         | 09/14/00         |
| Millington              | TN                       | None  | 285,613 | 530,630      | None   | None              | 285,613   | 530,630   | 816,243   | 241,434                                 |                         | 08/31/00         |
| Morristown              | TN                       | None  | 182,935 | 340,274      | None   | None              | 182,935   | 340,274   | 523,209   | 95,843                                  |                         | 12/22/00         |
| Murfreesboro            | TN                       | None  | 376,568 | 699,340      | None   | None              | 376,568   | 699,340   | 1,075,908 | 173,670                                 |                         | 10/02/00         |
| Murfreesboro            | TN                       | None  | 383,266 | 712,027      | None   | None              | 383,266   | 712,027   | 1,095,293 | 172,073                                 |                         | 12/21/00         |
| Nashville               | TN                       | None  | 147,915 | 274,700      | None   | None              | 147,915   | 274,700   | 422,615   | 68,217                                  |                         | 10/02/00         |
| Nashville               | TN                       | None  | 432,494 | 803,203      | None   | None              | 432,494   | 803,203   | 1,235,697 | 199,462                                 |                         | 10/02/00         |
| Nashville               | TN                       | None  | 350,983 | 651,825      | None   | None              | 350,983   | 651,825   | 1,002,808 | 161,870                                 |                         | 10/02/00         |
| Ripley                  | TN                       | None  | 231,552 | 430,232      | None   | None              | 231,552   | 430,232   | 661,784   | 195,753                                 |                         | 08/31/00         |
| Sevierville             | TN                       | None  | 423,790 | 787,301      | None   | None              | 423,790   | 787,301   | 1,211,091 | 198,137                                 |                         | 09/28/00         |
| Shelbyville             | TN                       | None  | 245,370 | 455,687      | None   | None              | 245,370   | 455,687   | 701,057   | 113,162                                 |                         | 10/02/00         |
| Trenton                 | TN                       | None  | 174,379 | 324,032      | None   | None              | 174,379   | 324,032   | 498,411   | 81,548                                  |                         | 09/14/00         |
| Allen                   | TX                       | None  | 165,000 | 306,771      | None   | None              | 165,000   | 306,771   | 471,771   | 165,145                                 | 07/09/99                | 05/28/99         |
| Arlington               | TX                       | None  | 560,000 | 1,040,667    | None   | None              | 560,000   | 1,040,667 | 1,600,667 | 223,742                                 |                         | 08/28/00         |
| Arlington               | TX                       | None  | 536,130 | 996,532      | None   | None              | 536,130   | 996,532   | 1,532,662 | 214,252                                 |                         | 08/28/00         |
| Arlington               | TX                       | None  | 269,284 | 500,766      | None   | None              | 269,284   | 500,766   | 770,050   | 107,663                                 |                         | 08/28/00         |
| Coppell                 | TX                       | None  | 212,875 | 396,007      | None   | None              | 212,875   | 396,007   | 608,882   | 85,140                                  |                         | 08/28/00         |
| Dallas                  | TX                       | None  | 386,451 | 718,361      | None   | None              | 386,451   | 718,361   | 1,104,812 | 154,446                                 |                         | 08/28/00         |
| Ennis                   | TX                       | None  | 173,250 | 384,793      | 45,798   | 12,600            | 173,250   | 443,191   | 616,441   | 387,888                                 |                         | 12/28/00         |
| Fort Worth              | TX                       | None  | 223,195 | 492,067      | None   | 54                | 223,195   | 492,121   | 715,316   | 433,397                                 |                         | 06/26/99         |
| Fort Worth              | TX                       | None  | 423,281 | 382,059      | None   | None              | 423,281   | 382,059   | 805,340   | 273,172                                 |                         | 02/10/99         |
| Grand Prairie           | TX                       | None  | 280,000 | 520,197      | None   | None              | 280,000   | 520,197   | 800,197   | 111,842                                 |                         | 08/28/00         |
| Houston                 | TX                       | None  | 194,994 | 386,056      | None   | 128               | 194,994   | 386,184   | 581,178   | 331,431                                 |                         | 06/25/99         |
| Houston                 | TX                       | None  | 113,693 | 0            | None   | None              | 113,693   | -         | 113,693   | -                                       |                         | 03/07/99         |
| Houston                 | TX                       | None  | 441,943 | 821,760      | None   | None              | 441,943   | 821,760   | 1,263,703 | 176,676                                 |                         | 08/28/00         |

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Houston

TX

None 335,664

624,233

None

None 335,664

624,233

959,897

134,208

08/28/0

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 5) | Date of<br>Construction |          |
|-------------------------|--------------------------|---|-----------|--|-------------------|---|-----------|-----------|---|-------------------------|----------|
|                         |                          | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total     |   |                         |          |
| Hurst                   | TX                       | None  | 215,623   | 401,245  | None              | None  | 215,623   | 401,245   | 616,868                                 | 86,265                  |          |
| Irving                  | TX                       | None  | 291,971   | 543,094  | None              | None  | 291,971   | 543,094   | 835,065                                 | 116,763                 |          |
| Killeen                 | TX                       | None  | 262,500   | 583,014  | None              | 14,398  | 262,500   | 597,412   | 859,912                                 | 596,009                 |          |
| Lewisville              | TX                       | None  | 448,000   | 832,667  | None              | None  | 448,000   | 832,667   | 1,280,667                               | 179,022                 |          |
| Lufkin                  | TX                       | None  | 128,842   | 239,585  | None              | None  | 128,842   | 239,585   | 368,427                                 | 67,483                  |          |
| Lumberton               | TX                       | None  | 111,146   | 206,720  | None              | None  | 111,146   | 206,720   | 317,866                                 | 58,226                  |          |
| Plano                   | TX                       | None  | 840,000   | 1,560,819  | None              | None  | 840,000   | 1,560,819 | 2,400,819                               | 335,574                 |          |
| Porter                  | TX                       | None  | 227,067   | 333,031  | None              | None  | 227,067   | 333,031   | 560,098                                 | 238,117                 |          |
| Santa Fe                | TX                       | None  | 304,414   | 623,331  | None              | None  | 304,414   | 623,331   | 927,745                                 | 368,746                 |          |
| Sealy                   | TX                       | None  | 197,871   | 391,753  | None              | 128   | 197,871   | 391,881   | 589,752                                 | 336,321                 |          |
| Spring                  | TX                       | None  | 378,654   | 704,206  | None              | None  | 378,654   | 704,206   | 1,082,860                               | 151,402                 |          |
| Stafford                | TX                       | None  | 214,024   | 423,733  | None              | 128   | 214,024   | 423,861   | 637,885                                 | 363,772                 |          |
| Temple                  | TX                       | None  | 302,505   | 291,414  | None              | None  | 302,505   | 291,414   | 593,919                                 | 208,361                 |          |
| Texarkana               | TX                       | None  | 311,263   | 578,266  | None              | None  | 311,263   | 578,266   | 889,529                                 | 263,108                 |          |
| Vidor                   | TX                       | None  | 146,291   | 271,990  | None              | None  | 146,291   | 271,990   | 418,281                                 | 76,611                  |          |
| Hampton                 | VA                       | None  | 805,000   | 1,495,800  | None              | None  | 805,000   | 1,495,800 | 2,300,800                               | 321,595                 |          |
| Lynchburg               | VA                       | None  | 308,824   | 573,529  | None              | None  | 308,824   | 573,529   | 882,353                                 | 52,574                  |          |
| Virginia Beach          | VA                       | None  | 551,588   | 797,260  | 12,325            | 10,004  | 551,588   | 819,589   | 1,371,177                               | 480,094                 |          |
| Spokane                 | WA                       | None  | 479,531   | 646,719  | None              | None  | 479,531   | 646,719   | 1,126,250                               | 382,589                 |          |
| Appleton                | WI                       | None  | 340,126   | 631,662  | None              | None  | 340,126   | 631,662   | 971,788                                 | 17,897                  |          |
| Grafton                 | WI                       | None  | 149,778   | 332,664  | None              | 172   | 149,778   | 332,836   | 482,614                                 | 332,810                 |          |
| Green Bay               | WI                       | None  | 308,131   | 572,756  | None              | None  | 308,131   | 572,756   | 880,887                                 | 159,417                 |          |
| Oshkosh                 | WI                       | None  | 385,870   | 716,616  | None              | None  | 385,870   | 716,616   | 1,102,486                               | 20,304                  |          |
| <u>Shoe stores</u>      |                          |   |           |  |                   |   |           |           |   |                         |          |
| Staten Island           | NY                       | None  | 3,190,883 | 3,413,933  | 18,229            | 207,462   | 3,190,883 | 3,639,624 | 6,830,507                               | 1,644,497               |          |
| <u>Sporting goods</u>   |                          |   |           |  |                   |   |           |           |   |                         |          |
| Anchorage               | AK                       | None  | 1,486,000 | 5,045,244  | None              | None  | 1,486,000 | 5,045,244 | 6,531,244                               | 2,261,943               |          |
| Mesa                    | AZ                       | None  | 984,890   | 1,536,269  | None              | None  | 984,890   | 1,536,269 | 2,521,159                               | 361,005                 |          |
| Phoenix                 | AZ                       | None  | 2,730,000 | 4,509,356  | None              | None  | 2,730,000 | 4,509,356 | 7,239,356                               | 398,326                 |          |
| Phoenix                 | AZ                       | None  | 3,250,000 | 5,735,722  | None              | None  | 3,250,000 | 5,735,722 | 8,985,722                               | 506,655                 |          |
| Fresno                  | CA                       | None  | 1,650,000 | 3,321,244  | None              | None  | 1,650,000 | 3,321,244 | 4,971,244                               | 1,489,016               |          |
| Daytona Beach           | FL                       | None  | 608,790   | 2,557,564  | None              | None  | 608,790   | 2,557,564 | 3,166,354                               | 930,780                 | 09/10/03 |
| Fort Myers              | FL                       | None  | 1,695,000 | 2,025,554  | None              | None  | 1,695,000 | 2,025,554 | 3,720,554                               | 908,120                 |          |
| Gainesville             | FL                       | None  | 1,296,000 | 2,234,554  | None              | None  | 1,296,000 | 2,234,554 | 3,530,554                               | 1,001,821               |          |
| Jupiter                 | FL                       | None  | 1,698,316 | 4,352,255  | None              | 247,488   | 1,698,316 | 4,599,743 | 6,298,059                               | 1,777,016               |          |
| Melbourne               | FL                       | None  | 994,000   | 4,076,554  | None              | None  | 994,000   | 4,076,554 | 5,070,554                               | 1,827,651               |          |
| Orlando                 | FL                       | None  | 1,197,000 | 2,573,554  | None              | None  | 1,197,000 | 2,573,554 | 3,770,554                               | 1,153,806               |          |
| Pooler                  | GA                       | None  | 1,339,957 | 1,831,350  | None              | None  | 1,339,957 | 1,831,350 | 3,171,307                               | 491,076                 |          |
| Geneva                  | IL                       | None  | 2,082,000 | 1,838,888  | None              | None  | 2,082,000 | 1,838,888 | 3,920,888                               | 824,429                 |          |
| Bowie                   | MD                       | None  | 2,084,000 | 3,046,888  | None              | None  | 2,084,000 | 3,046,888 | 5,130,888                               | 1,366,015               |          |
| Kearney                 | NE                       | None  | 173,950   | 344,393  | None              | 203   | 173,950   | 344,596   | 518,546                                 | 310,841                 |          |
| Glendale                | NY                       | None  | 5,559,686 | 4,447,566  | None              | None  | 5,559,686 | 4,447,566 | 10,007,252                              | 1,430,634               |          |
| Mechanicsburg           | PA                       | None  | 2,101,415 | 3,902,912  | None              | None  | 2,101,415 | 3,902,912 | 6,004,327                               | 1,736,795               |          |

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|             |    |      |           |           |           |      |           |           |           |           |
|-------------|----|------|-----------|-----------|-----------|------|-----------|-----------|-----------|-----------|
| Columbia    | SC | None | 1,145,120 | 2,770,957 | None      | 432  | 1,145,120 | 2,771,389 | 3,916,509 | 576,302   |
| Spartanburg | SC | None | 1,234,815 | 3,111,921 | (428,405) | None | 806,410   | 3,111,921 | 3,918,331 | 968,651   |
| El Paso     | TX | None | 700,000   | 2,501,244 | None      | None | 700,000   | 2,501,244 | 3,201,244 | 1,121,383 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1)   | Encumbrances<br>(Note 2) | 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 3, 4, 6 and 7) |           |            | Accumulated<br>Depreciation<br>(Note 5) |           |
|---------------------------|--------------------------|---|-----------|--|-------------------|---|-----------|------------|---|-----------|
|                           |                          | Land  | Fees      | Improvements                                     | Carrying<br>Costs | Land  | Fees      | Total      |   |           |
| Fredericksburg            | VA                       | None  | 1,941,000 | 2,979,888  | None              | None  | 1,941,000 | 2,979,888  | 4,920,888                               | 1,335,977 |
| <u>Telecommunications</u> |                          |   |           |  |                   |   |           |            |   |           |
| Augusta                   | GA                       | None  | 2,720,359 | 11,128,077                                       | None              | 147   | 2,720,359 | 11,128,224 | 13,848,583                              | 760,460   |
| Salem                     | OR                       | None  | 1,721,686 | 9,387,216  | 2,750             | None  | 1,721,686 | 9,389,966  | 11,111,652                              | 579,188   |
| Brownsville               | TX                       | None  | 1,740,479 | 11,570,294                                       | None              | 147   | 1,740,479 | 11,570,441 | 13,310,920                              | 790,679   |
| <u>Theaters</u>           |                          |   |           |  |                   |   |           |            |   |           |
| Fairbanks                 | AK                       | None  | 2,586,879 | 9,575  | None              | None  | 2,586,879 | 9,575      | 2,596,454                               | 4,612     |
| Huntsville                | AL                       | None  | 2,810,868 | 14,308   | None              | None  | 2,810,868 | 14,308     | 2,825,176                               | 6,891     |
| Chula Vista               | CA                       | None  | 2,060,287 | 8,914,162  | None              | None  | 2,060,287 | 8,914,162  | 10,974,449                              | 490,279   |
| Norwalk                   | CA                       | None  | 2,466,208 | 13,463,098                                       | None              | None  | 2,466,208 | 13,463,098 | 15,929,306                              | 740,470   |
| Naples                    | FL                       | None  | 2,618,441 | 8,979,199  | None              | None  | 2,618,441 | 8,979,199  | 11,597,640                              | 4,414,753 |
| Austell                   | GA                       | None  | 2,497,504 | 10,148,237                                       | None              | None  | 2,497,504 | 10,148,237 | 12,645,741                              | 558,153   |
| Chamblee                  | GA                       | None  | 4,329,404 | 14,942   | None              | None  | 4,329,404 | 14,942     | 4,344,346                               | 7,009     |
| Morrow                    | GA                       | None  | 2,962,468 | 13,170,143                                       | 8,480             | None  | 2,962,468 | 13,178,623 | 16,141,091                              | 725,196   |
| Council Bluffs            | IA                       | None  | 4,924,553 | 11,652,293                                       | None              | None  | 4,924,553 | 11,652,293 | 16,576,846                              | 2,277,626 |
| Dubuque                   | IA                       | None  | 3,185,053 | 5,915,983  | None              | None  | 3,185,053 | 5,915,983  | 9,101,036                               | 1,173,336 |
| Edwardsville              | IL                       | None  | 4,270,500 | 9,070,885  | None              | None  | 4,270,500 | 9,070,885  | 13,341,385                              | 2,645,665 |
| Lake in the Hills         | IL                       | None  | 3,297,566 | 9,364,286  | None              | None  | 3,297,566 | 9,364,286  | 12,661,852                              | 2,731,241 |
| Marion                    | IL                       | None  | 832,500   | 3,499,885  | None              | None  | 832,500   | 3,499,885  | 4,332,385                               | 1,020,790 |
| Mattoon                   | IL                       | None  | 543,183   | 5,110,193  | None              | None  | 543,183   | 5,110,193  | 5,653,376                               | 1,490,463 |
| Pekin                     | IL                       | None  | 1,575,231 | 9,183,100  | None              | None  | 1,575,231 | 9,183,100  | 10,758,331                              | 2,678,395 |
| Rockford                  | IL                       | None  | 4,270,500 | 16,675,954                                       | (1,779)           | None  | 4,268,721 | 16,675,954 | 20,944,675                              | 4,863,810 |
| Springfield               | IL                       | None  | 3,151,838 | 10,404,452                                       | None              | None  | 3,151,838 | 10,404,452 | 13,556,290                              | 3,034,622 |
| Bloomington               | IN                       | None  | 2,498,642 | 7,934,745  | None              | None  | 2,498,642 | 7,934,745  | 10,433,387                              | 2,314,291 |
| Columbus                  | IN                       | None  | 1,999,812 | 7,234,361  | None              | None  | 1,999,812 | 7,234,361  | 9,234,173                               | 2,110,012 |
| Indianapolis              | IN                       | None  | 2,700,395 | 17,672,980                                       | None              | None  | 2,700,395 | 17,672,980 | 20,373,375                              | 4,952,822 |
| Terre Haute               | IN                       | None  | 1,249,321 | 9,835,885  | None              | None  | 1,249,321 | 9,835,885  | 11,085,206                              | 2,868,790 |
| Coon Rapids               | MN                       | None  | 2,460,040 | 14,964,514                                       | None              | None  | 2,460,040 | 14,964,514 | 17,424,554                              | 4,364,640 |
| Inver Grove               | MN                       | None  | 2,863,272 | 15,274,237                                       | None              | None  | 2,863,272 | 15,274,237 | 18,137,509                              | 4,454,976 |
| Poplar Bluff              | MO                       | None  | 1,106,618 | 4,872,502  | None              | None  | 1,106,618 | 4,872,502  | 5,979,120                               | 1,421,137 |
| Rockaway                  | NJ                       | None  | 8,634,576 | 14,679,823                                       | None              | None  | 8,634,576 | 14,679,823 | 23,314,399                              | 3,551,648 |
| Binghamton                | NY                       | None  | 2,700,000 | 5,570,505  | 14,812            | None  | 2,700,000 | 5,585,317  | 8,285,317                               | 1,632,738 |
| Henrietta                 | NY                       | None  | 2,152,546 | 8,953,645  | None              | None  | 2,152,546 | 8,953,645  | 11,106,191                              | 492,450   |
| Akron                     | OH                       | None  | 1,511,018 | 1,386  | None              | None  | 1,511,018 | 1,386      | 1,512,404                               | 667       |
| Beavercreek               | OH                       | None  | 2,062,545 | 8,467,551  | 421,563           | None  | 2,062,545 | 8,889,114  | 10,951,659                              | 483,116   |
| Columbus                  | OH                       | None  | 2,103,351 | 5,161,550  | None              | None  | 2,103,351 | 5,161,550  | 7,264,901                               | 2,090,415 |
| Hillsboro                 | OR                       | None  | 4,915,032 | 16,377   | None              | None  | 4,915,032 | 16,377     | 4,931,409                               | 7,888     |
| Portland                  | OR                       | None  | 2,793,001 | 9,942  | None              | None  | 2,793,001 | 9,942      | 2,802,943                               | 4,789     |
| Spartanburg               | SC                       | None  | 2,072,738 | 8,340,814  | None              | None  | 2,072,738 | 8,340,814  | 10,413,552                              | 152,915   |
| Fort Worth                | TX                       | None  | 2,280,000 | 2,802,189  | None              | 102   | 2,280,000 | 2,802,291  | 5,082,291                               | 723,901   |
| Laredo                    | TX                       | None  | 2,161,477 | 5,561,558  | None              | None  | 2,161,477 | 5,561,558  | 7,723,035                               | 1,364,138 |
| Live Oak                  | TX                       | None  | 2,910,035 | 12,674,850                                       | None              | None  | 2,910,035 | 12,674,850 | 15,584,885                              | 697,117   |
| Longview                  | TX                       | None  | 2,887,500 | 5,363,826  | None              | None  | 2,887,500 | 5,363,826  | 8,251,326                               | 1,510,811 |
| Lubbock                   | TX                       | None  | 1,642,533 | 6,984,372  | None              | None  | 1,642,533 | 6,984,372  | 8,626,905                               | 384,140   |



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|            |    |      |           |           |      |      |           |           |            |           |
|------------|----|------|-----------|-----------|------|------|-----------|-----------|------------|-----------|
| Waco       | TX | None | 1,013,706 | 5,880,539 | None | None | 1,013,706 | 5,880,539 | 6,894,245  | 1,460,334 |
| Glen Allen | VA | None | 1,314,065 | 9,748,457 | None | None | 1,314,065 | 9,748,457 | 11,062,522 | 4,792,955 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) |      | 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 3, 4, 6 and 7)<br>Buildings,<br>Improvements<br>and<br>Acquisition |            |            | Accumulated<br>Depreciation<br>(Note 5) | Date<br>Constr |
|-------------------------|--------------------------|------|---|------------|--|-------------------|---|------------|------------|---|----------------|
|                         |                          |      | Land  | Fees       | Improvements                                     | Carrying<br>Costs | Land  | Fees       | Total      |   |                |
| Roanoke                 | VA                       | None | 2,212,494   | 9,324,958  | None   | None              | 2,212,494   | 9,324,958  | 11,537,452 | 512,873                                 |                |
| Sterling                | VA                       | None | 4,546,305   | 33,325     | None   | None              | 4,546,305   | 33,325     | 4,579,630  | 15,491                                  |                |
| Marysville              | WA                       | None | 1,988,142   | 0          | None   | None              | 1,988,142   | -          | 1,988,142  | -                                       |                |
| Fitchburg               | WI                       | None | 5,540,553   | 10,290,483 | None   | None              | 5,540,553   | 10,290,483 | 15,831,036 | 2,040,946                               |                |

Transportation

services

|             |    |      |           |            |        |      |           |            |            |           |        |
|-------------|----|------|-----------|------------|--------|------|-----------|------------|------------|-----------|--------|
| Palmetto    | FL | None | 1,853,907 | 9,635,997  | 4,500  | None | 1,853,907 | 9,640,497  | 11,494,404 | 691,124   |        |
| Conley      | GA | None | 420,000   | 780,000    | None   | None | 420,000   | 780,000    | 1,200,000  | 61,100    |        |
| Chicago     | IL | None | 612,500   | 1,137,500  | None   | None | 612,500   | 1,137,500  | 1,750,000  | 89,104    |        |
| Grayslake   | IL | None | 5,044,195 | 23,762,966 | 500    | None | 5,044,195 | 23,763,466 | 28,807,661 | 1,168,090 |        |
| Evansville  | IN | None | 959,651   | 4,053,122  | None   | None | 959,651   | 4,053,122  | 5,012,773  | 209,411   |        |
| Wichita     | KS | None | 2,840,499 | 7,375,302  | 1,000  | None | 2,840,499 | 7,376,302  | 10,216,801 | 528,738   |        |
| Louisville  | KY | None | 472,500   | 877,500    | None   | None | 472,500   | 877,500    | 1,350,000  | 68,738    |        |
| St. Rose    | LA | None | 3,147,428 | 8,283,048  | None   | None | 3,147,428 | 8,283,048  | 11,430,476 | 345,127   |        |
| Baltimore   | MD | None | 1,740,080 | 4,580,068  | None   | None | 1,740,080 | 4,580,068  | 6,320,148  | 1,725,860 | 12     |
| Detroit     | MI | None | 280,000   | 520,000    | None   | None | 280,000   | 520,000    | 800,000    | 40,733    |        |
| Gibraltar   | MI | None | 245,000   | 455,000    | None   | None | 245,000   | 455,000    | 700,000    | 35,642    |        |
| Shakopee    | MN | None | 2,451,948 | 7,961,282  | None   | None | 2,451,948 | 7,961,282  | 10,413,230 | 570,559   |        |
| Petal       | MS | None | 315,000   | 2,121,606  | None   | None | 315,000   | 2,121,606  | 2,436,606  | 44        | In-pro |
| Charlotte   | NC | None | 735,000   | 1,365,000  | None   | None | 735,000   | 1,365,000  | 2,100,000  | 106,925   |        |
| Columbus    | OH | None | 245,000   | 455,000    | None   | None | 245,000   | 455,000    | 700,000    | 35,642    |        |
| Vandalia    | OH | None | 719,985   | 10,102,113 | None   | None | 719,985   | 10,102,113 | 10,822,098 | 286,227   |        |
| Walbridge   | OH | None | 210,000   | 390,000    | None   | None | 210,000   | 390,000    | 600,000    | 30,550    |        |
| Coraopolis  | PA | None | 350,000   | 650,000    | None   | None | 350,000   | 650,000    | 1,000,000  | 50,917    |        |
| Franklin    | PA | None | 405,243   | 1,831,240  | 22,294 | None | 405,243   | 1,853,534  | 2,258,777  | 134,009   |        |
| Parker      | PA | None | 210,000   | 390,000    | None   | None | 210,000   | 390,000    | 600,000    | 30,550    |        |
| Chattanooga | TN | None | 2,024,239 | 8,974,591  | 500    | None | 2,024,239 | 8,975,091  | 10,999,330 | 643,267   |        |
| Freeport    | TX | None | 245,000   | 455,000    | None   | None | 245,000   | 455,000    | 700,000    | 35,642    |        |
| La Porte    | TX | None | 875,000   | 1,625,000  | None   | None | 875,000   | 1,625,000  | 2,500,000  | 127,292   |        |
| Vineyard    | UT | None | 1,732,107 | 5,356,844  | None   | None | 1,732,107 | 5,356,844  | 7,088,951  | 383,907   |        |
| Charleston  | WV | None | 2,251,894 | 4,053,565  | None   | None | 2,251,894 | 4,053,565  | 6,305,459  | 4,826     |        |

Video rental

|              |    |      |         |         |         |     |         |           |           |         |  |
|--------------|----|------|---------|---------|---------|-----|---------|-----------|-----------|---------|--|
| Birmingham   | AL | None | 392,795 | 865,115 | 39,818  | 522 | 392,795 | 905,455   | 1,298,250 | 537,012 |  |
| Forest Park  | OH | None | 328,187 | 921,232 | 118,422 | 275 | 328,187 | 1,039,929 | 1,368,116 | 576,165 |  |
| Murfreesboro | TN | None | 406,056 | 886,293 | 56,019  | 792 | 406,056 | 943,104   | 1,349,160 | 548,075 |  |

Wholesale

clubs

|           |    |      |            |            |       |      |            |            |            |         |  |
|-----------|----|------|------------|------------|-------|------|------------|------------|------------|---------|--|
| Derby     | CT | None | 5,699,931  | 10,584,586 | 1,000 | None | 5,699,931  | 10,585,586 | 16,285,517 | 123,512 |  |
| Waterford | CT | None | 11,841,797 | 21,990,910 | 1,000 | None | 11,841,797 | 21,991,910 | 33,833,707 | 256,586 |  |
| Sanford   | FL | None | 5,788,032  | 10,748,203 | 1,000 | None | 5,788,032  | 10,749,203 | 16,537,235 | 125,421 |  |
| Bel Air   | MD | None | 8,965,840  | 16,649,846 | 1,000 | None | 8,965,840  | 16,650,846 | 25,616,686 | 194,273 |  |
| Columbia  | MD | None | 10,208,201 | 18,958,088 | None  | None | 10,208,201 | 18,958,088 | 29,166,289 | 979,501 |  |

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|                  |    |      |            |            |       |      |            |            |            |           |
|------------------|----|------|------------|------------|-------|------|------------|------------|------------|-----------|
| Nashua           | NH | None | 7,204,581  | 13,379,935 | None  | None | 7,204,581  | 13,379,935 | 20,584,516 | 691,297   |
| Clay             | NY | None | 6,902,476  | 12,817,384 | 1,500 | None | 6,902,476  | 12,818,884 | 19,721,360 | 149,574   |
| Freeport         | NY | None | 13,122,718 | 24,369,763 | 1,000 | None | 13,122,718 | 24,370,763 | 37,493,481 | 1,259,229 |
| Yorktown Heights | NY | None | 11,225,391 | 20,847,154 | None  | None | 11,225,391 | 20,847,154 | 32,072,545 | 1,077,103 |
| Conshohocken     | PA | None | 7,231,557  | 13,430,034 | None  | None | 7,231,557  | 13,430,034 | 20,661,591 | 693,885   |

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Description<br>(Note 1) | Encumbrances<br>(Note 2) |      | Initial Cost to Company |  | Cost Capitalized |                   | Gross Amount at Which Carried |  |               | Accumulated<br>Depreciation<br>(Note 5) |             |
|-------------------------|--------------------------|------|-------------------------|--|------------------|-------------------|-------------------------------|--|---------------|---|-------------|
|                         |                          |      | 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         |   |             |
| Stroudsburg             | PA                       | None | 5,192,837               | 9,642,340  | 1,500            | None              | 5,192,837                     | 9,643,840  | 14,836,677    | 112,531                                 |             |
| York                    | PA                       | None | 5,433,864               | 10,090,462   | 1,000            | None              | 5,433,864                     | 10,091,462   | 15,525,326    | 117,747                                 |             |
| Mechanicsville          | VA                       | None | 5,650,222               | 10,493,270   | None             | None              | 5,650,222                     | 10,493,270   | 16,143,492    | 122,421                                 |             |
| Woodbridge              | VA                       | None | 5,659,285               | 10,509,101   | 1,000            | None              | 5,659,285                     | 10,510,101   | 16,169,386    | 543,095                                 |             |
| <b>Other</b>            |                          |      |                         |  |                  |                   |                               |  |               |   |             |
| El Centro               | CA                       | None | 520,000                 | 2,185,899  | None             | None              | 520,000                       | 2,185,899  | 2,705,899     | 287,810                                 |             |
| Escondido               | CA                       | None | 1,949,375               | 12,966,248   | 453,991          | None              | 1,949,375                     | 13,420,239   | 15,369,614    | 2,837,920                               |             |
| San Diego               | CA                       | None | 3,745,000               | 8,885,351  | 113,731          | 35,308            | 3,745,000                     | 9,034,390  | 12,779,390    | 7,065,643                               |             |
| San Diego               | CA                       | None | 2,485,160               | 8,697,822  | 2,256,613        | 132,990           | 2,485,160                     | 11,087,425   | 13,572,585    | 17,200,190                              |             |
| San Diego               | CA                       | None | 5,797,411               | 15,473,497   | 208,470          | 75,947            | 5,797,411                     | 15,757,914   | 21,555,325    | 10,373,675                              |             |
| Venice                  | FL                       | None | 259,686                 | 362,562  | 4,535            | 154               | 259,686                       | 367,251  | 626,937       | 237,275                                 |             |
| Brunswick               | GA                       | None | 290,369                 | 788,880  | 36,532           | 15,789            | 290,369                       | 841,201  | 1,131,570     | 482,306                                 |             |
| Nampa                   | ID                       | None | 183,743                 | 408,101  | None             | 9,024             | 183,743                       | 417,125  | 600,868       | 403,265                                 |             |
| Wichita                 | KS                       | None | 289,714                 | 797,856  | 10,910           | 16,580            | 289,714                       | 825,346  | 1,115,060     | 455,320                                 |             |
| Billerica               | MA                       | None | 398,292                 | 740,107  | 8,549            | 7,647             | 398,292                       | 756,303  | 1,154,595     | 152,470                                 |             |
| Jackson                 | MS                       | None | 405,360                 | 656,296  | (124,313)        | 21,751            | 405,360                       | 553,734  | 959,094       | 453,327                                 |             |
| Meridian                | MS                       | None | 181,156                 | 515,598  | 79,143           | None              | 181,156                       | 594,741  | 775,897       | 375,058                                 |             |
| Lakewood                | NY                       | None | 144,859                 | 526,301  | 96,813           | 171               | 144,859                       | 623,285  | 768,144       | 352,796                                 |             |
| Watertown               | NY                       | None | 139,199                 | 0  | None             | None              | 139,199                       | -  | 139,199       | -                                       |             |
| Mt. Vernon              | OH                       | None | 726,626                 | 1,351,151  | None             | 11,556            | 726,626                       | 1,362,707  | 2,089,333     | 331,268                                 |             |
| Humble                  | TX                       | None | 106,000                 | 545,518  | 64,047           | 6,512             | 106,000                       | 616,077  | 722,077       | 585,919                                 |             |
| Hurst                   | TX                       | None | 373,084                 | 871,163  | 23,096           | None              | 373,084                       | 894,259  | 1,267,343     | 513,468                                 |             |
| Lubbock                 | TX                       | None | 49,000                  | 108,831  | 24,197           | 1,013             | 49,000                        | 134,041  | 183,041       | 118,592                                 |             |
| Hampton                 | VA                       | None | 373,499                 | 836,071  | 7,601            | 33,111            | 373,499                       | 876,783  | 1,250,282     | 513,227                                 |             |
| Crest Net<br>Lease      |                          | None | 3,446,234               | 4,780,416  | (4,364,592)      | 17,108            | 3,446,235                     | 432,932  | 3,879,167     | 221,234                                 |             |
|                         |                          |      | 165,926,830             | 2,019,157,380  | 3,945,409,742    | 7,910,878         | 5,677,929                     | 2,016,080,545  | 3,962,075,383 | 5,978,155,929                           | 936,019,074 |

Note 1. Realty Income Corporation owns 2,996 single-tenant properties and Crest Net Lease, Inc. owns four properties. Realty Income Corporation also owns 17 multi-tenant properties, three are located in San Diego, CA and one is located in each of the following cities: Escondido, CA; Hanford, CA; Danbury, CT; Brandon, FL; Cutler Ridge, FL; Deerfield Beach, FL; Edmond, OK; Jackson, TN; Cedar Park, TX; Dallas, TX; Humble, TX; The Colony, TX; Virginia Beach, VA and Sheboygan, WI.

Note 2. Includes mortgages payable secured by eleven properties, but excludes unamortized net debt premiums of \$9.9 million.

Note 3.

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The aggregate cost for federal income tax purposes for Realty Income Corporation is \$6,000,102,857 and for Crest Net Lease, Inc. is \$8,448,564.

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## REALTY INCOME CORPORATION AND SUBSIDIARIES

## SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

| Note 4. The following is a reconciliation of total real estate carrying value for the years ended December 31:   | 2012          | 2011        |
|--|---------------|-------------|
| Balance at Beginning of Period   | 4,976,096,132 | 4,119,901,3 |
| Additions During Period:   |               |             |
| Acquisitions   | 1,130,059,158 | 1,016,170,8 |
| Less amounts allocated to intangible assets that are included in Other Assets on our Consolidated Balance Sheets   | (86,100,036)  | (133,491,90 |
| Equipment  | 0             | 14,2        |
| Improvements, Etc.   | 4,934,558     | 2,435,9     |
| Other (Leasing Costs and Building Adjustments as a result of net debt premiums)  | 13,081,252    | 3,286,2     |
| Total Additions  | 1,061,974,932 | 888,415,3   |
| Deductions During Period:  |               |             |
| Cost of Real Estate sold or disposed of  | 54,223,955    | 31,383,5    |
| Cost of Equipment sold   | 0             |             |
| Releasing costs  | 582,705       | 584,1       |
| Other (including Provisions for Impairment)  | 5,108,475     | 252,8       |
| Total Deductions   | 59,915,135    | 32,220,5    |
| Balance at Close of Period   | 5,978,155,929 | 4,976,096,1 |
| <br>Note 5. The following is a reconciliation of accumulated depreciation for the years ended:   |               |             |
| Balance at Beginning of Period   | 816,087,890   | 715,023,3   |
| Additions During Period - Provision for Depreciation   | 135,470,091   | 113,671,1   |
| Deductions During Period:  |               |             |
| Accumulated depreciation of real estate and equipment sold or disposed of  | 15,538,907    | 12,606,5    |
| Balance at Close of Period   | 936,019,074   | 816,087,8   |
| <br>Note 6. In 2012, provisions for impairment were recorded on ten Realty Income properties.<br>In 2011, provisions for impairment were recorded on five Realty Income properties.<br>In 2010, provisions for impairment were recorded on four Realty Income properties and three Crest properties.   |               |             |
| <br>Note 7. In accordance with FASB 143 and FASB interpretation No. 47, we recorded in aggregate \$30,553 in 2012, \$152,277 in 2011 and \$81,593 in 2010 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.**