REALTY INCOME CORP
Form 424B5
December 03, 2010

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To be Registered(1)	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Common Stock, par value $1.00 per share	7,360,000	$33.70	$248,032,000.00	$17,684.69

(1) Includes 960,000 shares of Common Stock, par value $1.00 per share, that may be purchased by the underwriters upon the exercise of the underwriters' overallotment option.

(2) Calculated in accordance with Rule 456(b) and 457(r) of the Securities Act.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-158169

PROSPECTUS SUPPLEMENT
(To prospectus dated March 24, 2009)

6,400,000 Shares

Common Stock

All of the 6,400,000 shares are being sold by us. We currently pay regular monthly distributions to holders of our common stock, which is listed on the New York Stock Exchange, or NYSE, under the symbol "O." On December 2, 2010, the last reported sale price of our common stock on the NYSE was $34.10 per share.

Realty Income Corporation, The Monthly Dividend Company®, is a Maryland corporation organized to operate as an equity real estate investment trust, or REIT. We are a fully integrated, self-administered real estate company with in-house acquisition, leasing, legal, credit research, real estate research, portfolio management and capital markets expertise. As of September 30, 2010, we owned a diversified portfolio of 2,342 properties located in 49 states with over 19.5 million square feet of leasable space leased to 118 different retail and other commercial enterprises doing business in 32 separate industries.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-7 of this prospectus supplement.

	Per Share	Total
Public offering price	$ 33.70	$ 215,680,000
Underwriting discount	$ 1.64	$ 10,496,000
Proceeds, before expenses, to Realty Income Corporation	$ 32.06	$ 205,184,000

The underwriters may also purchase up to an additional 960,000 shares of common stock from us to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The shares of common stock will be ready for delivery on or about December 8, 2010.

Joint Book-Running Managers

BofA Merrill Lynch **Wells Fargo Securities**

Morgan Stanley **Raymond James** **RBC Capital Markets** **UBS Investment Bank**

Baird **Citi** **Credit Suisse** **J.P. Morgan** **Morgan Keegan & Company, Inc.** **Stifel Nicolaus Weisel** **Janney Montgomery Scott**

BB&T Capital Markets **BNY Mellon Capital Markets, LLC**

The date of this prospectus supplement is December 3, 2010.

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Prospectus Supplement

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and, if applicable, any free writing prospectus we may provide you in connection with this offering. We have not, and the underwriters have not, authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities or soliciting an offer to buy these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference herein or therein and, if applicable, any free writing prospectus we may provide you in connection with this offering, is accurate only as of those documents' respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This document is in two parts. The first part is the prospectus supplement, which adds to and updates information contained in the accompanying prospectus. The second part, the prospectus, provides more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus, you should rely on the information in this prospectus supplement.

Before purchasing any securities, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the incorporated documents described under the heading "Incorporation by Reference" in this prospectus supplement and the accompanying prospectus, and any free writing prospectus we may provide to you in connection with this offering.

No action has been or will be taken in any jurisdiction by us or by any underwriter that would permit a public offering of these securities or possession or distribution of this prospectus supplement, the accompanying prospectus or any related free writing prospectus where action for that purpose is required, other than in the United States. Unless otherwise expressly stated or the context otherwise requires, references to "dollars" and "$" in this prospectus supplement, the accompanying prospectus and any related free writing prospectus are to United States dollars.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary does not contain all the information that may be important to you. You should read the entire prospectus supplement and the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference herein and therein, including the financial statements and related notes, and, if applicable, any free writing prospectus we may provide you in connection with this offering before making an investment decision. Unless this prospectus supplement otherwise indicates or the context otherwise requires, the terms "Realty Income," "our," "us" and "we" as used in this prospectus supplement refer to Realty Income Corporation and its subsidiaries on a consolidated basis. Unless otherwise expressly stated or the context otherwise requires, all information in this prospectus supplement relating to our properties excludes properties owned by our wholly-owned subsidiary Crest Net Lease, Inc., which we refer to as Crest.

In this prospectus supplement, we sometimes refer to our 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock and our 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock as the Class D preferred stock and the Class E preferred stock, respectively.

Realty Income

We are The Monthly Dividend Company®. We are organized to operate as an equity real estate investment trust, commonly referred to as a REIT. Our primary business objective is to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, or FFO, per share. Additionally, we seek to increase distributions to common stockholders and FFO per share through both active portfolio management and the acquisition of additional properties.

We are a fully integrated, self-administered real estate company with in-house acquisition, leasing, legal, credit research, real estate research, portfolio management and capital markets expertise. As of September 30, 2010, we owned a diversified portfolio of 2,342 properties located in 49 states, with over 19.5 million square feet of leasable space leased to 118 different retail and other commercial enterprises doing business in 32 separate industries. Of the 2,342 properties in the portfolio, 2,331, or 99.5%, are single-tenant properties, and the remaining 11 are multi-tenant, distribution and office properties. At September 30, 2010, of the 2,331 single-tenant properties, 2,248 were leased with a weighted average remaining lease term (excluding extension options) of approximately 11.2 years.

Our principal executive offices are located at 600 La Terraza Boulevard, Escondido, California 92025-3873 and our telephone number is (760) 741-2111.

Recent Developments

Increases in Monthly Cash Distributions to Common Stockholders

We have continued our 41-year policy of paying distributions monthly. Monthly distributions per share increased in April 2010 by \$0.0003125 to \$0.1433125, in July 2010 by \$0.0003125 to \$0.143625 and in October 2010 by \$0.0003125 to \$0.1439375. The increase in October 2010 was our 52nd consecutive quarterly increase, which was the 59th increase in the amount of our dividend since our listing on the NYSE in 1994. In the first 11 months of 2010, we paid three monthly cash distributions per share in the amount of \$0.143, three in the amount of \$0.1433125, three in the amount of \$0.143625 and two in the amount of \$0.1439375 per share, totaling \$1.5776875. In November 2010, we declared a distribution of \$0.1439375 per share, which will be paid on December 15, 2010.

The distribution payable on our common stock on December 15, 2010 will be paid to stockholders of record of our common stock as of the close of business on December 1, 2010. Purchasers of shares of common stock in this offering will not be entitled to receive the December 15, 2010 distribution on those shares.

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The monthly distribution payable in December 2010 of $0.1439375 per share represents an annualized distribution of $1.72725 per share, and an annualized distribution yield of approximately 5.1% based on the last reported sale price of our common stock on the New York Stock Exchange, or NYSE, of $34.10 on December 2, 2010. Although we expect to continue our policy of paying monthly distributions in cash, we cannot guarantee that we will maintain our current level of cash distributions, that we will continue our pattern of increasing cash distributions per share, or what our actual cash distribution yield will be in any future period.

Acquisitions During the First Nine Months of 2010

During the first nine months of 2010, Realty Income invested $302.9 million in 23 new properties with an initial weighted average contractual lease rate of 7.6%. These 23 properties are located in eight states, contain over 511,000 leasable square feet, and are 100% leased with an average lease term of 18.3 years. The 23 new properties acquired by Realty Income are net-leased to commercial enterprises in the following five industries: automotive service, convenience store, health and fitness, restaurant, and wine and spirits. There were no acquisitions by Crest in the first nine months of 2010.

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 properties under development, the estimated aggregate base rent under the lease) 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 assure you that the actual return on the funds invested will remain at the percentages listed above.

Included in the $302.9 million invested during the first nine months of 2010 is the acquisition and lease back of approximately $269.2 million of winery and vineyard properties under 20-year triple-net lease agreements with Diageo Chateau & Estates Wine Company and guaranteed by Diageo plc (together with its subsidiaries, "Diageo"). The properties are all located in California's Napa Valley and include two wineries that produce wines for Diageo's Sterling Vineyards ("Sterling") and Beaulieu Vineyards ("BV") brands and 11 vineyards producing grapes for their Sterling, BV and other brands. The properties include approximately 2,000 acres and 400,000 square feet of winery, production, storage, shipping and tourist buildings. Diageo will continue to operate the wineries and vineyards. As a result of this acquisition of properties, Diageo has become our largest tenant based on our rental revenue. Headquartered in London, Diageo is a global premium drinks company with a well-known portfolio of international brands of spirits, beer and wine. Diageo ordinary shares trade on the London Stock Exchange under the symbol "DGE.L" and the NYSE under the symbol "DEO."

Acquisitions During the Fourth Quarter of 2010

In October 2010, we acquired 23 retail properties leased to 13 tenants in six states, for approximately $126.5 million, under long-term, net lease agreements. The properties are in eight different industries, all of which are already in our portfolio. All of the properties acquired had in-place leases. These acquisitions were funded by our common stock offering in September 2010.

On December 1, 2010, we acquired 135 SuperAmerica convenience stores and one support facility for approximately $248 million under 15-year, triple-net, lease agreements. We funded the purchase price with cash on hand and borrowings under our $355 million acquisition credit facility. The stores are located in Minnesota and Wisconsin, and average approximately 3,500 leasable square feet on approximately 1.14 acres. In addition, the individual locations have, on average, 6.5 multi-pump gasoline dispensers, and are seasoned stores with long-term operating histories. These, and certain other assets, were sold by Marathon Oil, whose common stock trades on the NYSE under the symbol "MRO," and will be leased to newly formed companies owned and operated by Northern Tier Energy, a portfolio company of ACON Investments and TPG Capital.

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Proposed $425 Million Credit Facility

We are currently in discussions to enter into a new $425 million acquisition credit facility to replace our existing $355 million acquisition credit facility that is scheduled to expire in May 2011. The term of the new credit facility is expected to be for just over 3 years, until March 2014, plus, subject to certain conditions, two one-year extension options. We expect that the interest rate under the new credit facility will be equal to the London Interbank Offer Rate, or LIBOR, plus a spread that is based on the credit ratings on our long-term unsecured debt securities. Under the new credit facility, our current investment grade credit ratings are expected to provide for financing at LIBOR plus 185 basis points with a facility commitment fee of 35 basis points, for all-in drawn pricing of 220 basis points over LIBOR. However, the credit ratings assigned to us (and, therefore, the expected interest rate under the new credit facility) could change based upon, among other things, our results of operations and financial condition and these ratings are subject to ongoing evaluation by credit rating agencies and we cannot assure you that any rating will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. We expect that the new credit facility will also have other interest rate options available to us. Similar to our existing credit facility, our new credit facility is expected to be unsecured and, accordingly, no assets will be pledged as collateral for this obligation, and we expect that our subsidiaries (other than Crest) will be required to guarantee our borrowings and other obligations under the new credit facility. We also anticipate that the new credit facility will include financial and other restrictive covenants similar to those in our current credit facility. The foregoing description of some of the anticipated terms of the new credit facility reflect our current expectations. It is possible, however, that we will not enter into the new credit facility and, even if we do, it is possible that the terms of the new credit facility may differ, perhaps substantially, from those described in this paragraph.

Issuance of Common Stock

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

Note Issuance

In June 2010, we issued $250.0 million in aggregate principal amount of 5.75% senior unsecured notes due January 2021 (the "2021 Notes"). The price to the investors for the 2021 Notes was 99.404% of the principal amount for an effective yield of 5.826%. The net proceeds of approximately $246.1 million from this offering were used to repay borrowings under our acquisition credit facility, which were used to finance the acquisition of the Diageo properties. Interest is paid semiannually on the 2021 Notes.

Net Income Available to Common Stockholders

Net income available to common stockholders was $25.6 million in the third quarter of 2010 versus $27.1 million in the third quarter of 2009, a decrease of $1.5 million. On a diluted per common share basis, net income was $0.25 in the third quarter of 2010, compared to $0.26 in the third quarter of 2009.

Net income available to common stockholders was $74.7 million in the first nine months of 2010 versus $77.6 million in the same period of 2009, a decrease of $2.9 million. On a diluted per common share basis, net income was $0.72 in the first nine months of 2010 compared to $0.75 in the first nine months of 2009.

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

The gain from the sale of properties during the third quarter of 2010 was $1.9 million, as compared to $1.8 million during the third quarter of 2009. The gain from the sale of properties during the first nine months of 2010 and 2009 was $4.3 million.

Funds from Operations Available to Common Stockholders (FFO)

In the third quarter of 2010, our FFO decreased by $350,000, or 0.8%, to $47.8 million versus $48.2 million in the third quarter of 2009. On a diluted per common share basis, FFO was $0.46 in the third quarter of 2010 compared to $0.47 in the third quarter of 2009, a decrease of $0.01, or 2.1%.

In the first nine months of 2010, our FFO decreased by $822,000, or 0.6%, to $141.2 million versus $142.1 million in the same period of 2009. On a diluted per common share basis, FFO was $1.36 in the first nine months of 2010 compared to $1.37 in the first nine months of 2009, a decrease of $0.01, or 0.7%.

For information on how we define FFO, as well as a reconciliation of net income available to common stockholders to FFO, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Funds From Operations Available to Common Stockholders (FFO)" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, which is incorporated by reference in the accompanying prospectus.

Adjusted Funds from Operations Available to Common Stockholders (AFFO)

In the third quarter of 2010, our AFFO was $48.6 million versus $48.5 million in the third quarter of 2009. On a diluted per common share basis, AFFO was $0.47 in the third quarter of 2010 and 2009.

In the first nine months of 2010, our AFFO was $143.9 million versus $144.1 million in the same period of 2009. On a diluted per common share basis, AFFO was $1.39 in the first nine months of 2010 and 2009.

For information on how we define AFFO, as well as a reconciliation of net income available to common stockholders to AFFO, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Adjusted Funds From Operations Available to Common Stockholders (AFFO)" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, which is incorporated by reference in the accompanying prospectus.

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The Offering

We are selling all of the shares of common stock offered by this prospectus supplement and no shares are being sold by our stockholders. For a description of our common stock, see "Description of Common Stock" and "Restrictions on Ownership and Transfers of Stock" in the accompanying prospectus.

Issuer	Realty Income Corporation
Common stock we are offering	6,400,000 shares of common stock, plus up to an additional 960,000 shares if the underwriters exercise their overallotment option in full.
Shares to be outstanding after this offering(1)	117,096,948
Use of Proceeds	We intend to use the net proceeds from this sale of common stock to pay off borrowings under our acquisition credit facility, which were used to fund a substantial portion of the acquisition of 135 convenience store properties, plus one support facility, for approximately $248 million on December 1, 2010, as described above under "Recent Developments Acquisitions During the Fourth Quarter of 2010." At December 1, 2010, total borrowings under our acquisition credit facility were $203.5 million. Any remaining net proceeds will be used for general corporate purposes and working capital, which may include additional acquisitions.
Restrictions on Ownership and Transfer	Our charter contains restrictions on the ownership and transfer of our common stock intended to assist us in maintaining our status as a REIT for United States federal and/or state income tax purposes. For example, our charter restricts any person from acquiring actual or constructive ownership of more than 9.8% (in value or number of shares, whichever is more restrictive) of our outstanding shares of common stock, as more fully described in the section entitled "Restrictions on Ownership and Transfers of Stock" in the accompanying prospectus.
NYSE Symbol	"O"
Risk Factors	An investment in our common stock involves various risks and prospective investors should carefully consider the matters discussed under "Risk Factors" in this prospectus supplement, as well as the other risks described in this prospectus supplement, the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference herein and therein, before making a decision to invest in the common stock.

(1) Based on shares outstanding as of December 1, 2010. Does not include, as of December 1, 2010:

(a) 4,494 shares of common stock issuable upon the exercise of outstanding options;

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(b) 2,057,803 additional shares of common stock reserved for issuance under our stock incentive plans; or

(c) up to 960,000 shares of common stock issuable upon exercise of the underwriters' overallotment option.

Our board of directors has authorized and we have declared a monthly distribution of $0.1439375 per share of common stock payable on December 15, 2010 to stockholders of record of our common stock as of the close of business on December 1, 2010. Purchasers of shares of common stock in this offering will not be entitled to receive the December 15, 2010 distribution on those shares.

As of December 1, 2010, we had 5,100,000 shares of Class D preferred stock and 8,800,000 shares of Class E preferred stock outstanding. In the event that we liquidate, dissolve or wind up Realty Income, the holders of this preferred stock will have the right to receive $25.00 per share, plus accrued and unpaid dividends, before any payment is made to the holders of our common stock. In addition, this preferred stock ranks senior to our common stock with respect to the payment of dividends and distributions. See the descriptions of the Class D preferred stock and Class E preferred stock contained in their respective Registration Statements on Form 8-A (File No. 001-13374), including any subsequently filed amendments and reports filed for the purpose of updating the descriptions, which are incorporated by reference into the accompanying prospectus.

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RISK FACTORS

In evaluating an investment in our common stock, you should carefully consider the following risk factors and the risk factors described under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in the accompanying prospectus, in addition to the other risks and uncertainties described in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference therein and, if applicable, any free writing prospectus we may provide you in connection with this offering. As used under the captions "Risk Factors" in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2009, references to our capital stock include both our common stock, including the common stock offered by this prospectus supplement, and any class or series of our preferred stock, and references to our stockholders include holders of our common stock and any class or series of our preferred stock, in each case unless otherwise expressly stated or the context otherwise requires.

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 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.

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 current or future acquisition credit facilities. At December 1, 2010, we had $203.5 million of borrowings outstanding under our current $355 million acquisition credit facility and we had a total of $1.6 billion of outstanding unsecured senior debt securities. 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 $355 million credit facility is variable (and is expected to be variable on our proposed $425 million acquisition credit facility, if entered into) 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 the recent disruptions in the financial markets and the ongoing financial crisis in Europe (which relates primarily to concerns that certain European countries may be unable to repay their national debt), we also face the risk that one or more of the participants in our credit facility may not be able to lend us money.

In addition, our $355 million credit facility contains provisions that could limit the amount of distributions payable by us on our common stock and preferred stock. In particular, our $355 million acquisition credit facility provides that the aggregate amount of cash distributions paid on, plus any payments made to repurchase, our common stock and preferred stock may not exceed the sum of (a) 95% of our funds from operations (as defined in the credit facility) plus (b) cash distributions on our preferred stock, determined as of the end of each fiscal quarter for the four fiscal quarters then ending, except that we may repurchase preferred stock with the net proceeds from the issuance of our common stock or preferred stock. The $355 million 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 any of our subsidiaries, we and our subsidiaries may not pay any distributions on, or repurchase, any shares of our capital stock, including our common stock and preferred stock. In addition, the $355 million credit facility provides that, if any other event of default (as defined in the credit facility) thereunder exists,

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we and our subsidiaries may not pay any distributions on, or repurchase, any shares of our capital stock, including our common stock and preferred stock, except that we may pay cash distributions to stockholders in the minimum amount necessary to maintain our status as a REIT. If any of the foregoing 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 value of our debt securities, and may adversely affect our ability to qualify as a REIT or our tax treatment as a REIT. We expect that our proposed $425 million acquisition credit facility, if entered into, will contain similar provisions that could limit the amount of distributions payable by us on our common stock and preferred stock, but only in the case of an event of default under that facility.

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

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;
- requiring the use of a substantial portion of our cash flow from operations for the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund working capital, 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.

The market price of our common stock could be substantially affected by various factors.

The market price of our common stock will depend on many factors, which may change from time to time, including:

- prevailing interest rates, increases in which may have an adverse effect on the market price of our common stock;
- 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.

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

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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; and
- economic or physical decline of the areas where the properties are located.

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 be substantially less than the remaining rent we are owed under the leases. In addition, any claim we have for unpaid past rent, if any, may not be paid in full. As a result, tenant bankruptcies may have a material adverse effect on our results of operations. Any of these events could adversely affect cash flow from operations and our ability to make distributions to stockholders and service indebtedness.

Eighty-four of our properties were available for lease or sale at September 30, 2010, of which all but one were single-tenant properties. At September 30, 2010, 35 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.

For the third quarter of 2010, our tenants in the restaurant and convenience store industries accounted for approximately 19.7% and 16.5%, respectively, of our rental revenue. Additionally, our

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properties in California accounted for approximately 10.9% of our rental revenue for that quarter. A downturn in either of these industries, whether nationwide or limited to specific sectors of the United States, or a continuation or worsening of the current downturn in California, could adversely affect tenants in these industries or in this state, 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. Individually, each of the other industries and states in our property portfolio accounted for less than 10% of our rental revenue for the third quarter of 2010. Nevertheless, downturns in these other industries and states could also adversely affect our tenants, which in turn could also have a material adverse affect 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 restaurant industry, convenience store industry and in the state of California, which would increase these industries' and state's percentages of our rental revenue, thereby increasing the effect that such a downturn in these industries or a continuation or worsening of the current downturn in California 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 or national economy.

Increases in market interest rates may adversely affect the price of our common stock.

One of the factors that influence the price of our common stock in public trading markets is the annual yield from distributions on our common stock as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the market price of our common stock.

Our charter contains restrictions upon ownership of our common stock.

Our charter contains restrictions on ownership and transfer of our common stock intended to assist us in maintaining our status as a REIT for United States federal and/or state income tax purposes. For example, our charter restricts any person from acquiring actual or constructive ownership of more than 9.8% (in value or number of shares, whichever is more restrictive) of our outstanding common stock. See "Restrictions on Ownership and Transfers of Stock" in the accompanying prospectus. These restrictions could have anti-takeover effects and could reduce the possibility that a third party will attempt to acquire control of Realty Income, which could adversely affect the market price of our common stock.

We could issue preferred stock without stockholder approval.

Our charter authorizes our board of directors to issue up to 20,000,000 shares of preferred stock, including convertible preferred stock, without stockholder approval. The board of directors may establish the preferences, rights and other terms of any preferred stock we may issue, including the right to vote and the right to convert into common stock any shares issued. The issuance of preferred stock could delay or prevent a tender offer or a change of control even if a tender offer or a change of control were in our stockholders' interests, which could adversely affect the market price of our common stock. As of December 1, 2010, we had 5,100,000 shares of Class D preferred stock and 8,800,000 shares of Class E preferred stock outstanding. See "General Description of Preferred Stock" in the accompanying prospectus and the descriptions of the Class D preferred stock and Class E preferred stock contained in their respective Registration Statements on Form 8-A (File

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No. 001-13374), including any subsequently filed amendments and reports filed for the purpose of updating the descriptions, which are incorporated by reference into the accompanying prospectus.

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 two 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. More recently, the financial crisis in Europe (which relates primarily to concerns that certain European countries may be unable to pay their national debt) has had a similar, although less pronounced, 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. Continued uncertainty in the stock and credit markets may negatively impact our ability to access additional financing at reasonable terms, which may negatively affect our ability to make acquisitions. A prolonged downturn in the stock or credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly. In addition, these factors may make it more difficult for us to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of financing or difficulties in obtaining financing. These events in the stock and credit markets may make it more difficult or costly for us to raise capital through the issuance of our common stock or preferred stock or debt securities. These disruptions in the financial markets 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 charge for our properties, as well as other unknown adverse effects on us or the economy in general.

USE OF PROCEEDS

We intend to use the net proceeds from this sale of common stock to pay off borrowings under our acquisition credit facility, which were used to fund a substantial portion of the acquisition of 135 convenience store properties, plus one support facility, for approximately $248 million on December 1, 2010, as described above under "Prospectus Supplement Summary Recent Developments Acquisitions During the Fourth Quarter of 2010." At December 1, 2010, total borrowings under our acquisition credit facility were $203.5 million. Any remaining net proceeds will be used for general corporate purposes and working capital, which may include additional acquisitions.

We estimate the net proceeds from the sale of common stock offered by this prospectus supplement will be approximately $204.9 million, or approximately $235.7 if the underwriters' overallotment option is exercised in full, in each case after deducting the underwriting discount and estimated expenses payable by us.

Our acquisition credit facility currently bears interest at a rate of 1.3%, although the credit facility offers us other interest rate options. Borrowings we repay under the $355 million acquisition credit facility may be reborrowed, subject to customary conditions. Pending application of the net proceeds for the purposes described above, we intend to temporarily invest the net proceeds in short-term government securities, short-term money market funds or bank certificates of deposit.

Some or all of the underwriters and/or their affiliates have provided and in the future may provide investment banking, commercial banking and/or other financial services, including the provision of credit facilities, to us in the ordinary course of business for which they have received and may in the future receive compensation. In particular, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC are the joint book-running managers of this offering, and Wells Fargo Securities, LLC is also the administrative agent and sole lead arranger under our $355 million credit

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facility, Wells Fargo Bank, N.A., an affiliate of Wells Fargo Securities, LLC, is a co-documentation agent and a lender under our $355 million credit facility and Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, is a co-syndication agent and a lender under our $355 million credit facility. In addition, affiliates of some of the other underwriters participating in this offering are lenders under our $355 million credit facility. As described above, we intend to use net proceeds from this offering to repay borrowings under our $355 million credit facility. As a result, these lenders will receive a portion of the net proceeds from this offering through the repayment of borrowings under that facility. If we enter into our proposed $425 million acquisition credit facility, we expect that Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and some of the other underwriters and/or banks affiliated with them will act as agents and/or lenders under that credit facility.

PRICE RANGE OF COMMON STOCK AND DISTRIBUTION HISTORY

On December 2, 2010, the last reported sales price per share of our common stock on the NYSE was $34.10. The table below sets forth for the periods indicated the high and low sales prices per share of our common stock, as reported by the NYSE, and distributions declared per share of our common stock.

	Price Per Share of Common Stock		Distributions Declared
	High	**Low**	**Per Share(1)**
2008			
First Quarter	$ 27.16	$ 20.27	$ 0.410875
Second Quarter	28.15	22.67	0.412750
Third Quarter	34.86	21.38	0.419625
Fourth Quarter	26.50	15.00	0.424000
2009			
First Quarter	23.41	14.26	0.425563
Second Quarter	23.23	17.90	0.426500
Third Quarter	28.20	19.83	0.427438
Fourth Quarter	27.53	22.17	0.428375
2010			
First Quarter	31.18	25.30	0.429313
Second Quarter	34.53	28.42	0.430250
Third Quarter	34.79	29.12	0.431188
Fourth Quarter, through December 2	35.97	32.92	0.287875(2)

(1) Common stock cash distributions currently are declared monthly by us, based on financial results for the prior months.

(2) Our board of directors has authorized and we have declared a monthly distribution of $0.1439375 per share of common stock payable on December 15, 2010 to stockholders of record of our common stock as of the close of business on December 1, 2010. Purchasers of shares of common stock in this offering will not be entitled to receive the December 15, 2010 distribution on those shares. The December 15, 2010, common stock dividend is reflected in the forgoing table in distributions declared per share for the fourth quarter of 2010.

Future distributions will be at the discretion of our board of directors and will depend on, among other things, our results of operations, funds from operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code of 1986, as amended, our debt service requirements and any other factors our board of directors deems relevant. In addition, our $355 million acquisition credit

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facility provides that the aggregate amount of cash distributions paid on, plus any payments made to repurchase, our common stock and preferred stock may not exceed the sum of (a) 95% of our funds from operations (as defined in the credit facility) plus (b) cash distributions on our preferred stock, determined as of the end of each fiscal quarter for the four fiscal quarters then ending, except that we may repurchase preferred stock with the net proceeds from the issuance of our common stock or preferred stock. The 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 any of our subsidiaries, we and our subsidiaries may not pay any dividends on, or repurchase, any shares of our capital stock, including our common stock and preferred stock. In addition, the credit facility provides that, if any other event of default (as defined in the credit facility) thereunder exists, we and our subsidiaries may not pay any distributions on, or repurchase, any shares of our capital stock, including our common stock and preferred stock, except that we may pay cash distributions to stockholders in the minimum amount necessary to maintain our status as a REIT. If we enter into the proposed $425 million acquisition credit facility as described above under "Prospectus Supplement Summary Recent Developments Proposed $425 Million Credit Facility," we expect that such credit facility will contain similar provisions that could limit the amount of distributions payable by us on our common stock and preferred stock, but only in the case of an event of default under that facility.

Accordingly, although we expect to continue our policy of paying monthly distributions in cash on our common stock, we cannot guarantee that we will maintain the current level of cash distributions, that we will continue our pattern of increasing cash distributions per share, or what our actual distribution yield will be for any future period.

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PROPERTY PORTFOLIO INFORMATION

At September 30, 2010, we owned a diversified portfolio:

- of 2,342 properties;
- with an occupancy rate of 96.4%, or 2,258 properties occupied and only 84 properties available for lease;
- leased to 118 different retail and other commercial enterprises doing business in 32 separate industries;
- located in 49 states;
- with over 19.5 million square feet of leasable space; and
- with an average leasable space per property of approximately 8,300 square feet.

In addition to our real estate portfolio, our subsidiary, Crest, had an inventory of three properties located in three states at September 30, 2010. These properties are valued at $3.8 million and are classified as held for sale.

At September 30, 2010, of our 2,342 properties, 2,248 were leased under net lease agreements. A net lease typically requires the tenant to be responsible for minimum monthly rent and property operating expenses including property taxes, insurance and maintenance. In addition, our tenants are typically responsible for future rent increases based on increases in the consumer price index (typically subject to ceilings), fixed increases or additional rent calculated as a percentage of the tenants' gross sales above a specified level.

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Industry Diversification

The following table sets forth certain information regarding Realty Income's property portfolio (excluding properties owned by Crest) 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 Ended	For the Years Ended					
Industries	September 30, 2010	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005	Dec 31, 2004
Apparel stores	1.0%	1.1%	1.1%	1.2%	1.7%	1.6%	1.8%
Automotive collision services	1.0	1.1	1.0	1.1	1.3	1.3	1.0
Automotive parts	1.3	1.5	1.6	2.1	2.8	3.4	3.8
Automotive service	4.7	4.8	4.8	5.2	6.9	7.6	7.7
Automotive tire services	6.3	6.9	6.7	7.3	6.1	7.2	7.8
Book stores	0.1	0.2	0.2	0.2	0.2	0.3	0.3
Business services	*	*	*	0.1	0.1	0.1	0.1
Child care	6.6	7.3	7.6	8.4	10.3	12.7	14.4
Consumer electronics	0.6	0.7	0.8	0.9	1.1	1.3	2.1
Convenience stores	16.5	16.9	15.8	14.0	16.1	18.7	19.2
Crafts and novelties	0.3	0.3	0.3	0.3	0.4	0.4	0.5
Distribution and office	1.0	1.0	1.0	0.6	-	-	-
Drug stores	4.0	4.3	4.1	2.7	2.9	2.8	0.1
Entertainment	1.2	1.3	1.2	1.4	1.6	2.1	2.3
Equipment rental services	0.2	0.2	0.2	0.2	0.2	0.4	0.3
Financial services	0.2	0.2	0.2	0.2	0.1	0.1	0.1
General merchandise	0.7	0.8	0.8	0.7	0.6	0.5	0.4
Grocery stores	0.7	0.7	0.7	0.7	0.7	0.7	0.8
Health and fitness	6.9	5.9	5.6	5.1	4.3	3.7	4.0
Home furnishings	1.3	1.3	2.4	2.6	3.1	3.7	4.1
Home improvement	1.7	1.9	1.9	2.1	3.4	1.1	1.0
Motor vehicle dealerships	2.6	2.7	3.1	3.1	3.4	2.6	0.6
Office supplies	0.9	1.0	1.0	1.1	1.3	1.5	1.6
Pet supplies and services	0.8	0.9	0.8	0.9	1.1	1.3	1.4
Private education	0.8	0.9	0.8	0.8	0.8	0.8	1.1
Restaurants	19.7	21.3	21.8	21.2	11.9	9.4	9.7
Shoe stores	0.2	-	-	-	-	0.3	0.3
Sporting goods	2.6	2.6	2.3	2.6	2.9	3.4	3.4
Theaters	8.7	9.2	9.0	9.0	9.6	5.2	3.5
Travel plazas	0.2	0.2	0.2	0.2	0.3	0.3	0.4
Video rental	*	1.0	1.1	1.7	2.1	2.5	2.8
Wine and spirits	5.5	-	-	-	-	-	-
Other	1.7	1.8	1.9	2.3	2.7	3.0	3.4
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.

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State Diversification

The following table sets forth certain state-by-state information regarding Realty Income's property portfolio (excluding properties owned by Crest) as of September 30, 2010 (dollars in thousands):

State	Number of Properties	Percent Leased	Approximate Leasable Square Feet	Rental Revenue for the Quarter Ended September 30, 2010(1)	Percentage of Rental Revenue
Alabama	62	97%	420,200	$ 1,807	2.1%
Alaska	2	100	128,500	277	0.3
Arizona	80	99	395,800	2,417	2.8
Arkansas	17	94	92,400	379	0.4
California	78	97	1,569,600	9,493	10.9
Colorado	51	96	471,400	1,798	2.1
Connecticut	23	96	269,100	941	1.1
Delaware	17	100	33,300	431	0.5
Florida	166	92	1,426,700	6,508	7.5
Georgia	131	95	905,500	3,779	4.3
Hawaii					
Idaho	12	100	80,700	340	0.4
Illinois	85	98	1,008,800	4,939	5.7
Indiana	81	95	729,900	3,431	3.9
Iowa	21	100	290,600	1,015	1.2
Kansas	32	88	570,000	1,052	1.2
Kentucky	22	95	110,600	653	0.7
Louisiana	32	100	184,900	899	1.0
Maine	3	100	22,500	161	0.2
Maryland	28	100	266,600	1,597	1.8
Massachusetts	64	98	575,400	2,517	2.9
Michigan	52	100	257,300	1,278	1.5
Minnesota	20	100	389,000	1,541	1.8
Mississippi	71	97	347,600	1,526	1.7
Missouri	62	97	640,100	2,168	2.5
Montana	2	100	30,000	76	0.1
Nebraska	19	95	196,300	490	0.6
Nevada	14	93	153,200	727	0.8
New Hampshire	14	100	109,900	584	0.7
New Jersey	33	100	261,300	1,938	2.2
New Mexico	9	100	58,400	197	0.2
New York	39	97	495,000	2,544	2.9
North Carolina	94	99	531,700	2,896	3.3
North Dakota	6	100	36,600	57	0.1
Ohio	136	94	846,200	3,186	3.6
Oklahoma	24	100	137,400	589	0.7
Oregon	18	94	297,300	834	1.0
Pennsylvania	98	99	677,200	3,551	4.1
Rhode Island	3	100	11,000	58	0.1
South Carolina	99	100	372,500	2,256	2.6
South Dakota	9	100	24,900	102	0.1
Tennessee	131	93	606,700	2,686	3.1
Texas	212	97	2,241,100	7,996	9.2
Utah	4	100	25,200	94	0.1
Vermont	4	100	12,700	126	0.1
Virginia	104	96	636,500	3,359	3.8
Washington	34	94	274,900	982	1.1
West Virginia	2	100	23,000	121	0.1
Wisconsin	21	90	252,700	819	0.9
Wyoming	1	0	5,400	4	*
Totals/Average	2,342	96%	19,503,600	$ 87,219	100.0%

* Less than 0.1%

(1) Includes rental revenue for all properties owned by Realty Income at September 30, 2010, including revenue from properties reclassified as discontinued operations of $130.

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SUPPLEMENTAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

This discussion is a supplement to, and is intended to be read together with, the discussion in the accompanying prospectus under the heading "United States Federal Income Tax Considerations." This summary of federal income tax considerations is for general information only and is not tax advice.

The following discussion should be inserted immediately following the discussion under the heading "United States Federal Income Tax Considerations for Holders of Our Capital Stock Tax Rates" in the accompanying prospectus.

On March 30, 2010, President Obama signed into law the Health Care and Education Reconciliation Act of 2010, which requires U.S. holders who meet certain requirements and are individuals, estates or certain trusts to pay an additional 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of stock for taxable years beginning after December 31, 2012. U.S. holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our common stock.

The following discussion should be inserted immediately following the discussion under the heading "United States Federal Income Tax Considerations for Holders of Our Capital Stock Taxation of Non-U.S. Holders" in the accompanying prospectus.

New Legislation Relating to Foreign Accounts

Newly enacted legislation may impose withholding taxes on certain types of payments made to "foreign financial institutions" and certain other non-U.S. entities. Under this legislation, the failure to comply with additional certification, information reporting and other specified requirements could result in withholding tax being imposed on payments of dividends and sales proceeds to U.S. holders (as defined in the accompanying prospectus) who own the shares through foreign accounts or foreign intermediaries and certain non-U.S. holders (as defined in the accompanying prospectus). The legislation imposes a 30% withholding tax on dividends on, and gross proceeds from the sale or other disposition of, our common stock paid to a foreign financial institution or to a foreign non-financial entity, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign non-financial entity either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. If the payee is a foreign financial institution, it must enter into an agreement with the United States Treasury requiring, among other things, that it undertake to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. The legislation applies to payments made after December 31, 2012. Prospective investors should consult their tax advisors regarding this legislation.

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UNDERWRITING

Subject to the terms and conditions contained in a purchase agreement between us and each of the underwriters named below, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC are acting as joint book-running managers and representatives (the "representatives"), the underwriters have severally agreed to purchase from us, and we have agreed to sell, the number of shares listed opposite their names below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,408,000
Wells Fargo Securities, LLC	960,000
Morgan Stanley & Co. Incorporated	640,000
Raymond James & Associates, Inc.	640,000
RBC Capital Markets, LLC	640,000
UBS Securities LLC	640,000
Robert W. Baird & Co. Incorporated	192,000
Citigroup Global Markets Inc.	192,000
Credit Suisse Securities (USA) LLC	192,000
J.P. Morgan Securities LLC	192,000
Morgan Keegan & Company, Inc.	192,000
Stifel, Nicolaus & Company, Incorporated	192,000
Janney Montgomery Scott LLC	192,000
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	64,000
BNY Mellon Capital Markets, LLC	64,000
Total	6,400,000

The purchase agreement provides that the obligations of the several underwriters to purchase the shares offered hereby are subject to certain conditions and that the underwriters will purchase all of the shares offered by this prospectus supplement if any of these shares are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the purchase agreement may be terminated.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions contained in the purchase agreement. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

Commissions and Discounts

The representatives of the underwriters have advised us that the underwriters propose initially to offer the shares to the public at the public offering price listed on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of $1.00 per share. After the initial public offering, the public offering price and concession may be changed.

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The following table shows the public offering price, underwriting discount and proceeds before expenses to Realty Income Corporation. This information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Share	Without Option	With Option
Public offering price	$ 33.70	$ 215,680,000	$ 248,032,000
Underwriting discount	$ 1.64	$ 10,496,000	$ 12,070,400
Proceeds, before expenses, to Realty Income Corporation	$ 32.06	$ 205,184,000	$ 235,961,600

The expenses of this offering, not including the underwriting discount, are estimated at $270,000 and are payable by Realty Income.

Overallotment Option

We have granted an option to the underwriters to purchase up to 960,000 additional shares at the initial public offering price less the underwriting discount and less any dividends or distributions paid or payable by us on the shares initially purchased by the underwriters but not on the shares to be purchased upon exercise of the overallotment option. The underwriters may exercise this option for 30 days after the date of this prospectus supplement solely to cover any overallotments. If the underwriters exercise this option, each underwriter will be obligated, subject to conditions contained in the purchase agreement, to purchase approximately the same percentage of those additional shares that the number of shares of common stock to be purchased by that underwriter as shown in the above table represents as a percentage of the total number of shares shown in that table.

No Sales of Similar Securities

We have agreed, with exceptions, not to sell or transfer any common stock for 60 days after the date of this prospectus supplement without first obtaining the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC. Specifically, we have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock;
- sell any option or contract to purchase any common stock;
- purchase any option or contract to sell any common stock;
- grant any option, right or warrant to purchase any common stock;
- otherwise transfer or dispose of any common stock; or
- enter into any swap or other agreement or transaction that transfers, in whole or in part, the economic consequence of ownership of any common stock,

whether any such swap, agreement or transaction is to be settled by delivery of common stock or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for common stock. Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC may, in their sole discretion and at any time or from time to time, without notice, release all or any of the shares or other securities subject to this lock-up provision.

Our lock-up agreement contains an exception that permits us to issue shares of common stock in connection with acquisitions and in connection with joint ventures and similar arrangements, so long as the recipients of those shares agree not to sell or transfer those shares for 90 days after the date of this prospectus supplement. Our lock-up agreement also contains exceptions that permit us to issue

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shares of common stock to the underwriters in this offering, to issue shares of common stock upon the exercise of outstanding options, to issue shares and options pursuant to employee benefit plans and to issue shares of common stock pursuant to non-employee director stock plans.

New York Stock Exchange Listing

Our common stock is listed on the NYSE under the symbol "O."

Price Stabilization and Short Positions

In order to facilitate this offering of shares of our common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the market price of our common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the purchase agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the overallotment option. The underwriters may close out a covered short sale by exercising the overallotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters may consider, among other things, the market price of our common stock compared to the price payable under the overallotment option. The underwriters may also sell shares in excess of the overallotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing our common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after the date of pricing of this offering that could adversely affect investors who purchase in this offering.

As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of our common stock in the open market to stabilize the price of our common stock. These stabilizing transactions may occur before or after the pricing of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

The foregoing transactions, if commenced, may raise or maintain the market price of our common stock above independent market levels or prevent or retard a decline in the market price of our common stock.

The representatives of the underwriters have advised us that these transactions, if commenced, may be effected on the NYSE or otherwise. Neither we nor any of the underwriters makes any representation that the underwriters will engage in any of the transactions described above and these transactions, if commenced, may be discontinued without notice. Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of the effect that the transactions described above, if commenced, may have on the market price of our common stock.

Electronic Distribution

A prospectus supplement and prospectus in electronic format may be made available on the website maintained by one or more of the underwriters. Other than the electronic prospectus supplement and prospectus, the information on any website maintained by any underwriter is not part of this prospectus supplement or the accompanying prospectus. One or more of the underwriters may agree to allocate a number of shares for sale to their online brokerage account holders.

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Other Relationships

Some or all of the underwriters and/or their affiliates have provided and in the future may provide investment banking, commercial banking and/or other financial services, including the provision of credit facilities, to us in the ordinary course of business for which they have received and may in the future receive compensation. In particular, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC are the joint book-running managers of this offering, and Wells Fargo Securities, LLC is also the administrative agent and sole lead arranger under our $355 million credit facility, Wells Fargo Bank, N.A., an affiliate of Wells Fargo Securities, LLC is a co-documentation agent and a lender under our $355 million credit facility and Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, is a co-syndication agent and a lender under our $355 million credit facility. In addition, affiliates of some of the other underwriters participating in this offering are lenders under our $355 million credit facility. As described above under "Use of Proceeds," we intend to use net proceeds from this offering to repay borrowings under our $355 million credit facility. As a result, these lenders will receive a portion of the net proceeds from this offering through the repayment of borrowings under that facility. If we enter into our proposed $425 million acquisition credit facility as described under "Prospectus Supplement Summary Recent Developments Proposed $425 Million Credit Facility," we expect that Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and some of the other underwriters and/or banks affiliated with them will act as agents and/or lenders under the credit facility.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Sales Outside of the United States

European Economic Area. In relation to each Member State of the European Economic Area, or EEA, which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from, and including, the date on which the Prospectus Directive is implemented in that Relevant Member State, or the Relevant Implementation Date, an offer to the public of our securities which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may not be made in that Relevant Member State, except that, with effect from, and including, the Relevant Implementation Date, an offer to the public in that Relevant Member State of our securities may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) To legal entities which are authorized or regulated to operate in the financial markets, or, if not so authorized or regulated, whose corporate purpose is solely to invest in our securities;

(b) To any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

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(c) To fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

(d) In any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of our securities shall result in a requirement for the publication by us or any underwriter or agent of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of securities within the EEA should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of securities through any financial intermediary, other than offers made by the underwriters which constitute the final offering of securities contemplated in this prospectus supplement and the accompanying prospectus.

As used above, the expression "offer to the public" in relation to any of our securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and our securities to be offered so as to enable an investor to decide to purchase or subscribe for our securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction is in addition to any other selling restrictions set out in this prospectus supplement and the accompanying prospectus.

United Kingdom. This prospectus supplement and the accompanying prospectus is only being distributed to and is only directed at (1) persons who are outside the United Kingdom, (2) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or Order; or (3) high net worth companies, and other persons to who it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, all such persons, together being referred to as "relevant persons." The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this prospectus supplement or the accompanying prospectus or any of the contents hereof or thereof.

Switzerland. We have not and will not register with the Swiss Financial Market Supervisory Authority, or FINMA, as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended, or CISA, and accordingly the securities being offered pursuant to this prospectus supplement and the accompanying prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended, or CISO, such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus supplement and the accompanying prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus supplement and the accompanying prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and

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shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus supplement and the accompanying prospectus do not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus supplement and the accompanying prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Hong Kong. This prospectus supplement and the accompanying prospectus have not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The securities will not be offered or sold in Hong Kong other than (a) to "professional" investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore. This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of our securities may not be circulated or distributed, nor may our securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where our securities are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor; shares of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 of the SFA, except: (1) to an institutional investor (for corporations under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) where the transfer is by operation of law.

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Japan. Our securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Australia. No prospectus, disclosure document, offering material or advertisement in relation to our securities has been lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange Limited. Accordingly, a person may not (a) make, offer or invite applications for the issue, sale or purchase of our securities within, to or from Australia (including an offer or invitation which is received by a person in Australia) or (b) distribute or publish this prospectus supplement and the accompanying prospectus or any other prospectus, disclosure document, offering material or advertisement relating to our securities in Australia, unless (i) the minimum aggregate consideration payable by each offeree is the U.S. dollar equivalent of at least A$500,000 (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 (CWLTH) of Australia; and (ii) such action complies with all applicable laws and regulations.

Korea. This prospectus supplement and the accompanying prospectus should be construed in any way as our (or any of our affiliates or agents) soliciting investment or offering to sell our securities in the Republic of Korea, or Korea. We are not making any representation with respect to the eligibility of any recipients of this prospectus supplement and the accompanying prospectus to acquire the securities under the laws of Korea, including, without limitation, the Financial Investment Services and Capital Markets Act, or FSCMA, the Foreign Exchange Transaction Act, or FETA, and any regulations thereunder. The securities have not yet been registered with the Financial Services Commission of Korea, or FSC, in any way pursuant to the FSCMA, and the securities may not be offered, sold or delivered, or offered or sold to any person for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea. Furthermore, the securities may not be resold to any Korean resident unless such Korean resident as the purchaser of the resold securities complies with all applicable regulatory requirements (including, without limitation, reporting or approval requirements under the FETA and regulations thereunder) relating to the purchase of the resold securities.

Dubai International Financial Centre. This prospectus supplement and the accompanying prospectus relate to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or DFSA. This prospectus supplement and the accompanying prospectus are intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. This prospectus supplement and the accompanying prospectus must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement and the accompanying prospectus nor taken steps to verify the information set forth herein and therein and has no responsibility for the prospectus supplement and the accompanying prospectus. The securities to which this prospectus supplement and the accompanying prospectus relate may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this prospectus supplement and the accompanying prospectus you should consult an authorized financial advisor.

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LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Venable LLP, Baltimore, Maryland. Certain legal matters relating to this offering will be passed upon for us by Latham & Watkins LLP, Costa Mesa, California. Sidley Austin LLP, San Francisco, California will act as counsel for the underwriters. William J. Cernius, a partner of Latham & Watkins LLP, beneficially owns 11,676 shares of our common stock. Eric S. Haueter, a partner of Sidley Austin LLP, beneficially owns approximately 7,132 shares of our common stock. Paul C. Pringle, a partner of Sidley Austin LLP, beneficially owns approximately 74,354 shares of our common stock.

EXPERTS

The consolidated balance sheets of Realty Income Corporation and subsidiaries as of December 31, 2009 and 2008, 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, 2009, and the related financial statement schedule III, and the effectiveness of internal control over financial reporting as of December 31, 2009, have been incorporated by reference in the accompanying prospectus in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference therein, and upon the authority of said firm as experts in accounting and auditing.

INCORPORATION BY REFERENCE

As described in the accompanying prospectus under the caption "Incorporation by Reference," we have incorporated by reference in the accompanying prospectus specified documents that we have filed or may file with the Securities and Exchange Commission, or the SEC, under the Securities Exchange Act of 1934, as amended. However, no document or information that we have "furnished" or may in the future "furnish" to (rather than "file" with) the SEC shall be incorporated by reference into this prospectus supplement or the accompanying prospectus.

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PROSPECTUS

REALTY INCOME CORPORATION

Debt Securities, Preferred Stock and Common Stock

Realty Income Corporation, a Maryland corporation, may from time to time offer in one or more series (1) our debt securities, (2) shares of our preferred stock, $1.00 par value per share, or (3) shares of our common stock, $1.00 par value per share, on terms to be determined at the time of the offering. Our debt securities, our preferred stock and our common stock (collectively referred to as our securities), may be offered, separately or together, in separate series, in amounts, at prices and on terms that will be set forth in one or more prospectus supplements to this prospectus or other offering materials.

The specific terms of the securities with respect to which this prospectus is being delivered will be set forth in the applicable prospectus supplement or other offering materials and will include, where applicable:

- in the case of our debt securities, the specific title, aggregate principal amount, currency, form (which may be registered, bearer, certificated or global), authorized denominations, maturity, rate (or manner of calculating the rate) and time of payment of interest, terms for redemption at our option or repayment at the holder's option, terms for sinking fund payments, terms for conversion into shares of our preferred stock or common stock, covenants and any initial public offering price;

- in the case of our preferred stock, the specific designation, preferences, conversion and other rights, voting powers, restrictions, limitations as to transferability, dividends and other distributions and terms and conditions of redemption and any initial public offering price; and

- in the case of our common stock, any initial public offering price.

In addition, the specific terms may include limitations on actual, beneficial or constructive ownership and restrictions on transfer of the securities, in each case as may be appropriate to preserve our status as a real estate investment trust, or REIT, for United States federal income tax purposes. The applicable prospectus supplement or other offering materials may also contain information, where applicable, about United States federal income tax considerations, and any exchange listing of the securities covered by the prospectus supplement or other offering materials, as the case may be.

Investing in our securities involves risks. See "Risk Factors" in our most recent Annual Report on Form 10-K, and any subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference in this prospectus.

Our common stock is traded on the New York Stock Exchange under the symbol "O." On March 23, 2009, the last reported sale price of the common stock was $18.56 per share.

Our securities may be offered directly, through agents designated from time to time by us, or to or through underwriters or dealers. If any agents or underwriters are involved in the sale of any of our securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them, will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement or other offering materials. This prospectus may not be used to consummate sales of the offered securities unless it is accompanied by a prospectus supplement describing the method and terms of the offering of those offered securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is March 24, 2009.

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ABOUT THIS PROSPECTUS

All references to "Realty Income," "our," "us" and "we" in this prospectus mean Realty Income Corporation and its wholly-owned subsidiaries and other entities controlled by Realty Income Corporation except where it is clear from the context that the term means only the issuer, Realty Income Corporation.

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission, or the SEC, as a "well-known seasoned issuer" as defined in Rule 405 under the Securities Act of 1933, as amended, or the Securities Act, utilizing a "shelf" registration process for the delayed offering and sale of securities pursuant to Rule 415 under the Securities Act. Under this shelf registration process, we may, from time to time, sell any combination of the securities described in this prospectus in one or more offerings. This prospectus only provides you with a general description of the securities that we may offer. Each time we sell securities, we will provide a prospectus supplement or other offering materials that will contain specific information about the terms of that offering. The prospectus supplement or other offering materials may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement or other offering materials together with additional information described under the heading "Where You Can Find More Information." If there is any inconsistency between the information in this prospectus and any applicable prospectus supplement or other offering materials, you should rely on the information in the applicable prospectus supplement or other offering materials.

As allowed by SEC rules, this prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement. For further information, we refer you to the registration statement, including its exhibits and schedules. Statements contained in this prospectus about the provisions or contents of any contract, agreement or any other document referred to are not necessarily complete. For each of these contracts, agreements or documents filed as an exhibit to the registration statement, we refer you to the actual exhibit for a more complete description of the matters involved. You should rely only on the information contained or incorporated by reference in this prospectus and in any supplement to this prospectus or, if applicable, any other offering materials we may provide you. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus, the accompanying prospectus supplement or any other offering materials is accurate only as of the date on their respective covers, and you should assume that the information appearing in any document incorporated or deemed to be incorporated by reference in this prospectus or any accompanying prospectus supplement is accurate only as of the date that document was filed with the SEC. Our business, financial condition, results of operations and prospects may have changed since those dates.

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THE COMPANY

Realty Income Corporation, The Monthly Dividend Company®, is a Maryland corporation organized to operate as an equity real estate investment trust, or REIT. Our primary business objective is to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, or FFO, per share. Our monthly distributions are supported by the cash flow from our portfolio of retail properties leased to regional and national retail chains. We have in-house acquisition, leasing, legal, retail and real estate research, portfolio management and capital markets expertise. Over the past 40 years, Realty Income and its predecessors have been acquiring and owning freestanding retail properties that generate rental revenue under long-term lease agreements (primarily 15 to 20 years).

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

- 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, we adhere to a focused strategy of primarily acquiring properties that are:

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

At December 31, 2008, we owned a diversified portfolio:

- Of 2,348 retail properties;
- With an occupancy rate of 97.0%, or 2,278 properties occupied of the 2,348 properties in the portfolio;
- With only 70 properties available for lease;
- Leased to 119 different retail chains doing business in 30 separate retail industries;
- Located in 49 states;
- With over 19.1 million square feet of leasable space; and
- With an average leasable retail space per property of approximately 8,130 square feet.

Of the 2,348 properties in the portfolio, 2,337, or 99.5%, are single-tenant, retail properties and the remaining 11 are multi-tenant, distribution and office properties. At December 31, 2008, 2,268 of the 2,337 single-tenant properties were leased with a weighted average remaining lease term (excluding extension options) of approximately 11.9 years.

In addition, at December 31, 2008, our wholly-owned taxable REIT subsidiary, Crest Net Lease, Inc. ("Crest"), had an inventory of five properties with a carrying value of $6.0 million, which are classified as held for sale. Crest was created to buy and sell properties, primarily to individual investors who are involved in tax-deferred exchanges under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code").

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We typically acquire retail store properties under long-term leases with retail chain store operators. These transactions generally provide capital to owners of retail real estate and retail chains for expansion or other corporate purposes. Our acquisition and investment activities are concentrated in well-defined target markets and generally focus on retail chains providing goods and services that satisfy basic consumer needs.

Our net-lease agreements generally:

- Are for initial terms of 15 to 20 years;
- Require the tenant to pay minimum monthly rents 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), fixed increases, or to a lesser degree, additional rent calculated as a percentage of the tenants' gross sales above a specified level.

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 common stock is listed on The New York Stock Exchange ("NYSE") under the ticker symbol "O" with a cusip number of 756109-104. Our central index key number is 726728. Our 7.375% Monthly Income Class D cumulative redeemable preferred stock, or Class D preferred stock, is listed on the NYSE under the ticker symbol "OprD" with a cusip number of 756109-609. Our 6.75% Monthly Income Class E cumulative redeemable preferred stock, or Class E preferred stock, is listed on the NYSE under the ticker symbol "OprE" with a cusip number of 756109-708.

Our principal executive offices are located at 600 La Terraza Boulevard, Escondido, California 92025-3873. Our telephone number is (760) 741-2111.

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein contain, and any related prospectus supplements, other offering materials and documents deemed to be incorporated by reference herein or therein may contain, forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. When used in this prospectus, the words "estimated", "anticipated", "expect", "believe", "intend" and similar expressions are intended to identify forward-looking statements. These 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 retail properties;

Future expenditures for development projects; and

The profitability of Crest.

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

- Our continued qualification as a real estate investment trust;
- General business and economic conditions;
- Competition;
- Fluctuating interest rates;
- Access to debt and equity capital markets;
- Volatility and uncertainty in the credit markets and broader financial markets;
- Other risks inherent in the real estate business including tenant defaults, potential liability relating to environmental matters, illiquidity of real estate investments and potential damages from natural disasters;
- Impairments in the value of our real estate assets;
- Changes in the tax laws of the United States of America;
- The outcome of any legal proceeding to which we are a party; 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 our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and also include risk factors and other information discussed in other documents that are incorporated or deemed to be incorporated by reference in this prospectus.

Readers are cautioned not to place undue reliance on forward-looking statements contained or incorporated by reference in this prospectus, which speak only as of the date of this prospectus or the date of the incorporated document, as the case may be. We undertake no obligation to update any information contained herein or incorporated herein by reference or 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 prospectus or to reflect the occurrence of unanticipated events. In light of these risks and uncertainties, the forward-looking events discussed in this prospectus and the documents incorporated by reference herein might not occur.

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement or other offering materials, we intend to use the net proceeds from the sale of our securities for general corporate purposes, which may includ