

REALTY INCOME CORP  
Form 10-K  
February 12, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-K  
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended December 31, 2008

Commission File Number 1-13374

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

Maryland  
(State or Other Jurisdiction of  
Incorporation or Organization)

33-0580106  
(IRS Employer  
Identification Number)

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

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

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

| Title of Each Class                       | Name of Each Exchange<br>On Which Registered |
|---|--|
| Common Stock, \$1.00 Par Value            | New York Stock Exchange                      |
| Class D Preferred Stock, \$1.00 Par Value | New York Stock Exchange                      |
| Class E Preferred Stock, \$1.00 Par Value | New York Stock Exchange                      |

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

At June 30, 2008, the aggregate market value of the Registrant's shares of common stock, \$1.00 par value, held by non-affiliates of the Registrant was \$2.2 billion, at the New York Stock Exchange ("NYSE") closing price of \$22.76.

At February 9, 2009, the number of shares of common stock outstanding was 104,319,051, the number of Class D preferred stock outstanding was 5,100,000 and the number of Class E preferred stock outstanding was 8,800,000.

DOCUMENTS INCORPORATED BY REFERENCE

Part III, Items 10, 11, 12, 13 and 14 incorporate by reference certain specific portions of the definitive Proxy Statement for Realty Income Corporation's Annual Meeting to be held on May 12, 2009, to be filed pursuant to Regulation 14A. Only those portions of the proxy statement which are specifically incorporated by reference herein shall constitute a part of this annual report.

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REALTY INCOME CORPORATION

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PART I

Item 1: Business

THE COMPANY

Realty Income Corporation, The Monthly Dividend Company®, is a Maryland corporation organized to operate as an equity real estate investment trust, or REIT. Our primary business objective is to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, or FFO per share. Our monthly distributions are supported by the cash flow from our portfolio of 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 39 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 “Tax Code”). We anticipate Crest will not acquire any properties in 2009.

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.

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Our net-lease agreements generally:

- Are for initial terms of 15 to 20 years;
- Require the tenant to pay minimum monthly rent and property operating expenses (taxes, insurance and maintenance); and
- Provide for future rent increases based on increases in the consumer price index (typically subject to ceilings), 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.

The eight senior officers of Realty Income owned 1.2% of our outstanding common stock with a market value of \$25.9 million at February 9, 2009. The directors and eight senior officers of Realty Income, as a group, owned 2.5% of our outstanding common stock with a market value of \$52.1 million at February 9, 2009.

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

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

In February 2009, we had 69 permanent employees as compared to 75 permanent employees in February 2008.

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

## RECENT DEVELOPMENTS

### Increases in Monthly Distributions to Common Stockholders

We continue our 39-year policy of paying distributions monthly. Monthly distributions per share increased in January 2009 by \$0.000625 to \$0.14175. The increase in January 2009 was our 45th consecutive quarterly increase and the 52nd increase in the amount of our dividend since our listing on the NYSE in 1994. In 2008, we paid three monthly cash distributions per share in the amount of \$0.13675, three in the amount of \$0.137375, two in the amount of \$0.138, one in the amount of \$0.1405 and three in the amount of \$0.141125, totaling \$1.66225. In December 2008 and January 2009, we declared distributions of \$0.14175 per share, which were paid in January 2009 and will be paid in February 2009, respectively.

The monthly distribution of \$0.14175 per share represents a current annualized distribution of \$1.701 per share, and an annualized distribution yield of approximately 8.4% based on the last reported sale price of our common stock on the NYSE of \$20.19 on February 9, 2009. Although we expect to continue our policy of paying monthly distributions, we cannot guarantee that we will maintain our current level of distributions, that we will continue our pattern of



increasing distributions per share, or what our actual distribution yield will be in any future period.

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### Acquisitions During 2008

During 2008, Realty Income invested \$189.6 million in 108 new retail properties and properties under development with an initial weighted average contractual lease rate of 8.7%. \$181.4 million of these acquisitions occurred in the first quarter of 2008 while only \$8.2 million was invested during the remainder of 2008. These 108 properties are located in 14 states, contain over 714,000 leasable square feet, and are 100% leased with an average lease term of 20.6 years. The 108 new properties acquired by Realty Income are net-leased to eight different retail chains in the following seven industries: automotive tire service, convenience store, drug store, financial services, motor vehicle dealership, restaurant and theater. There were no acquisitions by Crest in 2008.

Our 2008 portfolio acquisitions were lower than in recent years primarily due to uncertainty in the commercial retail real estate market. Property prices continued to decline and lease rates rose throughout 2008. We continue to monitor the acquisition market carefully and will acquire properties for long-term investment when we believe the transactions are accretive to our shareholders.

The initial weighted average contractual lease rate is computed as estimated contractual net operating income (in a net-leased property this is equal to the base rent or, in the case of properties under development, the estimated base rent under the lease) for the first year of each lease, divided by the estimated total costs. 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.

### Investments in Existing Properties

In 2008, we capitalized costs of \$2.8 million on existing properties in our portfolio, consisting of \$956,000 for re-leasing costs and \$1.5 million for building improvements.

### \$355 Million Acquisition Credit Facility

In May 2008, we entered into a new \$355 million acquisition credit facility which replaced our existing \$300 million acquisition credit facility that was scheduled to expire in October 2008. The term of the new credit facility is for three years until May 2011, plus two, one-year extension options. Under the new credit facility, our investment grade credit ratings provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 100 basis points with a facility fee of 27.5 basis points, for all-in drawn pricing of 127.5 basis points over LIBOR. We also have other interest rate options available to us.

### Issuance of Common Stock

In September 2008, we issued 2,925,000 shares of common stock at a price of \$26.82 per share. The net proceeds of \$74.4 million were used, along with our available cash on hand, to repay the \$100 million outstanding principal amount of our 8.25% Monthly Income Senior Notes ("2008 Notes") in November 2008 and the \$20 million outstanding principal amount of our 8% Notes ("2009 Notes") in January 2009.

### Note Redemptions

In November 2008, we redeemed the \$100 million outstanding principal amount of our 2008 Notes. In January 2009, we redeemed the \$20 million outstanding principal amount of our 2009 Notes. The 2008 Notes and 2009 Notes were redeemed at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest. We now have no debt maturities until 2013.

### Retirement of Chairman of the Board of Directors

William E. Clark, our previous non-executive chairman, retired from the Board of Directors effective February 10, 2009. Our Corporate Governance and Nominating Committee recommended, and the Board of Directors elected, Donald R. Cameron as the new non-executive chairman effective upon Mr. Clark's retirement. Mr. Cameron has served on Realty Income's Board of Directors since 1994, and has been Realty Income's lead independent director

since May 2004.

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Net Income Available to Common Stockholders

Net income available to common stockholders was \$107.6 million in 2008 versus \$116.2 million in 2007, a decrease of \$8.6 million. On a diluted per common share basis, net income was \$1.06 per share in 2008 as compared to \$1.16 per share in 2007.

The calculation to determine net income available to common stockholders includes gains from the sales 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 recognized during 2008 from the sales of investment properties and from the additional proceeds received from a sale of excess land was \$13.6 million, as compared to a \$3.6 million gain recognized from the sales of investment properties and excess land during 2007.

Funds from Operations (FFO)

In 2008, our FFO decreased by \$4.2 million, or 2.2%, to \$185.5 million versus \$189.7 million in 2007. On a diluted per common share basis, FFO was \$1.83 in 2008 compared to \$1.89 in 2007, a decrease of \$0.06, or 3.2%.

See our discussion of FFO in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this annual report, which includes a reconciliation of net income available to common stockholders to FFO.

Crest’s Property Sales

During 2008, Crest sold 25 properties from its inventory for an aggregate of \$50.7 million, which resulted in a gain of \$4.6 million. Crest’s gains are included in “income from discontinued operations, real estate acquired for resale by Crest” on our consolidated statements of income.

Crest’s Property Inventory

Crest’s had an inventory of five properties with a carrying value of \$6.0 million at December 31, 2008, which is included in “real estate held for sale, net” on our consolidated balance sheet.

DISTRIBUTION POLICY

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

In order to maintain our tax status as a REIT for federal income tax purposes, we generally are required to distribute dividends to our stockholders aggregating annually at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains), and we are subject to income tax to the extent we distribute less than 100% of our REIT taxable income (including net capital gains). In 2008, our cash distributions totaled \$193.9 million, or approximately 122.7% of our estimated REIT taxable income of \$158.0 million. Our estimated REIT taxable income reflects non-cash deductions for depreciation and amortization. Our estimated REIT taxable income is presented to show our compliance with REIT distribution requirements and is not a measure of our liquidity or performance.

We intend to continue to make distributions to our stockholders that are sufficient to meet this distribution requirement and that will reduce our exposure to income taxes. Our 2008 cash distributions to common stockholders totaled \$169.7 million, representing 91.5% of our funds from operations available to common stockholders of \$185.5 million.

The Class D preferred stockholders receive cumulative distributions at a rate of 7.375% per annum on the \$25 per share liquidation preference (equivalent to \$1.84375 per annum per share). The Class E preferred stockholders receive cumulative distributions at a rate of 6.75% per annum on the \$25 per share liquidation preference (equivalent to \$1.6875 per annum per share).

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

Distributions of our current and accumulated earnings and profits for federal income tax purposes generally will be taxable to stockholders as ordinary income, except to the extent that we recognize capital gains and declare a capital gains dividend, or that such amounts constitute "qualified dividend income" subject to a reduced tax rate. The maximum tax rate of non-corporate taxpayers for "qualified dividend income" has generally been reduced to 15% (until it "sunsets" or reverts to the provisions of prior law, which under current law will occur with respect to taxable years beginning after December 31, 2010). In general, dividends payable by REITs are not eligible for the reduced tax rate on corporate dividends, except to the extent the REIT's dividends are attributable to dividends received from taxable corporations (such as our taxable REIT subsidiary, Crest), to income that was subject to tax at the corporate or REIT level (for example, if we distribute taxable income that we retained and paid tax on in the prior taxable year) or, as discussed above, dividends properly designated by us as "capital gain dividends." Distributions in excess of earnings and profits generally will be treated as a non-taxable reduction in the stockholders' basis in their stock. Distributions above that basis, generally, will be taxable as a capital gain to stockholders who hold their shares as a capital asset. Approximately 18.8% of the distributions to our common stockholders, made or deemed to have been made in 2008, were classified as a return of capital for federal income tax purposes. We are unable to predict the portion of future distributions that may be classified as a return of capital.

## BUSINESS PHILOSOPHY AND STRATEGY

### Investment Philosophy

We believe that owning an actively managed, diversified portfolio of retail properties under long-term, net leases produces consistent and predictable income. Net leases typically require the tenant to be responsible for monthly rent and property operating expenses including property taxes, insurance and maintenance. In addition, tenants are typically responsible 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 believe that a portfolio of properties under long-term leases, coupled with the tenant's responsibility for property expenses, generally produces a more predictable income stream than many other types of real estate portfolios, while continuing to offer the potential for growth in rental income.

### Investment Strategy

In identifying new properties for acquisition, our focus is generally on providing capital to retail chain owners and operators by acquiring, then leasing back, retail store locations. We categorize retail tenants as: 1) venture market, 2) middle market, and 3) upper market. Venture companies typically offer a new retail concept in one geographic region of the country and operate between five and 50 retail locations. Middle market retail chains typically have 50 to 500 retail locations, operations in more than one geographic region, have been successful through one or more economic cycles, and have a proven, replicable concept. The upper market retail chains typically consist of companies with 500 or more locations, operating nationally, in a proven, mature retail concept. Upper market retail chains generally have strong operating histories and access to several sources of capital.



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We primarily focus on acquiring properties leased to middle market retail chains that we believe are attractive for investment because:

- They generally have overcome many of the operational and managerial obstacles that can adversely affect venture retailers;
- They typically require capital to fund expansion but have more limited financing options than upper market retail chains;
- They generally have provided us with attractive risk-adjusted returns over time since their financial strength has, in many cases, tended to improve as their businesses have matured;
  - Their relatively large size allows them to spread corporate expenses across a greater number of stores; and
- Middle market retailers typically have the critical mass to survive if a number of locations are closed due to underperformance.

We also focus on, and have selectively made investments in, properties of upper market retail chains. We believe upper market retail chains can be attractive for investment because:

- They typically are of a higher credit quality;
- They usually are larger public and private retailers with more commonly recognized brand names;
  - They utilize a larger building ranging in size from 10,000 to 50,000 square feet; and
  - They are able to grow because access to capital facilitates larger transaction sizes.

While our investment strategy focuses primarily on acquiring properties leased to middle and upper market retail chains, we also selectively seek investment opportunities with venture market retail chains. Periodically, venture market opportunities arise where we feel that the real estate used by the tenant is high quality and can be purchased at favorable prices. To meet our stringent investment standards, however, venture retail companies must have a well-defined retailing concept and strong financial prospects. These opportunities are examined on a case by case basis and we are highly selective in making investments in this area.

Historically, our investment focus has been on retail industries that have a service component because we believe the lease revenue from these types of businesses is more stable. Because of this investment focus, for the quarter ended December 31, 2008, approximately 83.2% of our rental revenue was derived from retailers with a service component in their business. Furthermore, we believe these service-oriented businesses would be difficult to duplicate over the Internet and that our properties continue to perform well relative to competition from Internet businesses.

## Credit Strategy

We generally provide sale-leaseback financing to less than investment grade retail chains. We typically acquire and lease back properties to regional and national retail chains and believe that within this market we can achieve an attractive risk-adjusted return on the financing we provide to retailers. Since 1970, our overall weighted average occupancy rate at the end of each year has been 98.4%, and the occupancy rate at the end of each year has never been below 97%.

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



believe that the risk of default on the real estate leases can be further mitigated by monitoring the performance of the retailers' individual unit locations and considering whether to sell locations that are weaker performers.

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

- Industry, company, market conditions and credit profile;
- Store profitability, if profitability data is available; and
- Overall real estate characteristics, including property value and comparative rental rates.

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

- Are located in highly visible areas;
- Have easy access to major thoroughfares; and
- Have attractive demographics.

## Acquisition Strategy

We seek to invest in industries in which several, well-organized, regional and national retail chains are capturing market share through service, quality control, economies of scale, advertising and the selection of prime retail locations. We execute our acquisition strategy by acting as a source of capital to regional and national retail chain store owners and operators, doing business in a variety of industries, by acquiring and leasing back retail store locations. We undertake thorough research and analysis to identify appropriate industries, tenants and property locations for investment. Our research expertise is instrumental to uncovering net-lease opportunities in markets where our real estate financing program adds value. In selecting real estate for potential investment, we generally seek to acquire properties that have the following characteristics:

- Freestanding, commercially-zoned property with a single tenant;
- Properties that are important retail locations for regional and national retail chains;
  - Properties that we deem to be profitable for the retailers;
- Properties that are located within attractive demographic areas relative to the business of their tenants, with high visibility and easy access to major thoroughfares; and
- Properties that can be purchased with the simultaneous execution or assumption of long-term, net-lease agreements, offering both current income and the potential for rent increases.

## Portfolio Management Strategy

The active management of the property portfolio is an essential component of our long-term strategy. We continually monitor our portfolio for any changes that could affect the performance of the industries, tenants and locations in which we have invested. We also regularly analyze our portfolio with a view toward optimizing its returns and enhancing its credit quality. Our executives review industry research, tenant research, property due diligence and significant portfolio management activities. This monitoring typically includes regular review and analysis of:

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

We have an active portfolio management program that incorporates the sale of assets when we believe the reinvestment of the sale proceeds will generate higher returns, enhance the credit quality of our real estate portfolio, or extend our average remaining lease term. At December 31, 2008, we classified real estate with a carrying amount of \$6.7 million as held for sale on our balance sheet, which includes \$6.0 million for properties owned by Crest. Additionally, we anticipate selling investment properties in our portfolio that have not yet been specifically identified, from which we anticipate receiving between \$10 million and \$35 million in proceeds during the next 12

months. We intend to invest these proceeds into new property acquisitions. However, we cannot guarantee that we will sell properties during the next 12 months.

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### Universal Shelf Registration

In April 2006, we filed a shelf registration statement with the SEC, which is effective for a term of three years. In accordance with the SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed. The securities covered by this registration statement include common stock, preferred stock, debt securities, or any combination of such securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if the securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering. There is no specific limit to the dollar amount of new securities that can be issued under this shelf registration before it expires in April 2009, and our common stock, preferred stock and notes issued after April 2006 were all issued pursuant to this universal shelf registration statement. Our plan is to file a new shelf registration statement prior to April 2009, when our existing shelf registration statement expires.

### Conservative Capital Structure

We believe that our stockholders are best served by a conservative capital structure. Therefore, we seek to maintain a conservative debt level on our balance sheet and solid interest and fixed charge coverage ratios. At February 9, 2009, our total outstanding borrowings were \$1.35 billion of senior unsecured notes, or approximately 35.5% of our total market capitalization of \$3.80 billion. We had no borrowings on our \$355 million credit facility.

We define our total market capitalization at February 9, 2009 as the sum of:

- Shares of our common stock outstanding of 104,319,051 multiplied by the last reported sales price of our common stock on the NYSE of \$20.19 per share on February 9, 2009, or \$2.11 billion;
- Aggregate liquidation value (par value of \$25 per share) of the Class D preferred stock of \$127.5 million;
- Aggregate liquidation value (par value of \$25 per share) of the Class E preferred stock of \$220 million; and
- Outstanding notes of \$1.35 billion.

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

### \$355 Million Acquisition Credit Facility

In May 2008, we entered into a new \$355 million revolving, unsecured credit facility which replaced our existing \$300 million acquisition credit facility that was scheduled to expire in October 2008. The term of the new credit facility is for three years until May 2011, plus two, one-year extension options. Under the new credit facility, our investment grade credit ratings provided for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 100 basis points with a facility fee of 27.5 basis points, for all-in drawn pricing of 127.5 basis points over LIBOR. We also have other interest rate options available to us. At February 9, 2009, we had a borrowing capacity of \$355 million available on our new credit facility and no outstanding balance.

We expect to use our credit facility to acquire additional retail properties and for other corporate purposes. Any additional borrowings will increase our exposure to interest rate risk. We have the right to request an increase in the borrowing capacity of the credit facility up to \$100 million, to a total borrowing capacity of \$455 million. Any increase in the borrowing capacity is subject to the approval of our credit facility's lending banks.



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We use our credit facility for the short-term financing of new property acquisitions. When outstanding borrowings under the credit facility reach a certain level (generally in the range of \$100 million to \$200 million) and capital is available on acceptable terms, we generally seek to refinance those borrowings with the net proceeds of long-term or permanent financing, which may include the issuance of common stock, preferred stock, convertible preferred stock, debt securities or convertible debt securities. We cannot assure you, however, that we will be able to obtain any such refinancing or that market conditions prevailing at the time of refinancing will enable us to issue equity or debt securities upon acceptable terms.

### Credit Agency Ratings

We are currently assigned investment grade corporate credit ratings on our senior unsecured notes. Fitch Ratings has assigned a rating of BBB+, Moody's Investors Service has assigned a rating of Baa1 and Standard & Poor's Ratings Group has assigned a rating of BBB to our senior notes. All of these ratings have "stable" outlooks.

We have also been assigned credit ratings on our preferred stock. Fitch Ratings has assigned a rating of BBB, Moody's has assigned a rating of Baa2 and Standard & Poor's has assigned a rating of BB+ to our preferred stock. All of these ratings have "stable" outlooks.

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

### Mortgage Debt

We have no mortgage debt on any of our properties.

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

We have no unconsolidated or off-balance sheet investments in "variable interest entities" or off-balance sheet financing, nor do we engage in trading activities involving energy or commodity contracts or other derivative instruments.

As we have no joint ventures, off-balance sheet entities, or mandatory redeemable preferred stock, our financial position or results of operations are currently not affected by Financial Accounting Standards Board Interpretation No. 46R, Consolidation of Variable Interest Entities and Statement of Financial Accounting Standards No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.

### Competitive Strategy

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

- **Size and Type of Investment Properties:** We believe smaller (\$500,000 to \$10,000,000) net-leased retail properties represent an attractive investment opportunity in today's real estate environment. Due to the complexities of acquiring and managing a large portfolio of relatively small assets, we believe these types of properties have not experienced significant institutional ownership interest or the corresponding yield reduction experienced by larger income-producing properties. We believe the less intensive day-to-day property management required by net-lease agreements, coupled with the active management of a large portfolio of smaller properties, is an effective investment strategy. The tenants of our freestanding retail properties generally provide goods and services that satisfy basic consumer needs. In order to grow and expand, they generally need capital. Since the acquisition of real estate is typically the single largest capital expenditure of many of these retailers, our method of purchasing the

property and then leasing it back, under a net-lease arrangement, allows the retail chain to free up capital.

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- **Investment in New Retail Industries:** Though we specialize in single-tenant properties, we will seek to further diversify our portfolio among a variety of retail industries. We believe diversification will allow us to invest in retail industries that currently are growing and have characteristics we find attractive. These characteristics include, but are not limited to, retail industries that are dominated by local store operators where regional and national chain store operators can increase market share and dominance by consolidating local operators and streamlining their operations, as well as capitalizing on major demographic shifts in a population base.
- **Diversification:** Diversification of the portfolio by retail industry type, tenant, and geographic location is key to our objective of providing predictable investment results for our stockholders, therefore further diversification of our portfolio is a continuing objective. At December 31, 2008, our retail property portfolio consisted of 2,348 properties located in 49 states, leased to 119 retail chains doing business in 30 industry segments. Each of the 30 industry segments, represented in our property portfolio, individually accounted for no more than 20.8% of our rental revenue for the quarter ended December 31, 2008.
- **Management Specialization:** We believe that our management's specialization in single-tenant retail properties, operated under net-lease agreements, is important to meeting our objectives. We plan to maintain this specialization and will seek to employ and train high-quality professionals in this specialized area of real estate ownership, finance and management.
- **Technology:** We intend to stay at the forefront of technology in our efforts to efficiently and economically carry out our operations. We maintain sophisticated information systems that allow us to analyze our portfolio's performance and actively manage our investments. We believe that technology and information-based systems will play an increasingly important role in our competitiveness as an investment manager and source of capital to a variety of industries and tenants.

## PROPERTIES

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.

In addition to our real estate portfolio, our subsidiary, Crest had an inventory of five properties located in five states at December 31, 2008. These properties have a carrying value of \$6.0 million and are classified as held for sale.

At December 31, 2008, 2,268 of our 2,348 retail properties 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, to a lesser degree, additional rent calculated as a percentage of the tenants' gross sales above a specified level.

Our net-leased retail properties primarily are leased to regional and national retail chain store operators. Most buildings are single-story structures with adequate parking on site to accommodate peak retail traffic periods. The



properties tend to be on major thoroughfares with relatively high traffic counts, adequate access and proximity to a sufficient population base to constitute a suitable market or trade area for the retailer's business.

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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:

| Industries                                | Percentage of Rental Revenue(1)                        |                 |                 |                 |                 |                 |                 |
|---|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | For the<br>Quarter<br>Ended<br>December<br>31,<br>2008 | Dec 31,<br>2008 | Dec 31,<br>2007 | Dec 31,<br>2006 | Dec 31,<br>2005 | Dec 31,<br>2004 | Dec 31,<br>2003 |
| Apparel stores                            | 1.1%   | 1.1%            | 1.2%            | 1.7%            | 1.6%            | 1.8%            | 2.1%            |
| A u t o m o t i v e<br>collision services | 1.0  | 1.0             | 1.1             | 1.3             | 1.3             | 1.0             | 0.3             |
| Automotive parts                          | 1.6  | 1.6             | 2.1             | 2.8             | 3.4             | 3.8             | 4.5             |
| A u t o m o t i v e<br>service            | 4.7  | 4.8             | 5.2             | 6.9             | 7.6             | 7.7             | 8.3             |
| Automotive tire<br>services               | 6.8  | 6.7             | 7.3             | 6.1             | 7.2             | 7.8             | 3.1             |
| Book stores                               | 0.2  | 0.2             | 0.2             | 0.2             | 0.3             | 0.3             | 0.4             |
| Business services                         | *  | *               | 0.1             | 0.1             | 0.1             | 0.1             | 0.1             |
| Child care                                | 7.5  | 7.6             | 8.4             | 10.3            | 12.7            | 14.4            | 17.8            |
| C o n s u m e r<br>electronics            | 0.8  | 0.8             | 0.9             | 1.1             | 1.3             | 2.1             | 3.0             |
| C o n v e n i e n c e<br>stores           | 16.4   | 15.8            | 14.0            | 16.1            | 18.7            | 19.2            | 13.3            |
| C r a f t s a n d<br>novelties            | 0.3  | 0.3             | 0.3             | 0.4             | 0.4             | 0.5             | 0.6             |
| Distribution and<br>office                | 1.0  | 1.0             | 0.6             | --              | --              | --              | --              |
| Drug stores                               | 4.2  | 4.1             | 2.7             | 2.9             | 2.8             | 0.1             | 0.2             |
| Entertainment                             | 1.2  | 1.2             | 1.4             | 1.6             | 2.1             | 2.3             | 2.6             |
| Equipment rental<br>services              | 0.2  | 0.2             | 0.2             | 0.2             | 0.4             | 0.3             | 0.2             |
| Financial services                        | 0.3  | 0.2             | 0.2             | 0.1             | 0.1             | 0.1             | --              |
| G e n e r a l<br>merchandise              | 0.8  | 0.8             | 0.7             | 0.6             | 0.5             | 0.4             | 0.5             |
| Grocery stores                            | 0.7  | 0.7             | 0.7             | 0.7             | 0.7             | 0.8             | 0.4             |
| Health and fitness                        | 5.7  | 5.6             | 5.1             | 4.3             | 3.7             | 4.0             | 3.8             |
| Home furnishings                          | 2.6  | 2.4             | 2.6             | 3.1             | 3.7             | 4.1             | 4.9             |
| H o m e<br>improvement                    | 1.8  | 1.9             | 2.1             | 3.4             | 1.1             | 1.0             | 1.1             |
| Motor vehicle<br>dealerships              | 3.1  | 3.1             | 3.1             | 3.4             | 2.6             | 0.6             | --              |
| Office supplies                           | 1.0  | 1.0             | 1.1             | 1.3             | 1.5             | 1.6             | 1.9             |
| Pet supplies and<br>services              | 0.9  | 0.8             | 0.9             | 1.1             | 1.3             | 1.4             | 1.7             |
| Private education                         | 0.8  | 0.8             | 0.8             | 0.8             | 0.8             | 1.1             | 1.2             |
| Restaurants                               | 20.8   | 21.8            | 21.2            | 11.9            | 9.4             | 9.7             | 11.8            |

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|                |        |        |        |        |        |        |        |
|----------------|--------|--------|--------|--------|--------|--------|--------|
| Shoe stores    | --     | --     | --     | --     | 0.3    | 0.3    | 0.9    |
| Sporting goods | 2.3    | 2.3    | 2.6    | 2.9    | 3.4    | 3.4    | 3.8    |
| Theaters       | 9.1    | 9.0    | 9.0    | 9.6    | 5.2    | 3.5    | 4.1    |
| Travel plazas  | 0.2    | 0.2    | 0.2    | 0.3    | 0.3    | 0.4    | 0.3    |
| Video rental   | 1.0    | 1.1    | 1.7    | 2.1    | 2.5    | 2.8    | 3.3    |
| Other          | 1.9    | 1.9    | 2.3    | 2.7    | 3.0    | 3.4    | 3.8    |
| 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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## Service Category Diversification

The following table sets forth certain information regarding the properties owned by Realty Income (excluding properties owned by Crest) at December 31, 2008, classified according to the retail business types and the level of services they provide (dollars in thousands):

| Industry                                  | Number of Properties | Rental Revenue for the Quarter Ended December 31, 2008(1) | Percentage of Rental Revenue |
|---|----------------------|---|------------------------------|
| <b>Tenants Providing Services</b>         |                      |   |                              |
| Automotive collision services             | 13                   | \$ 852  | 1.0%                         |
| Automotive service                        | 235                  | 3,908   | 4.7                          |
| Child care                                | 263                  | 6,201   | 7.5                          |
| Entertainment                             | 8                    | 999   | 1.2                          |
| Equipment rental services                 | 3                    | 158   | 0.2                          |
| Financial services                        | 13                   | 209   | 0.3                          |
| Health and fitness                        | 26                   | 4,685   | 5.7                          |
| Private education                         | 7                    | 631   | 0.8                          |
| Theaters                                  | 34                   | 7,507   | 9.1                          |
| Other                                     | 9                    | 1,557   | 1.9                          |
|   | 611                  | 26,707  | 32.4                         |
| <b>Tenants Selling Goods and Services</b> |                      |   |                              |
| Automotive parts (with installation)      | 26                   | 510   | 0.6                          |
| Automotive tire services                  | 155                  | 5,647   | 6.8                          |
| Business services                         | 1                    | 13  | *                            |
| Convenience stores                        | 574                  | 13,518  | 16.4                         |
| Distribution and office                   | 3                    | 847   | 1.0                          |
| Home improvement                          | 3                    | 108   | 0.1                          |
| Motor vehicle dealerships                 | 21                   | 2,603   | 3.1                          |
| Pet supplies and services                 | 10                   | 666   | 0.8                          |
| Restaurants                               | 642                  | 17,217  | 20.8                         |
| Travel plazas                             | 1                    | 187   | 0.2                          |
| Video rental                              | 32                   | 829   | 1.0                          |
|   | 1,468                | 42,145  | 50.8                         |
| <b>Tenants Selling Goods</b>              |                      |   |                              |
| Apparel stores                            | 6                    | 902   | 1.1                          |
| Automotive parts                          | 51                   | 842   | 1.0                          |
| Book stores                               | 2                    | 156   | 0.2                          |
| Consumer electronics                      | 13                   | 686   | 0.8                          |
| Crafts and novelties                      | 5                    | 242   | 0.3                          |
| Drug stores                               | 51                   | 3,481   | 4.2                          |
| General merchandise                       | 33                   | 694   | 0.8                          |
| Grocery stores                            | 9                    | 577   | 0.7                          |
| Home furnishings                          | 44                   | 2,127   | 2.6                          |
| Home improvement                          | 29                   | 1,420   | 1.7                          |
| Office supplies                           | 10                   | 788   | 1.0                          |
| Pet supplies                              | 2                    | 43  | 0.1                          |

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|                |       |           |        |
|----------------|-------|-----------|--------|
| Sporting goods | 14    | 1,877     | 2.3    |
|                | 269   | 13,835    | 16.8   |
| Totals         | 2,348 | \$ 82,687 | 100.0% |

\* Less than 0.1%

(1) Includes rental revenue for all properties owned by Realty Income at December 31, 2008, including revenue from properties reclassified as discontinued operations of \$44.

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## Lease Expirations

The following table sets forth certain information regarding Realty Income's property portfolio (excluding properties owned by Crest) regarding the timing of the lease term expirations (excluding extension options) on our 2,268 net leased, single-tenant retail properties as of December 31, 2008 (dollars in thousands):

| Year   | Total Portfolio                    |   |                           | Initial Expirations(3)    |  |                           | Subsequent Expirations(4) |  |                           |
|--------|------------------------------------|---|---------------------------|---------------------------|--|---------------------------|---------------------------|--|---------------------------|
|        | Total Number of Leases Expiring(1) | Rental Revenue for the Quarter Ended December 31, 2008(2) | % of Total Rental Revenue | Number of Leases Expiring | Rental Revenue for the Quarter Ended December 31, 2008 | % of Total Rental Revenue | Number of Leases Expiring | Rental Revenue for the Quarter Ended December 31, 2008 | % of Total Rental Revenue |
| 2009   | 148                                | \$ 3,084  | 3.9%                      | 36                        | \$ 787   | 1.0%                      | 112                       | \$ 2,297   | 2.9%                      |
| 2010   | 102                                | 2,197   | 2.7                       | 48                        | 1,227  | 1.5                       | 54                        | 970  | 1.2                       |
| 2011   | 105                                | 3,137   | 3.9                       | 57                        | 2,055  | 2.6                       | 48                        | 1,082  | 1.3                       |
| 2012   | 113                                | 2,681   | 3.3                       | 75                        | 1,864  | 2.3                       | 38                        | 817  | 1.0                       |
| 2013   | 140                                | 5,316   | 6.7                       | 99                        | 4,329  | 5.4                       | 41                        | 987  | 1.3                       |
| 2014   | 55                                 | 2,125   | 2.7                       | 36                        | 1,780  | 2.2                       | 19                        | 345  | 0.5                       |
| 2015   | 108                                | 2,857   | 3.6                       | 85                        | 2,318  | 2.9                       | 23                        | 539  | 0.7                       |
| 2016   | 114                                | 2,015   | 2.5                       | 112                       | 1,987  | 2.5                       | 2                         | 28   | *                         |
| 2017   | 49                                 | 1,894   | 2.4                       | 41                        | 1,745  | 2.2                       | 8                         | 149  | 0.2                       |
| 2018   | 42                                 | 1,888   | 2.4                       | 34                        | 1,689  | 2.1                       | 8                         | 199  | 0.3                       |
| 2019   | 100                                | 4,856   | 6.1                       | 94                        | 4,526  | 5.7                       | 6                         | 330  | 0.4                       |
| 2020   | 82                                 | 2,987   | 3.7                       | 79                        | 2,923  | 3.6                       | 3                         | 64   | 0.1                       |
| 2021   | 170                                | 7,503   | 9.4                       | 169                       | 7,448  | 9.3                       | 1                         | 55   | 0.1                       |
| 2022   | 101                                | 2,951   | 3.7                       | 100                       | 2,903  | 3.6                       | 1                         | 48   | 0.1                       |
| 2023   | 245                                | 7,754   | 9.7                       | 243                       | 7,680  | 9.6                       | 2                         | 74   | 0.1                       |
| 2024   | 62                                 | 1,815   | 2.3                       | 62                        | 1,815  | 2.3                       | --                        | --   | --                        |
| 2025   | 70                                 | 5,466   | 6.9                       | 66                        | 5,398  | 6.8                       | 4                         | 68   | 0.1                       |
| 2026   | 122                                | 6,866   | 8.6                       | 120                       | 6,809  | 8.5                       | 2                         | 57   | 0.1                       |
| 2027   | 152                                | 4,622   | 5.8                       | 151                       | 4,605  | 5.8                       | 1                         | 17   | *                         |
| 2028   | 82                                 | 4,009   | 5.0                       | 80                        | 3,938  | 4.9                       | 2                         | 71   | 0.1                       |
| 2029   | 45                                 | 1,099   | 1.4                       | 45                        | 1,099  | 1.4                       | --                        | --   | --                        |
| 2030   | 20                                 | 924   | 1.2                       | 20                        | 924  | 1.2                       | --                        | --   | --                        |
| 2031   | 27                                 | 649   | 0.8                       | 27                        | 649  | 0.8                       | --                        | --   | --                        |
| 2032   | 2                                  | 57  | 0.1                       | 2                         | 57   | 0.1                       | --                        | --   | --                        |
| 2033   | 7                                  | 422   | 0.5                       | 7                         | 422  | 0.5                       | --                        | --   | --                        |
| 2034   | 2                                  | 230   | 0.3                       | 2                         | 230  | 0.3                       | --                        | --   | --                        |
| 2037   | 2                                  | 354   | 0.4                       | 2                         | 354  | 0.4                       | --                        | --   | --                        |
| 2043   | 1                                  | 13  | *                         | --                        | --   | --                        | 1                         | 13   | *                         |
| Totals | 2,268                              | \$ 79,771   | 100.0%                    | 1,892                     | \$ 71,561  | 89.5%                     | 376                       | \$ 8,210   | 10.5%                     |

\* Less than 0.1%

(1) Excludes ten multi-tenant properties and 70 vacant unleased properties, one of which is a multi-tenant property. The lease expirations for properties under construction are based on the estimated date of completion of those properties.

- (2) Includes rental revenue of \$44 from properties reclassified as discontinued operations and excludes revenue of \$2,916 from ten multi-tenant properties and from 70 vacant and unleased properties at December 31, 2008.
- (3) Represents leases to the initial tenant of the property that are expiring for the first time.
- (4) Represents lease expirations on properties in the portfolio, which have previously been renewed, extended or re-tenanted.

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## 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 December 31, 2008 (dollars in thousands):

| State          | Number of Properties | Percent Leased | Approximate Leasable Square Feet | Rental Revenue for the Quarter Ended December 31, 2008(1) | Percentage of Rental Revenue |
|----------------|----------------------|----------------|----------------------------------|---|------------------------------|
| Alabama        | 63                   | 98%            | 425,400                          | \$ 1,893  | 2.3%                         |
| Alaska         | 2                    | 100            | 128,500                          | 277   | 0.3                          |
| Arizona        | 80                   | 98             | 395,800                          | 2,418   | 2.9                          |
| Arkansas       | 18                   | 100            | 98,500                           | 417   | 0.5                          |
| California     | 64                   | 100            | 1,160,700                        | 4,505   | 5.4                          |
| Colorado       | 53                   | 96             | 486,300                          | 1,902   | 2.3                          |
| Connecticut    | 24                   | 100            | 276,600                          | 1,310   | 1.6                          |
| Delaware       | 17                   | 100            | 33,300                           | 428   | 0.5                          |
| Florida        | 168                  | 98             | 1,449,300                        | 6,786   | 8.2                          |
| Georgia        | 132                  | 98             | 926,900                          | 3,992   | 4.8                          |
| Idaho          | 13                   | 92             | 85,400                           | 338   | 0.4                          |
| Illinois       | 74                   | 97             | 877,800                          | 4,211   | 5.1                          |
| Indiana        | 82                   | 96             | 689,600                          | 3,213   | 3.9                          |
| Iowa           | 22                   | 95             | 296,100                          | 1,006   | 1.2                          |
| Kansas         | 33                   | 94             | 579,100                          | 1,121   | 1.4                          |
| Kentucky       | 22                   | 100            | 110,600                          | 673   | 0.8                          |
| Louisiana      | 33                   | 94             | 190,400                          | 877   | 1.1                          |
| Maine          | 3                    | 100            | 22,500                           | 161   | 0.2                          |
| Maryland       | 29                   | 97             | 271,200                          | 1,587   | 1.9                          |
| Massachusetts  | 66                   | 100            | 580,400                          | 2,618   | 3.2                          |
| Michigan       | 52                   | 98             | 257,300                          | 1,243   | 1.5                          |
| Minnesota      | 21                   | 100            | 392,100                          | 1,572   | 1.9                          |
| Mississippi    | 71                   | 97             | 347,600                          | 1,478   | 1.8                          |
| Missouri       | 62                   | 97             | 640,100                          | 2,076   | 2.5                          |
| Montana        | 2                    | 100            | 30,000                           | 76  | 0.1                          |
| Nebraska       | 19                   | 100            | 196,300                          | 645   | 0.8                          |
| Nevada         | 15                   | 93             | 191,000                          | 883   | 1.1                          |
| New Hampshire  | 14                   | 100            | 109,900                          | 557   | 0.7                          |
| New Jersey     | 33                   | 100            | 261,300                          | 1,930   | 2.3                          |
| New Mexico     | 8                    | 100            | 56,400                           | 191   | 0.2                          |
| New York       | 40                   | 95             | 502,700                          | 2,493   | 3.0                          |
| North Carolina | 96                   | 99             | 548,300                          | 2,865   | 3.5                          |
| North Dakota   | 6                    | 100            | 36,600                           | 73  | 0.1                          |
| Ohio           | 137                  | 98             | 852,200                          | 3,377   | 4.1                          |
| Oklahoma       | 25                   | 96             | 145,900                          | 582   | 0.7                          |
| Oregon         | 18                   | 100            | 297,300                          | 885   | 1.1                          |
| Pennsylvania   | 99                   | 100            | 683,800                          | 3,527   | 4.3                          |
| Rhode Island   | 3                    | 100            | 11,000                           | 57  | 0.1                          |



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|                |       |     |            |           |        |
|----------------|-------|-----|------------|-----------|--------|
| South Carolina | 100   | 98  | 374,400    | 2,190     | 2.6    |
| South Dakota   | 9     | 100 | 24,900     | 102       | 0.1    |
| Tennessee      | 135   | 96  | 635,500    | 2,920     | 3.5    |
| Texas          | 214   | 92  | 2,241,700  | 7,814     | 9.5    |
| Utah           | 5     | 80  | 30,600     | 87        | 0.1    |
| Vermont        | 4     | 100 | 12,700     | 125       | 0.2    |
| Virginia       | 104   | 99  | 637,100    | 3,496     | 4.2    |
| Washington     | 35    | 91  | 230,300    | 792       | 1.0    |
| West Virginia  | 2     | 100 | 23,000     | 121       | 0.1    |
| Wisconsin      | 20    | 90  | 248,100    | 774       | 0.9    |
| Wyoming        | 1     | 100 | 4,200      | 23        | *      |
| Totals/Average | 2,348 | 97% | 19,106,700 | \$ 82,687 | 100.0% |

\* Less than 0.1%

(1) Includes rental revenue for all properties owned by Realty Income at December 31, 2008, including revenue from properties reclassified as discontinued operations of \$44.

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Description of Leasing Structure

At December 31, 2008, 2,268 of our 2,348 retail properties were leased under net-lease agreements. 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. Where leases provide for rent increases based on increases in the consumer price index, generally these increases become part of the new permanent base rent. Where leases provide for percentage rent, this additional rent is typically payable only if the tenants' gross sales, for a given period (usually one year), exceed a specified level and is then typically calculated as a percentage of only the amount of gross sales in excess of that level.

Certain Properties under Development

Of the 108 properties Realty Income acquired in 2008, four were development properties, all of which were occupied and paying rent at December 31, 2008. In the case of development properties, we either enter into an agreement with a retail chain where the retailer retains a contractor to construct the building and we fund the costs of that development, or we fund a developer who constructs the building. In either case, there is an executed lease with a retail tenant at the time of the land purchase (with a fixed rent commencement date) and there is a requirement to complete the construction in a timely basis and within a specific budget, typically within eight months after we purchase the land. The tenant or developer generally is required to pay construction cost overruns to the extent that they exceed the construction budget by more than a predetermined amount. We also enter into a lease with the tenant at the time we purchase the land, which generally requires the tenant to begin paying base rent when the store opens for business. The base rent is calculated by multiplying a predetermined capitalization rate by our total investment in the property including the land cost for the property, construction costs and capitalized interest. Crest did not acquire any development property in 2008. Both Realty Income and Crest will continue to pursue development opportunities under similar arrangements in the future.

FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K, including documents incorporated by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act of 1934. When used in this annual report, the words "estimated", "anticipated", "expect", "believe", "intend" and similar expressions are intended to identify forward-looking statements. Forward-looking statements 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
  - Profitability of our subsidiary, Crest Net Lease, Inc. ("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;
- Continued volatility and uncertainty in the credit markets and broader financial markets;
- Other risks inherent in the real estate business including tenant defaults, potential liability relating to environmental matters, illiquidity of real estate investments, and potential damages from natural disasters;
  - Impairments in the value of our real estate assets;
  - Changes in the tax laws of the United States of America;
- The outcome of any legal proceedings to which we are a party; and
  - Acts of terrorism and war.

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

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

Item 1A: Risk Factors

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

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

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

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

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

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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;
- Our tenants' creditworthiness and ability to pay rent 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 to pay rent on a timely basis, or failure to comply with their contractual obligations;
  - The need to periodically renovate and repair our properties;
    - Physical or weather-related damage to properties;
- Economic or physical decline of the areas where the properties are located; and
  - The potential risk of functional obsolescence of properties over time.

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.

Seventy of our properties were available for lease or sale at December 31, 2008, of which all but one were single-tenant properties. As of February 9, 2009, transactions to lease or sell 13 of the 70 properties were underway or completed. At December 31, 2008, 30 of our properties under lease were unoccupied and available for sublease by the tenants, all of which were current with their rent and other obligations. During 2008, each of our tenants accounted for less than 10% of our rental revenue.



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For 2008, our tenants in the restaurant and convenience store industries accounted for approximately 20.8% and 16.4%, respectively, of our rental revenue. A downturn in either of these industries, whether nationwide or limited to specific sectors of the United States, could adversely affect our tenants in these industries, which in turn could 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 stock and preferred stock. Individually, each of the other industries in our property portfolio accounted for less than 10% of our rental revenue for 2008. Nevertheless, downturns in these other industries 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 make debt payments and distributions on our common and preferred stock.

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

On January 22, 2008, Buffets Holdings, Inc. ("Buffets Holdings"), together with each of its subsidiaries, filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Realty Income owned 116 properties and Crest owned three properties leased to subsidiaries of Buffets, Inc. ("Buffets") and guaranteed by Buffets. Buffets is a subsidiary of Buffets Holdings. In February 2008, Buffets Holdings elected to reject the leases for 12 properties owned by Realty Income and two properties owned by Crest, and returned those 14 properties to us. In July 2008, Realty Income reached an agreement with Buffets Holdings for the continued lease of all of its remaining properties. The terms of the agreement were approved by the Bankruptcy Court on September 15, 2008. Under the terms of the agreement, all 105 of the remaining leases, including 104 owned by Realty Income and one owned by Crest, will be assumed and continue to be operated by Buffets Holdings. Rents were modified on many of the assumed properties, from an annualized rent of \$22.4 million to \$19.4 million, or 87% of previous rents. In addition, the majority of the leases call for annual increases in rent. Buffets Holdings continues to be our largest tenant and represents approximately 6.0% of Realty Income's annualized lease revenue as of December 31, 2008.

As a property owner, we may be subject to unknown environmental liabilities.

Investments in real property can create a potential for environmental liability. An owner of property can face liability for environmental contamination created by the presence or discharge of hazardous substances on the property. We can face such liability regardless of:

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

There may be environmental problems associated with our properties of which we are unaware. In that regard, a number of our properties are leased to operators of convenience stores that sell petroleum-based fuels, as well as to operators of oil change and tune-up facilities. These facilities, and some other of our properties, use, or may have used in the past, underground lifts or underground tanks for the storage of petroleum-based or waste products, which could create a potential for the release of hazardous substances.

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

properties could have an adverse effect on our results of operations, our financial condition or our ability to make distributions to stockholders and to pay the principal of and interest on our debt securities and other indebtedness.

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

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

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

Insurance and Indemnity. In June 2005, we entered into a seven-year environmental insurance policy on our property portfolio which replaced the previous five-year environmental insurance policy. The limits on our current policy are \$10 million per occurrence, and \$50 million in the aggregate, subject to a \$40,000 self insurance retention, per occurrence, for properties with underground storage tanks and a \$100,000 self insurance retention, per occurrence, for all other properties. It is possible that our insurance could be insufficient to address any particular environmental situation and that, in the future, we could be unable to obtain insurance for environmental matters at a reasonable cost, or at all.

Our tenants are generally responsible for, and indemnify us against, liabilities for environmental matters that occur on our properties. For properties that have underground storage tanks, in addition to providing an indemnity in our favor, the tenants generally obtain environmental insurance or rely upon the state funds in the states where these properties are located.

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

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

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

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

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

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

- We would be required to pay federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates;
- We would not be allowed a deduction in computing our taxable income for amounts distributed to our stockholders;
- We could be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost;
  - We would no longer be required to make distributions to stockholders; and
- This treatment would substantially reduce amounts available for investment or distribution to stockholders because of the additional tax liability for the years involved, which could have a material adverse effect on the market price of our capital stock and the value of our debt securities.

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

Distributions requirements imposed by law limit our flexibility.

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

In addition, we are subject to a 4% nondeductible excise tax to the extent that we fail to distribute during any calendar year at least the sum of 85% of our ordinary income for that calendar year, 95% of our capital gain net income for the calendar year, and any amount of that income that was not distributed in prior years.

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

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

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

Board of Directors). Accordingly, the Board of Directors may authorize the issuance of preferred stock with voting, dividend and other similar rights that could dilute, or otherwise adversely affect, the interest of holders of our common stock.

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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 \$355 million acquisition credit facility. At February 9, 2009, we had no borrowings outstanding under our \$355 million acquisition credit facility and we had \$1.35 billion of aggregate principal amount 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 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, 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 credit facility further provides that, in the event of a failure to pay principal, interest or any other amount payable there under 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 distributions 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 occurs, 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 this 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.

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.

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.



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

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

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

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

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

- Adverse changes in general or local economic conditions;
- Changes in supply of, or demand for, similar or competing properties;
  - Changes in interest rates and operating expenses;
  - Competition for tenants;
  - Changes in market rental rates;
- Inability to lease properties upon termination of existing leases;
  - Renewal of leases at lower rental rates;
- Inability to collect rents from tenants due to financial hardship, including bankruptcy;
- Changes in tax, real estate, zoning and environmental laws that may have an adverse impact upon the value of real estate;
  - Uninsured property liability;
  - Property damage or casualty losses;
- Unexpected expenditures for capital improvements or to bring properties into compliance with applicable federal, state and local laws;
  - Acts of terrorism and war; and
- Acts of God and other factors beyond the control of our management.

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

Under the terms and conditions of the leases currently in force on our properties, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons, air, water, land or property, due to activities conducted on the properties, except for claims arising from the negligence or intentional misconduct of us or our agents. Additionally, tenants are generally required, at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. The insurance policies our tenants are required

to maintain for property damage are generally in amounts not less than the full replacement cost of the improvements less slab, foundations, supports and other customarily excluded improvements. Our tenants are generally required to maintain general liability coverage varying between \$1,000,000 and \$10,000,000 depending on the tenant and the industry in which the tenant operates.

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

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

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

Property taxes may increase without notice.

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

We depend on key personnel.

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

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

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



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

Recent 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.

The United States stock and credit markets have recently experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective debt financings to widen considerably. 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. These disruptions in the financial markets also may have a material adverse effect on the market value of our common stock and may have other unknown adverse effects on us or the economy in general.

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

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

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

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

Item 1B: Unresolved Staff comments

There are no unresolved staff comments.

Item 2: Properties

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

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## Item 3: Legal Proceedings

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

## Item 4: Submission of Matters to a Vote of Security Holders

No matters were submitted to stockholders during the fourth quarter of the fiscal year.

## PART II

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

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

|                | Price Per Share<br>of Common Stock |          | Distributions |
|----------------|------------------------------------|----------|---------------|
|                | High                               | Low      | Declared(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      |
| Total          |                                    |          | \$ 1.667250   |
| 2007           |                                    |          |               |
| First quarter  | \$ 30.36                           | \$ 26.02 | \$ 0.380125   |
| Second quarter | 29.13                              | 24.53    | 0.382000      |
| Third quarter  | 28.79                              | 22.87    | 0.399375      |
| Fourth quarter | 30.70                              | 26.31    | 0.409000      |
| Total          |                                    |          | \$ 1.570500   |

(1) Common stock cash distributions currently are declared monthly by us based on financial results for the prior months. At December 31, 2008, a distribution of \$0.14175 per common share had been declared and was paid in January 2009.

There were 9,046 registered holders of record of our common stock as of January 1, 2009. We estimate that our total number of shareholders is approximately 80,000 when we include both registered and beneficial holders of our common stock.

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

| As of or for the years ended<br>December 31,                                | 2008         | 2007         | 2006         | 2005         | 2004         |
|---|--------------|--------------|--------------|--------------|--------------|
| Total assets (book value)   | \$ 2,994,179 | \$ 3,077,352 | \$ 2,546,508 | \$ 1,920,988 | \$ 1,442,315 |
| Cash and cash equivalents   | 46,815       | 193,101      | 10,573       | 65,704       | 2,141        |
| Lines of credit and notes payable   | 1,370,000    | 1,470,000    | 920,000      | 891,700      | 503,600      |
| Total liabilities   | 1,439,518    | 1,539,260    | 970,516      | 931,774      | 528,580      |
| Total stockholders' equity  | 1,554,661    | 1,538,092    | 1,575,992    | 989,214      | 913,735      |
| Net cash provided by operating activities                                   | 246,155      | 318,169      | 86,945       | 109,557      | 178,337      |
| Net change in cash and cash equivalents                                     | (146,286)    | 182,528      | (55,131)     | 63,563       | (2,696)      |
| Total revenue   | 330,200      | 294,317      | 237,416      | 193,285      | 170,474      |
| Income from continuing operations   | 116,846      | 125,743      | 104,129      | 86,784       | 79,663       |
| Income from discontinued operations   | 14,995       | 14,666       | 6,652        | 12,335       | 23,734       |
| Net income  | 131,841      | 140,409      | 110,781      | 99,119       | 103,397      |
| Preferred stock cash dividends  | (24,253)     | (24,253)     | (11,362)     | (9,403)      | (9,455)      |
| Excess of redemption value over carrying value of preferred shares redeemed | --           | --           | --           | --           | (3,774)      |
| Net income available to common stockholders                                 | 107,588      | 116,156      | 99,419       | 89,716       | 90,168       |
| Cash distributions paid to common stockholders                              | 169,655      | 157,659      | 129,667      | 108,575      | 97,420       |
| Basic and diluted net income per common share                               | 1.06         | 1.16         | 1.11         | 1.12         | 1.15         |
| Cash distributions paid per common share                                    | 1.66225      | 1.56025      | 1.43725      | 1.34625      | 1.24125      |
| Cash distributions declared per common share                                | 1.66725      | 1.57050      | 1.44750      | 1.35250      | 1.25125      |
| Basic weighted average number of common shares outstanding                  | 101,178,191  | 100,195,031  | 89,766,714   | 79,950,255   | 78,518,296   |
| Diluted weighted average number of common shares outstanding                | 101,209,883  | 100,333,966  | 89,917,554   | 80,208,593   | 78,598,788   |

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

GENERAL

Realty Income Corporation, The Monthly Dividend Company®, is a Maryland corporation organized to operate as an equity real estate investment trust, or REIT. Our primary business objective is to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, or FFO per share. The 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 research and real estate research, portfolio management and capital markets expertise. Over the past 39 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 stockholders and FFO per share through both active portfolio management and the acquisition of additional properties. 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 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 "Tax Code"). In addition to the five properties, Crest also holds notes receivable of \$22.3 million at December 31, 2008. We anticipate Crest will not acquire any properties in 2009.

LIQUIDITY AND CAPITAL RESOURCES

Cash Reserves

We are organized to operate as an equity REIT that acquires and leases properties and distributes to stockholders, in the form of monthly cash distributions, a substantial portion of our net cash flow generated from leases on our retail properties. We intend to retain an appropriate amount of cash as working capital. At December 31, 2008, we had cash and cash equivalents totaling \$46.8 million. We used \$20 million of this amount to retire our 8.0% notes that matured in January 2009.

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





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### **\$355 Million Acquisition Credit Facility**

In May 2008, we entered into a new \$355 million revolving, unsecured credit facility which replaced our existing \$300 million acquisition credit facility that was scheduled to expire in October 2008. The term of the new credit facility is for three years until May 2011, plus two, one-year extension options. Under the new credit facility, our investment grade credit ratings provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 100 basis points with a facility fee of 27.5 basis points, for all-in drawn pricing of 127.5 basis points over LIBOR. We also have other interest rate options available to us. At February 9, 2009, we had a borrowing capacity of \$355 million available on our new credit facility and no outstanding balance.

We expect to use the credit facility to acquire additional retail properties and for other corporate purposes. Any additional borrowings will increase our exposure to interest rate risk. We have the right to request an increase in the borrowing capacity of the credit facility up to \$100 million, to a total borrowing capacity of \$455 million. Any increase in the borrowing capacity is subject to approval by the lending banks on our credit facility.

### **Issuance of Common Stock**

In September 2008, we issued 2,925,000 shares of common stock at a price of \$26.82 per share. The net proceeds of \$74.4 million were used, along with our available cash on hand, to repay the \$100 million outstanding principal amount of our 8.25% Monthly Income Senior Notes ("2008 Notes") in November 2008 and the \$20 million outstanding principal amount of our 8% Notes ("2009 Notes") in January 2009.

### **Note Redemptions**

In November 2008, we redeemed the \$100 million outstanding principal amount of our 2008 Notes. In January 2009, we redeemed the \$20 million outstanding principal amount of our 2009 Notes. The 2008 Notes and 2009 Notes were redeemed at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest. We now have no debt maturities until 2013.

### **Mortgage Debt**

We have no mortgage debt on any of our properties.

### **Universal Shelf Registration**

In April 2006, we filed a shelf registration statement with the SEC, which is effective for a term of three years. In accordance with the SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed. The securities covered by this registration statement include common stock, preferred stock, debt securities, or any combination of such securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if the securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering. There is no specific limit to the dollar amount of new securities that can be issued under this shelf registration before it expires in April 2009, and our common stock, preferred stock and notes issued after April 2006 were all issued pursuant to this universal shelf registration statement. Our plan is to file a new shelf registration statement prior to April 2009, when our existing shelf registration statement expires.

### **Conservative Capital Structure**

We believe that our stockholders are best served by a conservative capital structure. Therefore, we seek to maintain a conservative debt level on our balance sheet and solid interest and fixed charge coverage ratios. At February 9, 2009, our total outstanding credit facility borrowings and outstanding notes were \$1.35 billion or approximately 35.5% of our total market capitalization of \$3.80 billion.

We define our total market capitalization at February 9, 2009 as the sum of:

- Shares of our common stock outstanding of 104,319,051 multiplied by the last reported sales price of our common stock on the NYSE of \$20.19 per share on February 9, 2009, or \$2.11 billion;
- Aggregate liquidation value (par value of \$25 per share) of the Class D preferred stock of \$127.5 million;
- Aggregate liquidation value (par value of \$25 per share) of the Class E preferred stock of \$220 million; and
  - Outstanding notes of \$1.35 billion.

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

**Credit Agency Ratings**

We are currently assigned investment grade corporate credit ratings on our senior unsecured notes. Fitch Ratings has assigned a rating of BBB+, Moody's Investors Service has assigned a rating of Baa1 and Standard & Poor's Ratings Group has assigned a rating of BBB to our senior notes. All of these ratings have "stable" outlooks.

We have also been assigned credit ratings on our preferred stock. Fitch Ratings has assigned a rating of BBB, Moody's has assigned a rating of Baa2 and Standard & Poor's has assigned a rating of BB+ to our preferred stock. All of these ratings have "stable" outlooks.

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

**Notes Outstanding**

Our senior unsecured note obligations consist of the following as of December 31, 2008, sorted by maturity date (dollars in millions):

|  |            |
|--|------------|
| 8% notes, issued in January 1999 and due in January 2009 (1)     | \$ 20.0    |
| 5.375% notes, issued in March 2003 and due in March 2013         | 100.0      |
| 5.5% notes, issued in November 2003 and due in November 2015     | 150.0      |
| 5.95% notes, issued in September 2006 and due in September 2016  | 275.0      |
| 5.375% notes, issued in September 2005 and due in September 2017 | 175.0      |
| 6.75% notes, issued in September 2007 and due in August 2019     | 550.0      |
| 5.875% bonds, issued in March 2005 and due in March 2035         | 100.0      |
|  | \$ 1,370.0 |

(1) In January 2009, the 8% notes were paid off and the balance of our outstanding notes was reduced to \$1.35 billion.

All of our outstanding notes and bonds have fixed interest rates.

Interest on all of the senior note obligations is paid semiannually. All of these notes contain various covenants, including: (i) a limitation on incurrence of any debt which would cause our debt to total adjusted assets ratio to exceed

60%; (ii) a limitation on incurrence of any secured debt which would cause our secured debt to total adjusted assets ratio to exceed 40%; (iii) a limitation on incurrence of any debt which would cause our debt service coverage ratio to be less than 1.5 times; and (iv) the maintenance at all times of total unencumbered assets not less than 150% of our outstanding unsecured debt. We have been in compliance with these covenants since each of the notes were issued.

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The following is a summary of the key financial covenants to our senior unsecured notes, as defined and calculated per the terms of our notes. These calculations, which are not based on GAAP measurements, are presented to investors to show our ability to incur additional debt under the terms of our notes only and are not measures of our liquidity or performance. The actual amounts as of December 31, 2008 are:

| Note Covenants                             | Required                 | Actual |
|--|--------------------------|--------|
| Limitation on incurrence of total debt     | ≤ 60%                    | 39.0%  |
| Limitation on incurrence of secured debt   | ≤ 40%                    | 0.0%   |
| Debt service coverage (trailing 12 months) | ≥ 1.5 x                  | 3.4x   |
| Maintenance of total unencumbered assets   | ≥ 150% of unsecured debt | 256%   |

The following table summarizes the maturity of each of our obligations as of December 31, 2008 (dollars in millions):

Table of Obligations

| Year of Maturity | Credit Facility (1) | Notes (2)  | Interest (3) | Ground Leases Paid by Realty Income(4) | Ground Leases Paid by Our Tenants(5) | Other (6) | Totals     |
|------------------|---------------------|------------|--------------|--|--------------------------------------|-----------|------------|
| 2009             | \$ --               | \$ 20.0    | \$ 82.5      | \$ 0.1                                 | \$ 3.8                               | \$ 1.2    | \$ 107.6   |
| 2010             | --                  | --         | 82.4         | 0.1                                    | 3.7                                  | --        | 86.2       |
| 2011             | --                  | --         | 82.4         | 0.1                                    | 3.7                                  | --        | 86.2       |
| 2012             | --                  | --         | 82.4         | 0.1                                    | 3.6                                  | --        | 86.1       |
| 2013             | --                  | 100.0      | 78.1         | 0.1                                    | 3.4                                  | --        | 181.6      |
| Thereafter       | --                  | 1,250.0    | 427.9        | 0.9                                    | 40.8                                 | --        | 1,719.6    |
| Totals           | \$ --               | \$ 1,370.0 | \$ 835.7     | \$ 1.4                                 | \$ 59.0                              | \$ 1.2    | \$ 2,267.3 |

(1) There was no outstanding credit facility balance on February 9, 2009.

(2) The \$20.0 million outstanding principal amount of our 8% notes was paid off in January 2009.

(3) Interest on the credit facility and notes has been calculated based on outstanding balances as of December 31, 2008 through their respective maturity dates.

(4) Realty Income currently pays the ground lessors directly for the rent under the ground leases. A majority of this rent is reimbursed to Realty Income as additional rent from our tenants.

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

(6) "Other" consists of \$208,000 of commitments under construction contracts and \$977,000 of contingent payments for tenant improvements and leasing costs.

Our credit facility and note obligations are unsecured. Accordingly, we have not pledged any assets as collateral for these obligations.

## Preferred Stock Outstanding

In 2004, we issued 5.1 million shares of 7.375% Class D cumulative redeemable preferred stock. Beginning May 27, 2009, shares of Class D preferred stock are redeemable at our option for \$25 per share, plus any accrued and unpaid dividends. Dividends on shares of Class D preferred stock are paid monthly in arrears.

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

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No Off-Balance Sheet Arrangements or Unconsolidated Investments

We have no unconsolidated or off-balance sheet investments in “variable interest entities” or off-balance sheet financing, nor do we engage in trading activities involving energy or commodity contracts or other derivative instruments.

As we have no joint ventures, off-balance sheet entities, or mandatory redeemable preferred stock, our financial position or results of operations are currently not affected by Financial Accounting Standard Board Interpretation No. 46R, Consolidation of Variable Interest Entities and Statement of Financial Accounting Standard No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.

Acquisitions During 2008

During 2008, Realty Income invested \$189.6 million in 108 new retail properties and properties under development with an initial weighted average contractual lease rate of 8.7%. \$181.4 million of these acquisitions occurred in the first quarter of 2008 while only \$8.2 million was invested during the remainder of 2008. These 108 properties are located in 14 states, contain over 714,000 leasable square feet, and are 100% leased with an average lease term of 20.6 years. The 108 new properties acquired by Realty Income are net-leased to eight different retail chains in the following seven industries: automotive tire service, convenience store, drug store, financial services, motor vehicle dealership, restaurant and theater. There were no acquisitions by Crest in 2008.

Our 2008 portfolio acquisitions were lower than in recent years primarily due to uncertainty in the commercial retail real estate market. Property prices continued to decline and lease rates rose throughout 2008. We continue to monitor the acquisition market carefully and will acquire properties for long-term investment when we believe the transactions are accretive to our shareholders.

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 base rent or, in the case of properties under development, the estimated base rent under the lease) for the first year of each lease, divided by the estimated total costs. 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.

Increases in Monthly Distributions to Common Stockholders

We continue our 39-year policy of paying distributions monthly. Monthly distributions per share were increased in January 2009 by \$0.000625 to \$0.14175. The increase in January 2009 was our 45th consecutive quarterly increase and the 52nd increase in the amount of our dividend since our listing on the New York Stock Exchange, or NYSE, in 1994. In 2008, we paid three monthly cash distributions per share in the amount of \$0.13675, three in the amount of \$0.137375, two in the amount of \$0.138, one in the amount of \$0.1405 and three in the amount of \$0.141125, totaling \$1.66225. In December 2008 and January 2009, we declared distributions of \$0.14175 per share, which were paid in January 2009 and will be paid in February 2009, respectively.

The monthly distribution of \$0.14175 per share represents a current annualized distribution of \$1.701 per share, and an annualized distribution yield of approximately 8.4% based on the last reported sale price of our common stock on the NYSE of \$20.19 on February 9, 2009. Although we expect to continue our policy of paying monthly distributions, we cannot guarantee that we will maintain our current level of distributions, that we will continue our pattern of increasing distributions per share, or what our actual distribution yield will be in any future period.

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RESULTS OF OPERATIONS

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Our consolidated financial statements are the basis for our discussion and analysis of financial condition and results of operations. Preparing our consolidated financial statements requires us to make a number of estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. We believe that we have made these estimates and assumptions in an appropriate manner and in a way that accurately reflects our financial condition. We continually test and evaluate these estimates and assumptions using our historical knowledge of the business, as well as other factors, to ensure that they are reasonable for reporting purposes. However, actual results may differ from these estimates and assumptions.

In order to prepare our consolidated financial statements according to the rules and guidelines set forth by GAAP, many subjective judgments must be made with regard to critical accounting policies. One of these judgments is our estimate for useful lives in determining depreciation expense for our properties. Depreciation of buildings and improvements is generally computed using the straight-line method over an estimated useful life of 25 years. If we use a shorter or longer estimated useful life it could have a material impact on our results of operations. We believe that 25 years is an appropriate estimate of useful life. No depreciation has been recorded on properties that are classified as held for sale.

When we acquire a property for investment purposes, we allocate the purchase price to the various components of the acquisition based upon the fair value of each component. The components typically include (i) land, (ii) building and improvements, (iii) intangible assets related to above and below market leases, and (iv) value of costs to obtain tenants.

Another significant judgment must be made as to if, and when, impairment losses should be taken on our properties when events or a change in circumstances indicate that the carrying amount of the asset may not be recoverable. Generally, a provision is made for impairment loss if estimated future operating cash flows (undiscounted and without interest charges) plus estimated disposition proceeds (undiscounted) are less than the current book value. Impairment losses are measured as the amount by which the current book value of the asset exceeds the fair value of the asset. If a property is held for sale, it is carried at the lower of carrying cost or estimated fair value, less cost to sell. The carrying value of our real estate is the largest component of our consolidated balance sheet. If events should occur that require us to reduce the carrying value of our real estate by recording provisions for impairment losses, it could have a material impact on our results of operations.

The following is a comparison of our results of operations for the years ended December 31, 2008, 2007 and 2006.

Rental Revenue

Rental revenue was \$328.3 million for 2008 versus \$288.0 million for 2007, an increase of \$40.3 million, or 14.0%. Rental revenue was \$235.4 million in 2006. The increase in rental revenue in 2008 compared to 2007 is primarily attributable to:

- The 108 retail properties acquired by Realty Income in 2008, which generated \$13.1 million of rent in 2008;
- The 325 retail properties acquired by Realty Income in 2007, which generated \$41.1 million of rent in 2008 compared to \$13.6 million in 2007, an increase of \$27.5 million;
- Same store rents generated on 1,772 properties during the entire years of 2008 and 2007, which includes rent modifications on some of the 104 leases to Buffets, Inc., increased by \$2.7 million, or 1.1%, to \$258.7 million from \$255.9 million; and
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An increase in straight-line rent and other non-cash adjustments to rent of \$766,000 in 2008 as compared to 2007;  
net of

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- A net decrease of \$3.9 million relating to the aggregate of (i) development properties acquired before 2007 that started paying rent in 2007, (ii) properties that were vacant during part of 2008 or 2007, (iii) properties sold during 2008 and 2007 and (iv) lease termination settlements. These items totaled \$13.24 million, in aggregate, in 2008 compared to \$17.18 million in 2007.

Excluding 104 leases with Buffets Holdings, Inc., same store rents generated on 1,668 properties during the entire years of 2008 and 2007 increased in 2008 by \$3.2 million, or 1.4%, to \$237.1 million from \$233.9 million in 2007.

Of the 2,348 properties in the portfolio at December 31, 2008, 2,337, or 99.5%, are single-tenant properties and the remaining 11 are multi-tenant properties. Of the 2,337 single-tenant properties, 2,268, or 97.0%, were net leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.9 years at December 31, 2008. Of our 2,268 leased single-tenant properties, 2,066 or 91.1% were under leases that provide for increases in rents through:

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

Percentage rent, which is included in rental revenue, was \$1.3 million in 2008, \$831,000 in 2007 and \$1.1 million in 2006. Percentage rent in 2008 was less than 1% of rental revenue and we anticipate percentage rent to be less than 1% of rental revenue in 2009.

Our portfolio of retail real estate, leased primarily to regional and national chains under net leases, continues to perform well and provide dependable lease revenue supporting the payment of monthly dividends to our stockholders. At December 31, 2008, our portfolio of 2,348 retail properties was 97.0% leased with 70 properties available for lease, one of which is a multi-tenant property.

As of February 9, 2009, transactions to lease or sell 13 of the 70 properties available for lease at December 31, 2008 were underway or completed. We anticipate these transactions will be completed during the next several months, although we cannot guarantee that all of these properties can be leased or sold within this period. It has been our experience that approximately 1% to 3% of our property portfolio will be unleased at any given time; however, we cannot assure you that the number of properties available for lease will not exceed these levels.

#### Interest Expense

Interest expense was \$94.0 million in 2008 versus \$64.3 million in 2007 and \$51.4 million in 2006. Interest expense increased in 2008 primarily due to higher average senior notes outstanding and, to a lesser extent, due to higher interest rates. We issued \$550 million of 12-year notes in September 2007, which contributed to the increase in average outstanding balances and higher average interest rates on our debt.

In May 2008, as a result of entering into our new credit facility, we incurred \$3.2 million of credit facility origination costs which were capitalized to other assets. Also, we expensed \$235,000 of unamortized credit facility origination costs from our prior credit facility, which are included in amortization of credit facility origination costs in the table below.

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

|  | 2008      | 2007      | 2006      |
|--|-----------|-----------|-----------|
| Interest on our credit facility and notes  | \$ 91,213 | \$ 67,964 | \$ 54,068 |
| Interest included in discontinued operations from real estate acquired for resale by Crest | (1,797)   | (6,201)   | (3,708)   |
| Amortization of settlements on treasury lock agreement                                     | 759       | 870       | 717       |
| Credit facility commitment fees  | 795       | 456       | 456       |
| Amortization of credit facility origination costs and deferred bond financing costs        | 3,078     | 2,235     | 2,014     |
| Interest capitalized   | (92)      | (993)     | (2,184)   |
| Interest expense   | \$ 93,956 | \$ 64,331 | \$ 51,363 |

|   | 2008         | 2007         | 2006       |
|---|--------------|--------------|------------|
| Credit facility and notes outstanding               |              |              |            |
| Average outstanding balances (dollars in thousands) | \$ 1,457,222 | \$ 1,111,914 | \$ 881,669 |
| Average interest rates                              | 6.26%        | 6.11%        | 6.13%      |

At February 9, 2009, the weighted average interest rate on our notes payable of \$1.35 billion was 6.10% and the average interest rate on our credit line was 1.45%. There was no outstanding balance on our credit line at February 9, 2009.

#### Interest Coverage Ratio

Our interest coverage ratio for 2008 was 3.2 times and for 2007 and 2006 was 4.1 times. Interest coverage ratio is calculated as: the interest coverage amount (as calculated in the following table) divided by interest expense, including interest recorded as discontinued operations. We consider interest coverage ratio to be an appropriate supplemental measure of a company's ability to meet its interest expense obligations. Our calculation of interest coverage ratio may be different from the calculation used by other companies and, therefore, comparability may be limited. This information should not be considered as an alternative to any GAAP liquidity measures.

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The following is a reconciliation of net cash provided by operating activities on our consolidated statements of cash flow to our interest coverage amount (dollars in thousands):

|   | 2008       | 2007       | 2006       |
|---|------------|------------|------------|
| Net cash provided by operating activities                 | \$ 246,155 | \$ 318,169 | \$ 86,945  |
| Interest expense  | 93,956     | 64,331     | 51,363     |
| Interest expense included in discontinued operations(1)   | 1,797      | 6,201      | 3,708      |
| Income taxes  | 1,230      | 1,392      | 747        |
| Income taxes included in discontinued operations(1)       | 225        | 3,039      | 494        |
| Investment in real estate acquired for resale(1)          | 9          | 29,886     | 113,166    |
| Proceeds from sales of real estate acquired for resale(1) | (31,455)   | (119,790)  | (22,405)   |
| Collection of a note receivable by Crest(1)               | (87)       | (651)      | (1,333)    |
| Crest provisions for impairment(1)                        | (3,374)    | --         | (1,188)    |
| Gain on sales of real estate acquired for resale(1)       | 4,642      | 12,319     | 2,219      |
| Amortization of share-based compensation                  | (5,049)    | (3,857)    | (2,951)    |
| Changes in assets and liabilities:                        |            |            |            |
| Accounts receivable and other assets                      | 930        | 49         | (4,418)    |
| Accounts payable, accrued expenses and other liabilities  | (1,675)    | (21,675)   | (3,208)    |
| Interest coverage amount                                  | \$ 307,304 | \$ 289,413 | \$ 223,139 |
| Divided by interest expense(2)                            | \$ 95,753  | \$ 70,532  | \$ 55,071  |
| Interest coverage ratio                                   | 3.2        | 4.1        | 4.1        |

(1) Crest activities.

(2) Includes interest expense recorded to “income from discontinued operations, real estate acquired for resale by Crest” on our consolidated statements of income.

#### Fixed Charge Coverage Ratio

Our fixed charge coverage ratio for 2008 was 2.6 times, for 2007 was 3.1 times and for 2006 was 3.4 times. Fixed charge coverage ratio is calculated in exactly the same manner as interest coverage ratio, except that preferred stock dividends are also added to the denominator. We consider fixed charge coverage ratio to be an appropriate supplemental measure of a company’s ability to make its interest and preferred stock dividend payments. Our calculation of the fixed charge coverage ratio may be different from the calculation used by other companies and, therefore, comparability may be limited. This information should not be considered as an alternative to any GAAP liquidity measures or information presented in Exhibit 12.1 to this Annual Report.

Interest coverage amount divided by interest expense plus preferred stock dividends (dollars in thousands):

|  | 2008       | 2007       | 2006       |
|--|------------|------------|------------|
| Interest coverage amount                                       | \$ 307,304 | \$ 289,413 | \$ 223,139 |
| Divided by interest expense plus preferred stock dividends (1) | \$ 120,006 | \$ 94,785  | \$ 66,433  |
| Fixed charge coverage ratio                                    | 2.6        | 3.1        | 3.4        |

(1) Includes interest expense recorded to “income from discontinued operations, real estate acquired for resale by Crest” on our consolidated statements of income.

#### Depreciation and Amortization

Depreciation and amortization was \$90.7 million in 2008 versus \$76.7 million in 2007 and \$58.8 million in 2006. The increases in depreciation and amortization in 2008 and 2007 were due to the acquisition of properties in 2008, 2007 and 2006, which was partially offset by property sales in these years. As discussed in the section entitled “Funds from

Operations Available to Common Stockholders,” depreciation and amortization is a non-cash item that is excluded from our calculation of FFO.

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### General and Administrative Expenses

General and administrative expenses decreased by \$1.1 million to \$21.6 million in 2008 as compared to \$22.7 million in 2007. General and administrative expenses were \$17.5 million in 2006. In 2008, general and administrative expenses as a percentage of total revenue were 6.5% as compared to 7.7% in 2007 and 7.4% in 2006. General and administrative expenses decreased during 2008 primarily due to decreases in employee costs.

In February 2009, we had 69 permanent employees as compared to 75 permanent employees in February 2008.

### Property Expenses

Property expenses are broken down into costs associated with non-net leased multi-tenant properties, unleased single-tenant properties and general portfolio expenses. Expenses related to the multi-tenant and unleased single-tenant properties include, but are not limited to, property taxes, maintenance, insurance, utilities, property inspections, bad debt expense and legal fees. General portfolio costs include, but are not limited to, insurance, legal, bad debt expense, property inspections and title search fees. At December 31, 2008, 70 properties were available for lease, as compared to 48 at December 31, 2007 and 26 at December 31, 2006.

Property expenses were \$5.8 million in 2008, \$3.5 million in 2007 and \$3.3 million in 2006. The increase in property expenses in 2008 is primarily attributable to an increase in property taxes, maintenance, utilities, legal fees and bad debt expense associated with properties available for lease. In 2007, property expenses included provisions for impairment of \$138,000 recorded for one property.

### Income Taxes

Income taxes were \$1.2 million in 2008 as compared to \$1.4 million in 2007 and \$747,000 in 2006. These amounts are for city and state income taxes paid by Realty Income.

In addition, Crest incurred state and federal income taxes of \$225,000 in 2008 as compared to \$3.0 million in 2007 and \$494,000 in 2006. These amounts are included in "income from discontinued operations, real estate acquired for resale by Crest" on our consolidated statements of income.

### Loss on Extinguishment of Debt

In September 2006, we redeemed all of our outstanding \$110 million, 7.75%, unsecured notes due May 2007 (the "2007 Notes"). The 2007 Notes were redeemed at a redemption price equal to 100% of the principal amount of the 2007 Notes, plus accrued and unpaid interest, as well as a make-whole payment of \$1.6 million. The make-whole payment was recorded as a loss on extinguishment of debt on our 2006 consolidated statement of income. For 2006, the make-whole payment represented approximately \$0.017 per share.

### Discontinued Operations

Crest acquires properties with the intention of reselling them rather than holding them as investments and operating the properties. Consequently, we classify properties acquired by Crest as held for sale at the date of acquisition and do not depreciate them. The operation of Crest's properties is classified as "income from discontinued operations, real estate acquired for resale by Crest" on our consolidated statements of income.

If we decide not to sell a property previously classified as held for sale, the property is reclassified as real estate held for investment. A property that is reclassified to held for investment is measured and recorded at the lower of (i) its carrying amount before the property was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the property been continuously classified as held for investment, and (ii) the fair value at the date of the subsequent decision not to sell.



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The following is a summary of Crest's "income from discontinued operations, real estate acquired for resale" on our consolidated statements of income (dollars in thousands, except per share data):

| Crest's income from discontinued operations, real estate acquired for resale  | 2008     | 2007      | 2006     |
|---|----------|-----------|----------|
| Gain on sales of real estate acquired for resale                              | \$ 4,642 | \$ 12,319 | \$ 2,219 |
| Rental revenue  | 1,830    | 8,165     | 5,065    |
| Other revenue   | 914      | 190       | 15       |
| Interest expense  | (1,797)  | (6,201)   | (3,708)  |
| General and administrative expense  | (511)    | (691)     | (440)    |
| Property expenses   | (133)    | (40)      | (67)     |
| Provisions for impairment   | (3,374)  | --        | (1,188)  |
| Depreciation (1)  | (771)    | --        | --       |
| Income taxes  | (225)    | (3,039)   | (494)    |
| Income from discontinued operations, real estate acquired for resale by Crest | \$ 575   | \$ 10,703 | \$ 1,402 |
| Per common share, basic and diluted   | \$ 0.01  | \$ 0.11   | \$ 0.02  |

(1) Depreciation was recorded on one property that was classified as held for investment. This property was sold in 2008.

Realty Income's operations from two investment properties classified as held for sale at December 31, 2008, plus properties sold in 2008, 2007 and 2006 have been classified as discontinued operations. The following is a summary of Realty Income's "income from discontinued operations, real estate held for investment" on our consolidated statements of income (dollars in thousands, except per share data):

| Realty Income's income from discontinued operations, real estate held for investment | 2008      | 2007     | 2006     |
|--|-----------|----------|----------|
| Gain on sales of investment properties   | \$ 13,314 | \$ 1,724 | \$ 3,036 |
| Rental revenue   | 1,461     | 3,075    | 3,177    |
| Other revenue  | 40        | 4        | 34       |
| Depreciation and amortization  | (302)     | (636)    | (825)    |
| Property expenses  | (93)      | (70)     | (156)    |
| Provisions for impairment  | --        | (134)    | (16)     |
| Income from discontinued operations, real estate held for investment                 | \$ 14,420 | \$ 3,963 | \$ 5,250 |
| Per common share, basic and diluted  | \$ 0.14   | \$ 0.04  | \$ 0.06  |

The following is a summary of our total income from discontinued operations (dollars in thousands, except per share data):

|  | 2008      | 2007      | 2006     |
|--|-----------|-----------|----------|
| Real estate acquired for resale by Crest | \$ 575    | \$ 10,703 | \$ 1,402 |
| Real estate held for investment          | 14,420    | 3,963     | 5,250    |
| Income from discontinued operations      | \$ 14,995 | \$ 14,666 | \$ 6,652 |
| Per common share, basic and diluted      | \$ 0.15   | \$ 0.15   | \$ 0.07  |

The above per share amounts have each been calculated independently.



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Crest's Property Sales

In 2008, Crest sold 25 properties for \$50.7 million, which resulted in a gain of \$4.6 million. As part of two sales during 2008, Crest provided partial financing to the buyers of \$19.2 million. In 2007, Crest sold 62 properties for \$123.6 million, which resulted in a gain of \$12.3 million. In 2007, as part of two sales, Crest provided partial financing to the buyer of \$3.8 million, of which \$619,000 was paid in full in November 2007. In 2006, Crest sold 13 properties for \$22.4 million, which resulted in a gain of \$2.2 million. In 2005, as part of one sale, Crest provided partial buyer financing of \$1.3 million, which was paid in full in February 2006. Crest's gains on sales are reported before income taxes and are included in discontinued operations.

Crest's Property Inventory

At December 31, 2008, Crest had an inventory of five properties with a carrying value of \$6.0 million, all of which are classified as held for sale. At December 31, 2007, Crest had a property inventory of 30 properties with a carrying value of \$56.2 million.

Gain on Sales of Investment Properties by Realty Income

In 2008, we sold 29 investment properties for an aggregate of \$27.4 million, which resulted in a gain of \$13.3 million. The results of operations for these properties have been reclassified as discontinued operations. Additionally, we received proceeds of \$439,000 from the sale of excess land from one property, which resulted in a gain of \$236,000. This gain is included in "other revenue" on our consolidated statements of income because this excess land was associated with a property that continues to be owned as part of our core operations.

In 2007, we sold ten investment properties for \$7.0 million, which resulted in a gain of \$1.7 million. The results of operations for these properties have been reclassified as discontinued operations. In addition, we sold excess land and improvements from five properties for an aggregate of \$4.4 million, which resulted in a gain of \$1.8 million. This gain from the land and improvements sales is reported in "other revenue" on our consolidated statements of income because these improvements and excess land were associated with properties that continue to be owned as part of our core operations.

In 2006, we sold or exchanged 13 investment properties for \$10.7 million, which resulted in a gain of \$3.0 million, which is included in discontinued operations.

We have an active portfolio management program that incorporates the sale of assets when we believe the reinvestment of the sale proceeds will generate higher returns, enhance the credit quality of our real estate portfolio or extend our average remaining lease term. At December 31, 2008, we classified real estate with a carrying amount of \$6.7 million as held for sale on our balance sheet, which includes five properties owned by Crest, with a carrying value of \$6.0 million. Additionally, we anticipate selling investment properties from our portfolio that we have not yet been specifically identified, from which we anticipate receiving between \$10 million and \$35 million in proceeds during the next 12 months. We intend to invest these proceeds into new property acquisitions. However, we cannot guarantee that we will sell properties during the next 12 months.

Provisions for Impairment on Real Estate Acquired for Resale by Crest

In 2008, provisions for impairment of \$3.4 million were recorded by Crest on three properties held for sale. In February 2008, Buffets Holdings elected to reject the leases for two of these three properties. No provisions for impairment were recorded by Crest in 2007. In 2006, provisions for impairment of \$1.2 million were recorded by Crest on three properties. One of the three properties was sold in 2007 and the other two properties were sold in 2008. The above provisions for impairment reduced the carrying costs to the estimated fair-market value of those properties, net of estimated selling costs, and are included in "income from discontinued operations, real estate acquired for resale by Crest."



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Provisions for Impairment on Realty Income Investment Properties

No provisions for impairment were recorded in 2008. In 2007, we recorded a provision for impairment of \$134,000 on one property, which is included in “income from discontinued operations, real estate held for investment” on our consolidated statements of income, as the property was subsequently sold. Additionally, we recorded a provision for impairment of \$138,000 on another property in 2007, which is included in property expense on our consolidated statements of income. In 2006, we recorded a provision for impairment of \$16,000 on one property, which is included in “income from discontinued operations, real estate held for investment.”

Preferred Stock Dividends

Preferred stock cash dividends totaled \$24.3 million in 2008 and 2007 as compared to \$11.4 million in 2006.

Net Income Available to Common Stockholders

Net income available to common stockholders was \$107.6 million in 2008, a decrease of \$8.6 million as compared to \$116.2 million in 2007. Net income available to common stockholders in 2006 was \$99.4 million.

The calculation to determine net income available to common stockholders includes gains from the sales 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.

During 2008, the gain recognized from the sales of investment properties and from the additional proceeds received from a sale of excess land was \$13.6 million, as compared to gains recognized from the sales of investment properties of \$3.6 million during 2007 and \$3.0 million during 2006. Crest’s gain recognized from the sale of properties during 2008 was \$4.6 million as compared to \$12.3 million during 2007 and \$2.2 million during 2006.

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

FFO for 2008 decreased by \$4.2 million, or 2.2%, to \$185.5 million as compared to \$189.7 million in 2007 and \$155.8 million in 2006. The following is a reconciliation of net income available to common stockholders (which we believe is the most comparable GAAP measure) to FFO. Also presented is information regarding distributions paid to common stockholders and the weighted average number of shares used for the basic and diluted computation per share (dollars in thousands, except per share amounts):

|  | 2008        | 2007        | 2006       |
|--|-------------|-------------|------------|
| Net income available to common stockholders                              | \$ 107,588  | \$ 116,156  | \$ 99,419  |
| Depreciation and amortization:   |             |             |            |
| Continuing operations  | 90,732      | 76,686      | 58,783     |
| Discontinued operations  | 1,073       | 636         | 825        |
| Depreciation of furniture, fixtures and equipment                        | (319)       | (244)       | (192)      |
| Gain on sales of land and investment properties:                         |             |             |            |
| Continuing operations  | (236)       | (1,835)     | --         |
| Discontinued operations  | (13,314)    | (1,724)     | (3,036)    |
| FFO available to common stockholders                                     | \$ 185,524  | \$ 189,675  | \$ 155,799 |
| FFO per common share:  |             |             |            |
| Basic  | \$ 1.83     | \$ 1.89     | \$ 1.74    |
| Diluted  | \$ 1.83     | \$ 1.89     | \$ 1.73    |
| Distributions paid to common stockholders                                | \$ 169,655  | \$ 157,659  | \$ 129,667 |
| FFO in excess of distributions paid to common stockholders               | \$ 15,869   | \$ 32,016   | \$ 26,132  |
| Weighted average number of common shares used for computation per share: |             |             |            |
| Basic  | 101,178,191 | 100,195,031 | 89,766,714 |
| Diluted  | 101,209,883 | 100,333,966 | 89,917,554 |

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

We consider FFO to be an appropriate supplemental measure of a REIT's operating performance as it is based on a net income analysis of property portfolio performance that excludes non-cash items such as depreciation. The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time. Since real estate values historically rise and fall with market conditions, presentations of operating results for a REIT, using historical accounting for depreciation, could be less informative. The use of FFO is recommended by the REIT industry as a supplemental performance measure. In addition, FFO is used as a measure of our compliance with the financial covenants of our credit facility.

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



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## Other Non-Cash Items and Capitalized Expenditures

The following information includes non-cash items and capitalized expenditures on existing properties in our portfolio. These items are not included in the adjustments to net income available to common stockholders to arrive at FFO. Analysts and investors often request this supplemental information.

| (dollars in thousands)                                     | 2008    | 2007    | 2006    |
|--|---------|---------|---------|
| Amortization of settlements on treasury lock agreements(1) | \$ 759  | \$ 870  | \$ 717  |
| Amortization of deferred note financing costs(2)           | 1,748   | 1,494   | 1,287   |
| Amortization of share-based compensation                   | 5,049   | 3,857   | 2,951   |
| Capitalized leasing costs and commissions                  | (956)   | (614)   | (761)   |
| Capitalized building improvements                          | (1,498) | (1,258) | (203)   |
| Straight-line rent revenue(3)                              | (1,997) | (1,217) | (1,515) |
| Provisions for impairment                                  | --      | 272     | 16      |
| Crest provisions for impairment                            | 3,374   | --      | 1,188   |
| Gain on reinstatement of property carrying value           | --      | --      | (716)   |

- (1) The settlement on the treasury lock agreements resulted from an interest rate risk prevention strategy that we used in 1997 and 1998, which correlated to pending issuances of senior note securities. We have not employed this strategy since 1998.
- (2) Amortization of deferred note financing costs includes the amortization of costs incurred and capitalized when our notes were issued in May 1997, October 1998, January 1999, March 2003, November 2003, March 2005, September 2005, September 2006 and September 2007. These costs are being amortized over the lives of these notes. No costs associated with our credit facility agreements or annual fees paid to credit rating agencies have been included.
- (3) A negative amount indicates that our straight-line rent was greater than our actual cash rent collected.

## IMPACT OF INFLATION

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

Approximately 96.6% or 2,268 of our 2,348 retail properties in the portfolio are leased to tenants under net leases where the tenant is responsible for property expenses. Net leases tend to reduce our exposure to rising property expenses due to inflation. Inflation and increased costs may have an adverse impact on our tenants if increases in their operating expenses exceed increases in revenue.

## IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

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

Item 7A: Quantitative and Qualitative Disclosures about Market Risk

We are exposed to interest rate changes primarily as a result of our credit facility and long-term notes used to maintain liquidity and expand our real estate investment portfolio and operations. Our interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flow and to lower our overall borrowing costs. To achieve these objectives we issue long-term notes, primarily at fixed rates, and may selectively enter into derivative financial instruments, such as interest rate lock agreements, interest rate swaps and caps in order to mitigate our interest rate risk on a related financial instrument. We were not a party to any derivative financial instruments at December 31, 2008. We do not enter into any derivative transactions for speculative or trading purposes.

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Our interest rate risk is monitored using a variety of techniques. The following table presents by year of expected maturity, the principal amounts, average interest rates and fair values as of December 31, 2008. This information is presented to evaluate the expected cash flows and sensitivity to interest rate changes (dollars in millions):

## Expected Maturity Data

| Year of maturity | Fixed rate<br>debt | Average<br>interest<br>rate<br>on fixed<br>rate debt | Variable<br>rate<br>debt | Average<br>interest<br>rate<br>on<br>variable<br>rate debt |
|------------------|--------------------|--|--------------------------|--|
| 2009(1)          | \$ 20.0            | 8.000%   | \$ --                    | --%  |
| 2010             | --                 | --   | --                       | --   |
| 2011(2)          | --                 | --   | --                       | --   |
| 2012             | --                 | --   | --                       | --   |
| 2013(3)          | 100.0              | 5.375  | --                       | --   |
| Thereafter(4)    | 1,250.0            | 6.162  | --                       | --   |
| Totals           | \$ 1,370.0         | 6.131%   | \$ --                    | --%  |
| Fair Value(5)    | \$ 949.4           |  | \$ --                    |  |

(1) \$20 million matured and was retired in January 2009.

(2) The credit facility expires in May 2011. There was no outstanding credit facility balance as of February 9, 2009.

(3) \$100 million matures in March 2013.

(4) \$150 million matures in November 2015, \$275 million matures in September 2016, \$175 million matures in September 2017, \$550 million matures in August 2019 and \$100 million matures in March 2035.

(5) We base the fair value of the fixed rate debt at December 31, 2008 on the closing market price or indicative price per each note.

The table incorporates only those exposures that exist as of December 31, 2008. It does not consider those exposures or positions that could arise after that date. As a result, our ultimate realized gain or loss, with respect to interest rate fluctuations, would depend on the exposures that arise during the period, our hedging strategies at the time, and interest rates.

All of our outstanding notes and bonds have fixed interest rates. Our credit facility interest rate is variable. At December 31, 2008, our credit facility balance was zero; however, we intend to borrow funds on our credit facility in the future. Based on a hypothetical credit facility borrowing of \$50 million, a 1% change in interest rates would change our interest costs by \$500,000 per year.



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Item 8: Financial Statements and Supplementary Data

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A. Report of Independent Registered Public Accounting Firm

B. Consolidated Balance Sheets,  
December 31, 2008 and 2007

C. Consolidated Statements of Income,  
Years ended December 31, 2008, 2007 and 2006

D. Consolidated Statements of Stockholders' Equity,  
Years ended December 31, 2008, 2007 and 2006

E. Consolidated Statements of Cash Flows,  
Years ended December 31, 2008, 2007 and 2006

F. Notes to Consolidated Financial Statements

G. Consolidated Quarterly Financial Data  
(unaudited) for 2008 and 2007

H. Schedule III Real Estate and Accumulated Depreciation

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

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
Realty Income Corporation:

We have audited the accompanying consolidated balance sheets of Realty Income Corporation and subsidiaries as of December 31, 2008 and 2007, 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, 2008. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule III of the Company. We have also audited Realty Income Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Realty Income Corporation's management is responsible for these consolidated financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule, and an opinion on Realty Income Corporation's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Realty Income Corporation and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2008, in

conformity with U.S. generally accepted accounting principles. Additionally, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also in our opinion, Realty Income Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG  
San Diego, California  
February 10, 2009

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REALTY INCOME  
CORPORATION AND  
SUBSIDIARIES  
Consolidated Balance Sheets

December 31, 2008 and 2007  
(dollars in thousands, except per share data)

|   | 2008         | 2007         |
|---|--------------|--------------|
| <b>ASSETS</b>   |              |              |
| Real estate, at cost:   |              |              |
| Land  | \$ 1,157,885 | \$ 1,110,897 |
| Buildings and improvements  | 2,251,025    | 2,127,897    |
|   | 3,408,910    | 3,238,794    |
| Less accumulated depreciation and amortization  | (553,417)    | (470,695)    |
| Net real estate held for investment   | 2,855,493    | 2,768,099    |
| Real estate held for sale, net  | 6,660        | 56,156       |
| Net real estate   | 2,862,153    | 2,824,255    |
| Cash and cash equivalents   | 46,815       | 193,101      |
| Accounts receivable   | 10,624       | 7,142        |
| Goodwill  | 17,206       | 17,206       |
| Other assets, net   | 57,381       | 35,648       |
| Total assets  | \$ 2,994,179 | \$ 3,077,352 |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |              |              |
| Distributions payable   | \$ 16,793    | \$ 15,844    |
| Accounts payable and accrued expenses   | 38,027       | 38,112       |
| Other liabilities   | 14,698       | 15,304       |
| Lines of credit payable   | --           | --           |
| Notes payable   | 1,370,000    | 1,470,000    |
| Total liabilities   | 1,439,518    | 1,539,260    |
| Commitments and contingencies   |              |              |
| Stockholders' equity:   |              |              |
| Preferred stock and paid in capital, par value \$1.00 per share,<br>20,000,000 shares authorized, 13,900,000 shares issued<br>and outstanding in 2008 and 2007                              | 337,790      | 337,790      |
| Common stock and paid in capital, par value \$1.00 per share,<br>200,000,000 shares authorized, 104,211,541 and 101,082,717<br>shares issued and outstanding in 2008 and 2007, respectively | 1,624,622    | 1,545,037    |
| Distributions in excess of net income   | (407,751)    | (344,735)    |
| Total stockholders' equity  | 1,554,661    | 1,538,092    |
| Total liabilities and stockholders' equity  | \$ 2,994,179 | \$ 3,077,352 |

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

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REALTY INCOME  
CORPORATION AND  
SUBSIDIARIES  
Consolidated Statements Of Income

Years Ended December 31, 2008, 2007 and 2006  
(dollars in thousands, except per share data)

|   | 2008        | 2007        | 2006       |
|---|-------------|-------------|------------|
| <b>REVENUE</b>  |             |             |            |
| Rental  | \$ 328,266  | \$ 287,965  | \$ 235,374 |
| Other   | 1,934       | 6,352       | 2,042      |
|   | 330,200     | 294,317     | 237,416    |
| <b>EXPENSES</b>   |             |             |            |
| Interest  | 93,956      | 64,331      | 51,363     |
| Depreciation and amortization                                     | 90,732      | 76,686      | 58,783     |
| General and administrative  | 21,618      | 22,694      | 17,539     |
| Property  | 5,818       | 3,471       | 3,300      |
| Income taxes  | 1,230       | 1,392       | 747        |
| Loss on extinguishment of debt                                    | --          | --          | 1,555      |
|   | 213,354     | 168,574     | 133,287    |
| Income from continuing operations                                 | 116,846     | 125,743     | 104,129    |
| Income from discontinued operations:                              |             |             |            |
| Real estate acquired for resale by Crest                          | 575         | 10,703      | 1,402      |
| Real estate held for investment                                   | 14,420      | 3,963       | 5,250      |
|   | 14,995      | 14,666      | 6,652      |
| Net income  | 131,841     | 140,409     | 110,781    |
| Preferred stock cash dividends                                    | (24,253)    | (24,253)    | (11,362)   |
| Net income available to common stockholders                       | \$ 107,588  | \$ 116,156  | \$ 99,419  |
| <b>Amounts available to common stockholders per common share:</b> |             |             |            |
| Income from continuing operations:                                |             |             |            |
| Basic   | \$ 0.92     | \$ 1.01     | \$ 1.03    |
| Diluted   | \$ 0.91     | \$ 1.01     | \$ 1.03    |
| Net income, basic and diluted                                     | \$ 1.06     | \$ 1.16     | \$ 1.11    |
| Weighted average common shares outstanding:                       |             |             |            |
| Basic   | 101,178,191 | 100,195,031 | 89,766,714 |
| Diluted   | 101,209,883 | 100,333,966 | 89,917,554 |

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

Table of contentsREALTY INCOME CORPORATION AND  
SUBSIDIARIES

## Consolidated Statements Of Stockholders' Equity

Years Ended December 31, 2008, 2007 and 2006  
(dollars in thousands)

|   | Shares of<br>preferred<br>stock | Shares of<br>common<br>stock | Preferred<br>stock and<br>paid in<br>capital | Common<br>stock and<br>paid in<br>capital | Distributions<br>in excess of<br>net income | Total        |
|---|---------------------------------|------------------------------|--|---|---|--------------|
| Balance, December 31, 2005  | 5,100,000                       | 83,696,647                   | \$ 123,804                                   | \$ 1,134,300                              | \$ (268,890)                                | \$ 989,214   |
| Net income  | --                              | --                           | --   | --  | 110,781                                     | 110,781      |
| Distributions paid and payable                                      | --                              | --                           | --   | --  | (144,045)                                   | (144,045)    |
| Shares issued in stock offerings, net of offering costs of \$20,911 | --                              | 16,815,000                   | --   | 402,745                                   | --  | 402,745      |
| Shares issued in stock offering, net of offering costs of \$6,023   | 8,800,000                       | --                           | 213,977                                      | --  | --  | 213,977      |
| Share-based compensation  | --                              | 234,579                      | --   | 3,320                                     | --  | 3,320        |
| Balance, December 31, 2006  | 13,900,000                      | 100,746,226                  | 337,781                                      | 1,540,365                                 | (302,154)                                   | 1,575,992    |
| Net income  | --                              | --                           | --   | --  | 140,409                                     | 140,409      |
| Distributions paid and payable                                      | --                              | --                           | --   | --  | (182,990)                                   | (182,990)    |
| Preferred stock issuance cost                                       | --                              | --                           | 9  | --  | --  | 9            |
| Share-based compensation  | --                              | 336,491                      | --   | 4,672                                     | --  | 4,672        |
| Balance, December 31, 2007  | 13,900,000                      | 101,082,717                  | 337,790                                      | 1,545,037                                 | (344,735)                                   | 1,538,092    |
| Net income  | --                              | --                           | --   | --  | 131,841                                     | 131,841      |
| Distributions paid and payable                                      | --                              | --                           | --   | --  | (194,857)                                   | (194,857)    |
| Shares issued in stock offering, net of offering costs of \$4,024   | --                              | 2,925,000                    | --   | 74,425                                    | --  | 74,425       |
| Share-based compensation  | --                              | 203,824                      | --   | 5,160                                     | --  | 5,160        |
| Balance, December 31, 2008  | 13,900,000                      | 104,211,541                  | \$ 337,790                                   | \$ 1,624,622                              | \$ (407,751)                                | \$ 1,554,661 |

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

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REALTY INCOME CORPORATION  
AND SUBSIDIARIES  
Consolidated Statements Of Cash  
Flows

Years Ended December 31, 2008, 2007 and 2006  
(dollars in thousands)

|  | 2008       | 2007       | 2006       |
|--|------------|------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |            |            |            |
| Net income   | \$ 131,841 | \$ 140,409 | \$ 110,781 |
| Adjustments to net income:   |            |            |            |
| Depreciation and amortization  | 90,732     | 76,686     | 58,783     |
| Income from discontinued operations:   |            |            |            |
| Real estate acquired for resale  | (575)      | (10,703)   | (1,402)    |
| Real estate held for investment  | (14,420)   | (3,963)    | (5,250)    |
| Gain on sales of land and improvements   | (236)      | (1,835)    | --         |
| Gain on reinstatement of property carrying value   | --         | --         | (716)      |
| Amortization of share-based compensation   | 5,049      | 3,857      | 2,951      |
| Provisions for impairment on real estate held<br>for investment                              | --         | 138        | --         |
| Cash provided by (used in) discontinued operations:  |            |            |            |
| Real estate acquired for resale  | 78         | (1,610)    | 371        |
| Real estate held for investment  | 1,408      | 3,009      | 3,055      |
| Investment in real estate acquired for resale  | (9)        | (29,886)   | (113,166)  |
| Proceeds from sales of real estate acquired for resale                                       | 31,455     | 119,790    | 22,405     |
| Collection of notes receivable by Crest  | 87         | 651        | 1,333      |
| Change in assets and liabilities:  |            |            |            |
| Accounts receivable and other assets   | (930)      | (49)       | 4,418      |
| Accounts payable, accrued expenses and<br>other liabilities                                  | 1,675      | 21,675     | 3,382      |
| Net cash provided by operating activities  | 246,155    | 318,169    | 86,945     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |            |            |            |
| Proceeds from sales of investment properties:  |            |            |            |
| Continuing operations  | 439        | 4,370      | 2          |
| Discontinued operations  | 24,191     | 7,014      | 9,804      |
| Acquisition of and improvements to investment properties                                     | (194,106)  | (506,360)  | (654,149)  |
| Intangibles acquired in connection with acquisitions of<br>investment properties             | (397)      | (997)      | (937)      |
| Restricted escrow funds acquired in connection with<br>acquisitions of investment properties | --         | (2,648)    | --         |
| Net cash used in investing activities  | (169,873)  | (498,621)  | (645,280)  |

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REALTY INCOME  
CORPORATION AND SUBSIDIARIES  
Consolidated Statements Of Cash Flows  
(Continued)

Years Ended December 31, 2008, 2007 and 2006  
(dollars in thousands)

|  | 2008      | 2007       | 2006      |
|--|-----------|------------|-----------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |           |            |           |
| Cash distributions to common stockholders            | (169,655) | (157,659)  | (129,667) |
| Cash dividends to preferred stockholders             | (24,253)  | (24,583)   | (9,403)   |
| Proceeds from common stock offerings, net            | 74,425    | --         | 402,745   |
| Credit facility origination costs                    | (3,196)   | --         | --        |
| Principal payment on notes payable                   | (100,000) | --         | (110,000) |
| Proceeds from notes issued, net                      | --        | 544,397    | 271,883   |
| Borrowings from lines of credit                      | --        | 407,800    | 523,200   |
| Payments under lines of credit                       | --        | (407,800)  | (659,900) |
| Proceeds from preferred stock offerings, net         | --        | 9          | 213,977   |
| Proceeds from other stock issuances                  | 111       | 816        | 369       |
| Net cash provided by (used in) financing activities  | (222,568) | 362,980    | 503,204   |
| Net increase (decrease) in cash and cash equivalents | (146,286) | 182,528    | (55,131)  |
| Cash and cash equivalents, beginning of year         | 193,101   | 10,573     | 65,704    |
| Cash and cash equivalents, end of year               | \$ 46,815 | \$ 193,101 | \$ 10,573 |

For supplemental disclosures, see note 13.

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



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## REALTY INCOME CORPORATION AND SUBSIDIARIES

## Notes To Consolidated Financial Statements

December 31, 2008, 2007 and 2006

## 1. Organization and Operation

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

At December 31, 2008, we owned 2,348 properties, located in 49 states, containing over 19.1 million leasable square feet, along with five properties owned by our wholly-owned taxable REIT subsidiary, Crest Net Lease, Inc. (“Crest”). 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 “Tax Code”).

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

## 2. Summary of Significant Accounting Policies and Procedures

**Federal Income Taxes.** We have elected to be taxed as a real estate investment trust (“REIT”) under the Tax Code. We believe we have qualified and continue to qualify as a REIT. Under the REIT operating structure, we are permitted to deduct distributions paid to our stockholders and generally will not be required to pay federal corporate income taxes on such income. Accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements, except for federal income taxes of Crest, which totaled \$181,000 in 2008, \$2.5 million in 2007 and \$396,000 in 2006 and are included in discontinued operations.

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

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

|  | 2008(1)    | 2007       | 2006      |
|--|------------|------------|-----------|
| Net income available to common stockholders              | \$ 107,588 | \$ 116,156 | \$ 99,419 |
| Preferred dividends                                      | 24,253     | 24,583     | 11,362    |
| Depreciation and amortization timing differences         | 28,624     | 22,668     | 16,612    |
| Tax gain on the sales of real estate less than book gain | (3,925)    | --         | --        |
| Tax loss on the sale of real estate less than book gain  | --         | (3,839)    | (3,529)   |
| Dividends received from Crest                            | 2,500      | 3,300      | 500       |
| Elimination of net revenue and expenses from Crest       | 270        | (6,677)    | 2,440     |
| Adjustment for share-based compensation                  | 2,270      | 314        | (63)      |
| Adjustment for straight-line rent                        | (1,997)    | (1,217)    | (1,515)   |
|  | (1,226)    | 5,608      | (1,681)   |

Adjustment for an increase (decrease) in  
prepaid rent

|                   |       |       |       |
|-------------------|-------|-------|-------|
| Other adjustments | (358) | (453) | (718) |
|-------------------|-------|-------|-------|

Taxable net income, before our dividends paid  
deduction

|            |            |            |
|------------|------------|------------|
| \$ 157,999 | \$ 160,443 | \$ 122,827 |
|------------|------------|------------|

(1) The 2008 information presented is a reconciliation of our net income available to common stockholders to estimated taxable net income.

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In June 2006, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109. Interpretation No. 48 applies to all tax positions accounted for under Statement No. 109 and clarifies the accounting for uncertainty in income taxes by defining criteria that a tax position on an individual matter must meet before that position is recognized in the financial statements. We were subject to the provisions of Interpretation No. 48 since January 2007 and from that time we have analyzed our various federal and state filing positions. We believe that our income tax positions would more likely than not be sustained upon examination by all relevant taxing authorities. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to Interpretation No. 48 and we did not record a cumulative effect adjustment related to its adoption.

Absent an election to the contrary, if a REIT acquires property that is or has been owned by a C corporation in a transaction in which the tax basis of the property in the hands of the REIT is determined by reference to the tax basis of the property in the hands of the C corporation, and the REIT recognizes gain on the disposition of such property during the 10 year period beginning on the date on which it acquired the property, then the REIT will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of the fair market value of the property over the REIT’s adjusted basis in the property, in each case determined as of the date the REIT acquired the property. In August 2007, we acquired 100% of the stock of a C corporation that owned real property. At the time of acquisition, the C corporation became a Qualified REIT Subsidiary, was deemed to be liquidated for Federal income tax purposes, and the real property was deemed to be transferred to us with a carryover tax basis. As of December 31, 2008, we have built-in gains of \$59 million with respect to such property. We do not expect that we will be required to pay income tax on the built-in gains in these properties during the ten-year period ending August 28, 2017. It is our intent, and we have the ability, to defer any dispositions of these properties to periods when the related gains would not be subject to the built-in gain income tax or otherwise to defer the recognition of the built-in gain related to these properties. However, our plans could change and it may be necessary to dispose of one or more of these properties in a taxable transaction before August 28, 2017, in which case we would be required to pay corporate level tax with respect to the built-in gains on these properties as described above.

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

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

|  | 2008        | 2007        | 2006       |
|--|-------------|-------------|------------|
| Weighted average shares used for the basic net income per share computation        | 101,178,191 | 100,195,031 | 89,766,714 |
| Incremental shares from share-based compensation                                   | 31,692      | 138,935     | 150,840    |
| Adjusted weighted average shares used for diluted net income per share computation | 101,209,883 | 100,333,966 | 89,917,554 |
| Unvested shares from share-based compensation that were anti-dilutive              | 614,917     | 243,631     | 235,035    |

No stock options were anti-dilutive in 2008, 2007 or 2006.



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**Discontinued Operations.** In accordance with FASB Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, Realty Income's operations from two investment properties classified as held for sale at December 31, 2008, plus properties sold in 2008, 2007 and 2006, are reported as discontinued operations. Their respective results of operations have been reclassified to "income from discontinued operations, real estate held for investment" on our consolidated statements of income. We do not depreciate properties once they are classified as held for sale.

Crest acquires properties with the intention of reselling them rather than holding them for investment and operating the properties. Consequently, we typically classify properties acquired by Crest as held for sale at the date of acquisition and do not depreciate them. In accordance with Statement No. 144, the operations of Crest's properties are classified as "income from discontinued operations, real estate acquired for resale by Crest" on our consolidated statements of income.

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

If circumstances arise, which were previously considered unlikely and, as a result, we decide not to sell a property previously classified as held for sale, the property is reclassified as real estate held for investment. A property that is reclassified to held for investment is measured and recorded at the lower of (i) its carrying amount before the property was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the property been continuously classified as held for investment, and (ii) the fair value at the date of the subsequent decision not to sell.

The following is a summary of Crest's "income from discontinued operations, real estate acquired for resale" on our consolidated statements of income (dollars in thousands):

| Crest's income from discontinued operations, real estate acquired for resale  | 2008     | 2007      | 2006     |
|---|----------|-----------|----------|
| Gain on sales of real estate acquired for resale                              | \$ 4,642 | \$ 12,319 | \$ 2,219 |
| Rental revenue  | 1,830    | 8,165     | 5,065    |
| Other revenue   | 914      | 190       | 15       |
| Interest expense  | (1,797)  | (6,201)   | (3,708)  |
| General and administrative expense  | (511)    | (691)     | (440)    |
| Property expenses   | (133)    | (40)      | (67)     |
| Provisions for impairment   | (3,374)  | --        | (1,188)  |
| Depreciation (1)  | (771)    | --        | --       |
| Income taxes  | (225)    | (3,039)   | (494)    |
| Income from discontinued operations, real estate acquired for resale by Crest | \$ 575   | \$ 10,703 | \$ 1,402 |

(1) Depreciation was recorded on one property that was classified as held for investment. This property was sold in 2008.

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The following is a summary of Realty Income's "income from discontinued operations, from real estate held for investment" on our consolidated statements of income (dollars in thousands):

| Realty Income's income from discontinued operations, real estate held for investment | 2008      | 2007     | 2006     |
|--|-----------|----------|----------|
| Gain on sales of investment properties   | \$ 13,314 | \$ 1,724 | \$ 3,036 |
| Rental revenue   | 1,461     | 3,075    | 3,177    |
| Other revenue  | 40        | 4        | 34       |
| Depreciation and amortization  | (302)     | (636)    | (825)    |
| Property expenses  | (93)      | (70)     | (156)    |
| Provisions for impairment  | --        | (134)    | (16)     |
| Income from discontinued operations, real estate held for investment                 | \$ 14,420 | \$ 3,963 | \$ 5,250 |

The following is a summary of our total income from discontinued operations (dollars in thousands, except per share data):

| Total discontinued operations            | 2008      | 2007      | 2006     |
|--|-----------|-----------|----------|
| Real estate acquired for resale by Crest | \$ 575    | \$ 10,703 | \$ 1,402 |
| Real estate held for investment          | 14,420    | 3,963     | 5,250    |
| Income from discontinued operations      | \$ 14,995 | \$ 14,666 | \$ 6,652 |
| Per common share, basic and diluted      | \$ 0.15   | \$ 0.15   | \$ 0.07  |

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

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

We recognize an allowance for doubtful accounts relating to accounts receivable for amounts deemed uncollectible. We consider tenant specific issues, such as financial stability and ability to pay rent, when determining collectibility of accounts receivable and appropriate allowances to record. The allowance for doubtful accounts was \$637,000 at December 31, 2008 and \$795,000 at December 31, 2007.

Other revenue includes non-operating interest earned from investments in money market funds and other notes of \$1.4 million in 2008, \$3.6 million in 2007 and \$1.2 million in 2006.

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

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

Gain on Sales of Properties. We recognize gains on sales of properties in accordance with FASB Statement No. 66, Accounting for Sales of Real Estate.

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**Allocation of the Purchase Price of Real Estate Acquisitions.** When we acquire a property for investment purposes, we allocate the purchase price to the various components of the acquisition based upon the fair value of each component. The components typically include (i) land, (ii) building and improvements, (iii) intangible assets related to above and below market leases, and (iv) value of costs to obtain tenants.

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

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

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

**Provisions for Impairment.** We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Generally, a provision is made for impairment if estimated future operating cash flows (undiscounted and without interest charges) plus estimated disposition proceeds (undiscounted) are less than the current book value. Impairment loss is measured as the amount by which the current book value of the asset exceeds the fair value of the asset. If a property is held for sale, it is carried at the lower of cost or estimated fair value, less estimated cost to sell. In 2008, Crest recorded provisions for impairment of \$3.4 million on three retail properties, which were held for sale at December 31, 2008. These provisions for impairment are included in “income from discontinued operations, real estate acquired for resale by Crest” on our consolidated statements of income.

In 2007, we recorded a provision for impairment of \$134,000 on one retail investment property in the motor vehicle industry. This provision for impairment is included in “income from discontinued operations, real estate held for investment” on our consolidated statement of income (“Discontinued Operations”). In 2007, we also recorded a provision for impairment of \$138,000 on one retail investment property in the consumer electronics industry. This provision for impairment is included in property expense on our consolidated statement of income. No provisions for impairment were recorded by Crest in 2007.

In 2006, we recorded a provision for impairment of \$16,000 on one retail investment property in the restaurant industry. This provision for impairment is included in Discontinued Operations. Additionally, in 2006, Crest recorded provisions for impairment of \$1.2 million on three retail properties. One was sold in 2007 and two were sold in 2008. The provisions for impairment recorded by Crest are included in “income from discontinued operations, real estate acquired for resale by Crest” on our consolidated statements of income.

The provisions for impairment recorded in 2008, 2007 and 2006 reduced the carrying values to the estimated fair-market value of those properties, net of estimated selling costs.





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**Acquired In-place Leases.** In accordance with FASB Statement No. 141, Business Combinations, the fair value of the real estate acquired with in-place operating leases is allocated to the acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, the value of in-place leases and tenant relationships, based in each case on their fair values.

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

Capitalized above-market lease values are amortized as a reduction of rental income over the remaining terms of the respective leases. Capitalized below-market lease values are amortized as an increase to rental income over the remaining terms of the respective leases and expected below-market renewal option periods.

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

**Share-based Compensation.** Effective January 1, 2006, we adopted FASB Statement No. 123R, Share-Based Payments. Statement No. 123R requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees. Effective January 1, 2002, we adopted the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, and starting January 1, 2002 expensed costs for all stock option awards granted, modified, or settled.

**Goodwill.** Goodwill is tested for impairment during the second quarter of each year as well as when events or circumstances occur indicating that our goodwill might be impaired. We did not record any new goodwill or impairment on our existing goodwill during 2008, 2007 or 2006.

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

| December 31,   | 2008      | 2007     |
|--|-----------|----------|
| Notes receivable issued in conjunction with Crest property sales | \$ 22,344 | \$ 3,132 |
| Deferred bond financing costs, net                               | 13,249    | 14,940   |
| Value of in-place and above-market leases, net                   | 10,534    | 11,211   |
| Prepaid expenses   | 4,244     | 3,803    |
| Escrow deposits for Section 1031 tax-deferred exchanges          | 3,174     | --       |
|  | 2,552     | 434      |

Credit facility organization costs,  
net

|  |           |           |
|--|-----------|-----------|
| Corporate assets, net of<br>accumulated depreciation and<br>amortization | 1,277     | 1,356     |
| Settlements on treasury lock<br>agreements                               | --        | 759       |
| Other items  | 7         | 13        |
|  | \$ 57,381 | \$ 35,648 |

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

| December 31,               | 2008      | 2007      |
|----------------------------|-----------|-----------|
| Common stock distributions | \$ 14,772 | \$ 13,823 |
| Preferred stock dividends  | 2,021     | 2,021     |
|                            | \$ 16,793 | \$ 15,844 |

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

| December 31,          | 2008      | 2007      |
|-----------------------|-----------|-----------|
| Bond interest payable | \$ 26,706 | \$ 24,987 |
| Other items           | 11,321    | 13,125    |
|                       | \$ 38,027 | \$ 38,112 |

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

| December 31,                               | 2008      | 2007      |
|--|-----------|-----------|
| Rent received in advance                   | \$ 9,083  | \$ 10,626 |
| Security deposits                          | 3,937     | 2,818     |
| Value of in-place below-market leases, net | 1,678     | 1,860     |
|  | \$ 14,698 | \$ 15,304 |

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

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

Impact of Recent Accounting Pronouncements. In September 2006, the FASB issued Statement No. 157, Fair Value Measurements. Statement No. 157 sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. Statement No. 157 became effective for us at the beginning of 2008 and did not have an impact on our financial position or results of operations. In February 2008, the FASB delayed the effective date of Statement No. 157 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis, to the beginning of 2009. For additional discussion of Statement No. 157, see note 12.

In February 2007, the FASB issued Statement No. 159, The Fair Value option for Financial Assets and Financial Liabilities-including an Amendment of FASB Statement No. 115. Statement No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. We have elected not to use the fair value measurement provisions of Statement No. 159.

In December 2007, the FASB issued Statement No. 141R (revised 2007), Business Combinations. Effective January 1, 2009, Statement No. 141R changes the accounting treatment and disclosures for certain specific items in a business combination. Under Statement No. 141R, a company that acquires another entity is required to recognize all the assets acquired and liabilities assumed at the acquisition-date fair value with limited exceptions. Statement 141R requires transaction costs to be expensed as incurred, rather than capitalized. Statement No. 141R is not expected to have a significant impact on our financial position or results of operations.

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In December 2007, the FASB issued Statement No. 160, Noncontrolling Interest in Consolidated Financial Statements. Effective January 1, 2009, Statement No. 160 clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement also requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest and requires disclosure, on the face of the consolidated statement of income, of the amounts of the consolidated net income attributable to the parent and to the noncontrolling interest. We currently do not have any minority or noncontrolling interest in a subsidiary, and, therefore, Statement No. 160 will not have an impact on our consolidated financial statements.

In June 2008, the FASB issued FASB Staff Position (“FSP”) EITF No. 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities. Effective January 1, 2009, FSP EITF No. 03-6-1 clarifies that all outstanding nonvested share-based payment awards that contain rights to nonforfeitable dividends are considered “participating securities,” as defined by FSP EITF No. 03-6-1, which requires the two-class method of computing basic and diluted earnings per share to be applied. FSP EITF No. 03-6-1 is not expected to have a significant impact on our calculation of basic and diluted earnings per share.

Reclassifications. Certain of the 2007 and 2006 balances have been reclassified to conform to the 2008 presentation.

3. Retail Properties Acquired

We acquire land, buildings and improvements that are used by retail operators.

A. During 2008, Realty Income invested \$189.6 million in 108 new retail properties and properties under development with an initial weighted average contractual lease rate of 8.7%. These 108 properties are located in 14 states, contain over 714,000 leasable square feet, and are 100% leased with an average lease term of 20.6 years. The initial weighted average contractual lease rate is computed by dividing the estimated aggregate base rent for the first year of each lease by the estimated total cost of the properties.

In comparison, during 2007, Realty Income and Crest invested \$533.7 million, in aggregate, in 357 new retail properties and properties under development. These 357 retail properties are located in 38 states, contain over 1.9 million leasable square feet, and are 100% leased with an average lease term of 19.3 years.

Of the \$533.7 million invested during 2007, Realty Income invested \$503.8 million in 325 new retail properties and properties under development with an initial weighted average contractual lease rate of 8.6%. These 325 properties are located in 38 states, contain over 1.8 million leasable square feet, and are 100% leased with an average lease term of 19.2 years.

B. During 2008, Crest did not invest in any new retail properties. In comparison, during 2007, Crest invested \$29.9 million in 32 retail properties.

C. Crest’s property inventory at December 31, 2008 consisted of five properties for \$6.0 million and at December 31, 2007 consisted of 30 properties for \$56.2 million. These amounts are included on our consolidated balance sheets in “real estate held for sale, net.”

D. Of the \$189.6 million invested by Realty Income in 2008, \$10.0 million was used to acquire two retail properties with existing leases. In accordance with FASB Statement No. 141, Business Combinations, Realty Income recorded \$397,000 as the intangible value of the in-place leases. This amount is recorded to “other assets” on our consolidated balance sheets and amortized over the life of the respective leases.

Of the \$533.7 million invested in 2007, \$14.7 million was used to acquire five properties with existing leases already in-place with retail tenants. In accordance with Statement No. 141, Realty Income recorded \$1.8 million as the intangible value of the in-place leases and \$784,000 as the intangible value of below-market leases. These amounts are recorded to “other assets” and “other liabilities,” respectively, on our consolidated balance sheets and are amortized over the life of the respective leases.

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## 4. Credit Facility

In May 2008, we entered into a new \$355 million acquisition credit facility which replaced our existing \$300 million acquisition credit facility that was scheduled to expire in October 2008. The term of the new credit facility is for three years, until May 2011, plus two, one-year extension options. Under the new credit facility, our investment grade credit ratings provide for financing at LIBOR (London Interbank Offered Rate) plus 100 basis points with a facility commitment fee of 27.5 basis points, for all-in drawn pricing of 127.5 basis points over LIBOR. We also have other interest rate options available to us. Our credit facility is unsecured and accordingly, we have not pledged any assets as collateral for this obligation.

In May 2008, as a result of entering into our new credit facility, we incurred \$3.2 million of credit facility origination costs which were capitalized to other assets. Also, we expensed \$235,000 of unamortized credit facility origination costs from our prior credit facility, which are included in interest expense.

We did not utilize our credit facility during 2008. Our effective borrowing rate at December 31, 2008 was 1.4% and at December 31, 2007 was 5.2%. Our average borrowing rate on our credit facility during 2007 was 6.0%, compared to 5.7% in 2006. Our current and prior credit facilities are subject to various leverage and interest coverage ratio limitations. We are and have been in compliance with these covenants.

## 5. Notes Payable

## A. General

Our senior unsecured note obligations consist of the following, sorted by maturity date, (dollars in millions):

| December 31,   | 2008       | 2007       |
|--|------------|------------|
| 8.25% notes, issued in October 1998 and due in November 2008     | \$ --      | \$ 100.0   |
| 8% notes, issued in January 1999 and due in January 2009         | 20.0       | 20.0       |
| 5.375% notes, issued in March 2003 and due in March 2013         | 100.0      | 100.0      |
| 5.5% notes, issued in November 2003 and due in November 2015     | 150.0      | 150.0      |
| 5.95% notes, issued in September 2006 and due in September 2016  | 275.0      | 275.0      |
| 5.375% notes, issued in September 2005 and due in September 2017 | 175.0      | 175.0      |
| 6.75% notes, issued in September 2007 and due in August 2019     | 550.0      | 550.0      |
| 5.875% bonds, issued in March 2005 and due in March 2035         | 100.0      | 100.0      |
|  | \$ 1,370.0 | \$ 1,470.0 |

The following table summarizes the maturity of our notes payable as of December 31, 2008 (dollars in millions):



| Year of Maturity(1) | Notes      |
|---------------------|------------|
| 2009(2)             | \$ 20.0    |
| 2013                | 100.0      |
| After 2013          | 1,250.0    |
| Totals              | \$ 1,370.0 |

(1) There are no maturities in 2010, 2011 and 2012.

(2) \$20.0 million matured and was paid off in January 2009.

Interest incurred on all of the notes for 2008 was \$91.2 million, for 2007 was \$67.1 million and for 2006 was \$49.6 million. The interest rate on each of these notes is fixed.

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

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

### B. Note Redemptions

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

In November 2008 on their maturity date, we redeemed all of our outstanding 8.25% senior notes issued in October 1998 (the “2008 Notes”) at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest, using proceeds from our September 2008 common stock offering and cash on hand.

In May 1998, we entered into a treasury interest rate lock agreement associated with the 2008 Notes. In settlement of the agreement, we made a payment of \$8.7 million in 1998. The payment on the agreement was amortized over 10 years (the life of the notes) as a yield adjustment to interest expense. After taking into effect the results of the treasury lock settlement, the effective rate to us on the 2008 Notes was 9.12%.

In September 2006, we redeemed all of our outstanding 2007 Notes at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest and a make-whole payment of \$1.6 million. The make-whole payment was recorded as a “loss on extinguishment of debt” on our 2006 consolidated statement of income. For 2006, the make-whole payment represented approximately \$0.017 per share.

### C. Note Issuances

In September 2007, we issued \$550 million in aggregate principal amount of 6.75% senior unsecured notes due 2019 (the “2019 Notes”). The price to the investor for the 2019 Notes was 99.827% of the principal amount for an effective yield of 6.772%. The net proceeds of approximately \$544.4 million from this offering were used to fund certain property acquisitions, repay borrowings under our acquisition credit facility and for general corporate purposes, including additional property acquisitions.

In September 2006, we issued \$275 million in aggregate principal amount of 5.95% senior unsecured notes due 2016 (the “2016 Notes”). The price to the investor for the 2016 Notes was 99.74% of the principal amount for an effective yield of 5.985%. The net proceeds of approximately \$271.9 million from this offering were used for general corporate purposes and to redeem the outstanding \$110 million 7.75% unsecured notes due May 2007 (the “2007 Notes”), which were issued in May 1997.

## 6. Common Stock Offerings

A. In September 2008, we issued 2.925 million shares of common stock at a price of \$26.82 per share. The net proceeds of approximately \$74.4 million were used, along with our available cash on hand, to redeem the \$100 million outstanding principal amount of our 2008 Notes in November 2008.

B. In October and November 2006, we issued an aggregate of 6.9 million shares of common stock at a price of \$26.40 per share. The net proceeds of approximately \$173.2 million were used to fund new property acquisitions and

for other general corporate purposes.

C. In September 2006, we issued 4.715 million shares of common stock at a price of \$24.32 per share. The net proceeds of approximately \$109 million from this offering were used to fund new property acquisitions, repay borrowings under our credit facility and for other general corporate purposes.

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D. In March 2006, we issued 5.2 million shares of common stock at a price of \$24.39 per share. The net proceeds of approximately \$120.5 million were used to fund new property acquisitions and for other general corporate purposes.

## 7. Preferred Stock

A. In 2004, we issued 5.1 million shares of 7.375% Monthly Income Class D cumulative redeemable preferred stock. The net proceeds of \$123.8 million from this issuance were used to redeem a portion of the outstanding Class B and Class C preferred stock, repay borrowings outstanding under our acquisition credit facility and for other general corporate purposes. Beginning May 27, 2009, the Class D preferred shares are redeemable, at our option, for \$25 per share. During 2008, 2007 and 2006, we paid twelve monthly dividends to holders of our Class D preferred stock totaling \$1.8437508 per share, or \$9.4 million, and at December 31, 2008 a monthly dividend of \$0.1536459 per share was payable and was paid in January 2009.

B. In 2006, we issued 8.8 million shares of 6.75% Monthly Income Class E cumulative redeemable preferred stock. The net proceeds of \$214 million from this issuance were used to repay borrowings under our credit facility and for other general corporate purposes. Beginning December 7, 2011, the Class E preferred shares are redeemable, at our option, for \$25 per share. During 2008, we paid twelve monthly dividends to holders of our Class E preferred stock totaling \$1.6875 per share, or \$14.9 million, and at December 31, 2008 a monthly dividend of \$0.140625 per share was payable and was paid in January 2009. During 2007, we paid twelve monthly dividends to holders of our Class E preferred stock totaling \$1.725 per share, or \$15.2 million. In January 2007, we paid the first Class E preferred dividend of \$0.178125 per share, which covered a period of 38 days.

## 8. Distributions Paid and Payable

### A. Common Stock

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

| Month     | 2008        | 2007        | 2006        |
|-----------|-------------|-------------|-------------|
| January   | \$ 0.136750 | \$ 0.126500 | \$ 0.116250 |
| February  | 0.136750    | 0.126500    | 0.116250    |
| March     | 0.136750    | 0.126500    | 0.116250    |
| April     | 0.137375    | 0.127125    | 0.116875    |
| May       | 0.137375    | 0.127125    | 0.116875    |
| June      | 0.137375    | 0.127125    | 0.116875    |
| July      | 0.138000    | 0.127750    | 0.117500    |
| August    | 0.138000    | 0.127750    | 0.117500    |
| September | 0.140500    | 0.135500    | 0.125250    |
| October   | 0.141125    | 0.136125    | 0.125875    |
| November  | 0.141125    | 0.136125    | 0.125875    |
| December  | 0.141125    | 0.136125    | 0.125875    |
| Total     | \$ 1.662250 | \$ 1.560250 | \$ 1.437250 |

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

|                          | 2008         | 2007         | 2006         |
|--------------------------|--------------|--------------|--------------|
| Ordinary income          | \$ 1.2681285 | \$ 1.3847719 | \$ 1.2945466 |
| Nontaxable distributions | 0.3121490    | 0.1754781    | 0.1427034    |
| Capital gain             | 0.0819725    | --           | --           |
| Totals                   | \$ 1.6622500 | \$ 1.5602500 | \$ 1.4372500 |

At December 31, 2008, a distribution of \$0.14175 per common share was payable and was paid in January 2009. At December 31, 2007, a distribution of \$0.13675 per common share was payable and was paid in January 2008.

#### B. Class D Preferred Stock

Dividends of \$0.1536459 per share are paid monthly in arrears on the Class D preferred stock. We declared dividends to holders of our Class D preferred stock totaling \$9.4 million in 2008, \$9.4 million in 2007, and \$9.8 million in 2006.

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

|                 | 2008         | 2007         | 2006         |
|-----------------|--------------|--------------|--------------|
| Ordinary income | \$ 1.7528280 | \$ 1.8437508 | \$ 1.8437508 |
| Capital gain    | 0.0909228    | --           | --           |
| Totals          | \$ 1.8437508 | \$ 1.8437508 | \$ 1.8437508 |

#### C. Class E Preferred Stock

Dividends of \$0.140625 per share are paid monthly in arrears on the Class E preferred stock. We declared dividends to holders of our Class E preferred stock totaling \$14.9 million in 2008, \$14.9 million in 2007 and \$1.6 million in 2006. The first Class E dividend was paid in January 2007.

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

|                 | 2008         | 2007         | 2006  |
|-----------------|--------------|--------------|-------|
| Ordinary income | \$ 1.6042824 | \$ 1.7250000 | \$ -- |
| Capital gain    | 0.0832176    | --           | --    |
| Totals          | \$ 1.6875000 | \$ 1.7250000 | \$ -- |

### 9. Operating Leases

A. At December 31, 2008, we owned 2,348 properties in 49 states, plus an additional five properties owned by Crest. Of the 2,348 properties, 2,337, or 99.5%, are single-tenant, retail properties and the remaining 11 are multi-tenant properties. At December 31, 2008, 70 properties were vacant and available for lease or sale.

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



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Rent based on a percentage of a tenants' gross sales (percentage rents) for 2008 was \$1.3 million, for 2007 was \$851,000 and for 2006 was \$1.1 million, including amounts recorded to discontinued operations.

At December 31, 2008, minimum future annual rents to be received on the operating leases for the next five years and thereafter are as follows (dollars in thousands):

|            |              |
|------------|--------------|
| 2009       | \$ 318,175   |
| 2010       | 307,087      |
| 2011       | 297,390      |
| 2012       | 285,142      |
| 2013       | 269,336      |
| Thereafter | 2,416,358    |
| Total      | \$ 3,893,488 |

B. Major Tenants – No individual tenant's rental revenue, including percentage rents, represented more than 10% of our total revenue for each of the years ended December 31, 2008, 2007 or 2006.

#### 10. Gain on Sales of Real Estate Acquired for Resale by Crest

In 2008, Crest sold 25 properties for \$50.7 million, which resulted in a gain of \$4.6 million. As part of two sales during 2008, Crest provided partial financing to the buyers of \$19.2 million. In 2007, Crest sold 62 properties for \$123.6 million, which resulted in a gain of \$12.3 million. In 2007, as part of two sales, Crest provided partial financing to the buyer of \$3.8 million, of which \$619,000 was paid in full in November 2007. In 2006, Crest sold 13 properties for \$22.4 million, which resulted in a gain of \$2.2 million. Partial buyer financing of \$1.3 million, related to one 2005 property sale, was paid in full in February 2006. Crest's gains on sales are reported before income taxes and are included in discontinued operations.

#### 11. Gain on Sales of Investment Properties by Realty Income

In 2008, we sold 29 investment properties for an aggregate of \$27.4 million, which resulted in a gain of \$13.3 million. The results of operations for these properties have been reclassified as discontinued operations. Additionally, we received proceeds of \$439,000 from the sale of excess land from one property, which resulted in a gain of \$236,000. This gain is included in "other revenue" on our consolidated statements of income because this excess land was associated with a property that continues to be owned as part of our core operations.

In 2007, we sold ten investment properties for \$7.0 million, which resulted in a gain of \$1.7 million. The results of operations for these properties have been reclassified as discontinued operations. In addition, we sold excess land and improvements from five properties for an aggregate of \$4.4 million, which resulted in a gain of \$1.8 million. This gain from the land and improvements sales is reported in "other revenue" on our consolidated statements of income because these improvements and excess land were associated with properties that continue to be owned as part of our core operations.

In 2006, we sold or exchanged 13 investment properties for \$10.7 million, which resulted in a gain of \$3.0 million which is included in discontinued operations.

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## 12. Fair Value of Financial Instruments

Statement No. 157 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value. Statement No. 157 also establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement. This statement applies to fair value measurements and disclosures that are already required or permitted by most existing FASB accounting standards.

We believe that the carrying values reflected in the consolidated balance sheets, at December 31, 2008 and 2007, respectively, reasonably approximate the fair values for cash and cash equivalents, accounts receivable, and all liabilities, due to their short-term nature, except for the notes payable and the notes receivable issued in conjunction with Crest property sales, which are disclosed below (dollars in millions):

|  | Carrying<br>value per<br>balance<br>sheet | Estimated<br>fair<br>market<br>value |
|--|---|--------------------------------------|
| At December 31, 2008   |   |                                      |
| Notes receivable issued in conjunction with Crest property sales | \$ 22.3                                   | \$ 21.9                              |
| Notes payable  | \$ 1,370.0                                | \$ 949.4                             |
|  | Carrying<br>value per<br>balance<br>sheet | Estimated<br>fair<br>market<br>value |
| At December 31, 2007   |   |                                      |
| Notes receivable issued in conjunction with Crest property sales | \$ 3.1                                    | \$ 2.8                               |
| Notes payable  | \$ 1,470.0                                | \$ 1,412.5                           |

The estimated fair value of the notes receivable issued in conjunction with Crest property sales has been calculated by discounting the future cash flows using an interest rate based upon the current 7-year or 10-year Treasury Yield Curve plus an applicable credit-adjusted spread. Because this methodology includes unobservable inputs that reflect our own internal assumptions and calculations, the measurement of fair value related to these notes receivable issued in conjunction with Crest property sales is categorized as level 3 on the three-level valuation hierarchy as defined by Statement No. 157.

The estimated fair value of the notes payable is based upon the closing market price per note or indicative price per note. Because these note prices represent inputs that are less observable by the public and are not necessarily reflected in active markets, the measurement of the fair value related to these notes payable is categorized as level 2 on the three-level valuation hierarchy as defined by Statement No. 157.

## 13. Supplemental Disclosures of Cash Flow Information

Interest paid in 2008 was \$90.3 million, in 2007 was \$56.7 million and in 2006 was \$52.4 million.

Interest capitalized to properties under development in 2008 was \$92,000, in 2007 was \$993,000 and in 2006 was \$2.2 million.



Income taxes paid by Realty Income and Crest in 2008 were \$1.7 million, in 2007 were \$4.3 million and in 2006 were \$775,000.

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

- A. Share-based compensation expense for 2008 was \$5.0 million, for 2007 was \$3.9 million and for 2006 was \$3.0 million.
- B. See “Provisions for Impairment” in note 2 for a discussion of impairments recorded by Realty Income and Crest.

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- C. In 2008, Crest sold two properties for \$23.5 million and received notes totaling \$19.2 million from the buyers, which are included in “other assets” on our consolidated balance sheet at December 31, 2008.
- D. In 2007, Crest sold two properties for an aggregate of \$5.5 million and received notes totaling \$3.8 million from the buyers, of which \$619,000 was paid in full in November 2007. The remaining note is included in “other assets” on our consolidated balance sheets at December 31, 2008 and December 31, 2007.
- E. At December 31, 2008, Realty Income has escrow deposits of \$3.2 million held for tax-deferred exchanges under Section 1031 of the Tax Code. The \$3.2 million is included in “other assets” on our consolidated balance sheet at December 31, 2008.
- F. In accordance with FASB Statement No. 143, Accounting for Asset Retirement Obligations, we recorded an additional \$335,000 in 2008 of estimated legal obligations related to asset retirement obligations on two land leases and an additional \$239,000 in 2007 of estimated legal obligations on these two land leases. These asset retirement obligations account for the difference between our obligations to the landlord under the two land leases and our subtenant’s obligations to us under the subleases.
- G. In connection with the acquisition of seven properties during 2007, we acquired restricted escrow funds totaling \$2.6 million. During the remainder of 2007, all of these funds were invested in improvements to these properties.
- H. In 2006, we exchanged one of our properties for a different property that was leased to the same tenant. As part of this transaction, accumulated depreciation was reduced by \$67,000 and a gain of \$67,000 was recorded. The original cost of and the value received for the property exchanged was \$900,000. This transaction had no impact on land or building and improvements.
- I. In 2006, we received shares of a public company as settlement of a bankruptcy claim associated with a former tenant. We recorded a value of \$207,000, which is in “other revenue” on our 2006 consolidated income statement. The shares were sold in January 2007.
- J. Accrued costs on properties under development resulted in an increase in buildings and improvements and accounts payable of \$1.7 million in 2006.
- K. In 2004, we recorded an impairment of \$716,000 on one property to reduce its carrying value to zero. This loss was the result of a dispute with the original owner and tenant in their bankruptcy proceeding. Our title insurance company failed to timely record the deed on this property upon our original acquisition, which resulted in a claim by the bankruptcy trustee that Realty Income did not have legal title to the property. In the second quarter of 2006, this issue was resolved and we obtained title to the property. At that time we reinstated the original carrying value adjusted for depreciation on our balance sheet and recorded other revenue of \$716,000. We also reversed accrued liabilities and property expenses of \$133,000 associated with this property. As part of the settlement, these costs became the responsibility of the title insurance company.

14. Employee Benefit Plan

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



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## 15. Common Stock Incentive Plan

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

The amount of share-based compensation costs charged against income during 2008 was \$5.0 million, during 2007 was \$3.9 million and during 2006 was \$3.0 million.

No stock options were granted after January 1, 2002 and all outstanding options were fully vested as of December 31, 2006. Stock options were granted with an exercise price equal to the underlying stock's fair market value at the date of grant. Stock options expire ten years from the date they are granted and vested over service periods of one, three, four or five years.

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

|  | 2008                |  | 2007                |  | 2006                |  |
|--|---------------------|--|---------------------|--|---------------------|--|
|  | Number of<br>shares | Weighted<br>average<br>exercise<br>price | Number of<br>shares | Weighted<br>average<br>exercise<br>price | Number of<br>shares | Weighted<br>average<br>exercise<br>price |
| Outstanding options, beginning of year           | 45,007              | \$ 12.71                                 | 106,368             | \$ 13.06                                 | 135,348             | \$ 13.02                                 |
| Options exercised                                | (23,713)            | 12.15                                    | (61,361)            | 13.32                                    | (28,696)            | 12.86                                    |
| Options forfeited                                | --                  | --                                       | --                  | --                                       | (284)               | 14.70                                    |
| Outstanding and exercisable options, end of year | 21,294              | \$ 13.33                                 | 45,007              | \$ 12.71                                 | 106,368             | \$ 13.06                                 |

At December 31, 2008, the options outstanding and exercisable had exercise prices ranging from \$11.78 to \$14.70, with a weighted average price of \$13.33, and expiration dates ranging from May 2009 to December 2011 with a weighted average remaining term of 3.8 years.

The intrinsic value of a stock option is the amount by which the market value of the underlying stock at December 31 of each year exceeds the exercise price of the option. The market value of the Company's stock was \$23.15, \$27.02 and \$27.70 at December 31, 2008, 2007 and 2006, respectively. The total intrinsic value of options exercised during the years ended December 31, 2008, 2007 and 2006 was \$319,000, \$904,000 and \$268,000, respectively. The total intrinsic value of options vested during the year ended December 31, 2006 was \$143,000. The aggregate intrinsic value of options outstanding and exercisable was \$209,000, \$644,000 and \$1.6 million at December 31, 2008, 2007 and 2006, respectively.



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The following table summarizes our common stock grant activity under our Stock Plan for the years 2008, 2007 and 2006. Our common stock grants vest over periods ranging from immediately to 10 years.

|   | 2008                |                                 | 2007                |                              | 2006                |                              |
|---|---------------------|---------------------------------|---------------------|------------------------------|---------------------|------------------------------|
|   | Number of<br>shares | Weighted<br>average<br>price(1) | Number of<br>shares | Weighted<br>average price(1) | Number of<br>shares | Weighted<br>average price(1) |
| Outstanding nonvested shares, beginning of year | 994,572             | \$ 19.46                        | 868,726             | \$ 17.96                     | 788,722             | \$ 17.83                     |
| Shares granted                                  | 249,447             | 26.63                           | 276,631             | 27.64                        | 210,332             | 21.72                        |
| Shares vested                                   | (188,215)           | 21.96                           | (149,284)           | 20.94                        | (125,879)           | 20.39                        |
| Shares forfeited                                | (61,351)            | 22.13                           | (1,501)             | 24.81                        | (4,449)             | 21.35                        |
| Outstanding nonvested shares, end of year       | 994,453             | \$ 19.70                        | 994,572             | \$ 19.46                     | 868,726             | \$ 17.96                     |

(1) Grant date fair value.

During 2008, we issued 249,447 shares of common stock under our Stock Plan. These shares vest over the following service periods: 24,350 vested immediately, 16,000 vest over a service period of one year, 156 vest over a service period of two years, 12,000 vest over a service period of three years, 3,681 vest over a service period of four years, 92,553 vest over a service period of five years and 100,707 vest over a service period of 10 years.

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

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

The vesting schedule for shares granted to employees in 2008 is as follows:

- For employees age 49 and below at the grant date, shares vest in 10% increments on each of the first ten anniversaries of the grant date;
- For employees age 50 through 55 at the grant date, shares vest in 20% increments on each of the first five anniversaries of the grant date;
- For employees age 56 at the grant date, shares vest in 25% increments on each of the first four anniversaries of the grant date;
- For employees age 57 at the grant date, shares vest in 33.33% increments on each of the first three anniversaries of the grant date;
- For employees age 58 at the grant date, shares vest in 50% increments on each of the first two anniversaries of the grant date;
- For employees age 59 at the grant date, shares are 100% vested on the first anniversary of the grant date; and
- For employees age 60 and above at the grant date, shares vest immediately on the grant date.

In addition, after they have been employed for six full months, all non-executive employees receive 200 shares of nonvested stock which vests over a five year period.

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As of December 31, 2008, the remaining unamortized share-based compensation expense totaled \$19.6 million, which is being amortized on a straight-line basis over the service period of each applicable award. The amount of share-based compensation is based on the fair value of the stock at the grant date. We define the grant date as the date the recipient and Realty Income have a mutual understanding of the key terms and condition of the award and the recipient of the grant begins to benefit from, or be adversely affected by, subsequent changes in the price of the shares.

The effect of pre-vesting forfeitures on our recorded expense has historically been negligible. Any future pre-vesting forfeitures are also expected to be negligible and we will record the benefit related to such forfeitures as they occur. Under the terms of our Stock Plan, we pay non-refundable dividends to the holders of our nonvested shares. Under Statement No. 123R, the dividends paid to holders of these nonvested shares should be charged as compensation expense to the extent that they relate to nonvested shares that do not or are not expected to vest. Given the negligible historical and prospective forfeiture rate determined by us, we did not record any amount to compensation expense related to dividends paid in 2008, 2007 or 2006.

## 16. Segment Information

We evaluate performance and make resource allocation decisions on an industry by industry basis. For financial reporting purposes, we have grouped our tenants into 31 industry and activity segments (including properties owned by Crest that are grouped together as a segment). All of the properties are incorporated into one of the applicable segments. Because almost all of our leases require the tenant to pay operating expenses, revenue is the only component of segment profit and loss we measure.

The following tables set forth certain information regarding the properties owned by us, classified according to the business of the respective tenants as of December 31, 2008 (dollars in thousands):

| Assets, as of December 31:                        | 2008       | 2007       |
|---|------------|------------|
| Segment net real estate:                          |            |            |
| Automotive service                                | \$ 106,581 | \$ 110,100 |
| Automotive tire services                          | 208,770    | 212,747    |
| Child care  | 85,120     | 90,757     |
| Convenience stores                                | 472,588    | 408,119    |
| Drug stores                                       | 145,919    | 100,154    |
| Health and fitness                                | 167,658    | 169,109    |
| Home furnishings                                  | 51,910     | 55,503     |
| Home improvement                                  | 57,664     | 59,497     |
| Motor vehicle dealerships                         | 105,087    | 101,887    |
| Restaurants                                       | 751,466    | 776,715    |
| Theaters  | 299,690    | 267,413    |
| 20 non-reportable segments                        | 409,700    | 472,254    |
| Total segment net real estate                     | 2,862,153  | 2,824,255  |
| Other intangible assets – Automotive tire service | 706        | 765        |
| Other intangible assets – Drug stores             | 6,727      | 6,988      |
| Other intangible assets – Grocery stores          | 911        | 962        |
| Other intangible assets – Theaters                | 2,190      | 2,496      |
| Goodwill – Automotive service                     | 1,338      | 1,338      |
| Goodwill – Child care                             | 5,353      | 5,353      |
| Goodwill – Convenience stores                     | 2,074      | 2,074      |
| Goodwill – Home furnishings                       | 1,557      | 1,557      |



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|                                    |              |              |
|------------------------------------|--------------|--------------|
| Goodwill – Restaurants             | 3,779        | 3,779        |
| Goodwill – non reportable segments | 3,105        | 3,105        |
| Other corporate assets             | 104,286      | 224,680      |
| Total assets                       | \$ 2,994,179 | \$ 3,077,352 |

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| For the years ended December 31, | 2008       | Revenue<br>2007 | 2006       |
|----------------------------------|------------|-----------------|------------|
| Segment rental revenue(1):       |            |                 |            |
| Automotive service               | \$ 15,819  | \$ 15,051       | \$ 16,415  |
| Automotive tire services         | 22,165     | 21,235          | 14,501     |
| Child care                       | 24,848     | 23,895          | 24,207     |
| Convenience stores               | 52,027     | 40,727          | 38,283     |
| Drug stores                      | 13,323     | 7,830           | 6,986      |
| Health and fitness               | 18,390     | 14,874          | 10,212     |
| Home furnishings                 | 7,879      | 7,786           | 7,629      |
| Home improvement                 | 6,108      | 6,116           | 7,127      |
| Motor vehicle dealerships        | 10,358     | 9,540           | 7,890      |
| Restaurants                      | 71,508     | 59,585          | 26,945     |
| Theaters                         | 29,640     | 26,121          | 22,905     |
| 20 non-reportable segments       | 56,201     | 55,205          | 52,274     |
| Total rental revenue             | 328,266    | 287,965         | 235,374    |
| Other revenue                    | 1,934      | 6,352           | 2,042      |
| Total revenue                    | \$ 330,200 | \$ 294,317      | \$ 237,416 |

(1) Crest's revenue appears in "income from discontinued operations, real estate acquired for resale by Crest" and is not included in this table, which covers revenue but does not include revenue classified as part of income from discontinued operations.

## 17. Commitments and Contingencies

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

At December 31, 2008, we have committed \$208,000 under construction contracts. These costs are expected to be paid in the next six months. In addition, we also have contingent payments for tenant improvements and leasing costs of \$977,000.

We have certain properties that are subject to ground leases which are accounted for as operating leases. At December 31, 2008, minimum future rental payments for the next five years and thereafter are as follows (dollars in thousands):

|            | Ground<br>Leases<br>Paid by<br>Realty<br>Income (1) | Ground<br>Leases<br>Paid by<br>Our<br>Tenants (2) | Total     |
|------------|---|---|-----------|
| 2009       | \$ 92   | \$ 3,791  | \$ 3,883  |
| 2010       | 82  | 3,680   | 3,762     |
| 2011       | 69  | 3,667   | 3,736     |
| 2012       | 69  | 3,563   | 3,632     |
| 2013       | 69  | 3,420   | 3,489     |
| Thereafter | 900   | 40,801  | 41,701    |
| Total      | \$ 1,281  | \$ 58,922   | \$ 60,203 |

(1) Realty Income currently pays the ground lessors directly for the rent under the ground leases. A majority of this rent is reimbursed to Realty Income as additional rent from our tenants.

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

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
Consolidated Quarterly Financial Data

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

|   | First<br>Quarter | Second<br>Quarter | Third<br>Quarter | Fourth<br>Quarter | Year(2)    |
|---|------------------|-------------------|------------------|-------------------|------------|
| 2008(1)                                     |                  |                   |                  |                   |            |
| Total revenue                               | \$ 82,776        | \$ 82,177         | \$ 82,521        | \$ 82,726         | \$ 330,200 |
| Interest expense                            | 23,386           | 23,929            | 23,915           | 22,726            | 93,956     |
| Depreciation and amortization expense       | 22,848           | 22,080            | 22,869           | 22,935            | 90,732     |
| Other expenses                              | 7,188            | 7,237             | 7,170            | 7,071             | 28,666     |
| Income from continuing operations           | 29,354           | 28,931            | 28,567           | 29,994            | 116,846    |
| Income from discontinued operations         | 407              | 4,120             | 6,130            | 4,338             | 14,995     |
| Net income                                  | 29,761           | 33,051            | 34,697           | 34,332            | 131,841    |
| Net income available to common stockholders | 23,698           | 26,988            | 28,634           | 28,269            | 107,588    |
| Net income per common share:                |                  |                   |                  |                   |            |
| Basic and diluted                           | 0.24             | 0.27              | 0.29             | 0.27              | 1.06       |
| Dividends paid per common share             | 0.410250         | 0.412125          | 0.416500         | 0.423375          | 1.66225    |
| 2007(1)                                     |                  |                   |                  |                   |            |
| Total revenue                               | \$ 70,642        | \$ 70,030         | \$ 73,530        | \$ 80,115         | \$ 294,317 |
| Interest expense                            | 12,420           | 13,029            | 16,163           | 22,719            | 64,331     |
| Depreciation and amortization expense       | 17,956           | 18,349            | 19,433           | 20,948            | 76,686     |
| Other expenses                              | 6,193            | 7,148             | 7,442            | 6,774             | 27,557     |
| Income from continuing operations           | 34,073           | 31,504            | 30,492           | 29,674            | 125,743    |
| Income from discontinued operations         | 2,250            | 5,432             | 3,481            | 3,502             | 14,666     |
| Net income                                  | 36,323           | 36,936            | 33,973           | 33,176            | 140,409    |
| Net income available to common stockholders | 30,260           | 30,873            | 27,910           | 27,113            | 116,156    |
| Net income per common share:                |                  |                   |                  |                   |            |
| Basic and diluted                           | 0.30             | 0.31              | 0.28             | 0.27              | 1.16       |
| Dividends paid per common share             | 0.379500         | 0.381375          | 0.391000         | 0.408375          | 1.56025    |

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

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

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

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



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Item 9A: Controls and Procedures

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

As of and for the year ended December 31, 2008, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting.

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

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

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

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

Submitted on February 10, 2009 by,

Thomas A Lewis, Chief Executive Officer and Vice Chairman

Paul M. Meurer, Chief Financial Officer, Executive Vice President and Treasurer



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Changes in Internal Controls. There have not been any significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no material weaknesses in our internal controls, and therefore no corrective actions were taken.

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

Item 9B: Other Information

None.

PART III

Item 10: Directors, Executive Officers and Corporate Governance

The information required by this item is set forth under the captions “Board of Directors” and “Executive Officers of the Company” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive Proxy Statement for the 2009 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference. The Annual Meeting of Stockholders is presently scheduled to be held on May 12, 2009.

Item 11: Executive Compensation

The information required by this item is set forth under the caption “Executive Compensation” in our definitive Proxy Statement for the 2009 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference.

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

The information required by this item is set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” in our definitive Proxy Statement for the 2009 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference.

Item 13: Certain Relationships, Related Transactions and Director Independence

The information required by this item is set forth under the caption “Related Party Transactions” in our definitive Proxy Statement for the 2009 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference.

Item 14: Principal Accounting Fees and Services

The information required by this item is set forth under the caption “Independent Registered Public Accounting Firm Fees and Services” in our definitive Proxy Statement for the 2009 Annual Meeting of Stockholders, to be filed pursuant



to Regulation 14A, and is incorporated herein by reference.

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PART IV

Item 15: Exhibits and Financial Statement Schedules

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

1. Financial Statements (see Item 8)

a. Reports of Independent Registered Public Accounting Firm

b. Consolidated Balance Sheets,  
December 31, 2008 and 2007

c. Consolidated Statements of Income,  
Years ended December 31, 2008, 2007 and 2006

d. Consolidated Statements of Stockholders' Equity,  
Years ended December 31, 2008, 2007 and 2006

e. Consolidated Statements of Cash Flows,  
Years ended December 31, 2008, 2007 and 2006

f. Notes to Consolidated Financial Statements

g. Consolidated Quarterly Financial Data,  
(unaudited) for 2008 and 2007

2. Financial Statement Schedule. Reference is made to page F-1 of this report for Schedule III Real Estate and Accumulated Depreciation (electronically filed with the Securities and Exchange Commission).

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

3. Exhibits

Articles of Incorporation and By-Laws

Exhibit No. Description

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

3.2 Bylaws of the Company, as amended by amendment No. 1 dated March 20, 2000 and amendment No. 2 dated June 15, 2005, and as amended and restated on December 12, 2007 and as amended and restated on May 13, 2008 (filed as exhibit 3.1 to the Company's Form 8-K, filed on May 14, 2008 and dated May 13, 2008 and incorporated herein by reference).

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

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- Articles Supplementary to the Articles of Incorporation of the Company classifying and designating additional shares of the 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock (filed as exhibit 3.2 to the Company's Form 8-K, filed on October 19, 2004 and dated October 12, 2004, and incorporated herein by reference).
- 3.4
- 3.5 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating the 6.75% Class E Cumulative Redeemable Preferred Stock (filed as exhibit 3.5 to the Company's Form 8-A, filed on December 5, 2006 and incorporated herein by reference).
- Instruments defining the rights of security holders, including indentures
- 4.1 Indenture dated as of October 28, 1998 between the Company and The Bank of New York (filed as exhibit 4.1 to the Company's Form 8-K, filed on October 28, 1998 and dated October 27, 1998 and incorporated herein by reference).
- 4.2 Pricing Committee Resolutions and Form of 8% Notes due 2009 (filed as exhibit 4.2 to the Company's Form 8-K, filed on January 22, 1999 and dated January 21, 1999 and incorporated herein by reference).
- 4.3 Form of 5.375% Senior Notes due 2013 (filed as exhibit 4.2 to the Company's Form 8-K, filed on March 7, 2003 and dated March 5, 2003 and incorporated herein by reference).
- 4.4 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.375% Senior Notes due 2013 (filed as exhibit 4.3 to the Company's Form 8-K, filed on March 7, 2003 and dated March 5, 2003 and incorporated herein by reference).
- 4.5 Form of 5.50% Senior Notes due 2015 (filed as exhibit 4.2 to the Company's Form 8-K, filed on November 24, 2003 and dated November 19, 2003 and incorporated herein by reference).
- 4.6 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.50% Senior Notes due 2015 (filed as exhibit 4.3 to the Company's Form 8-K, filed on November 24, 2003 and dated November 19, 2003 and incorporated herein by reference).
- 4.7 Form of 5.875% Senior Notes due 2035 (filed as exhibit 4.2 to the Company's Form 8-K, filed on March 11, 2005 and dated March 8, 2005 and incorporated herein by reference).
- 4.8 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.875% Senior Debentures due 2035 (filed as exhibit 4.3 to the Company's Form 8-K, filed on March 11, 2005 and dated March 8, 2005 and incorporated herein by reference).
- 4.9 Form of 5.375% Senior Notes due 2017 (filed as exhibit 4.2 to the Company's Form 8-K, filed on September 16, 2005 and dated September 8, 2005 and incorporated herein by reference).
- 4.10 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.375% Senior Notes due 2017 (filed as exhibit 4.3 to the Company's Form 8-K, filed on September 16, 2005 and dated September 8, 2005 and incorporated herein by reference).



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- 4.11 Form of 5.95% Senior Notes due 2016 (filed as exhibit 4.2 to the Company's Form 8-K, filed on September 18, 2006 and dated September 6, 2006 and incorporated herein by reference).
- 4.12 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.95% Senior Notes due 2016 (filed as exhibit 4.3 to the Company's Form 8-K, filed on September 18, 2006 and dated September 6, 2006 and incorporated herein by reference).
- 4.13 Form of 6.75% Notes due 2019 (filed as exhibit 4.2 to Company's Form 8-K, filed on September 5, 2007 and dated August 30, 2007 and incorporated herein by reference).
- 4.14 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Trust Company, N.A., as Trustee, establishing a series of securities entitled 6.75% Senior Notes due 2019 (filed as exhibit 4.3 to the Company's Form 8-K, filed on September 5, 2007 and dated August 30, 2007 and incorporated herein by reference).

Material Contracts

- 10.1 Form indemnification agreement between the Company and each executive officer and each director of the Board of Directors of the Company (filed as exhibit 10.1 to the Company's Form 8-K, filed on August 26, 2005 and dated August 23, 2005 and incorporated herein by reference).
- 10.2 1994 Stock Option and Incentive Plan (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (registration number 33-95708), dated August 11, 1995, and incorporated herein by reference).
- 10.3 First Amendment to the 1994 Stock Option and Incentive Plan, dated June 12, 1997 (filed as Exhibit 10.9 to the Company's Form 8-B, filed on July 29, 1997 and incorporated herein by reference).
- 10.4 Second Amendment to the 1994 Stock Option and Incentive Plan, dated December 16, 1997 (filed as Exhibit 10.9 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).
- 10.5 Management Incentive Plan (filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).
- 10.6 Form of Nonqualified Stock Option Agreement for Independent Directors (filed as Exhibit 10.11 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).
- 10.7 Form of Restricted Stock Agreement between the Company and Executive Officers (filed as exhibit 10.11 to the Company's Form 8-K, filed on January 6, 2005 and dated January 1, 2005 and incorporated herein by reference).
- 10.8 2003 Stock Incentive Award Plan of Realty Income Corporation, as amended and restated February 21, 2006 (filed as exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2005 and incorporated herein by reference).
- 10.9 Amendment dated May 15, 2007 to the Amended and Restated 2003 Stock Incentive Award Plan of Realty Income Corporation (filed as exhibit 10.1 to the Company's Form 10-Q, for the quarter ended June 30, 2007 and incorporated herein by reference).



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10.10 Form of Restricted Stock Agreement (filed as exhibit 10.2 to the Company's Form 10-Q, for the quarter ended June 30, 2007 and incorporated herein by reference).

10.11 \$355 million Credit Agreement dated May 15, 2008 (filed as exhibit 10.1 to the Company's Form 8-K, filed on May 16, 2008 and dated May 15, 2008 and incorporated herein by reference).

10.12 Amended and Restated Form of Employment Agreement between the Company and its Executive Officers (filed as exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference).

Statement of Ratios

\*12.1 Statements re computation of ratios.

Subsidiaries of the Registrant

\*21.1 Subsidiaries of the Company as of February 10, 2009.

Consents of Experts and Counsel

\*23.1 Consent of Independent Registered Public Accounting Firm.

Certifications

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

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

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

\* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REALTY INCOME CORPORATION

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

Date: February 10, 2009



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

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

Date: February 10, 2009

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

Date: February 10, 2009

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

Date: February 10, 2009

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

Date: February 10, 2009

By: /s/ROGER P. KUPPINGER  
Roger P. Kuppinger  
Director

Date: February 10, 2009

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

Date: February 10, 2009

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

Date: February 10, 2009

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

Date: February 10, 2009

By: /s/WILLARD H. SMITH JR  
Willard H. Smith Jr  
Director

Date: February 10, 2009

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

Date: February 10, 2009

By: /s/GREGORY J. FAHEY  
Gregory J. Fahey  
Vice President, Controller

Date: February 10, 2009

(Principal Accounting Officer)

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

| Description          |    | Cost Capitalized Subsequent to Acquisition |           |              |        | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated Depreciation | Date of Construction | Date Acquired | Comments |
|----------------------|----|--|-----------|--------------|--------|---|-----------|-----------|--------------------------|----------------------|---------------|----------|
|                      |    | Initial Cost to Company                    |           |              |        |   |           |           |                          |                      |               |          |
|                      |    | Buildings, Improvements and Acquisition    |           | Carrying     |        | Buildings, Improvements and Acquisition                                   |           |           |                          |                      |               |          |
|                      |    | Land                                       | Fees      | Improvements | Costs  | Land  | Fees      | Total     |                          |                      |               |          |
| Real Estate Stores   |    |  |           |              |        |   |           |           |                          |                      |               |          |
| Rock                 | AR | 1,079,232                                  | 2,594,956 | 40,439       | 52,746 | 1,079,232   | 2,688,141 | 3,767,373 | 1,121,148                |                      | 07/21/98      |          |
| a                    | AZ | 619,035                                    | 867,013   | 1,760        | 43,447 | 619,035   | 912,220   | 1,531,255 | 372,484                  |                      | 02/11/99      |          |
| bury                 | CT | 1,083,296                                  | 6,217,688 | 40,544       | 6      | 1,083,296   | 6,258,238 | 7,341,534 | 2,834,275                |                      | 09/30/97      |          |
| chester              | CT | 771,660                                    | 3,653,539 | 1,661        | None   | 771,660   | 3,655,200 | 4,426,860 | 1,577,280                |                      | 03/26/98      |          |
| chester              | CT | 1,250,464                                  | 5,917,037 | 3,555        | None   | 1,250,464   | 5,920,592 | 7,171,056 | 2,554,704                |                      | 03/26/98      |          |
| n Island             | NY | 4,202,093                                  | 3,385,021 | None         | 898    | 4,202,093   | 3,385,919 | 7,588,012 | 1,461,787                |                      | 03/26/98      |          |
| Automotive Collision |    |  |           |              |        |   |           |           |                          |                      |               |          |
| ices                 |    |  |           |              |        |   |           |           |                          |                      |               |          |
| lands                |    |  |           |              |        |   |           |           |                          |                      |               |          |
| ch                   | CO | 583,289                                    | 2,139,057 | None         | None   | 583,289   | 2,139,057 | 2,722,346 | 402,145                  | 07/10/07             | 08/11/03      |          |
| eton                 | CO | 601,388                                    | 2,169,898 | None         | None   | 601,388   | 2,169,898 | 2,771,286 | 261,175                  | 02/02/06             | 11/12/04      |          |
| er                   | CO | 678,768                                    | 2,100,854 | None         | None   | 678,768   | 2,100,854 | 2,779,622 | 401,709                  | 02/20/04             | 07/03/03      |          |
| nton                 | CO | 693,323                                    | 1,896,616 | None         | 128    | 693,323   | 1,896,744 | 2,590,067 | 304,667                  | 10/05/04             | 10/15/03      |          |
| ming                 | GA | 661,624                                    | 1,822,363 | None         | None   | 661,624   | 1,822,363 | 2,483,987 | 380,990                  | 09/18/03             | 12/31/02      |          |
| glasville            | GA | 679,868                                    | 1,935,515 | None         | None   | 679,868   | 1,935,515 | 2,615,383 | 410,390                  | 08/11/03             | 12/30/02      |          |
| row                  | GA | 725,948                                    | 1,846,315 | None         | None   | 725,948   | 1,846,315 | 2,572,263 | 396,892                  | 07/07/03             | 08/30/02      |          |
| htree                | GA | 1,190,380                                  | 689,284   | None         | None   | 1,190,380   | 689,284   | 1,879,664 | 165,122                  | 12/16/02             | 09/19/02      |          |
| Lake                 | MN | 192,610                                    | 1,930,958 | None         | None   | 192,610   | 1,930,958 | 2,123,568 | 312,384                  | 07/01/04             | 10/31/03      |          |
| y                    | NC | 610,389                                    | 1,492,235 | None         | None   | 610,389   | 1,492,235 | 2,102,624 | 156,685                  |                      | 05/25/06      |          |
| ham                  | NC | 680,969                                    | 1,323,140 | None         | 24     | 680,969   | 1,323,164 | 2,004,133 | 138,933                  |                      | 05/25/06      |          |
| nington              | NC | 378,813                                    | 1,150,679 | None         | None   | 378,813   | 1,150,679 | 1,529,492 | 158,225                  | 07/15/05             | 12/21/04      |          |
| lett                 | TN | 648,526                                    | 1,960,733 | None         | None   | 648,526   | 1,960,733 | 2,609,259 | 317,207                  | 08/03/04             | 10/27/03      |          |
| Automotive           |    |  |           |              |        |   |           |           |                          |                      |               |          |
| s                    |    |  |           |              |        |   |           |           |                          |                      |               |          |

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|            |    |         |         |         |        |         |         |           |         |          |          |
|------------|----|---------|---------|---------|--------|---------|---------|-----------|---------|----------|----------|
| brook      | AL | 108,000 | 518,741 | None    | 276    | 108,000 | 519,017 | 627,017   | 206,617 | 12/10/98 | 01/21/99 |
| Montgomery | AL | 254,465 | 502,350 | None    | 211    | 254,465 | 502,561 | 757,026   | 211,898 |          | 06/30/98 |
| heville    | AR | 137,913 | 509,447 | 6,000   | 211    | 137,913 | 515,658 | 653,571   | 220,826 |          | 06/30/98 |
| ne         | AR | 70,000  | 547,576 | 26,595  | 211    | 70,000  | 574,382 | 644,382   | 242,780 | 11/10/98 | 02/24/99 |
| enix       | AZ | 231,000 | 513,057 | None    | 88     | 231,000 | 513,145 | 744,145   | 427,793 |          | 11/09/87 |
| enix       | AZ | 71,750  | 159,359 | 13,463  | 198    | 71,750  | 173,020 | 244,770   | 133,337 |          | 11/19/87 |
| enix       | AZ | 222,950 | 495,178 | None    | 88     | 222,950 | 495,266 | 718,216   | 375,665 |          | 11/02/89 |
| on         | AZ | 194,250 | 431,434 | None    | 176    | 194,250 | 431,610 | 625,860   | 361,310 |          | 10/30/87 |
| s Valley   | CA | 325,000 | 384,955 | None    | None   | 325,000 | 384,955 | 709,955   | 312,547 |          | 05/20/88 |
| son        | CA | 300,000 | 390,849 | None    | 371    | 300,000 | 391,220 | 691,220   | 316,199 |          | 05/17/88 |
| amento     | CA | 210,000 | 466,419 | None    | 127    | 210,000 | 466,546 | 676,546   | 388,887 |          | 11/25/87 |
| ock        | CA | 222,250 | 493,627 | None    | None   | 222,250 | 493,627 | 715,877   | 409,841 |          | 12/30/87 |
| ver        | CO | 141,400 | 314,056 | None    | 146    | 141,400 | 314,202 | 455,602   | 261,900 |          | 11/18/87 |
| ver        | CO | 315,000 | 699,623 | None    | 128    | 315,000 | 699,751 | 1,014,751 | 569,058 |          | 05/16/88 |
| eton       | CO | 252,925 | 561,758 | None    | 274    | 252,925 | 562,032 | 814,957   | 462,699 |          | 02/12/88 |
| rna        | DE | 232,273 | 472,855 | None    | None   | 232,273 | 472,855 | 705,128   | 196,235 |          | 08/07/98 |
| nta        | GA | 652,551 | 763,360 | None    | 45,476 | 652,551 | 808,836 | 1,461,387 | 307,174 |          | 12/18/98 |
| ncil       |    |         |         |         |        |         |         |           |         |          |          |
| fs         | IA | 194,355 | 431,668 | None    | 6      | 194,355 | 431,674 | 626,029   | 351,102 |          | 05/19/88 |
| e          | ID | 190,080 | 422,172 | None    | 414    | 190,080 | 422,586 | 612,666   | 343,569 |          | 05/06/88 |
| iston      | ID | 138,950 | 308,612 | None    | None   | 138,950 | 308,612 | 447,562   | 259,387 |          | 09/16/87 |
| cow        | ID | 117,250 | 260,417 | None    | None   | 117,250 | 260,417 | 377,667   | 218,879 |          | 09/14/87 |
| ia         | IL | 193,868 | 387,737 | 19,808  | 230    | 193,868 | 407,775 | 601,643   | 189,795 |          | 11/26/96 |
| il         | IN | 183,952 | 453,831 | 1,525   | 173    | 183,952 | 455,529 | 639,481   | 177,841 |          | 03/31/99 |
| cie        | IN | 148,901 | 645,660 | 147,678 | 28,972 | 148,901 | 822,310 | 971,211   | 327,512 |          | 11/26/96 |
| eton       | IN | 134,209 | 560,113 | None    | 211    | 134,209 | 560,324 | 694,533   | 219,383 |          | 03/31/99 |
| ennes      | IN | 185,312 | 489,779 | None    | 173    | 185,312 | 489,952 | 675,264   | 191,863 |          | 03/31/99 |
| as City    | KS | 185,955 | 413,014 | None    | 146    | 185,955 | 413,160 | 599,115   | 335,961 |          | 05/13/88 |

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|                      |    | Initial Cost to Company |                             | Cost Capitalized Subsequent to Acquisition |      | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |                             |           | Accumulated Depreciation |          | Date of Construction Acquired |          | Life on which depreciated in latest Income Statement is (in Months) |
|----------------------|----|-------------------------|-----------------------------|--|------|---|-----------------------------|-----------|--------------------------|----------|-------------------------------|----------|---|
| Description (Note 1) |    | Land                    | Buildings, Improvements and | Carrying                                   |      | Land  | Buildings, Improvements and | Total     | (Note 4)                 |          |                               |          |   |
|                      |    | Fees                    | Improvements                | Costs                                      |      | Fees  |                             |           |                          |          |                               |          |   |
| Kansas City          | KS | 222,000                 | 455,881                     | 18,738                                     | 146  | 222,000   | 474,765                     | 696,765   | 371,938                  |          |                               | 05/16/88 | 300   |
| Alma                 | MI | 155,000                 | 600,282                     | None                                       | None | 155,000   | 600,282                     | 755,282   | 231,047                  | 04/29/99 |                               | 02/10/99 | 300   |
| Lansing              | MI | 265,000                 | 574,931                     | 57,278                                     | None | 265,000   | 632,209                     | 897,209   | 238,126                  | 04/30/99 |                               | 12/03/98 | 300   |
| Sturgis              | MI | 109,558                 | 550,274                     | None                                       | None | 109,558   | 550,274                     | 659,832   | 221,004                  |          |                               | 12/30/98 | 300   |
| Independence         | MO | 210,643                 | 467,844                     | None                                       | 239  | 210,643   | 468,083                     | 678,726   | 358,875                  |          |                               | 07/31/89 | 300   |
| Batesville           | MS | 190,124                 | 485,670                     | None                                       | 211  | 190,124   | 485,881                     | 676,005   | 203,248                  |          |                               | 07/27/98 | 300   |
| Horn Lake            | MS | 142,702                 | 514,779                     | None                                       | 211  | 142,702   | 514,990                     | 657,692   | 217,140                  |          |                               | 06/30/98 | 300   |
| Jackson              | MS | 248,483                 | 572,522                     | None                                       | 211  | 248,483   | 572,733                     | 821,216   | 209,058                  |          |                               | 11/16/99 | 300   |
| Richland             | MS | 243,565                 | 558,645                     | None                                       | 211  | 243,565   | 558,856                     | 802,421   | 202,134                  |          |                               | 12/21/99 | 300   |
| Missoula             | MT | 163,100                 | 362,249                     | None                                       | None | 163,100   | 362,249                     | 525,349   | 303,231                  |          |                               | 10/30/87 | 300   |
| Kearney              | NE | 173,950                 | 344,393                     | None                                       | 179  | 173,950   | 344,572                     | 518,522   | 252,882                  |          |                               | 05/01/90 | 300   |
| Omaha                | NE | 196,000                 | 435,321                     | None                                       | None | 196,000   | 435,321                     | 631,321   | 354,068                  |          |                               | 05/26/88 | 300   |
| Omaha                | NE | 199,100                 | 412,042                     | None                                       | 6    | 199,100   | 412,048                     | 611,148   | 334,598                  |          |                               | 05/27/88 | 300   |
| Rio Rancho           | NM | 211,577                 | 469,923                     | None                                       | None | 211,577   | 469,923                     | 681,500   | 386,970                  |          |                               | 02/26/88 | 300   |
| Las Vegas            | NV | 161,000                 | 357,585                     | 260,000                                    | None | 161,000   | 617,585                     | 778,585   | 377,327                  |          |                               | 10/29/87 | 300   |
| Canton               | OH | 396,560                 | 597,553                     | None                                       | 230  | 396,560   | 597,783                     | 994,343   | 248,028                  |          |                               | 08/14/98 | 300   |
| Hamilton             | OH | 183,000                 | 515,727                     | 2,941                                      | 122  | 183,000   | 518,790                     | 701,790   | 200,924                  | 04/07/99 |                               | 12/03/98 | 300   |
| Hubbard              | OH | 147,043                 | 481,217                     | 450  | 230  | 147,043   | 481,897                     | 628,940   | 202,996                  |          |                               | 06/30/98 | 300   |
| Albany               | OR | 152,250                 | 338,153                     | None                                       | 218  | 152,250   | 338,371                     | 490,621   | 285,478                  |          |                               | 08/24/87 | 300   |
| Beaverton            | OR | 210,000                 | 466,419                     | None                                       | 218  | 210,000   | 466,637                     | 676,637   | 393,724                  |          |                               | 08/26/87 | 300   |
| Portland             | OR | 190,750                 | 423,664                     | None                                       | 218  | 190,750   | 423,882                     | 614,632   | 357,642                  |          |                               | 08/12/87 | 300   |
| Portland             | OR | 147,000                 | 326,493                     | None                                       | 218  | 147,000   | 326,711                     | 473,711   | 275,638                  |          |                               | 08/26/87 | 300   |
| Salem                | OR | 136,500                 | 303,170                     | None                                       | 218  | 136,500   | 303,388                     | 439,888   | 255,955                  |          |                               | 08/20/87 | 300   |
| Butler               | PA | 339,929                 | 633,078                     | 9,175                                      | 230  | 339,929   | 642,483                     | 982,412   | 268,527                  |          |                               | 08/07/98 | 300   |
| Dover                | PA | 265,112                 | 593,341                     | None                                       | None | 265,112   | 593,341                     | 858,453   | 250,191                  |          |                               | 06/30/98 | 300   |
| Enola                | PA | 220,228                 | 546,026                     | None                                       | None | 220,228   | 546,026                     | 766,254   | 221,147                  |          |                               | 11/10/98 | 300   |
| Hanover              | PA | 132,500                 | 719,511                     | None                                       | 232  | 132,500   | 719,743                     | 852,243   | 269,988                  | 07/26/99 |                               | 05/13/99 | 300   |
| Harrisburg           | PA | 327,781                 | 608,291                     | None                                       | None | 327,781   | 608,291                     | 936,072   | 256,494                  |          |                               | 06/30/98 | 300   |
| Harrisburg           | PA | 283,417                 | 352,473                     | None                                       | None | 283,417   | 352,473                     | 635,890   | 145,106                  |          |                               | 09/30/98 | 300   |
| Lancaster            | PA | 199,899                 | 774,838                     | 10,913                                     | None | 199,899   | 785,751                     | 985,650   | 326,712                  |          |                               | 08/14/98 | 300   |
| New Castle           | PA | 180,009                 | 525,774                     | 3,860                                      | 230  | 180,009   | 529,864                     | 709,873   | 225,602                  |          |                               | 06/30/98 | 300   |
| Reading              | PA | 379,000                 | 658,722                     | 10,100                                     | 232  | 379,000   | 669,054                     | 1,048,054 | 255,946                  | 06/09/99 |                               | 12/04/98 | 300   |
| Columbia             | TN | 273,120                 | 431,716                     | None                                       | 211  | 273,120   | 431,927                     | 705,047   | 164,781                  |          |                               | 06/30/99 | 300   |
| Lubbock              | TX | 49,000                  | 108,831                     | None                                       | None | 49,000  | 108,831                     | 157,831   | 91,100                   |          |                               | 10/29/87 | 300   |
| Bellevue             | WA | 185,500                 | 411,997                     | None                                       | 225  | 185,500   | 412,222                     | 597,722   | 347,853                  |          |                               | 08/06/87 | 300   |

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|             |    |         |         |      |       |         |         |         |         |          |     |
|-------------|----|---------|---------|------|-------|---------|---------|---------|---------|----------|-----|
| Bellingham  | WA | 168,000 | 373,133 | None | 117   | 168,000 | 373,250 | 541,250 | 314,947 | 08/20/87 | 300 |
| Hazel Dell  | WA | 168,000 | 373,135 | None | None  | 168,000 | 373,135 | 541,135 | 302,274 | 05/23/88 | 300 |
| Kenmore     | WA | 199,500 | 443,098 | None | 225   | 199,500 | 443,323 | 642,823 | 374,101 | 08/20/87 | 300 |
| Kennewick   | WA | 161,350 | 358,365 | None | 373   | 161,350 | 358,738 | 520,088 | 302,622 | 08/26/87 | 300 |
| Kent        | WA | 199,500 | 443,091 | None | 117   | 199,500 | 443,208 | 642,708 | 373,986 | 08/06/87 | 300 |
| Lakewood    | WA | 191,800 | 425,996 | None | 225   | 191,800 | 426,221 | 618,021 | 359,668 | 08/18/87 | 300 |
| Moses Lake  | WA | 138,600 | 307,831 | None | None  | 138,600 | 307,831 | 446,431 | 259,785 | 08/12/87 | 300 |
| Pasco       | WA | 161,700 | 359,142 | None | 364   | 161,700 | 359,506 | 521,206 | 303,277 | 08/18/87 | 300 |
| Renton      | WA | 185,500 | 412,003 | None | 225   | 185,500 | 412,228 | 597,728 | 346,447 | 09/15/87 | 300 |
| Seattle     | WA | 162,400 | 360,697 | None | 225   | 162,400 | 360,922 | 523,322 | 304,561 | 08/20/87 | 300 |
| Silverdale  | WA | 183,808 | 419,777 | None | 117   | 183,808 | 419,894 | 603,702 | 352,873 | 09/16/87 | 300 |
| Tacoma      | WA | 196,000 | 435,324 | None | 117   | 196,000 | 435,441 | 631,441 | 364,453 | 10/15/87 | 300 |
| Vancouver   | WA | 180,250 | 400,343 | None | 215   | 180,250 | 400,558 | 580,808 | 337,958 | 08/20/87 | 300 |
| Walla Walla | WA | 170,100 | 377,793 | None | 6,604 | 170,100 | 384,397 | 554,497 | 320,118 | 08/06/87 | 300 |
| Wenatchee   | WA | 148,400 | 329,602 | None | None  | 148,400 | 329,602 | 478,002 | 278,159 | 08/25/87 | 300 |

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|                    |    |                             |                      |  |      |   |           |              |          |              |          | Life on which              |
|--------------------|----|-----------------------------|----------------------|--|------|---|-----------|--------------|----------|--------------|----------|----------------------------|
|                    |    | Initial Cost to Company     |                      | Cost Capitalized Subsequent to Acquisition |      | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |              |          |              |          | depreciat                  |
|                    |    | Buildings, Improvements and |                      |  |      | Buildings, Improvements and   |           | Accumulated  |          |              |          | latest Income Statement is |
| Description        |    | Acquisition                 |                      | Carrying                                   |      | Acquisition   |           | Depreciation | Date of  | Date Comput  |          |                            |
| (Note 1)           |    | Land                        | Federal Improvements | Costs                                      |      | Land  | Fees      | Total        | (Note 4) | Construction | Acquired | Months                     |
| Automotive Service |    |                             |                      |  |      |   |           |              |          |              |          |                            |
| Flagstaff          | AZ | 144,821                     | 417,485              | None                                       | None | 144,821   | 417,485   | 562,306      | 172,841  | 04/11/02     | 08/29/97 | 300                        |
| Mesa               | AZ | 210,620                     | 475,072              | None                                       | None | 210,620   | 475,072   | 685,692      | 125,890  |              | 05/14/02 | 300                        |
| Phoenix            | AZ | 189,341                     | 546,984              | None                                       | 110  | 189,341   | 547,094   | 736,435      | 144,969  |              | 05/14/02 | 300                        |
| Phoenix            | AZ | 384,608                     | 279,824              | None                                       | None | 384,608   | 279,824   | 664,432      | 74,151   |              | 05/14/02 | 300                        |
| Sierra Vista       | AZ | 175,114                     | 345,508              | None                                       | None | 175,114   | 345,508   | 520,622      | 91,558   |              | 05/14/02 | 300                        |
| Tucson             | AZ | 226,596                     | 437,972              | None                                       | None | 226,596   | 437,972   | 664,568      | 116,061  |              | 05/14/02 | 300                        |
| Bakersfield        | CA | 65,165                      | 206,927              | None                                       | None | 65,165  | 206,927   | 272,092      | 54,834   |              | 05/14/02 | 300                        |
| Chula Vista        | CA | 313,293                     | 409,654              | None                                       | 16   | 313,293   | 409,670   | 722,963      | 206,891  | 05/01/96     | 01/19/96 | 300                        |
| Dublin             | CA | 415,620                     | 1,153,928            | None                                       | None | 415,620   | 1,153,928 | 1,569,548    | 305,789  |              | 05/14/02 | 300                        |
| Folsom             | CA | 471,813                     | 325,610              | None                                       | None | 471,813   | 325,610   | 797,423      | 86,284   |              | 05/14/02 | 300                        |
| Indio              | CA | 264,956                     | 265,509              | None                                       | None | 264,956   | 265,509   | 530,465      | 70,358   |              | 05/14/02 | 300                        |
| Los Angeles        | CA | 580,446                     | 158,876              | None                                       | None | 580,446   | 158,876   | 739,322      | 42,100   |              | 05/14/02 | 300                        |
| Oxnard             | CA | 186,980                     | 198,236              | None                                       | None | 186,980   | 198,236   | 385,216      | 52,531   |              | 05/14/02 | 300                        |
| Simi Valley        | CA | 213,920                     | 161,012              | None                                       | None | 213,920   | 161,012   | 374,932      | 42,666   |              | 05/14/02 | 300                        |
| Vacaville          | CA | 358,067                     | 284,931              | None                                       | None | 358,067   | 284,931   | 642,998      | 75,505   |              | 05/14/02 | 300                        |
| Aurora             | CO | 231,314                     | 430,495              | None                                       | None | 231,314   | 430,495   | 661,809      | 22,242   |              | 09/04/07 | 300                        |
| Broomfield         | CO | 154,930                     | 503,626              | None                                       | 450  | 154,930   | 504,076   | 659,006      | 249,745  | 08/22/96     | 03/15/96 | 300                        |
| Denver             | CO | 79,717                      | 369,587              | None                                       | 169  | 79,717  | 369,756   | 449,473      | 348,567  |              | 10/08/85 | 300                        |
| Denver             | CO | 239,024                     | 444,785              | None                                       | None | 239,024   | 444,785   | 683,809      | 22,980   |              | 09/04/07 | 300                        |
| Lakewood           | CO | 70,422                      | 132,296              | None                                       | None | 70,422  | 132,296   | 202,718      | 6,835    |              | 09/04/07 | 300                        |
| Longmont           | CO | 87,385                      | 163,169              | None                                       | None | 87,385  | 163,169   | 250,554      | 8,430    |              | 09/04/07 | 300                        |
| Thornton           | CO | 276,084                     | 415,464              | None                                       | 205  | 276,084   | 415,669   | 691,753      | 198,778  | 12/31/96     | 10/31/96 | 300                        |
| Hartford           | CT | 248,540                     | 482,460              | None                                       | None | 248,540   | 482,460   | 731,000      | 237,209  |              | 09/30/96 | 300                        |
| Southington        | CT | 225,882                     | 672,910              | None                                       | None | 225,882   | 672,910   | 898,792      | 310,549  |              | 06/06/97 | 300                        |
| Vernon             | CT | 81,529                      | 300,518              | None                                       | None | 81,529  | 300,518   | 382,047      | 78,636   |              | 06/27/02 | 300                        |
| Carol City         | FL | 163,239                     | 262,726              | None                                       | None | 163,239   | 262,726   | 425,965      | 68,747   |              | 06/27/02 | 300                        |
| Jacksonville       | FL | 76,585                      | 355,066              | 6,980                                      | 124  | 76,585  | 362,170   | 438,755      | 333,927  |              | 12/23/85 | 300                        |
| Lauderdale         |    |                             |                      |  |      |   |           |              |          |              |          |                            |
| Lakes              | FL | 65,987                      | 305,931              | None                                       | None | 65,987  | 305,931   | 371,918      | 284,727  |              | 02/19/86 | 300                        |
| Orange City        | FL | 99,613                      | 139,008              | None                                       | None | 99,613  | 139,008   | 238,621      | 36,835   |              | 05/14/02 | 300                        |
| Seminole           | FL | 68,000                      | 315,266              | None                                       | 124  | 68,000  | 315,390   | 383,390      | 295,392  |              | 12/23/85 | 300                        |
| Sunrise            | FL | 80,253                      | 372,070              | None                                       | None | 80,253  | 372,070   | 452,323      | 346,492  |              | 02/14/86 | 300                        |
| Tampa              | FL | 70,000                      | 324,538              | None                                       | 162  | 70,000  | 324,700   | 394,700      | 304,100  |              | 12/27/85 | 300                        |

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|                                |    |         |         |        |       |         |         |         |         |          |          |     |
|--------------------------------|----|---------|---------|--------|-------|---------|---------|---------|---------|----------|----------|-----|
| Tampa                          | FL | 67,000  | 310,629 | None   | 124   | 67,000  | 310,753 | 377,753 | 291,050 |          | 12/27/85 | 300 |
| Tampa                          | FL | 86,502  | 401,041 | None   | 141   | 86,502  | 401,182 | 487,684 | 367,312 |          | 07/23/86 | 300 |
| Atlanta                        | GA | 55,840  | 258,889 | None   | 244   | 55,840  | 259,133 | 314,973 | 243,363 |          | 11/27/85 | 300 |
| Bogart                         | GA | 66,807  | 309,733 | None   | None  | 66,807  | 309,733 | 376,540 | 290,102 |          | 12/20/85 | 300 |
| Douglasville                   | GA | 214,771 | 129,519 | None   | None  | 214,771 | 129,519 | 344,290 | 34,320  |          | 05/14/02 | 300 |
| Duluth                         | GA | 222,275 | 316,925 | None   | 151   | 222,275 | 317,076 | 539,351 | 139,506 | 10/24/97 | 06/20/97 | 300 |
| Duluth                         | GA | 290,842 | 110,056 | None   | None  | 290,842 | 110,056 | 400,898 | 29,163  |          | 05/14/02 | 300 |
| Gainesville                    | GA | 53,589  | 248,452 | None   | None  | 53,589  | 248,452 | 302,041 | 232,706 |          | 12/19/85 | 300 |
| Kennesaw                       | GA | 266,865 | 139,425 | None   | None  | 266,865 | 139,425 | 406,290 | 36,946  |          | 05/14/02 | 300 |
| Marietta                       | GA | 60,900  | 293,461 | 67,871 | 239   | 60,900  | 361,571 | 422,471 | 276,197 |          | 12/26/85 | 300 |
| Marietta                       | GA | 69,561  | 346,024 | None   | 356   | 69,561  | 346,380 | 415,941 | 318,360 |          | 06/03/86 | 300 |
| Norcross                       | GA | 244,124 | 151,831 | None   | None  | 244,124 | 151,831 | 395,955 | 40,233  |          | 05/14/02 | 300 |
| Riverdale                      | GA | 58,444  | 270,961 | None   | None  | 58,444  | 270,961 | 329,405 | 252,986 |          | 01/15/86 | 300 |
| Rome                           | GA | 56,454  | 261,733 | None   | None  | 56,454  | 261,733 | 318,187 | 245,145 |          | 12/19/85 | 300 |
| Snellville                     | GA | 253,316 | 132,124 | None   | None  | 253,316 | 132,124 | 385,440 | 35,011  |          | 05/14/02 | 300 |
| Tucker                         | GA | 78,646  | 364,625 | None   | 5,237 | 78,646  | 369,862 | 448,508 | 345,769 |          | 12/18/85 | 300 |
| Arlington<br>Hts               | IL | 441,437 | 215,983 | None   | None  | 441,437 | 215,983 | 657,420 | 57,234  |          | 05/14/02 | 300 |
| Chicago<br>Round Lake<br>Beach | IL | 329,076 | 255,294 | None   | None  | 329,076 | 255,294 | 584,370 | 67,651  |          | 05/14/02 | 300 |
| Westchester                    | IL | 472,132 | 236,585 | None   | None  | 472,132 | 236,585 | 708,717 | 62,693  |          | 05/14/02 | 300 |
| Anderson                       | IN | 421,239 | 184,812 | None   | None  | 421,239 | 184,812 | 606,051 | 48,973  |          | 05/14/02 | 300 |
|                                |    | 232,170 | 385,661 | None   | 163   | 232,170 | 385,824 | 617,994 | 170,405 |          | 12/19/97 | 300 |



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| Description<br>(Note 1) |    | Initial Cost to Company     |                      | Cost Capitalized Subsequent to Acquisition |      | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |         |         | Accumulated  |          | Date of Construction | Date Computed (in Months) | Life on which depreciated in latest Income Statement is |
|-------------------------|----|-----------------------------|----------------------|--|------|---|---------|---------|--------------|----------|----------------------|---------------------------|---|
|                         |    | Buildings, Improvements and |                      |  |      | Buildings, Improvements and   |         |         | Depreciation |          |                      |                           |   |
|                         |    | Acquisition                 |                      | Carrying                                   |      | Acquisition   |         |         | Depreciation |          |                      |                           |   |
|                         |    | Land                        | Federal Improvements | Costs                                      |      | Land  | Fees    | Total   | (Note 4)     |          |                      |                           |   |
| Indianapolis            | IN | 231,384                     | 428,307              | None                                       | None | 231,384   | 428,307 | 659,691 | 210,584      |          | 09/27/96             | 300                       |   |
| Michigan City           | IN | 392,638                     | 297,650              | -3,065                                     | None | 392,638   | 294,585 | 687,223 | 78,876       |          | 05/14/02             | 300                       |   |
| Warsaw                  | IN | 140,893                     | 228,116              | None                                       | None | 140,893   | 228,116 | 369,009 | 60,449       |          | 05/14/02             | 300                       |   |
| Olathe                  | KS | 217,995                     | 367,055              | None                                       | None | 217,995   | 367,055 | 585,050 | 170,677      | 04/22/97 | 11/11/96             | 300                       |   |
| Topeka                  | KS | 32,022                      | 60,368               | None                                       | None | 32,022  | 60,368  | 92,390  | 3,119        |          | 09/04/07             | 300                       |   |
| Louisville              | KY | 56,054                      | 259,881              | None                                       | 64   | 56,054  | 259,945 | 315,999 | 243,452      |          | 12/17/85             | 300                       |   |
| Newport                 | KY | 323,511                     | 289,017              | None                                       | None | 323,511   | 289,017 | 612,528 | 130,484      |          | 09/17/97             | 300                       |   |
| Billerica               | MA | 399,043                     | 462,240              | None                                       | None | 399,043   | 462,240 | 861,283 | 216,384      |          | 04/02/97             | 300                       |   |
| East Falmouth           | MA | 191,302                     | 340,539              | None                                       | None | 191,302   | 340,539 | 531,841 | 90,241       |          | 05/14/02             | 300                       |   |
| Wareham                 | MA | 149,680                     | 278,669              | None                                       | None | 149,680   | 278,669 | 428,349 | 73,845       |          | 05/14/02             | 300                       |   |
| Fairhaven               | MA | 138,957                     | 289,294              | None                                       | None | 138,957   | 289,294 | 428,251 | 76,661       |          | 05/14/02             | 300                       |   |
| Gardner                 | MA | 138,990                     | 289,361              | None                                       | None | 138,990   | 289,361 | 428,351 | 76,678       |          | 05/14/02             | 300                       |   |
| Hyannis                 | MA | 180,653                     | 458,522              | None                                       | None | 180,653   | 458,522 | 639,175 | 119,980      |          | 06/27/02             | 300                       |   |
| Lenox                   | MA | 287,769                     | 535,273              | None                                       | 232  | 287,769   | 535,505 | 823,274 | 209,649      |          | 03/31/99             | 300                       |   |
| Newburyport             | MA | 274,698                     | 466,449              | None                                       | None | 274,698   | 466,449 | 741,147 | 122,054      |          | 06/27/02             | 300                       |   |
| North Reading           | MA | 180,546                     | 351,161              | None                                       | None | 180,546   | 351,161 | 531,707 | 93,055       |          | 05/14/02             | 300                       |   |
| Orleans                 | MA | 138,212                     | 394,065              | None                                       | None | 138,212   | 394,065 | 532,277 | 104,425      |          | 05/14/02             | 300                       |   |
| Aberdeen                | MD | 223,617                     | 225,605              | None                                       | None | 223,617   | 225,605 | 449,222 | 59,033       |          | 06/27/02             | 300                       |   |
| Bethesda                | MD | 282,717                     | 525,928              | None                                       | None | 282,717   | 525,928 | 808,645 | 27,173       |          | 09/04/07             | 300                       |   |
| Capital Heights         | MD | 547,173                     | 219,979              | -12,319                                    | None | 547,173   | 207,660 | 754,833 | 58,291       |          | 05/14/02             | 300                       |   |
| Clinton                 | MD | 70,880                      | 328,620              | 11,440                                     | 459  | 70,880  | 340,519 | 411,399 | 310,335      |          | 11/15/85             | 300                       |   |
| Lexington Park          | MD | 111,396                     | 335,288              | -7,600                                     | None | 111,396   | 327,688 | 439,084 | 88,848       |          | 05/14/02             | 300                       |   |
| Kalamazoo               | MI | 391,745                     | 296,975              | -2,196                                     | None | 391,745   | 294,779 | 686,524 | 78,697       |          | 05/14/02             | 300                       |   |
| Portage                 | MI | 402,409                     | 286,441              | -2,112                                     | None | 402,409   | 284,329 | 686,738 | 75,905       |          | 05/14/02             | 300                       |   |
| Southfield              | MI | 275,952                     | 350,765              | None                                       | None | 275,952   | 350,765 | 626,717 | 92,951       |          | 05/14/02             | 300                       |   |
| Troy                    | MI | 214,893                     | 199,299              | None                                       | None | 214,893   | 199,299 | 414,192 | 52,813       |          | 05/14/02             | 300                       |   |
| Minneapolis             | MN | 58,000                      | 268,903              | None                                       | 479  | 58,000  | 269,382 | 327,382 | 252,162      |          | 12/18/85             | 300                       |   |
| St. Cloud               | MN | 203,338                     | 258,626              | None                                       | None | 203,338   | 258,626 | 461,964 | 67,674       |          | 06/27/02             | 300                       |   |
| Independence            | MO | 297,641                     | 233,152              | None                                       | None | 297,641   | 233,152 | 530,793 | 112,302      |          | 12/20/96             | 300                       |   |

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|                   |    |         |         |        |        |         |         |           |         |          |          |     |
|-------------------|----|---------|---------|--------|--------|---------|---------|-----------|---------|----------|----------|-----|
| Asheville         | NC | 441,746 | 242,565 | None   | None   | 441,746 | 242,565 | 684,311   | 64,278  |          | 05/14/02 | 300 |
| Charlotte         | NC | 508,100 | 457,295 | None   | None   | 508,100 | 457,295 | 965,395   | 102,891 |          | 05/27/03 | 300 |
| Concord           | NC | 237,688 | 357,976 | None   | 152    | 237,688 | 358,128 | 595,816   | 149,965 |          | 11/05/97 | 300 |
| Durham            | NC | 55,074  | 255,336 | None   | 121    | 55,074  | 255,457 | 310,531   | 240,138 |          | 11/13/85 | 300 |
| Durham            | NC | 354,676 | 361,203 | 3,400  | 351    | 354,676 | 364,954 | 719,630   | 165,933 | 08/29/97 | 03/31/97 | 300 |
| Fayetteville      | NC | 224,326 | 257,733 | None   | 205    | 224,326 | 257,938 | 482,264   | 113,876 |          | 12/03/97 | 300 |
| Greensboro        | NC | 286,068 | 244,606 | None   | None   | 286,068 | 244,606 | 530,674   | 64,812  |          | 05/14/02 | 300 |
| Matthews          | NC | 295,580 | 338,472 | 10,000 | 15,993 | 295,580 | 364,465 | 660,045   | 159,388 | 08/28/98 | 02/27/98 | 300 |
| Pineville         | NC | 254,460 | 355,630 | None   | 356    | 254,460 | 355,986 | 610,446   | 160,797 | 08/28/97 | 04/16/97 | 300 |
| Raleigh           | NC | 89,145  | 413,301 | None   | 94     | 89,145  | 413,395 | 502,540   | 389,618 |          | 10/28/85 | 300 |
| Raleigh           | NC | 398,694 | 263,621 | None   | None   | 398,694 | 263,621 | 662,315   | 118,155 |          | 10/01/97 | 300 |
| Salisbury         | NC | 235,614 | 150,592 | None   | None   | 235,614 | 150,592 | 386,206   | 39,905  |          | 05/14/02 | 300 |
| Fargo             | ND | 53,973  | 100,262 | None   | None   | 53,973  | 100,262 | 154,235   | 5,180   |          | 09/04/07 | 300 |
| Lincoln           | NE | 337,138 | 316,958 | None   | None   | 337,138 | 316,958 | 654,096   | 83,991  |          | 05/14/02 | 300 |
| Scottsbluff       | NE | 33,307  | 63,355  | None   | None   | 33,307  | 63,355  | 96,662    | 3,273   |          | 09/04/07 | 300 |
| Cherry Hill       | NJ | 463,808 | 862,240 | None   | None   | 463,808 | 862,240 | 1,326,048 | 44,549  |          | 09/04/07 | 300 |
| Edison            | NJ | 448,936 | 238,773 | None   | None   | 448,936 | 238,773 | 687,709   | 63,271  |          | 05/14/02 | 300 |
| Glassboro         | NJ | 182,013 | 312,480 | None   | None   | 182,013 | 312,480 | 494,493   | 81,766  |          | 06/27/02 | 300 |
| Hamilton Square   | NJ | 422,477 | 291,555 | None   | None   | 422,477 | 291,555 | 714,032   | 77,258  |          | 05/14/02 | 300 |
| Hamilton Township | NJ | 265,238 | 298,167 | None   | None   | 265,238 | 298,167 | 563,405   | 79,011  |          | 05/14/02 | 300 |
| Pleasantville     | NJ | 77,105  | 144,693 | None   | None   | 77,105  | 144,693 | 221,798   | 7,476   |          | 09/04/07 | 300 |
| Randolph          | NJ | 452,629 | 390,163 | None   | None   | 452,629 | 390,163 | 842,792   | 103,391 |          | 05/14/02 | 300 |
| Westfield         | NJ | 705,337 | 288,720 | None   | None   | 705,337 | 288,720 | 994,057   | 76,506  |          | 05/14/02 | 300 |
| Woodbury          | NJ | 212,788 | 320,283 | None   | None   | 212,788 | 320,283 | 533,071   | 84,871  |          | 05/14/02 | 300 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |         |                |       | Cost Capitalized Subsequent to Acquisition |         | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |              |                      | Accumulated Depreciation |               | Date of Construction |               | Date Computed (in Months) |  | Life on which depreciated in latest Income Statement is |
|-------------------------|----|-----------------------------|---------|----------------|-------|--|---------|---|--------------|----------------------|--------------------------|---------------|----------------------|---------------|---------------------------|--|---|
|                         |    | Buildings, Improvements and |         | Carrying Costs |       | Buildings, Improvements and                |         | Total   | Depreciation | Date of Construction | Date Computed            | Date Computed | Date Computed        | Date Computed |                           |  |   |
|                         |    | Land                        | Fees    | Improvements   | Costs | Land                                       | Fees    | Total   | (Note 4)     | Construction         | Acquired                 | Month         | Month                | Month         |                           |  |   |
| Las Vegas               | NV | 326,879                     | 359,101 | None           | None  | 326,879                                    | 359,101 | 685,980   | 95,160       |                      |                          | 05/14/02      | 300                  |               |                           |  |   |
| Las Vegas               | NV | 316,441                     | 369,768 | None           | None  | 316,441                                    | 369,768 | 686,209   | 97,987       |                      |                          | 05/14/02      | 300                  |               |                           |  |   |
| Las Vegas               | NV | 252,169                     | 562,715 | None           | None  | 252,169                                    | 562,715 | 814,884   | 149,117      |                      |                          | 05/14/02      | 300                  |               |                           |  |   |
| Sparks                  | NV | 326,813                     | 306,311 | None           | None  | 326,813                                    | 306,311 | 633,124   | 81,170       |                      |                          | 05/14/02      | 300                  |               |                           |  |   |
| Albion                  | NY | 170,589                     | 317,424 | None           | None  | 170,589                                    | 317,424 | 488,013   | 124,316      |                      |                          | 03/31/99      | 300                  |               |                           |  |   |
| Bethpage                | NY | 334,120                     | 621,391 | None           | None  | 334,120                                    | 621,391 | 955,511   | 32,105       |                      |                          | 09/04/07      | 300                  |               |                           |  |   |
| Commack                 | NY | 400,427                     | 744,533 | None           | None  | 400,427                                    | 744,533 | 1,144,960   | 38,467       |                      |                          | 09/04/07      | 300                  |               |                           |  |   |
| Dansville               | NY | 181,664                     | 337,991 | None           | None  | 181,664                                    | 337,991 | 519,655   | 132,372      |                      |                          | 03/31/99      | 300                  |               |                           |  |   |
| East Amherst            | NY | 260,708                     | 484,788 | None           | None  | 260,708                                    | 484,788 | 745,496   | 189,867      |                      |                          | 03/31/99      | 300                  |               |                           |  |   |
| East Syracuse           | NY | 250,609                     | 466,264 | None           | None  | 250,609                                    | 466,264 | 716,873   | 182,609      |                      |                          | 03/31/99      | 300                  |               |                           |  |   |
| Freeport                | NY | 134,828                     | 251,894 | None           | None  | 134,828                                    | 251,894 | 386,722   | 13,014       |                      |                          | 09/04/07      | 300                  |               |                           |  |   |
| Johnson City            | NY | 242,863                     | 451,877 | None           | None  | 242,863                                    | 451,877 | 694,740   | 176,974      |                      |                          | 03/31/99      | 300                  |               |                           |  |   |
| Queens Village          | NY | 242,775                     | 451,749 | None           | None  | 242,775                                    | 451,749 | 694,524   | 23,340       |                      |                          | 09/04/07      | 300                  |               |                           |  |   |
| Riverhead               | NY | 143,929                     | 268,795 | None           | None  | 143,929                                    | 268,795 | 412,724   | 13,888       |                      |                          | 09/04/07      | 300                  |               |                           |  |   |
| Wellsville              | NY | 161,331                     | 300,231 | None           | None  | 161,331                                    | 300,231 | 461,562   | 117,582      |                      |                          | 03/31/99      | 300                  |               |                           |  |   |
| West Amherst            | NY | 268,692                     | 499,619 | None           | None  | 268,692                                    | 499,619 | 768,311   | 195,676      |                      |                          | 03/31/99      | 300                  |               |                           |  |   |
| Akron                   | OH | 139,126                     | 460,334 | None           | None  | 139,126                                    | 460,334 | 599,460   | 207,879      |                      |                          | 09/18/97      | 300                  |               |                           |  |   |
| Beaver Creek            | OH | 349,091                     | 251,127 | None           | None  | 349,091                                    | 251,127 | 600,218   | 43,110       |                      |                          | 09/17/04      | 300                  |               |                           |  |   |
| Beavercreek Canal       | OH | 205,000                     | 492,538 | None           | None  | 205,000                                    | 492,538 | 697,538   | 232,313      | 02/13/97             |                          | 09/09/96      | 300                  |               |                           |  |   |
| Winchester              | OH | 443,751                     | 825,491 | None           | None  | 443,751                                    | 825,491 | 1,269,242   | 197,787      | 12/19/02             |                          | 08/21/02      | 300                  |               |                           |  |   |
| Centerville             | OH | 305,000                     | 420,448 | None           | None  | 305,000                                    | 420,448 | 725,448   | 209,524      | 07/24/96             |                          | 06/28/96      | 300                  |               |                           |  |   |
| Cincinnati              | OH | 293,005                     | 201,340 | None           | None  | 293,005                                    | 201,340 | 494,345   | 90,868       |                      |                          | 09/17/97      | 300                  |               |                           |  |   |
| Cincinnati              | OH | 211,185                     | 392,210 | None           | None  | 211,185                                    | 392,210 | 603,395   | 80,403       |                      |                          | 11/03/03      | 300                  |               |                           |  |   |
| Cincinnati              | OH | 305,556                     | 244,662 | None           | None  | 305,556                                    | 244,662 | 550,218   | 42,000       |                      |                          | 09/17/04      | 300                  |               |                           |  |   |
| Cincinnati              | OH | 589,286                     | 160,932 | None           | None  | 589,286                                    | 160,932 | 750,218   | 27,626       |                      |                          | 09/17/04      | 300                  |               |                           |  |   |
| Cincinnati              | OH | 159,375                     | 265,842 | None           | None  | 159,375                                    | 265,842 | 425,217   | 45,636       |                      |                          | 09/17/04      | 300                  |               |                           |  |   |
| Cincinnati              | OH | 350,000                     | 300,217 | None           | None  | 350,000                                    | 300,217 | 650,217   | 48,535       |                      |                          | 12/20/04      | 300                  |               |                           |  |   |
| Cleveland               | OH | 215,111                     | 216,517 | None           | None  | 215,111                                    | 216,517 | 431,628   | 56,655       |                      |                          | 06/27/02      | 300                  |               |                           |  |   |

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|                    |    |         |         |      |       |         |         |           |         |          |          |     |
|--------------------|----|---------|---------|------|-------|---------|---------|-----------|---------|----------|----------|-----|
| Columbus           | OH | 71,098  | 329,627 | None | 195   | 71,098  | 329,822 | 400,920   | 311,018 |          | 10/02/85 | 300 |
| Columbus           | OH | 75,761  | 351,247 | None | 168   | 75,761  | 351,415 | 427,176   | 331,216 |          | 10/24/85 | 300 |
| Columbus           | OH | 245,036 | 470,468 | None | 122   | 245,036 | 470,590 | 715,626   | 245,431 |          | 12/22/95 | 300 |
| Columbus           | OH | 432,110 | 386,553 | None | None  | 432,110 | 386,553 | 818,663   | 86,974  |          | 05/27/03 | 300 |
| Columbus           | OH | 466,696 | 548,133 | None | None  | 466,696 | 548,133 | 1,014,829 | 123,329 |          | 05/27/03 | 300 |
| Columbus           | OH | 337,679 | 272,484 | None | None  | 337,679 | 272,484 | 610,163   | 46,776  |          | 09/17/04 | 300 |
| Columbus           | OH | 190,000 | 260,162 | None | None  | 190,000 | 260,162 | 450,162   | 44,661  |          | 09/17/04 | 300 |
| Columbus           | OH | 371,429 | 278,734 | None | None  | 371,429 | 278,734 | 650,163   | 47,849  |          | 09/17/04 | 300 |
| Columbus           | OH | 214,737 | 85,425  | None | 96    | 214,737 | 85,521  | 300,258   | 14,668  |          | 09/17/04 | 300 |
| Cuyahoga Falls     | OH | 253,750 | 271,400 | None | None  | 253,750 | 271,400 | 525,150   | 46,590  |          | 09/17/04 | 300 |
| Dayton             | OH | 70,000  | 324,538 | None | 393   | 70,000  | 324,931 | 394,931   | 306,103 |          | 10/31/85 | 300 |
| Dublin             | OH | 437,887 | 428,046 | None | None  | 437,887 | 428,046 | 865,933   | 96,309  |          | 05/27/03 | 300 |
| Eastlake           | OH | 321,347 | 459,774 | None | None  | 321,347 | 459,774 | 781,121   | 239,849 |          | 12/22/95 | 300 |
| Fairfield          | OH | 323,408 | 235,024 | None | None  | 323,408 | 235,024 | 558,432   | 106,094 |          | 09/17/97 | 300 |
| Fairlawn           | OH | 280,000 | 270,150 | None | None  | 280,000 | 270,150 | 550,150   | 46,375  |          | 09/17/04 | 300 |
| Findlay            | OH | 283,515 | 397,004 | None | None  | 283,515 | 397,004 | 680,519   | 175,347 |          | 12/24/97 | 300 |
| Hamilton           | OH | 252,608 | 413,279 | None | None  | 252,608 | 413,279 | 665,887   | 190,794 | 03/31/97 | 10/04/96 | 300 |
| Huber Heights      | OH | 282,000 | 449,381 | None | None  | 282,000 | 449,381 | 731,381   | 214,953 | 12/03/96 | 07/18/96 | 300 |
| Lima               | OH | 241,132 | 114,085 | None | None  | 241,132 | 114,085 | 355,217   | 19,584  |          | 09/17/04 | 300 |
| Marion             | OH | 100,000 | 275,162 | None | None  | 100,000 | 275,162 | 375,162   | 44,485  |          | 12/20/04 | 300 |
| Mason              | OH | 310,990 | 405,373 | None | None  | 310,990 | 405,373 | 716,363   | 91,208  |          | 05/27/03 | 300 |
| Middleburg Heights | OH | 317,308 | 307,842 | None | None  | 317,308 | 307,842 | 625,150   | 52,846  |          | 09/17/04 | 300 |
| Milford            | OH | 353,324 | 269,997 | None | None  | 353,324 | 269,997 | 623,321   | 121,907 |          | 09/18/97 | 300 |
| Mt. Vernon         | OH | 216,115 | 375,357 | None | None  | 216,115 | 375,357 | 591,472   | 165,783 |          | 12/30/97 | 300 |
| Northwood          | OH | 65,978  | 263,912 | None | 1,179 | 65,978  | 265,091 | 331,069   | 264,725 |          | 09/12/86 | 180 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |         |              |          | Cost Capitalized Subsequent to Acquisition |         | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |          |          | Accumulated Depreciation | Date of Construction | Date Computed (in Months) | Life on which depreciated in latest Income Statement is |
|-------------------------|----|-----------------------------|---------|--------------|----------|--|---------|---|----------|----------|--------------------------|----------------------|---------------------------|---|
|                         |    | Buildings, Improvements and |         | Acquisition  | Carrying | Buildings, Improvements and                |         | Total   |          |          |                          |                      |                           |   |
|                         |    | Land                        | Fees    |              |          | Land                                       | Fees    |   |          |          |                          |                      |                           |   |
|                         |    | Land                        | Fees    | Improvements | Costs    | Land                                       | Fees    | Total   | (Note 4) |          |                          |                      |                           |   |
| Corwalk                 | OH | 200,205                     | 366,000 | None         | None     | 200,205                                    | 366,000 | 566,205   | 161,649  |          | 12/19/97                 | 300                  |                           |   |
| Arma                    | OH | 268,966                     | 381,184 | None         | None     | 268,966                                    | 381,184 | 650,150   | 65,436   |          | 09/17/04                 | 300                  |                           |   |
| Reynoldsborg            | OH | 267,750                     | 497,371 | None         | None     | 267,750                                    | 497,371 | 765,121   | 85,382   |          | 09/15/04                 | 300                  |                           |   |
| Reynoldsborg            | OH | 374,000                     | 176,162 | None         | None     | 374,000                                    | 176,162 | 550,162   | 30,241   |          | 09/17/04                 | 300                  |                           |   |
| Euclid                  | OH | 337,593                     | 451,944 | None         | None     | 337,593                                    | 451,944 | 789,537   | 101,687  |          | 05/27/03                 | 300                  |                           |   |
| andusky                 | OH | 264,708                     | 404,011 | None         | 230      | 264,708                                    | 404,241 | 668,949   | 178,484  |          | 12/19/97                 | 300                  |                           |   |
| olon                    | OH | 794,305                     | 222,797 | None         | None     | 794,305                                    | 222,797 | 1,017,102   | 50,129   |          | 05/27/03                 | 300                  |                           |   |
| pringboro               | OH | 191,911                     | 522,902 | None         | None     | 191,911                                    | 522,902 | 714,813   | 246,476  |          | 03/07/97                 | 300                  |                           |   |
| pringfield              | OH | 320,000                     | 280,217 | None         | None     | 320,000                                    | 280,217 | 600,217   | 48,104   |          | 09/17/04                 | 300                  |                           |   |
| pringfield              | OH | 189,091                     | 136,127 | None         | None     | 189,091                                    | 136,127 | 325,218   | 23,368   |          | 09/17/04                 | 300                  |                           |   |
| ow                      | OH | 310,000                     | 415,150 | None         | None     | 310,000                                    | 415,150 | 725,150   | 71,267   |          | 09/17/04                 | 300                  |                           |   |
| ledo                    | OH | 91,655                      | 366,621 | None         | 1,179    | 91,655                                     | 367,800 | 459,455   | 367,435  |          | 09/12/86                 | 180                  |                           |   |
| ledo                    | OH | 73,408                      | 293,632 | None         | 1,179    | 73,408                                     | 294,811 | 368,219   | 294,445  |          | 09/12/86                 | 180                  |                           |   |
| ledo                    | OH | 120,000                     | 230,217 | None         | None     | 120,000                                    | 230,217 | 350,217   | 39,520   |          | 09/17/04                 | 300                  |                           |   |
| ledo                    | OH | 250,000                     | 175,217 | None         | 25       | 250,000                                    | 175,242 | 425,242   | 30,079   |          | 09/17/04                 | 300                  |                           |   |
| ledo                    | OH | 320,000                     | 280,217 | None         | None     | 320,000                                    | 280,217 | 600,217   | 48,104   |          | 09/17/04                 | 300                  |                           |   |
| ledo                    | OH | 250,000                     | 530,217 | None         | None     | 250,000                                    | 530,217 | 780,217   | 91,020   |          | 09/17/04                 | 300                  |                           |   |
| West Chester            | OH | 446,449                     | 768,644 | None         | None     | 446,449                                    | 768,644 | 1,215,093   | 166,925  | 06/27/03 | 03/11/03                 | 300                  |                           |   |
| anesville               | OH | 125,000                     | 300,162 | None         | None     | 125,000                                    | 300,162 | 425,162   | 51,527   |          | 09/17/04                 | 300                  |                           |   |
| Midwest City            | OK | 106,312                     | 333,551 | None         | None     | 106,312                                    | 333,551 | 439,863   | 138,505  | 08/06/98 | 08/08/97                 | 300                  |                           |   |
| klahoma City            | OK | 143,655                     | 295,422 | None         | None     | 143,655                                    | 295,422 | 439,077   | 126,554  | 03/06/98 | 07/29/97                 | 300                  |                           |   |
| ulsa                    | OK | 133,648                     | 249,702 | None         | None     | 133,648                                    | 249,702 | 383,350   | 12,901   |          | 09/04/07                 | 300                  |                           |   |
| ortland                 | OR | 251,499                     | 345,952 | None         | None     | 251,499                                    | 345,952 | 597,451   | 86,487   |          | 09/26/02                 | 300                  |                           |   |
| alem                    | OR | 337,711                     | 253,855 | None         | None     | 337,711                                    | 253,855 | 591,566   | 67,270   |          | 05/14/02                 | 300                  |                           |   |
| ethel Park              | PA | 299,595                     | 331,264 | None         | None     | 299,595                                    | 331,264 | 630,859   | 146,316  |          | 12/19/97                 | 300                  |                           |   |
| ethlehem                | PA | 275,328                     | 389,067 | None         | 457      | 275,328                                    | 389,524 | 664,852   | 171,994  |          | 12/19/97                 | 300                  |                           |   |
| ethlehem                | PA | 229,162                     | 310,526 | None         | None     | 229,162                                    | 310,526 | 539,688   | 137,145  |          | 12/24/97                 | 300                  |                           |   |
| ridgeville              | PA | 275,000                     | 375,150 | None         | None     | 275,000                                    | 375,150 | 650,150   | 64,400   |          | 09/17/04                 | 300                  |                           |   |
| oraopolis               | PA | 225,000                     | 375,150 | None         | None     | 225,000                                    | 375,150 | 600,150   | 64,400   |          | 09/17/04                 | 300                  |                           |   |
| arrisburg               | PA | 131,529                     | 220,317 | -2,515       | None     | 131,529                                    | 217,802 | 349,331   | 58,380   |          | 05/14/02                 | 300                  |                           |   |
| Monroeville             | PA | 275,000                     | 250,150 | None         | None     | 275,000                                    | 250,150 | 525,150   | 42,942   |          | 09/17/04                 | 300                  |                           |   |
| hildadelphia            | PA | 858,500                     | 877,744 | None         | None     | 858,500                                    | 877,744 | 1,736,244   | 536,828  | 05/19/95 | 12/05/94                 | 300                  |                           |   |
| ittsburgh               | PA | 378,715                     | 685,374 | None         | None     | 378,715                                    | 685,374 | 1,064,089   | 169,413  | 08/22/02 | 01/17/02                 | 300                  |                           |   |
| ittsburgh               | PA | 219,938                     | 408,466 | None         | None     | 219,938                                    | 408,466 | 628,404   | 83,736   |          | 11/03/03                 | 300                  |                           |   |
| ittsburgh               | PA | 175,000                     | 300,150 | None         | None     | 175,000                                    | 300,150 | 475,150   | 51,525   |          | 09/17/04                 | 300                  |                           |   |

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|               |    |         |           |        |        |         |           |           |         |          |          |     |
|---------------|----|---------|-----------|--------|--------|---------|-----------|-----------|---------|----------|----------|-----|
| Pittsburgh    | PA | 243,750 | 406,400   | None   | None   | 243,750 | 406,400   | 650,150   | 69,765  |          | 09/17/04 | 300 |
| Pittsburgh    | PA | 208,333 | 416,817   | None   | None   | 208,333 | 416,817   | 625,150   | 71,553  |          | 09/17/04 | 300 |
| Pittsburgh    | PA | 121,429 | 303,721   | None   | None   | 121,429 | 303,721   | 425,150   | 52,138  |          | 09/17/04 | 300 |
| Warminster    | PA | 323,847 | 216,999   | -3,929 | None   | 323,847 | 213,070   | 536,917   | 57,501  |          | 05/14/02 | 300 |
| Wexford       | PA | 284,375 | 240,775   | None   | None   | 284,375 | 240,775   | 525,150   | 41,333  |          | 09/17/04 | 300 |
| York          | PA | 249,436 | 347,424   | None   | 232    | 249,436 | 347,656   | 597,092   | 153,458 |          | 12/30/97 | 300 |
| Charleston    | SC | 217,250 | 294,079   | None   | 151    | 217,250 | 294,230   | 511,480   | 133,908 | 07/14/97 | 03/13/97 | 300 |
| Columbia      | SC | 267,622 | 298,594   | None   | 7,250  | 267,622 | 305,844   | 573,466   | 133,197 | 03/31/98 | 11/05/97 | 300 |
| Greenville    | SC | 221,946 | 315,163   | None   | 8,684  | 221,946 | 323,847   | 545,793   | 148,149 | 09/05/97 | 03/31/97 | 300 |
| Lexington     | SC | 241,534 | 342,182   | None   | 544    | 241,534 | 342,726   | 584,260   | 133,436 |          | 09/24/98 | 300 |
| North         |    |         |           |        |        |         |           |           |         |          |          |     |
| Charleston    | SC | 174,980 | 341,466   | None   | 15,690 | 174,980 | 357,156   | 532,136   | 157,128 | 08/06/98 | 03/12/98 | 300 |
| Roux Falls    | SD | 48,833  | 91,572    | None   | None   | 48,833  | 91,572    | 140,405   | 4,731   |          | 09/04/07 | 300 |
| rentwood      | TN | 305,546 | 505,728   | None   | None   | 305,546 | 505,728   | 811,274   | 221,670 | 03/13/98 | 05/28/97 | 300 |
| endersonville | TN | 175,764 | 327,096   | None   | None   | 175,764 | 327,096   | 502,860   | 77,958  |          | 01/21/03 | 300 |
| ermitage      | TN | 560,443 | 1,011,799 | None   | None   | 560,443 | 1,011,799 | 1,572,242 | 259,491 | 10/15/01 | 05/09/01 | 300 |
| ermitage      | TN | 204,296 | 172,695   | None   | None   | 204,296 | 172,695   | 376,991   | 45,762  |          | 05/14/02 | 300 |
| Madison       | TN | 175,769 | 327,068   | None   | None   | 175,769 | 327,068   | 502,837   | 77,951  |          | 01/21/03 | 300 |
| Memphis       | TN | 108,094 | 217,079   | None   | None   | 108,094 | 217,079   | 325,173   | 57,523  |          | 05/14/02 | 300 |

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| Description<br>(Note 1)  |    | Initial Cost to Company     |           | Cost Capitalized Subsequent to Acquisition |              | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated |          | Date of Construction | Date Completed (in Months) | Life or which depreciable in later Income Statement is |
|--------------------------|----|-----------------------------|-----------|--|--------------|---|-----------|-----------|-------------|----------|----------------------|----------------------------|--|
|                          |    | Buildings, Improvements and |           | Buildings, Improvements and                |              |   |           |           |             |          |                      |                            |  |
|                          |    | Acquisition                 | Carrying  | Acquisition                                | Depreciation |   |           |           |             |          |                      |                            |  |
|                          |    | Land                        | Fees      | Improvements                               | Costs        | Land  | Fees      | Total     | (Note 4)    |          |                      |                            |  |
| Memphis                  | TN | 214,110                     | 193,591   | None                                       | None         | 214,110   | 193,591   | 407,701   | 51,299      |          | 05/14/02             | 30                         |  |
| Memphis                  | TN | 215,017                     | 216,794   | None                                       | None         | 215,017   | 216,794   | 431,811   | 56,728      |          | 06/27/02             | 30                         |  |
| Furfreesboro             | TN | 150,411                     | 215,528   | None                                       | None         | 150,411   | 215,528   | 365,939   | 57,113      |          | 05/14/02             | 30                         |  |
| Memphis                  | TN | 342,960                     | 227,440   | None                                       | None         | 342,960   | 227,440   | 570,400   | 102,677     |          | 09/17/97             | 30                         |  |
| Memphis                  | TX | 174,284                     | 98,623    | None                                       | None         | 174,284   | 98,623    | 272,907   | 26,133      |          | 05/14/02             | 30                         |  |
| Memphis                  | TX | 177,041                     | 199,088   | None                                       | None         | 177,041   | 199,088   | 376,129   | 52,756      |          | 05/14/02             | 30                         |  |
| Memphis                  | TX | 234,604                     | 325,951   | None                                       | None         | 234,604   | 325,951   | 560,555   | 161,346     | 08/09/96 | 02/19/96             | 30                         |  |
| Fort Worth               | TX | 83,530                      | 111,960   | None                                       | None         | 83,530  | 111,960   | 195,490   | 29,668      |          | 05/14/02             | 30                         |  |
| Houston                  | TX | 285,000                     | 369,697   | None                                       | None         | 285,000   | 369,697   | 654,697   | 165,708     | 08/08/97 | 08/08/97             | 30                         |  |
| Memphis                  | TX | 257,169                     | 325,652   | None                                       | None         | 257,169   | 325,652   | 582,821   | 86,296      |          | 05/14/02             | 30                         |  |
| Memphis                  | TX | 197,170                     | 256,376   | None                                       | None         | 197,170   | 256,376   | 453,546   | 67,938      |          | 05/14/02             | 30                         |  |
| Memphis                  | TX | 199,942                     | 324,736   | None                                       | None         | 199,942   | 324,736   | 524,678   | 160,744     | 08/02/96 | 02/14/96             | 30                         |  |
| Memphis                  | TX | 130,238                     | 207,683   | None                                       | None         | 130,238   | 207,683   | 337,921   | 54,344      |          | 06/27/02             | 30                         |  |
| San Antonio              | TX | 198,828                     | 437,422   | None                                       | 342          | 198,828   | 437,764   | 636,592   | 232,616     |          | 09/15/95             | 30                         |  |
| Richmond                 | VA | 403,549                     | 876,981   | None                                       | None         | 403,549   | 876,981   | 1,280,530 | 172,874     | 07/08/04 | 10/17/02             | 30                         |  |
| Roanoke                  | VA | 349,628                     | 322,545   | None                                       | 203          | 349,628   | 322,748   | 672,376   | 142,575     |          | 12/19/97             | 30                         |  |
| Warrenton                | VA | 186,723                     | 241,173   | None                                       | None         | 186,723   | 241,173   | 427,896   | 63,907      |          | 05/14/02             | 30                         |  |
| Memerton                 | WA | 261,172                     | 373,080   | None                                       | None         | 261,172   | 373,080   | 634,252   | 180,551     | 03/19/97 | 07/24/96             | 30                         |  |
| Coma                     | WA | 109,127                     | 202,691   | None                                       | None         | 109,127   | 202,691   | 311,818   | 10,472      |          | 09/04/07             | 30                         |  |
| Wilwaukee                | WI | 173,005                     | 499,244   | None                                       | 172          | 173,005   | 499,416   | 672,421   | 260,447     |          | 12/22/95             | 30                         |  |
| Wilwaukee                | WI | 152,509                     | 475,480   | None                                       | None         | 152,509   | 475,480   | 627,989   | 233,777     |          | 09/27/96             | 30                         |  |
| New Berlin               | WI | 188,491                     | 466,268   | None                                       | 172          | 188,491   | 466,440   | 654,931   | 243,244     |          | 12/22/95             | 30                         |  |
| Mcine                    | WI | 184,002                     | 114,167   | None                                       | None         | 184,002   | 114,167   | 298,169   | 30,253      |          | 05/14/02             | 30                         |  |
| Automotive Tire Services |    |                             |           |  |              |   |           |           |             |          |                      |                            |  |
| Memphis                  | AL | 760,031                     | 1,413,494 | None                                       | None         | 760,031   | 1,413,494 | 2,173,525 | 120,143     |          | 11/22/06             | 30                         |  |
| Memphis                  | AL | 660,210                     | 1,228,112 | None                                       | None         | 660,210   | 1,228,112 | 1,888,322 | 104,386     |          | 11/22/06             | 30                         |  |
| Birmingham               | AL | 635,111                     | 1,180,909 | None                                       | None         | 635,111   | 1,180,909 | 1,816,020 | 100,373     |          | 11/22/06             | 30                         |  |
| Memphis                  | AL | 876,139                     | 1,629,123 | None                                       | None         | 876,139   | 1,629,123 | 2,505,262 | 138,471     |          | 11/22/06             | 30                         |  |
| Memphis                  | AL | 635,111                     | 1,181,499 | None                                       | None         | 635,111   | 1,181,499 | 1,816,610 | 100,423     |          | 11/22/06             | 30                         |  |
| Memphis                  | AL | 455,651                     | 565,120   | None                                       | None         | 455,651   | 565,120   | 1,020,771 | 3,387       | 10/17/08 | 06/10/08             | 30                         |  |
| Memphis                  | AL | 870,031                     | 1,617,357 | None                                       | None         | 870,031   | 1,617,357 | 2,487,388 | 137,471     |          | 11/22/06             | 30                         |  |
| Memphis                  | AL | 610,055                     | 1,134,554 | None                                       | None         | 610,055   | 1,134,554 | 1,744,609 | 95,761      |          | 11/22/06             | 30                         |  |
| Memphis                  | AL | 504,396                     | 938,299   | None                                       | None         | 504,396   | 938,299   | 1,442,695 | 79,751      |          | 11/22/06             | 30                         |  |



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|            |    |         |           |      |      |         |           |           |         |          |          |    |
|------------|----|---------|-----------|------|------|---------|-----------|-----------|---------|----------|----------|----|
| Over       | AL | 620,270 | 1,153,493 | None | None | 620,270 | 1,153,493 | 1,773,763 | 98,043  |          | 11/22/06 | 30 |
| Antsville  | AL | 499,843 | 929,863   | None | None | 499,843 | 929,863   | 1,429,706 | 79,034  |          | 11/22/06 | 30 |
| Antsville  | AL | 635,111 | 1,181,499 | None | None | 635,111 | 1,181,499 | 1,816,610 | 100,423 |          | 11/22/06 | 30 |
| adison     | AL | 635,111 | 1,181,532 | None | None | 635,111 | 1,181,532 | 1,816,643 | 100,426 |          | 11/22/06 | 30 |
| obile      | AL | 635,111 | 1,181,499 | None | None | 635,111 | 1,181,499 | 1,816,610 | 100,423 |          | 11/22/06 | 30 |
| obile      | AL | 525,750 | 977,810   | None | None | 525,750 | 977,810   | 1,503,560 | 83,110  |          | 11/22/06 | 30 |
| ontgomery  | AL | 544,181 | 654,046   | None | None | 544,181 | 654,046   | 1,198,227 | 14,814  |          | 01/24/08 | 30 |
| ange       |    |         |           |      |      |         |           |           |         |          |          |    |
| ach        | AL | 630,244 | 1,172,036 | None | None | 630,244 | 1,172,036 | 1,802,280 | 99,619  |          | 11/22/06 | 30 |
| lham       | AL | 635,111 | 1,180,909 | None | None | 635,111 | 1,180,909 | 1,816,020 | 100,373 |          | 11/22/06 | 30 |
| enix City  | AL | 630,244 | 1,172,024 | None | None | 630,244 | 1,172,024 | 1,802,268 | 99,618  |          | 11/22/06 | 30 |
| cson       | AZ | 178,297 | 396,004   | None | 338  | 178,297 | 396,342   | 574,639   | 296,230 |          | 01/19/90 | 30 |
| vada       | CO | 301,489 | 931,092   | None | None | 301,489 | 931,092   | 1,232,581 | 302,642 | 09/22/00 | 11/18/99 | 30 |
| urora      | CO | 221,691 | 492,382   | None | None | 221,691 | 492,382   | 714,073   | 367,919 |          | 01/29/90 | 30 |
| urora      | CO | 353,283 | 1,135,051 | None | None | 353,283 | 1,135,051 | 1,488,334 | 353,794 | 01/03/01 | 03/10/00 | 30 |
| olorado    |    |         |           |      |      |         |           |           |         |          |          |    |
| rings      | CO | 280,193 | 622,317   | None | None | 280,193 | 622,317   | 902,510   | 465,009 |          | 01/23/90 | 30 |
| olorado    |    |         |           |      |      |         |           |           |         |          |          |    |
| rings      | CO | 192,988 | 433,542   | None | None | 192,988 | 433,542   | 626,530   | 278,095 |          | 05/20/93 | 30 |
| enver      | CO | 688,292 | 1,331,224 | None | None | 688,292 | 1,331,224 | 2,019,516 | 319,269 | 01/10/03 | 05/30/02 | 30 |
| estminster | CO | 526,620 | 1,099,523 | None | None | 526,620 | 1,099,523 | 1,626,143 | 342,719 | 01/12/01 | 01/18/00 | 30 |

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| Description  |    | Initial Cost to Company     |           | Cost Capitalized Subsequent to Acquisition |       | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           |              |              |          |
|--------------|----|-----------------------------|-----------|--|-------|---|-----------|-----------|--------------|--------------|----------|
|              |    | Buildings, Improvements and |           | Buildings, Improvements and                |       | Accumulated   |           |           |              |              |          |
|              |    | Acquisition                 |           | Carrying                                   |       | Acquisition   |           |           | Depreciation | Date of      | Date Co  |
|              |    | Land                        | Fees      | Improvements                               | Costs | Land  | Fees      | Total     | (Note 4)     | Construction | Acquired |
| Atlanta      | FL | 1,034,411                   | 1,922,591 | None                                       | None  | 1,034,411   | 1,922,591 | 2,957,002 | 163,416      |              | 11/22/06 |
| Atlanta      | FL | 635,111                     | 1,181,032 | None                                       | None  | 635,111   | 1,181,032 | 1,816,143 | 100,384      |              | 11/22/06 |
|              | FL | 635,111                     | 1,181,032 | None                                       | None  | 635,111   | 1,181,032 | 1,816,143 | 100,384      |              | 11/22/06 |
| Atlanta      | FL | 500,000                     | 645,402   | None                                       | None  | 500,000   | 645,402   | 1,145,402 | 265,879      | 06/04/98     | 12/31/97 |
|              | FL | 635,111                     | 1,181,145 | None                                       | None  | 635,111   | 1,181,145 | 1,816,256 | 100,393      |              | 11/22/06 |
| Atlanta      | FL | 920,803                     | 1,711,621 | None                                       | None  | 920,803   | 1,711,621 | 2,632,424 | 145,484      |              | 11/22/06 |
| Atlanta      | FL | 635,111                     | 1,181,076 | None                                       | None  | 635,111   | 1,181,076 | 1,816,187 | 100,387      |              | 11/22/06 |
| Atlanta      | FL | 630,244                     | 1,172,023 | None                                       | None  | 630,244   | 1,172,023 | 1,802,267 | 99,618       |              | 11/22/06 |
| Atlanta      | FL | 971,996                     | 1,806,780 | None                                       | None  | 971,996   | 1,806,780 | 2,778,776 | 153,572      |              | 11/22/06 |
|              | FL | 630,244                     | 1,171,993 | None                                       | None  | 630,244   | 1,171,993 | 1,802,237 | 99,615       |              | 11/22/06 |
| Atlanta City | FL | 635,111                     | 1,181,076 | None                                       | None  | 635,111   | 1,181,076 | 1,816,187 | 100,387      |              | 11/22/06 |
| Atlanta      | FL | 308,067                     | 573,708   | None                                       | None  | 308,067   | 573,708   | 881,775   | 48,761       |              | 11/22/06 |
| Atlanta      | FL | 635,111                     | 1,181,063 | None                                       | None  | 635,111   | 1,181,063 | 1,816,174 | 100,386      |              | 11/22/06 |
| Atlanta      | FL | 588,305                     | 1,094,130 | None                                       | None  | 588,305   | 1,094,130 | 1,682,435 | 92,997       |              | 11/22/06 |
| Atlanta      | FL | 630,244                     | 1,172,023 | None                                       | None  | 630,244   | 1,172,023 | 1,802,267 | 99,618       |              | 11/22/06 |
| Atlanta      | FL | 525,207                     | 976,968   | None                                       | None  | 525,207   | 976,968   | 1,502,175 | 83,038       |              | 11/22/06 |
| Atlanta      | FL | 419,902                     | 781,405   | None                                       | None  | 419,902   | 781,405   | 1,201,307 | 66,415       |              | 11/22/06 |
| Atlanta      | FL | 611,916                     | 1,137,986 | None                                       | None  | 611,916   | 1,137,986 | 1,749,902 | 96,725       |              | 11/22/06 |
| Atlanta      | FL | 427,395                     | 472,030   | None                                       | None  | 427,395   | 472,030   | 899,425   | 194,479      | 06/10/98     | 12/05/97 |
| Atlanta Park | FL | 1,004,103                   | 1,866,287 | None                                       | None  | 1,004,103   | 1,866,287 | 2,870,390 | 158,630      |              | 11/22/06 |
| Atlanta      | GA | 630,244                     | 1,171,870 | None                                       | None  | 630,244   | 1,171,870 | 1,802,114 | 99,605       |              | 11/22/06 |
| Atlanta      | GA | 630,244                     | 1,171,988 | None                                       | None  | 630,244   | 1,171,988 | 1,802,232 | 99,615       |              | 11/22/06 |
| Atlanta      | GA | 531,935                     | 1,180,296 | None                                       | None  | 531,935   | 1,180,296 | 1,712,231 | 316,398      | 03/28/02     | 11/13/01 |
| Atlanta      | GA | 635,111                     | 1,181,027 | None                                       | None  | 635,111   | 1,181,027 | 1,816,138 | 100,383      |              | 11/22/06 |
| Atlanta      | GA | 638,509                     | 1,186,594 | None                                       | None  | 638,509   | 1,186,594 | 1,825,103 | 243,248      |              | 11/29/03 |
| Atlanta      | GA | 635,111                     | 1,181,017 | None                                       | None  | 635,111   | 1,181,017 | 1,816,128 | 100,382      |              | 11/22/06 |
| Atlanta      | GA | 519,903                     | 967,180   | None                                       | None  | 519,903   | 967,180   | 1,487,083 | 82,206       |              | 11/22/06 |
| Atlanta      | GA | 635,111                     | 1,181,137 | None                                       | None  | 635,111   | 1,181,137 | 1,816,248 | 100,393      |              | 11/22/06 |
| Atlanta      | GA | 500,293                     | 930,657   | None                                       | None  | 500,293   | 930,657   | 1,430,950 | 79,102       |              | 11/22/06 |
| Atlanta      | GA | 635,111                     | 1,181,032 | None                                       | None  | 635,111   | 1,181,032 | 1,816,143 | 100,384      |              | 11/22/06 |
| Atlanta      | GA | 503,773                     | 937,121   | None                                       | None  | 503,773   | 937,121   | 1,440,894 | 79,651       |              | 11/22/06 |
| Atlanta      | GA | 625,316                     | 1,162,827 | None                                       | None  | 625,316   | 1,162,827 | 1,788,143 | 98,836       |              | 11/22/06 |

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|           |    |           |           |      |       |           |           |           |         |          |
|-----------|----|-----------|-----------|------|-------|-----------|-----------|-----------|---------|----------|
| ell       | GA | 515,617   | 959,138   | None | None  | 515,617   | 959,138   | 1,474,755 | 81,523  | 11/22/06 |
| y Springs | GA | 586,211   | 1,090,241 | None | None  | 586,211   | 1,090,241 | 1,676,452 | 92,666  | 11/22/06 |
| bridge    | GA | 632,128   | 1,175,478 | None | None  | 632,128   | 1,175,478 | 1,807,606 | 99,912  | 11/22/06 |
| ra        | IL | 513,204   | 953,885   | None | None  | 513,204   | 953,885   | 1,467,089 | 195,542 | 11/29/03 |
|           | IL | 452,267   | 840,716   | None | None  | 452,267   | 840,716   | 1,292,983 | 172,343 | 11/29/03 |
|           | IL | 366,969   | 682,306   | None | None  | 366,969   | 682,306   | 1,049,275 | 139,869 | 11/29/03 |
| d Park    | IL | 663,087   | 1,232,240 | None | None  | 663,087   | 1,232,240 | 1,895,327 | 252,605 | 11/29/03 |
| on Hills  | IL | 524,948   | 975,668   | None | None  | 524,948   | 975,668   | 1,500,616 | 200,008 | 11/29/03 |
| ge of     |    |           |           |      |       |           |           |           |         |          |
| ar        | IL | 428,170   | 795,965   | None | 2,000 | 428,170   | 797,965   | 1,226,135 | 163,567 | 11/29/03 |
| Dundee    | IL | 530,835   | 986,628   | None | None  | 530,835   | 986,628   | 1,517,463 | 202,255 | 11/29/03 |
| and Park  | KS | 1,101,841 | 2,047,067 | None | None  | 1,101,841 | 2,047,067 | 3,148,908 | 419,645 | 11/29/03 |
| on        | MA | 576,505   | 1,071,520 | None | None  | 576,505   | 1,071,520 | 1,648,025 | 219,656 | 11/29/03 |
| vsbury    | MA | 721,065   | 1,339,913 | None | None  | 721,065   | 1,339,913 | 2,060,978 | 274,678 | 11/29/03 |
| am        | MA | 338,955   | 630,279   | None | None  | 338,955   | 630,279   | 969,234   | 129,203 | 11/29/03 |
| mouth     | MA | 752,234   | 1,397,799 | None | None  | 752,234   | 1,397,799 | 2,150,033 | 286,545 | 11/29/03 |
| rn        | MA | 676,968   | 1,258,018 | None | None  | 676,968   | 1,258,018 | 1,934,986 | 257,890 | 11/29/03 |
| opolis    | MD | 780,806   | 1,450,860 | None | None  | 780,806   | 1,450,860 | 2,231,666 | 297,422 | 11/29/03 |
| e         | MD | 734,558   | 1,364,970 | None | None  | 734,558   | 1,364,970 | 2,099,528 | 279,815 | 11/29/03 |
| al        |    |           |           |      |       |           |           |           |         |          |
| ts        | MD | 701,705   | 1,303,958 | None | None  | 701,705   | 1,303,958 | 2,005,663 | 267,307 | 11/29/03 |
| antown    | MD | 808,296   | 1,501,913 | None | None  | 808,296   | 1,501,913 | 2,310,209 | 307,888 | 11/29/03 |
| orf       | MD | 427,033   | 793,854   | None | None  | 427,033   | 793,854   | 1,220,887 | 162,736 | 11/29/03 |

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| Description |    | Initial Cost to Company     |           |              |        | Cost Capitalized Subsequent to Acquisition |           | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |              |              | Accumulated Depreciation |    | Date of Construction | Date Acquired |
|-------------|----|-----------------------------|-----------|--------------|--------|--|-----------|---|--------------|--------------|--------------------------|----|----------------------|---------------|
|             |    | Buildings, Improvements and |           | Land         | Fees   | Improvements                               | Costs     | Buildings, Improvements and   |              | Total        | (Note 4)                 |    |                      |               |
|             |    | Acquisition                 | Carrying  |              |        |  |           | Acquisition   | Depreciation |              |                          |    |                      |               |
| (e 1)       |    | Land                        | Fees      | Improvements | Costs  | Land                                       | Fees      | Total   | (Note 4)     | Construction | Acquired                 | Mo |                      |               |
| n           | MN | 902,443                     | 845,536   | None         | 300    | 902,443                                    | 845,836   | 1,748,279   | 351,223      | 06/19/98     | 02/20/98                 |    |                      |               |
| usson       | MO | 386,112                     | 717,856   | None         | None   | 386,112                                    | 717,856   | 1,103,968   | 147,156      |              | 11/29/03                 |    |                      |               |
| dview       | MO | 347,150                     | 711,024   | None         | None   | 347,150                                    | 711,024   | 1,058,174   | 292,738      | 08/20/98     | 02/20/98                 |    |                      |               |
| pendence    | MO | 721,020                     | 1,339,829 | None         | None   | 721,020                                    | 1,339,829 | 2,060,849   | 274,661      |              | 11/29/03                 |    |                      |               |
| lotte       | NC | 181,662                     | 338,164   | None         | None   | 181,662                                    | 338,164   | 519,826   | 69,320       |              | 11/29/03                 |    |                      |               |
| amons       | NC | 630,000                     | 1,100,160 | None         | None   | 630,000                                    | 1,100,160 | 1,730,160   | 49,507       |              | 11/09/07                 |    |                      |               |
| stown       | NC | 650,000                     | 857,823   | None         | None   | 650,000                                    | 857,823   | 1,507,823   | 38,602       |              | 11/09/07                 |    |                      |               |
| hews        | NC | 489,063                     | 909,052   | None         | None   | 489,063                                    | 909,052   | 1,398,115   | 186,352      |              | 11/29/03                 |    |                      |               |
| ha          | NE | 253,128                     | 810,922   | None         | None   | 253,128                                    | 810,922   | 1,064,050   | 301,441      | 07/22/99     | 03/04/99                 |    |                      |               |
| chester     | NH | 722,532                     | 1,342,636 | None         | None   | 722,532                                    | 1,342,636 | 2,065,168   | 275,236      |              | 11/29/03                 |    |                      |               |
| ington      | NH | 690,753                     | 1,283,624 | None         | None   | 690,753                                    | 1,283,624 | 1,974,377   | 263,139      |              | 11/29/03                 |    |                      |               |
| n           | NH | 597,833                     | 1,111,059 | None         | None   | 597,833                                    | 1,111,059 | 1,708,892   | 227,763      |              | 11/29/03                 |    |                      |               |
| ford        | NJ | 619,376                     | 1,151,062 | None         | None   | 619,376                                    | 1,151,062 | 1,770,438   | 235,964      |              | 11/29/03                 |    |                      |               |
| le Shade    | NJ | 508,285                     | 944,750   | None         | None   | 508,285                                    | 944,750   | 1,453,035   | 193,670      |              | 11/29/03                 |    |                      |               |
| n           | OH | 242,133                     | 450,467   | None         | None   | 242,133                                    | 450,467   | 692,600   | 92,342       |              | 11/29/03                 |    |                      |               |
| bridge      | OH | 103,368                     | 192,760   | None         | 7      | 103,368                                    | 192,767   | 296,135   | 39,517       |              | 11/29/03                 |    |                      |               |
| on          | OH | 337,161                     | 626,948   | None         | None   | 337,161                                    | 626,948   | 964,109   | 128,520      |              | 11/29/03                 |    |                      |               |
| eland       | OH | 582,107                     | 1,081,848 | None         | None   | 582,107                                    | 1,081,848 | 1,663,955   | 221,775      |              | 11/29/03                 |    |                      |               |
| mbus        | OH | 385,878                     | 717,422   | None         | None   | 385,878                                    | 717,422   | 1,103,300   | 147,067      |              | 11/29/03                 |    |                      |               |
| homa City   | OK | 509,370                     | 752,691   | None         | None   | 509,370                                    | 752,691   | 1,262,061   | 287,448      | 04/14/99     | 09/24/98                 |    |                      |               |
| homa City   | OK | 404,815                     | 771,625   | None         | None   | 404,815                                    | 771,625   | 1,176,440   | 294,659      | 04/09/99     | 10/16/98                 |    |                      |               |
| nsburg      | PA | 594,891                     | 1,105,589 | None         | None   | 594,891                                    | 1,105,589 | 1,700,480   | 226,642      |              | 11/29/03                 |    |                      |               |
| aster       | PA | 431,050                     | 801,313   | None         | None   | 431,050                                    | 801,313   | 1,232,363   | 164,265      |              | 11/29/03                 |    |                      |               |
| anicsburg   | PA | 455,854                     | 847,377   | None         | None   | 455,854                                    | 847,377   | 1,303,231   | 173,708      |              | 11/29/03                 |    |                      |               |
| roeville    | PA | 723,660                     | 1,344,733 | None         | None   | 723,660                                    | 1,344,733 | 2,068,393   | 275,666      |              | 11/29/03                 |    |                      |               |
| delphia     | PA | 334,939                     | 622,821   | None         | None   | 334,939                                    | 622,821   | 957,760   | 127,674      |              | 11/29/03                 |    |                      |               |
| burgh       | PA | 384,756                     | 715,339   | None         | None   | 384,756                                    | 715,339   | 1,100,095   | 146,640      |              | 11/29/03                 |    |                      |               |
| t           | PA | 389,291                     | 723,760   | None         | None   | 389,291                                    | 723,760   | 1,113,051   | 148,367      |              | 11/29/03                 |    |                      |               |
| mbia        | SC | 343,785                     | 295,001   | 183,130      | 25,941 | 343,785                                    | 504,072   | 847,857   | 244,426      | 05/27/97     | 02/07/97                 |    |                      |               |
| x Falls     | SD | 332,979                     | 498,108   | None         | None   | 332,979                                    | 498,108   | 831,087   | 206,729      | 06/01/99     | 02/27/98                 |    |                      |               |
| llettsville | TN | 601,306                     | 1,117,504 | None         | None   | 601,306                                    | 1,117,504 | 1,718,810   | 229,084      |              | 11/29/03                 |    |                      |               |
| ngton       | TX | 599,558                     | 1,114,256 | None         | None   | 599,558                                    | 1,114,256 | 1,713,814   | 228,418      |              | 11/29/03                 |    |                      |               |
| in          | TX | 185,454                     | 411,899   | None         | None   | 185,454                                    | 411,899   | 597,353   | 306,442      |              | 02/06/90                 |    |                      |               |
| in          | TX | 710,485                     | 1,320,293 | None         | None   | 710,485                                    | 1,320,293 | 2,030,778   | 270,655      |              | 11/29/03                 |    |                      |               |
| in          | TX | 590,828                     | 1,098,073 | None         | None   | 590,828                                    | 1,098,073 | 1,688,901   | 225,100      |              | 11/29/03                 |    |                      |               |

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|        |    |           |           |      |        |           |           |           |         |          |
|--------|----|-----------|-----------|------|--------|-----------|-----------|-----------|---------|----------|
| in     | TX | 569,909   | 1,059,195 | None | None   | 569,909   | 1,059,195 | 1,629,104 | 217,131 | 11/29/03 |
| in     | TX | 532,497   | 989,715   | None | None   | 532,497   | 989,715   | 1,522,212 | 202,887 | 11/29/03 |
| ollton | TX | 568,401   | 1,056,394 | None | None   | 568,401   | 1,056,394 | 1,624,795 | 216,557 | 11/29/03 |
| oe     | TX | 396,068   | 736,346   | None | None   | 396,068   | 736,346   | 1,132,414 | 150,947 | 11/29/03 |
| as     | TX | 191,267   | 424,811   | None | 15,282 | 191,267   | 440,093   | 631,360   | 329,093 | 01/26/90 |
| Worth  | TX | 543,950   | 1,010,984 | None | None   | 543,950   | 1,010,984 | 1,554,934 | 207,248 | 11/29/03 |
| and    | TX | 242,887   | 539,461   | None | None   | 242,887   | 539,461   | 782,348   | 403,097 | 01/19/90 |
| ngen   | TX | 134,599   | 298,948   | None | None   | 134,599   | 298,948   | 433,547   | 223,381 | 01/17/90 |
| ston   | TX | 151,018   | 335,417   | None | 141    | 151,018   | 335,558   | 486,576   | 250,765 | 01/25/90 |
| ston   | TX | 392,113   | 729,002   | None | None   | 392,113   | 729,002   | 1,121,115 | 149,441 | 11/29/03 |
| ston   | TX | 1,030,379 | 1,914,353 | None | None   | 1,030,379 | 1,914,353 | 2,944,732 | 392,438 | 11/29/03 |
| ston   | TX | 619,101   | 1,150,551 | None | None   | 619,101   | 1,150,551 | 1,769,652 | 235,859 | 11/29/03 |
| ston   | TX | 642,495   | 1,193,997 | None | None   | 642,495   | 1,193,997 | 1,836,492 | 244,765 | 11/29/03 |
| ston   | TX | 872,866   | 1,621,829 | None | None   | 872,866   | 1,621,829 | 2,494,695 | 332,471 | 11/29/03 |
| ble    | TX | 612,414   | 1,138,132 | None | None   | 612,414   | 1,138,132 | 1,750,546 | 233,313 | 11/29/03 |
| Valley | TX | 178,221   | 395,834   | None | None   | 178,221   | 395,834   | 574,055   | 295,776 | 01/17/90 |
| Valley | TX | 529,967   | 985,046   | None | None   | 529,967   | 985,046   | 1,515,013 | 201,930 | 11/29/03 |
| quite  | TX | 591,538   | 1,099,363 | None | None   | 591,538   | 1,099,363 | 1,690,901 | 225,365 | 11/29/03 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |           | Cost Capitalized Subsequent to Acquisition |       | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated Depreciation |          | Date of Construction | Date Completed (in Months) | Life or when depreciable in later Income Statement is |
|-------------------------|----|-----------------------------|-----------|--|-------|---|-----------|-----------|--------------------------|----------|----------------------|----------------------------|---|
|                         |    | Buildings, Improvements and |           |  |       | Buildings, Improvements and   |           |           |                          |          |                      |                            |   |
|                         |    | Acquisition                 |           | Carrying                                   |       | Acquisition   |           |           | Depreciation             |          |                      |                            |   |
|                         |    | Land                        | Fees      | Improvements                               | Costs | Land  | Fees      | Total     | (Note 4)                 |          |                      |                            |   |
| Richland                |    |                             |           |  |       |   |           |           |                          |          |                      |                            |   |
| Ells                    | TX | 509,861                     | 947,707   | None                                       | None  | 509,861   | 947,707   | 1,457,568 | 194,275                  |          | 11/29/03             | 30                         |   |
| Sadena                  | TX | 107,391                     | 238,519   | None                                       | 141   | 107,391   | 238,660   | 346,051   | 178,360                  |          | 01/24/90             | 30                         |   |
| ano                     | TX | 187,564                     | 417,157   | 700  | None  | 187,564   | 417,857   | 605,421   | 311,535                  |          | 01/18/90             | 30                         |   |
| ano                     | TX | 494,407                     | 918,976   | None                                       | None  | 494,407   | 918,976   | 1,413,383 | 188,386                  |          | 11/29/03             | 30                         |   |
| Richardson              | TX | 555,188                     | 1,031,855 | None                                       | None  | 555,188   | 1,031,855 | 1,587,043 | 211,526                  |          | 11/29/03             | 30                         |   |
| n Antonio               | TX | 245,164                     | 544,518   | None                                       | None  | 245,164   | 544,518   | 789,682   | 405,107                  |          | 02/14/90             | 30                         |   |
| n Antonio               | TX | 688,249                     | 1,278,967 | None                                       | None  | 688,249   | 1,278,967 | 1,967,216 | 262,184                  |          | 11/29/03             | 30                         |   |
| afford                  | TX | 706,786                     | 1,313,395 | None                                       | None  | 706,786   | 1,313,395 | 2,020,181 | 269,242                  |          | 11/29/03             | 30                         |   |
| aco                     | TX | 401,999                     | 747,362   | None                                       | None  | 401,999   | 747,362   | 1,149,361 | 153,205                  |          | 11/29/03             | 30                         |   |
| ebster                  | TX | 600,261                     | 1,115,563 | None                                       | None  | 600,261   | 1,115,563 | 1,715,824 | 228,686                  |          | 11/29/03             | 30                         |   |
| untiful                 | UT | 183,750                     | 408,115   | None                                       | 143   | 183,750   | 408,258   | 592,008   | 305,096                  |          | 01/30/90             | 30                         |   |
| exandria                | VA | 542,791                     | 1,008,832 | None                                       | None  | 542,791   | 1,008,832 | 1,551,623 | 206,807                  |          | 11/29/03             | 30                         |   |
| exandria                | VA | 592,698                     | 1,101,517 | None                                       | None  | 592,698   | 1,101,517 | 1,694,215 | 225,807                  |          | 11/29/03             | 30                         |   |
| esapeake                | VA | 770,000                     | 1,112,334 | None                                       | None  | 770,000   | 1,112,334 | 1,882,334 | 50,055                   |          | 11/09/07             | 30                         |   |
| nchburg                 | VA | 342,751                     | 637,329   | None                                       | None  | 342,751   | 637,329   | 980,080   | 130,648                  |          | 11/29/03             | 30                         |   |
| Virginia                |    |                             |           |  |       |   |           |           |                          |          |                      |                            |   |
| ach                     | VA | 780,000                     | 1,026,384 | None                                       | None  | 780,000   | 1,026,384 | 1,806,384 | 46,187                   |          | 11/09/07             | 30                         |   |
| oodbridge               | VA | 774,854                     | 1,439,806 | None                                       | None  | 774,854   | 1,439,806 | 2,214,660 | 295,156                  |          | 11/29/03             | 30                         |   |
| coma                    | WA | 187,111                     | 415,579   | None                                       | 108   | 187,111   | 415,687   | 602,798   | 310,637                  |          | 01/25/90             | 30                         |   |
| own Deer                | WI | 257,408                     | 802,141   | None                                       | None  | 257,408   | 802,141   | 1,059,549 | 322,256                  | 12/15/98 | 07/16/98             | 30                         |   |
| lafield                 | WI | 324,574                     | 772,702   | None                                       | None  | 324,574   | 772,702   | 1,097,276 | 286,533                  | 07/29/99 | 02/26/99             | 30                         |   |
| adison                  | WI | 452,630                     | 811,977   | None                                       | None  | 452,630   | 811,977   | 1,264,607 | 331,613                  | 10/20/98 | 04/07/98             | 30                         |   |
| rk Creek                | WI | 420,465                     | 852,408   | None                                       | None  | 420,465   | 852,408   | 1,272,873 | 348,126                  | 08/07/98 | 03/20/98             | 30                         |   |
| Book Stores             |    |                             |           |  |       |   |           |           |                          |          |                      |                            |   |
| mpa                     | FL | 998,250                     | 3,696,707 | None                                       | None  | 998,250   | 3,696,707 | 4,694,957 | 1,743,546                |          | 03/11/97             | 30                         |   |
| Matthews                | NC | 768,222                     | 843,401   | 21,654                                     | 501   | 768,222   | 865,556   | 1,633,778 | 346,582                  |          | 12/31/98             | 30                         |   |
| Business Services       |    |                             |           |  |       |   |           |           |                          |          |                      |                            |   |
| adland                  | TX | 45,500                      | 101,058   | None                                       | 299   | 45,500  | 101,357   | 146,857   | 84,690                   |          | 10/27/87             | 30                         |   |
| Child Care              |    |                             |           |  |       |   |           |           |                          |          |                      |                            |   |
| irmingham               | AL | 63,800                      | 295,791   | None                                       | 96    | 63,800  | 295,887   | 359,687   | 289,342                  |          | 10/31/84             | 30                         |   |

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|           |    |         |           |         |        |         |           |           |         |          |          |    |
|-----------|----|---------|-----------|---------|--------|---------|-----------|-----------|---------|----------|----------|----|
| obile     | AL | 78,400  | 237,671   | 25,000  | 411    | 78,400  | 263,082   | 341,482   | 245,402 |          | 10/15/82 | 18 |
| ondale    | AZ | 242,723 | 1,129,139 | None    | None   | 242,723 | 1,129,139 | 1,371,862 | 431,041 | 04/20/99 | 07/28/98 | 30 |
| andler    | AZ | 291,720 | 647,923   | None    | 212    | 291,720 | 648,135   | 939,855   | 538,054 |          | 12/11/87 | 30 |
| andler    | AZ | 271,695 | 603,446   | None    | 236    | 271,695 | 603,682   | 875,377   | 501,166 |          | 12/14/87 | 30 |
| esa       | AZ | 308,951 | 1,025,612 | None    | None   | 308,951 | 1,025,612 | 1,334,563 | 381,223 | 07/26/99 | 01/13/99 | 30 |
| oenix     | AZ | 318,500 | 707,397   | None    | 239    | 318,500 | 707,636   | 1,026,136 | 565,987 |          | 09/29/88 | 30 |
| oenix     | AZ | 264,504 | 587,471   | None    | 88     | 264,504 | 587,559   | 852,063   | 429,532 |          | 06/29/90 | 30 |
| oeniz     | AZ | 115,000 | 285,172   | 33,426  | 22,571 | 115,000 | 341,169   | 456,169   | 294,009 |          | 02/08/84 | 18 |
| oeniz     | AZ | 260,719 | 516,181   | None    | 305    | 260,719 | 516,486   | 777,205   | 367,536 |          | 12/26/90 | 30 |
| ottsdale  | AZ | 291,993 | 648,529   | None    | 110    | 291,993 | 648,639   | 940,632   | 538,469 |          | 12/14/87 | 30 |
| mpe       | AZ | 292,200 | 648,989   | None    | 110    | 292,200 | 649,099   | 941,299   | 532,250 |          | 03/10/88 | 30 |
| con       | AZ | 304,500 | 676,303   | None    | 242    | 304,500 | 676,545   | 981,045   | 541,184 |          | 09/28/88 | 30 |
| con       | AZ | 283,500 | 546,878   | None    | 245    | 283,500 | 547,123   | 830,623   | 437,619 |          | 09/29/88 | 30 |
| labasas   | CA | 156,430 | 725,248   | 100,838 | 59,030 | 156,430 | 885,116   | 1,041,546 | 698,855 |          | 09/26/85 | 30 |
| rmichael  | CA | 131,035 | 607,507   | 5,528   | 25,249 | 131,035 | 638,284   | 769,319   | 556,033 |          | 08/22/86 | 30 |
| ino       | CA | 155,000 | 634,071   | None    | 83     | 155,000 | 634,154   | 789,154   | 634,153 |          | 10/06/83 | 18 |
| ula Vista | CA | 350,563 | 778,614   | None    | None   | 350,563 | 778,614   | 1,129,177 | 651,761 |          | 10/30/87 | 30 |
| rona      | CA | 144,856 | 671,584   | None    | 91     | 144,856 | 671,675   | 816,531   | 653,298 |          | 12/19/84 | 30 |
| Cajon     | CA | 157,804 | 731,621   | None    | 122    | 157,804 | 731,743   | 889,547   | 685,317 |          | 12/19/85 | 30 |
| condido   | CA | 276,286 | 613,638   | 4,030   | 44,389 | 276,286 | 662,057   | 938,343   | 513,686 |          | 12/31/87 | 30 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |           |              |                             | Cost Capitalized Subsequent to Acquisition |             | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |          |  | Date of Construction | Date Acquired | Month |
|-------------------------|----|-----------------------------|-----------|--------------|-----------------------------|--|-------------|---|----------|--|----------------------|---------------|-------|
|                         |    | Buildings, Improvements and |           | Carrying     | Buildings, Improvements and |  | Accumulated |   |          |  |                      |               |       |
|                         |    | Acquisition                 |           |              | Acquisition                 | Depreciation                               |             |   |          |  |                      |               |       |
|                         |    | Land                        | Fees      | Improvements | Costs                       | Land                                       | Fees        | Total   | (Note 4) |  |                      |               |       |
| Polson                  | CA | 281,563                     | 625,363   | None         | 199                         | 281,563                                    | 625,562     | 907,125   | 524,023  |  | 10/23/87             | 300           |       |
| Mission Viejo           | CA | 353,891                     | 744,367   | 12,500       | 20,183                      | 353,891                                    | 777,050     | 1,130,941   | 515,734  |  | 06/24/93             | 300           |       |
| Moreno Valley           | CA | 304,489                     | 676,214   | None         | 78                          | 304,489                                    | 676,292     | 980,781   | 584,704  |  | 02/11/87             | 300           |       |
| Oceanside               | CA | 145,568                     | 674,889   | 11,000       | 22,105                      | 145,568                                    | 707,994     | 853,562   | 651,002  |  | 12/23/85             | 300           |       |
| Almdale                 | CA | 249,490                     | 554,125   | 9,864        | None                        | 249,490                                    | 563,989     | 813,479   | 449,010  |  | 09/14/88             | 300           |       |
| Sancho                  |    |                             |           |              |                             |  |             |   |          |  |                      |               |       |
| Ordova                  | CA | 276,328                     | 613,733   | 24,967       | None                        | 276,328                                    | 638,700     | 915,028   | 488,315  |  | 03/22/89             | 300           |       |
| Sancho                  |    |                             |           |              |                             |  |             |   |          |  |                      |               |       |
| Lucamonga               | CA | 471,733                     | 1,047,739 | None         | 80                          | 471,733                                    | 1,047,819   | 1,519,552   | 869,914  |  | 12/30/87             | 300           |       |
| Roseville               | CA | 297,343                     | 660,411   | 27,496       | 199                         | 297,343                                    | 688,106     | 985,449   | 564,210  |  | 10/21/87             | 300           |       |
| Sacramento              | CA | 290,734                     | 645,732   | None         | 127                         | 290,734                                    | 645,859     | 936,593   | 540,576  |  | 10/05/87             | 300           |       |
| Antee                   | CA | 248,418                     | 551,748   | None         | 15                          | 248,418                                    | 551,763     | 800,181   | 467,539  |  | 07/23/87             | 300           |       |
| Imi Valley              | CA | 208,585                     | 967,055   | 22,800       | 75,675                      | 208,585                                    | 1,065,530   | 1,274,115   | 944,085  |  | 12/20/85             | 300           |       |
| Alencia                 | CA | 301,295                     | 669,185   | 25,000       | 80                          | 301,295                                    | 694,265     | 995,560   | 550,531  |  | 06/23/88             | 300           |       |
| Walnut                  | CA | 217,365                     | 1,007,753 | 1,200        | 51,312                      | 217,365                                    | 1,060,265   | 1,277,630   | 924,213  |  | 08/22/86             | 300           |       |
| urora                   | CO | 141,811                     | 657,497   | None         | 202                         | 141,811                                    | 657,699     | 799,510   | 610,050  |  | 03/25/86             | 300           |       |
| urora                   | CO | 287,000                     | 637,440   | None         | 155                         | 287,000                                    | 637,595     | 924,595   | 529,398  |  | 12/31/87             | 300           |       |
| roomfield               | CO | 107,000                     | 403,080   | 16,438       | 8,045                       | 107,000                                    | 427,563     | 534,563   | 414,863  |  | 01/12/83             | 180           |       |
| roomfield               | CO | 155,306                     | 344,941   | 25,000       | 209                         | 155,306                                    | 370,150     | 525,456   | 292,970  |  | 03/15/88             | 300           |       |
| olorado                 |    |                             |           |              |                             |  |             |   |          |  |                      |               |       |
| prings                  | CO | 58,400                      | 271,217   | 25,000       | 288                         | 58,400                                     | 296,505     | 354,905   | 279,688  |  | 12/22/82             | 180           |       |
| olorado                 |    |                             |           |              |                             |  |             |   |          |  |                      |               |       |
| prings                  | CO | 115,542                     | 535,700   | None         | 146                         | 115,542                                    | 535,846     | 651,388   | 482,715  |  | 12/04/86             | 300           |       |
| nglewood                | CO | 131,216                     | 608,372   | None         | 146                         | 131,216                                    | 608,518     | 739,734   | 548,188  |  | 12/05/86             | 300           |       |
| ort Collins             | CO | 55,200                      | 256,356   | None         | 3,600                       | 55,200                                     | 259,956     | 315,156   | 259,956  |  | 12/22/82             | 180           |       |
| ort Collins             | CO | 117,105                     | 542,950   | None         | 310                         | 117,105                                    | 543,260     | 660,365   | 503,803  |  | 03/25/86             | 300           |       |
| ort Collins             | CO | 137,734                     | 638,593   | None         | 22,196                      | 137,734                                    | 660,789     | 798,523   | 600,592  |  | 03/25/86             | 300           |       |
| reeley                  | CO | 58,400                      | 270,755   | 25,000       | 382                         | 58,400                                     | 296,137     | 354,537   | 274,719  |  | 11/21/84             | 300           |       |
| ittleton                | CO | 161,617                     | 358,956   | None         | 438                         | 161,617                                    | 359,394     | 521,011   | 298,402  |  | 12/10/87             | 300           |       |
| ongmont                 | CO | 115,592                     | 535,931   | None         | 146                         | 115,592                                    | 536,077     | 651,669   | 497,265  |  | 03/25/86             | 300           |       |
| ouisville               | CO | 58,089                      | 269,313   | None         | 566                         | 58,089                                     | 269,879     | 327,968   | 266,466  |  | 06/22/84             | 300           |       |
| arker                   | CO | 153,551                     | 341,042   | None         | 566                         | 153,551                                    | 341,608     | 495,159   | 286,062  |  | 10/19/87             | 300           |       |
| Westminster             | CO | 306,387                     | 695,737   | None         | 155                         | 306,387                                    | 695,892     | 1,002,279   | 545,949  |  | 09/27/89             | 300           |       |
| radenton                | FL | 160,060                     | 355,501   | 25,000       | 134                         | 160,060                                    | 380,635     | 540,695   | 302,012  |  | 05/05/88             | 300           |       |



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|                  |    |         |           |        |        |         |           |           |         |          |          |     |
|------------------|----|---------|-----------|--------|--------|---------|-----------|-----------|---------|----------|----------|-----|
| Clearwater       | FL | 42,223  | 269,380   | None   | 124    | 42,223  | 269,504   | 311,727   | 269,488 |          | 12/22/81 | 180 |
| Jacksonville     | FL | 48,000  | 243,060   | None   | 233    | 48,000  | 243,293   | 291,293   | 243,293 |          | 12/22/81 | 180 |
| Jacksonville     | FL | 184,800 | 410,447   | 22,872 | 312    | 184,800 | 433,631   | 618,431   | 328,357 |          | 03/30/89 | 300 |
| Margate          | FL | 66,686  | 309,183   | None   | 184    | 66,686  | 309,367   | 376,053   | 278,421 |          | 12/16/86 | 300 |
| Melbourne        | FL | 256,439 | 549,345   | None   | None   | 256,439 | 549,345   | 805,784   | 360,078 |          | 04/16/93 | 300 |
| Orlando          | FL | 73,696  | 341,688   | None   | None   | 73,696  | 341,688   | 415,384   | 307,838 |          | 12/03/86 | 300 |
| Orlando          | FL | 68,001  | 313,922   | None   | 497    | 68,001  | 314,419   | 382,420   | 297,153 |          | 09/04/85 | 300 |
| Orlando          | FL | 159,177 | 353,538   | None   | 319    | 159,177 | 353,857   | 513,034   | 299,805 |          | 07/02/87 | 300 |
| Orlando          | FL | 190,050 | 422,107   | 5,707  | 312    | 190,050 | 428,126   | 618,176   | 329,559 |          | 03/30/89 | 300 |
| Oviedo           | FL | 166,409 | 369,598   | None   | 319    | 166,409 | 369,917   | 536,326   | 308,354 |          | 11/20/87 | 300 |
| Panama City      | FL | 69,500  | 244,314   | 14,500 | 2,113  | 69,500  | 260,927   | 330,427   | 254,039 |          | 06/15/82 | 180 |
| Pensacola        | FL | 147,000 | 326,492   | 20,000 | 96     | 147,000 | 346,588   | 493,588   | 255,072 |          | 03/28/89 | 300 |
| Royal Palm Beach | FL | 194,193 | 431,309   | 25,000 | 134    | 194,193 | 456,443   | 650,636   | 347,971 |          | 11/15/88 | 300 |
| Spring Hill      | FL | 146,939 | 326,356   | None   | 326    | 146,939 | 326,682   | 473,621   | 272,227 |          | 11/24/87 | 300 |
| St. Augustine    | FL | 44,800  | 213,040   | 23,090 | 323    | 44,800  | 236,453   | 281,253   | 213,667 |          | 12/22/81 | 180 |
| Sunrise          | FL | 245,000 | 533,280   | 92,266 | 14,265 | 245,000 | 639,811   | 884,811   | 420,155 |          | 05/25/89 | 300 |
| Tampa            | FL | 53,385  | 199,846   | None   | 134    | 53,385  | 199,980   | 253,365   | 199,980 |          | 12/22/81 | 180 |
| Tuluth           | GA | 310,000 | 1,040,008 | None   | None   | 310,000 | 1,040,008 | 1,350,008 | 383,119 | 08/25/99 | 06/07/99 | 300 |
| Wenwood          | GA | 119,678 | 275,414   | None   | 363    | 119,678 | 275,777   | 395,455   | 218,695 |          | 11/16/88 | 300 |
| Lawrenceville    | GA | 141,449 | 314,161   | 3,766  | 13,877 | 141,449 | 331,804   | 473,253   | 268,546 |          | 07/07/88 | 300 |
| Withia Springs   | GA | 187,444 | 363,358   | None   | 240    | 187,444 | 363,598   | 551,042   | 276,675 |          | 12/28/89 | 300 |
| Withonia         | GA | 239,715 | 524,459   | 24,410 | 26,108 | 239,715 | 574,977   | 814,692   | 387,957 |          | 08/20/91 | 300 |
| Marietta         | GA | 148,620 | 330,090   | 25,000 | 383    | 148,620 | 355,473   | 504,093   | 274,199 |          | 09/16/88 | 300 |



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| Description    |    | Initial Cost to Company |                             | Cost Capitalized Subsequent to Acquisition |        | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |                       |              | Accumulated |          | Date of Construction | Date Computed (in Months) | Life on which depreciated in latest Income Statement is |
|----------------|----|-------------------------|-----------------------------|--|--------|---|-----------------------|--------------|-------------|----------|----------------------|---------------------------|---|
|                |    | Land                    | Buildings, Improvements and | Land                                       | Fees   | Total   | Depreciation (Note 4) |              |             |          |                      |                           |   |
|                |    |                         |                             |  |        |   |                       | Improvements | Costs       |          |                      |                           |   |
| Note 1)        |    | Land                    | Fees                        | Improvements                               | Costs  | Land  | Fees                  | Total        | (Note 4)    |          |                      |                           |   |
| Marietta       | GA | 292,250                 | 649,095                     | None                                       | 292    | 292,250   | 649,387               | 941,637      | 512,927     |          | 12/02/88             | 300                       |   |
| Marietta       | GA | 295,750                 | 596,299                     | None                                       | 292    | 295,750   | 596,591               | 892,341      | 471,221     |          | 12/30/88             | 300                       |   |
| Marietta       | GA | 301,000                 | 668,529                     | None                                       | 292    | 301,000   | 668,821               | 969,821      | 528,278     |          | 12/30/88             | 300                       |   |
| Myrna          | GA | 274,750                 | 610,229                     | None                                       | 215    | 274,750   | 610,444               | 885,194      | 484,177     |          | 11/15/88             | 300                       |   |
| Stockbridge    | GA | 168,700                 | 374,688                     | 24,894                                     | 208    | 168,700   | 399,790               | 568,490      | 301,355     |          | 03/28/89             | 300                       |   |
| Stone Mountain | GA | 65,000                  | 301,357                     | None                                       | 16,232 | 65,000  | 317,589               | 382,589      | 289,526     |          | 06/19/85             | 300                       |   |
| Bedford Rapids | IA | 194,950                 | 427,085                     | None                                       | None   | 194,950   | 427,085               | 622,035      | 293,041     |          | 09/24/92             | 300                       |   |
| Iowa City      | IA | 186,900                 | 408,910                     | None                                       | None   | 186,900   | 408,910               | 595,810      | 282,115     |          | 09/24/92             | 300                       |   |
| Johnston       | IA | 186,996                 | 347,278                     | 701  | 4      | 186,996   | 347,983               | 534,979      | 238,349     |          | 08/19/91             | 300                       |   |
| Maddison       | IL | 125,780                 | 583,146                     | None                                       | 241    | 125,780   | 583,387               | 709,167      | 541,143     |          | 03/25/86             | 300                       |   |
| Algonquin      | IL | 241,500                 | 509,629                     | None                                       | 20,382 | 241,500   | 530,011               | 771,511      | 381,751     |          | 07/10/90             | 300                       |   |
| Aurora         | IL | 165,679                 | 398,738                     | 25,000                                     | 406    | 165,679   | 424,144               | 589,823      | 318,541     |          | 12/21/88             | 300                       |   |
| Aurora         | IL | 468,000                 | 1,259,926                   | None                                       | None   | 468,000   | 1,259,926             | 1,727,926    | 455,764     | 10/26/99 | 06/14/99             | 300                       |   |
| Cartlett       | IL | 120,824                 | 560,166                     | None                                       | 241    | 120,824   | 560,407               | 681,231      | 519,824     |          | 03/25/86             | 300                       |   |
| Carol Stream   | IL | 122,831                 | 586,416                     | None                                       | 241    | 122,831   | 586,657               | 709,488      | 544,176     |          | 03/25/86             | 300                       |   |
| Crystal Lake   | IL | 400,000                 | 1,259,424                   | None                                       | None   | 400,000   | 1,259,424             | 1,659,424    | 459,771     | 09/28/99 | 05/14/99             | 300                       |   |
| Elk Grove      |    |                         |                             |  |        |   |                       |              |             |          |                      |                           |   |
| Village        | IL | 126,860                 | 588,175                     | None                                       | 241    | 126,860   | 588,416               | 715,276      | 545,808     |          | 03/26/86             | 300                       |   |
| Glendale       |    |                         |                             |  |        |   |                       |              |             |          |                      |                           |   |
| Heights        | IL | 318,500                 | 707,399                     | None                                       | 172    | 318,500   | 707,571               | 1,026,071    | 561,163     |          | 11/16/88             | 300                       |   |
| Woffman        |    |                         |                             |  |        |   |                       |              |             |          |                      |                           |   |
| States         | IL | 318,500                 | 707,399                     | None                                       | 172    | 318,500   | 707,571               | 1,026,071    | 551,778     |          | 03/31/89             | 300                       |   |
| Lake in the    |    |                         |                             |  |        |   |                       |              |             |          |                      |                           |   |
| Hills          | IL | 375,000                 | 1,127,678                   | None                                       | None   | 375,000   | 1,127,678             | 1,502,678    | 411,680     | 09/03/99 | 05/14/99             | 300                       |   |
| Rockport       | IL | 189,477                 | 442,018                     | None                                       | 557    | 189,477   | 442,575               | 632,052      | 370,489     |          | 10/29/87             | 300                       |   |
| Waperville     | IL | 425,000                 | 1,230,654                   | None                                       | None   | 425,000   | 1,230,654             | 1,655,654    | 445,170     | 10/06/99 | 05/19/99             | 300                       |   |
| W'Fallon       | IL | 141,250                 | 313,722                     | None                                       | 468    | 141,250   | 314,190               | 455,440      | 263,075     |          | 10/30/87             | 300                       |   |
| Wswego         | IL | 380,000                 | 1,165,818                   | None                                       | 1,182  | 380,000   | 1,167,000             | 1,547,000    | 430,645     | 08/18/99 | 06/30/99             | 300                       |   |
| Walatine       | IL | 121,911                 | 565,232                     | None                                       | 241    | 121,911   | 565,473               | 687,384      | 524,524     |          | 03/25/86             | 300                       |   |
| Woselle        | IL | 297,541                 | 561,037                     | None                                       | 172    | 297,541   | 561,209               | 858,750      | 443,193     |          | 12/30/88             | 300                       |   |
| Wchaumburg     | IL | 218,798                 | 485,955                     | 20,461                                     | 4,551  | 218,798   | 510,967               | 729,765      | 409,318     |          | 12/17/87             | 300                       |   |
| Wernon Hills   | IL | 132,523                 | 614,430                     | None                                       | 241    | 132,523   | 614,671               | 747,194      | 570,165     |          | 03/25/86             | 300                       |   |
| Westmont       | IL | 124,742                 | 578,330                     | None                                       | 413    | 124,742   | 578,743               | 703,485      | 536,683     |          | 03/25/86             | 300                       |   |
| Warmel         | IN | 217,565                 | 430,742                     | None                                       | 567    | 217,565   | 431,309               | 648,874      | 306,864     |          | 12/27/90             | 300                       |   |

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|               |    |         |           |        |        |         |           |           |         |          |          |     |
|---------------|----|---------|-----------|--------|--------|---------|-----------|-----------|---------|----------|----------|-----|
| ishers        | IN | 212,118 | 419,958   | None   | 731    | 212,118 | 420,689   | 632,807   | 299,257 |          | 12/27/90 | 300 |
| ighland       | IN | 220,460 | 436,476   | None   | 226    | 220,460 | 436,702   | 657,162   | 310,873 |          | 12/26/90 | 300 |
| Indianapolis  | IN | 245,000 | 544,153   | None   | 365    | 245,000 | 544,518   | 789,518   | 397,912 |          | 06/29/90 | 300 |
| oblesville    | IN | 60,000  | 278,175   | None   | 289    | 60,000  | 278,464   | 338,464   | 267,665 |          | 04/30/85 | 300 |
| enexa         | KS | 318,500 | 707,399   | 14,200 | 4,208  | 318,500 | 725,807   | 1,044,307 | 560,751 |          | 03/31/89 | 300 |
| lathe         | KS | 304,500 | 676,308   | 37,904 | 9,316  | 304,500 | 723,528   | 1,028,028 | 549,576 |          | 09/28/88 | 300 |
| overland      |    |         |           |        |        |         |           |           |         |          |          |     |
| ark           | KS | 357,500 | 1,115,171 | None   | None   | 357,500 | 1,115,171 | 1,472,671 | 414,509 | 07/23/99 | 05/14/99 | 300 |
| hawnee        | KS | 315,000 | 699,629   | None   | 379    | 315,000 | 700,008   | 1,015,008 | 557,515 |          | 10/27/88 | 300 |
| hawnee        | KS | 288,246 | 935,875   | None   | None   | 288,246 | 935,875   | 1,224,121 | 369,711 | 12/29/98 | 08/24/98 | 300 |
| ichita        | KS | 108,569 | 401,829   | None   | 167    | 108,569 | 401,996   | 510,565   | 352,017 |          | 12/16/86 | 300 |
| ichita        | KS | 209,890 | 415,549   | 25,699 | 16,136 | 209,890 | 457,384   | 667,274   | 304,072 |          | 12/26/90 | 300 |
| exington      | KY | 210,427 | 420,883   | None   | None   | 210,427 | 420,883   | 631,310   | 297,969 |          | 08/20/91 | 300 |
| cton          | MA | 315,533 | 700,813   | None   | 278    | 315,533 | 701,091   | 1,016,624 | 560,641 |          | 09/30/88 | 300 |
| arlborough    | MA | 352,765 | 776,488   | None   | 619    | 352,765 | 777,107   | 1,129,872 | 616,343 |          | 11/04/88 | 300 |
| estborough    | MA | 359,412 | 773,877   | None   | 565    | 359,412 | 774,442   | 1,133,854 | 614,232 |          | 11/01/88 | 300 |
| illicott City | MD | 219,368 | 630,839   | 26,550 | None   | 219,368 | 657,389   | 876,757   | 505,780 |          | 12/19/88 | 300 |
| rederick      | MD | 203,352 | 1,017,109 | None   | None   | 203,352 | 1,017,109 | 1,220,461 | 425,491 |          | 07/06/98 | 300 |
| olney         | MD | 342,500 | 760,701   | None   | 20,969 | 342,500 | 781,670   | 1,124,170 | 632,125 |          | 12/18/87 | 300 |
| valdorf       | MD | 130,430 | 604,702   | None   | 731    | 130,430 | 605,433   | 735,863   | 593,264 |          | 09/26/84 | 300 |
| valdorf       | MD | 237,207 | 526,844   | None   | 399    | 237,207 | 527,243   | 764,450   | 437,738 |          | 12/31/87 | 300 |
| anton         | MI | 55,000  | 378,848   | None   | None   | 55,000  | 378,848   | 433,848   | 378,848 |          | 10/06/82 | 180 |
| pple Valley   | MN | 113,523 | 526,319   | None   | 498    | 113,523 | 526,817   | 640,340   | 488,672 |          | 03/26/86 | 300 |
| brooklyn      |    |         |           |        |        |         |           |           |         |          |          |     |
| ark           | MN | 118,111 | 547,587   | None   | 498    | 118,111 | 548,085   | 666,196   | 508,402 |          | 03/26/86 | 300 |

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|                 |    | Initial Cost to Company |                                  | Cost Capitalized Subsequent to Acquisition |        | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |         |           | Accumulated  |              | Life on which depreciation in latest Income Statement is computed (in months) |         |
|-----------------|----|-------------------------|----------------------------------|--|--------|---|---------|-----------|--------------|--------------|---|---------|
| Description     |    | Acquisition             |                                  | Carrying                                   |        | Acquisition   |         |           | Depreciation | Date of      | Date Acquired   | Months) |
| (Note 1)        |    | Land                    | Buildings, Fees and Improvements | Costs                                      |        | Land  | Fees    | Total     | (Note 4)     | Construction | Acquired  | Months) |
| Eagan           | MN | 112,127                 | 519,845                          | None                                       | 776    | 112,127   | 520,621 | 632,748   | 482,703      |              | 03/31/86  | 300     |
| Eden Prairie    | MN | 124,286                 | 576,243                          | None                                       | 498    | 124,286   | 576,741 | 701,027   | 534,987      |              | 03/27/86  | 300     |
| Maple Grove     | MN | 313,250                 | 660,149                          | None                                       | 466    | 313,250   | 660,615 | 973,865   | 482,671      |              | 07/11/90  | 300     |
| Plymouth        | MN | 134,221                 | 622,350                          | None                                       | 673    | 134,221   | 623,023 | 757,244   | 561,348      |              | 12/12/86  | 300     |
| White Bear Lake | MN | 242,165                 | 537,856                          | None                                       | 466    | 242,165   | 538,322 | 780,487   | 389,924      |              | 08/30/90  | 300     |
| Florissant      | MO | 181,300                 | 402,672                          | 23,000                                     | 230    | 181,300   | 425,902 | 607,202   | 314,702      |              | 03/29/89  | 300     |
| Florissant      | MO | 318,500                 | 707,399                          | None                                       | 230    | 318,500   | 707,629 | 1,026,129 | 551,999      |              | 03/30/89  | 300     |
| Gladstone       | MO | 294,000                 | 652,987                          | None                                       | 506    | 294,000   | 653,493 | 947,493   | 522,659      |              | 09/29/88  | 300     |
| Lee's Summit    | MO | 239,627                 | 532,220                          | None                                       | 348    | 239,627   | 532,568 | 772,195   | 404,397      |              | 09/27/89  | 300     |
| Lee's Summit    | MO | 330,000                 | 993,787                          | None                                       | None   | 330,000   | 993,787 | 1,323,787 | 369,387      | 07/26/99     | 06/17/99  | 300     |
| Lee's Summit    | MO | 313,740                 | 939,367                          | None                                       | None   | 313,740   | 939,367 | 1,253,107 | 346,047      | 09/08/99     | 06/30/99  | 300     |
| Liberty North   | MO | 65,400                  | 303,211                          | 25,000                                     | 169    | 65,400  | 328,380 | 393,780   | 300,285      |              | 06/18/85  | 300     |
| Kansas City     | MO | 307,784                 | 910,401                          | None                                       | None   | 307,784   | 910,401 | 1,218,185 | 365,157      | 09/28/99     | 08/21/98  | 300     |
| Pearl           | MS | 121,801                 | 270,524                          | 18,837                                     | 12,287 | 121,801   | 301,648 | 423,449   | 230,209      |              | 11/15/88  | 300     |
| Cary            | NC | 75,200                  | 262,973                          | 15,000                                     | 322    | 75,200  | 278,295 | 353,495   | 263,493      |              | 01/25/84  | 180     |
| Charlotte       | NC | 27,551                  | 247,000                          | None                                       | 367    | 27,551  | 247,367 | 274,918   | 247,280      |              | 12/23/81  | 180     |
| Charlotte       | NC | 134,582                 | 268,222                          | 24,478                                     | 297    | 134,582   | 292,997 | 427,579   | 221,345      |              | 11/16/88  | 300     |
| Concord         | NC | 32,441                  | 190,859                          | None                                       | 290    | 32,441  | 191,149 | 223,590   | 191,062      |              | 12/23/81  | 180     |
| Durham          | NC | 175,700                 | 390,234                          | 26,312                                     | 94     | 175,700   | 416,640 | 592,340   | 315,451      |              | 03/29/89  | 300     |
| Durham          | NC | 220,728                 | 429,380                          | None                                       | 101    | 220,728   | 429,481 | 650,209   | 327,183      |              | 12/29/89  | 300     |
| Durham          | NC | 238,000                 | 471,201                          | None                                       | 232    | 238,000   | 471,433 | 709,433   | 323,517      |              | 08/20/91  | 300     |
| Kernersville    | NC | 162,216                 | 316,300                          | None                                       | 316    | 162,216   | 316,616 | 478,832   | 241,245      |              | 12/14/89  | 300     |
| Bellevue        | NE | 60,568                  | 280,819                          | None                                       | 345    | 60,568  | 281,164 | 341,732   | 252,886      |              | 12/16/86  | 300     |
| Omaha           | NE | 60,500                  | 280,491                          | None                                       | 324    | 60,500  | 280,815 | 341,315   | 276,571      |              | 08/01/84  | 300     |
| Omaha           | NE | 53,000                  | 245,720                          | 22,027                                     | 324    | 53,000  | 268,071 | 321,071   | 240,913      |              | 10/11/84  | 300     |
| Omaha           | NE | 142,867                 | 317,315                          | None                                       | 312    | 142,867   | 317,627 | 460,494   | 263,579      |              | 12/09/87  | 300     |
| Londonderry     | NH | 335,467                 | 745,082                          | None                                       | 332    | 335,467   | 745,414 | 1,080,881 | 568,978      |              | 08/18/89  | 300     |
| Clementon       | NJ | 279,851                 | 554,060                          | None                                       | 399    | 279,851   | 554,459 | 834,310   | 378,815      |              | 09/09/91  | 300     |
| Las Vegas       | NV | 201,250                 | 446,983                          | None                                       | 126    | 201,250   | 447,109 | 648,359   | 326,772      |              | 06/29/90  | 300     |
| Sparks          | NV | 244,752                 | 543,605                          | 19,912                                     | 126    | 244,752   | 563,643 | 808,395   | 452,395      |              | 01/29/88  | 300     |

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|              |    |         |         |        |       |         |         |         |         |          |     |
|--------------|----|---------|---------|--------|-------|---------|---------|---------|---------|----------|-----|
| Beavercreek  | OH | 179,552 | 398,786 | None   | 273   | 179,552 | 399,059 | 578,611 | 339,362 | 06/30/87 | 300 |
| Centerville  | OH | 174,519 | 387,613 | None   | 273   | 174,519 | 387,886 | 562,405 | 328,522 | 07/23/87 | 300 |
| Dublin       | OH | 84,000  | 389,446 | None   | 406   | 84,000  | 389,852 | 473,852 | 367,459 | 10/08/85 | 300 |
| Englewood    | OH | 74,000  | 343,083 | None   | 503   | 74,000  | 343,586 | 417,586 | 323,679 | 10/23/85 | 300 |
| Forest Park  | OH | 170,778 | 379,305 | None   | 151   | 170,778 | 379,456 | 550,234 | 319,146 | 09/28/87 | 300 |
| Huber        |    |         |         |        |       |         |         |         |         |          |     |
| Heights      | OH | 245,000 | 544,153 | None   | 344   | 245,000 | 544,497 | 789,497 | 392,745 | 09/27/90 | 300 |
| Loveland     | OH | 206,136 | 457,829 | None   | 192   | 206,136 | 458,021 | 664,157 | 394,350 | 03/20/87 | 300 |
| Maineville   | OH | 173,105 | 384,468 | None   | 151   | 173,105 | 384,619 | 557,724 | 331,163 | 03/06/87 | 300 |
| Pickerington | OH | 87,580  | 406,055 | None   | 176   | 87,580  | 406,231 | 493,811 | 366,005 | 12/11/86 | 300 |
| Westerville  | OH | 82,000  | 380,173 | None   | 466   | 82,000  | 380,639 | 462,639 | 358,844 | 10/08/85 | 300 |
| Westerville  | OH | 294,350 | 646,557 | None   | 237   | 294,350 | 646,794 | 941,144 | 468,868 | 09/26/90 | 300 |
| Broken       |    |         |         |        |       |         |         |         |         |          |     |
| Arrow        | OK | 78,705  | 220,434 | None   | 1,700 | 78,705  | 222,134 | 300,839 | 222,134 | 01/27/83 | 180 |
| Midwest      |    |         |         |        |       |         |         |         |         |          |     |
| City         | OK | 67,800  | 314,338 | None   | 403   | 67,800  | 314,741 | 382,541 | 299,340 | 08/14/85 | 300 |
| Oklahoma     |    |         |         |        |       |         |         |         |         |          |     |
| City         | OK | 50,800  | 214,474 | None   | 3,186 | 50,800  | 217,660 | 268,460 | 217,495 | 06/15/82 | 180 |
| Oklahoma     |    |         |         |        |       |         |         |         |         |          |     |
| City         | OK | 79,000  | 366,261 | 17,659 | 634   | 79,000  | 384,554 | 463,554 | 369,242 | 11/14/84 | 300 |
| Yukon        | OK | 61,000  | 282,812 | 27,000 | 552   | 61,000  | 310,364 | 371,364 | 282,126 | 05/02/85 | 300 |
| Beaverton    | OR | 135,148 | 626,647 | None   | 218   | 135,148 | 626,865 | 762,013 | 564,199 | 12/17/86 | 300 |
| Charleston   | SC | 125,593 | 278,947 | None   | 513   | 125,593 | 279,460 | 405,053 | 227,117 | 05/26/88 | 300 |
| Charleston   | SC | 140,700 | 312,498 | 25,000 | 332   | 140,700 | 337,830 | 478,530 | 253,789 | 03/28/89 | 300 |
| Columbia     | SC | 58,160  | 269,643 | None   | 1,435 | 58,160  | 271,078 | 329,238 | 264,362 | 11/14/84 | 300 |
| Elgin        | SC | 160,831 | 313,600 | None   | 285   | 160,831 | 313,885 | 474,716 | 239,123 | 12/14/89 | 300 |
| Goose Creek  | SC | 61,635  | 192,905 | None   | 515   | 61,635  | 193,420 | 255,055 | 193,231 | 12/22/81 | 180 |
| Summerville  | SC | 44,400  | 174,500 | None   | 63    | 44,400  | 174,563 | 218,963 | 174,560 | 12/22/81 | 180 |

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|               |    |         |           |        |        |         |           |           |         |          |          |     |
|---------------|----|---------|-----------|--------|--------|---------|-----------|-----------|---------|----------|----------|-----|
| Grand Prairie |    |         |           |        |        |         |           |           |         |          |          |     |
| Houston       | TX | 60,000  | 278,175   | None   | 297    | 60,000  | 278,472   | 338,472   | 266,883 |          | 05/01/85 | 300 |
| Houston       | TX | 139,125 | 308,997   | 19,128 | 36     | 139,125 | 328,161   | 467,286   | 267,097 |          | 05/22/87 | 300 |
| Houston       | TX | 141,296 | 313,824   | 12,442 | 15,664 | 141,296 | 341,930   | 483,226   | 271,456 |          | 07/24/87 | 300 |
| Houston       | TX | 219,100 | 486,631   | None   | 256    | 219,100 | 486,887   | 705,987   | 389,345 |          | 09/30/88 | 300 |
| Houston       | TX | 219,100 | 486,628   | None   | 273    | 219,100 | 486,901   | 706,001   | 386,166 |          | 11/16/88 | 300 |
| Houston       | TX | 149,109 | 323,314   | None   | 14,118 | 149,109 | 337,432   | 486,541   | 262,908 |          | 06/26/89 | 300 |
| Houston       | TX | 294,582 | 919,276   | None   | None   | 294,582 | 919,276   | 1,213,858 | 360,098 | 01/11/99 | 08/14/98 | 300 |
| Humble        | TX | 278,915 | 1,034,868 | None   | None   | 278,915 | 1,034,868 | 1,313,783 | 384,656 | 07/19/99 | 05/14/99 | 300 |
| Katy          | TX | 309,898 | 983,041   | None   | None   | 309,898 | 983,041   | 1,292,939 | 391,603 | 11/30/98 | 08/21/98 | 300 |
| Mansfield     | TX | 181,375 | 402,839   | 26,878 | 8,800  | 181,375 | 438,517   | 619,892   | 303,084 |          | 12/20/89 | 300 |
| Mesquite      | TX | 85,000  | 394,079   | 9,855  | 12,885 | 85,000  | 416,819   | 501,819   | 387,372 |          | 10/24/84 | 300 |
| Mesquite      | TX | 139,466 | 326,525   | None   | 257    | 139,466 | 326,782   | 466,248   | 231,506 |          | 10/08/92 | 300 |
| Pasadena      | TX | 60,000  | 278,173   | None   | 428    | 60,000  | 278,601   | 338,601   | 272,313 |          | 10/23/84 | 300 |
| Plano         | TX | 261,912 | 581,658   | 30,831 | 18,311 | 261,912 | 630,800   | 892,712   | 509,889 |          | 01/06/87 | 300 |
| Plano         | TX | 250,514 | 556,399   | None   | 73     | 250,514 | 556,472   | 806,986   | 461,962 |          | 12/10/87 | 300 |
| Plano         | TX | 259,000 | 575,246   | None   | 240    | 259,000 | 575,486   | 834,486   | 460,341 |          | 09/27/88 | 300 |
| Round Rock    | TX | 80,525  | 373,347   | None   | 556    | 80,525  | 373,903   | 454,428   | 336,414 |          | 12/16/86 | 300 |
| Round Rock    | TX | 186,380 | 413,957   | 30,800 | 214    | 186,380 | 444,971   | 631,351   | 333,253 |          | 04/19/89 | 300 |
| San Antonio   | TX | 130,833 | 606,596   | None   | 254    | 130,833 | 606,850   | 737,683   | 562,880 |          | 03/24/86 | 300 |
| San Antonio   | TX | 102,512 | 475,288   | None   | 443    | 102,512 | 475,731   | 578,243   | 428,449 |          | 12/03/86 | 300 |

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| Description  | Initial Cost to Company     |                      | Cost Capitalized Subsequent to Acquisition |              | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated  |          | Date of Construction Acquired | Date Completed |
|--------------|-----------------------------|----------------------|--|--------------|---|-----------|-----------|--------------|----------|-------------------------------|----------------|
|              | Buildings, Improvements and |                      | Buildings, Improvements and                |              |   |           |           | Depreciation |          |                               |                |
|              | Acquisition                 | Carrying             | Acquisition                                | Depreciation |   |           |           |              |          |                               |                |
| (See Note 1) | Land                        | Federal Improvements | Costs                                      |              | Land  | Fees      | Total     | (Note 4)     |          |                               |                |
| AntonioTX    | 81,530                      | 378,007              | None                                       | 254          | 81,530  | 378,261   | 459,791   | 340,701      |          |                               | 12/11/86       |
| AntonioTX    | 139,125                     | 308,997              | 30,885                                     | 13,246       | 139,125   | 353,128   | 492,253   | 265,308      |          |                               | 05/22/87       |
| AntonioTX    | 181,412                     | 402,923              | None                                       | 759          | 181,412   | 403,682   | 585,094   | 341,867      |          |                               | 07/07/87       |
| AntonioTX    | 234,500                     | 520,831              | None                                       | 644          | 234,500   | 521,475   | 755,975   | 432,873      |          |                               | 12/29/87       |
| AntonioTX    | 217,000                     | 481,967              | None                                       | 375          | 217,000   | 482,342   | 699,342   | 384,107      |          |                               | 10/14/88       |
| AntonioTX    | 182,868                     | 406,155              | 18,940                                     | 110          | 182,868   | 425,205   | 608,073   | 331,510      |          |                               | 12/06/88       |
| AntonioTX    | 220,500                     | 447,108              | None                                       | 375          | 220,500   | 447,483   | 667,983   | 348,918      |          |                               | 03/30/89       |
| Chlake TX    | 228,279                     | 511,750              | None                                       | 95           | 228,279   | 511,845   | 740,124   | 348,813      |          |                               | 03/10/93       |
| Ar Land TX   | 339,310                     | 1,000,876            | None                                       | None         | 339,310   | 1,000,876 | 1,340,186 | 378,663      | 05/30/99 |                               | 01/13/99       |
| on UT        | 136,574                     | 269,008              | None                                       | 347          | 136,574   | 269,355   | 405,929   | 204,255      |          |                               | 02/01/90       |
| ly UT        | 168,089                     | 373,330              | None                                       | 347          | 168,089   | 373,677   | 541,766   | 277,932      |          |                               | 02/01/90       |
| reville VA   | 371,000                     | 824,003              | None                                       | 94           | 371,000   | 824,097   | 1,195,097 | 626,547      |          |                               | 09/29/89       |
| sapeake VA   | 190,050                     | 422,107              | 24,568                                     | 94           | 190,050   | 446,769   | 636,819   | 339,143      |          |                               | 03/28/89       |
| n Allen VA   | 74,643                      | 346,060              | None                                       | 94           | 74,643  | 346,154   | 420,797   | 341,976      |          |                               | 06/20/84       |
| smouth VA    | 171,575                     | 381,073              | 24,932                                     | 203          | 171,575   | 406,208   | 577,783   | 309,990      |          |                               | 12/21/88       |
| mond VA      | 71,001                      | 327,771              | None                                       | 7,947        | 71,001  | 335,718   | 406,719   | 317,874      |          |                               | 09/04/85       |
| mond VA      | 269,500                     | 598,567              | None                                       | 334          | 269,500   | 598,901   | 868,401   | 467,081      |          |                               | 03/28/89       |
| inia         |                             |                      |  |              |   |           |           |              |          |                               |                |
| ch VA        | 69,080                      | 320,270              | None                                       | 952          | 69,080  | 321,222   | 390,302   | 313,283      |          |                               | 11/15/84       |
| ddridge VA   | 358,050                     | 795,239              | None                                       | 278          | 358,050   | 795,517   | 1,153,567 | 636,175      |          |                               | 09/29/88       |
| eral         |                             |                      |  |              |   |           |           |              |          |                               |                |
| WA           | 150,785                     | 699,101              | None                                       | 225          | 150,785   | 699,326   | 850,111   | 629,478      |          |                               | 12/17/86       |
| eral         |                             |                      |  |              |   |           |           |              |          |                               |                |
| WA           | 261,943                     | 581,782              | 27,500                                     | None         | 261,943   | 609,282   | 871,225   | 469,517      |          |                               | 11/21/88       |
| t WA         | 128,300                     | 539,141              | None                                       | 22,213       | 128,300   | 561,354   | 689,654   | 561,354      |          |                               | 06/03/83       |
| t WA         | 140,763                     | 678,809              | None                                       | 225          | 140,763   | 679,034   | 819,797   | 611,212      |          |                               | 12/17/86       |
| land WA      | 301,000                     | 668,534              | None                                       | 108          | 301,000   | 668,642   | 969,642   | 548,368      |          |                               | 03/31/88       |
| allup WA     | 195,552                     | 434,327              | 27,000                                     | None         | 195,552   | 461,327   | 656,879   | 353,341      |          |                               | 12/06/88       |
| mond WA      | 279,830                     | 621,513              | None                                       | 225          | 279,830   | 621,738   | 901,568   | 526,802      |          |                               | 07/27/87       |
| on WA        | 111,183                     | 515,490              | None                                       | 108          | 111,183   | 515,598   | 626,781   | 478,327      |          |                               | 03/24/86       |
| leton WI     | 196,000                     | 424,038              | None                                       | 354          | 196,000   | 424,392   | 620,392   | 310,354      |          |                               | 07/10/90       |
| kesha WI     | 233,100                     | 461,500              | None                                       | 354          | 233,100   | 461,854   | 694,954   | 328,640      |          |                               | 12/13/90       |
| kesha WI     | 215,950                     | 427,546              | None                                       | 354          | 215,950   | 427,900   | 643,850   | 304,473      |          |                               | 12/13/90       |



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|          |    |           |           |       |        |           |           |            |           |          |          |
|----------|----|-----------|-----------|-------|--------|-----------|-----------|------------|-----------|----------|----------|
| y Esther | FL | 149,696   | 363,263   | None  | 323    | 149,696   | 363,586   | 513,282    | 176,336   |          | 11/26/96 |
| bourne   | FL | 269,697   | 522,414   | None  | 1,827  | 269,697   | 524,241   | 793,938    | 254,903   |          | 11/26/96 |
| ritt     |    |           |           |       |        |           |           |            |           |          |          |
| nd       | FL | 309,652   | 482,459   | None  | 323    | 309,652   | 482,782   | 792,434    | 234,145   |          | 11/26/96 |
| a        | FL | 339,690   | 543,504   | None  | 323    | 339,690   | 543,827   | 883,517    | 263,752   |          | 11/26/96 |
| ahassee  | FL | 319,807   | 502,697   | None  | 1,823  | 319,807   | 504,520   | 824,327    | 245,336   |          | 11/26/96 |
| rna      | GA | 1,094,058 | 3,090,236 | None  | 411    | 1,094,058 | 3,090,647 | 4,184,705  | 1,426,955 |          | 06/09/97 |
| mond     | IN | 93,999    | 193,753   | None  | 257    | 93,999    | 194,010   | 288,009    | 94,109    |          | 11/26/96 |
| son      | MI | 550,162   | 571,590   | None  | 602    | 550,162   | 572,192   | 1,122,354  | 226,504   | 01/15/99 | 09/25/98 |
| elo      | MS | 121,697   | 637,691   | None  | 290    | 121,697   | 637,981   | 759,678    | 309,557   |          | 11/26/96 |
| ville    | NC | 567,864   | 840,284   | None  | 36,277 | 567,864   | 876,561   | 1,444,425  | 367,034   |          | 12/31/98 |
| ewood    | NY | 144,859   | 526,301   | None  | 422    | 144,859   | 526,723   | 671,582    | 255,678   |          | 11/26/96 |
| tbury    | NY | 6,333,590 | 3,952,773 | 4,073 | None   | 6,333,590 | 3,956,846 | 10,290,436 | 1,786,068 |          | 09/29/97 |
| ance     | OH | 97,978    | 601,863   | None  | 168    | 97,978    | 602,031   | 700,009    | 292,071   |          | 11/26/96 |

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|      |    |         |           |      |      |         |           |           |         |  |          |
|------|----|---------|-----------|------|------|---------|-----------|-----------|---------|--|----------|
| hne  | AL | 140,000 | 391,637   | None | None | 140,000 | 391,637   | 531,637   | 75,061  |  | 03/18/04 |
| ile  | AL | 190,000 | 301,637   | None | None | 190,000 | 301,637   | 491,637   | 57,811  |  | 03/18/04 |
| ile  | AL | 180,000 | 421,637   | None | None | 180,000 | 421,637   | 601,637   | 80,811  |  | 03/18/04 |
| ence | AZ | 150,000 | 371,637   | None | None | 150,000 | 371,637   | 521,637   | 71,228  |  | 03/18/04 |
| ert  | AZ | 680,000 | 1,111,637 | None | None | 680,000 | 1,111,637 | 1,791,637 | 213,061 |  | 03/18/04 |



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| Description<br>(Note 1) | Initial Cost to Company     |         | Cost Capitalized Subsequent to Acquisition |       | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |         |           |           |         | Accumulated Depreciation | Date of Construction | Date Completed (i) |
|-------------------------|-----------------------------|---------|--|-------|---|---------|-----------|-----------|---------|--------------------------|----------------------|--------------------|
|                         | Buildings, Improvements and |         | Buildings, Improvements and                |       |   |         |           |           |         |                          |                      |                    |
|                         | Acquisition                 |         | Carrying                                   |       | Acquisition   |         |           |           |         |                          |                      |                    |
|                         | Land                        | Fees    | Improvements                               | Costs | Land  | Fees    | Total     | (Note 4)  |         |                          |                      |                    |
| Chfield                 |                             |         |  |       |   |         |           |           |         |                          |                      |                    |
| rk                      | AZ                          | 610,000 | 531,637                                    | None  | None  | 610,000 | 531,637   | 1,141,637 | 101,894 |                          | 03/18/04             | 30                 |
| arana                   | AZ                          | 180,000 | 331,637                                    | None  | None  | 180,000 | 331,637   | 511,637   | 63,561  |                          | 03/18/04             | 30                 |
| arana                   | AZ                          | 330,000 | 911,637                                    | None  | None  | 330,000 | 911,637   | 1,241,637 | 174,728 |                          | 03/18/04             | 30                 |
| ricopa                  | AZ                          | 170,000 | 361,637                                    | None  | None  | 170,000 | 361,637   | 531,637   | 69,311  |                          | 03/18/04             | 30                 |
| sa                      | AZ                          | 560,000 | 821,637                                    | None  | None  | 560,000 | 821,637   | 1,381,637 | 157,478 |                          | 03/18/04             | 30                 |
| sa                      | AZ                          | 750,000 | 1,071,637                                  | None  | None  | 750,000 | 1,071,637 | 1,821,637 | 205,394 |                          | 03/18/04             | 30                 |
| sa                      | AZ                          | 810,000 | 1,061,637                                  | None  | None  | 810,000 | 1,061,637 | 1,871,637 | 203,478 |                          | 03/18/04             | 30                 |
| sa                      | AZ                          | 890,000 | 1,081,637                                  | None  | None  | 890,000 | 1,081,637 | 1,971,637 | 207,311 |                          | 03/18/04             | 30                 |
| sa                      | AZ                          | 780,000 | 1,071,637                                  | None  | None  | 780,000 | 1,071,637 | 1,851,637 | 205,394 |                          | 03/18/04             | 30                 |
| sa                      | AZ                          | 900,000 | 1,191,637                                  | None  | None  | 900,000 | 1,191,637 | 2,091,637 | 228,394 |                          | 03/18/04             | 30                 |
| yson                    | AZ                          | 210,000 | 351,637                                    | None  | None  | 210,000 | 351,637   | 561,637   | 67,394  |                          | 03/18/04             | 30                 |
| yson                    | AZ                          | 260,000 | 311,637                                    | None  | None  | 260,000 | 311,637   | 571,637   | 59,728  |                          | 03/18/04             | 30                 |
| oria                    | AZ                          | 520,000 | 751,637                                    | None  | None  | 520,000 | 751,637   | 1,271,637 | 144,061 |                          | 03/18/04             | 30                 |
| oenix                   | AZ                          | 440,000 | 511,637                                    | None  | None  | 440,000 | 511,637   | 951,637   | 98,061  |                          | 03/18/04             | 30                 |
| oenix                   | AZ                          | 360,000 | 421,637                                    | None  | None  | 360,000 | 421,637   | 781,637   | 80,811  |                          | 03/18/04             | 30                 |
| oenix                   | AZ                          | 710,000 | 591,637                                    | None  | None  | 710,000 | 591,637   | 1,301,637 | 113,394 |                          | 03/18/04             | 30                 |
| oenix                   | AZ                          | 320,000 | 661,637                                    | None  | None  | 320,000 | 661,637   | 981,637   | 126,811 |                          | 03/18/04             | 30                 |
| oenix                   | AZ                          | 450,000 | 651,637                                    | None  | None  | 450,000 | 651,637   | 1,101,637 | 124,894 |                          | 03/18/04             | 30                 |
| oenix                   | AZ                          | 430,000 | 711,637                                    | None  | None  | 430,000 | 711,637   | 1,141,637 | 136,394 |                          | 03/18/04             | 30                 |
| oenix                   | AZ                          | 730,000 | 931,637                                    | None  | None  | 730,000 | 931,637   | 1,661,637 | 178,561 |                          | 03/18/04             | 30                 |
| oenix                   | AZ                          | 400,000 | 931,637                                    | None  | None  | 400,000 | 931,637   | 1,331,637 | 178,561 |                          | 03/18/04             | 30                 |
| oenix                   | AZ                          | 790,000 | 1,051,637                                  | None  | None  | 790,000 | 1,051,637 | 1,841,637 | 201,561 |                          | 03/18/04             | 30                 |
| etop                    | AZ                          | 170,000 | 311,637                                    | None  | None  | 170,000 | 311,637   | 481,637   | 59,728  |                          | 03/18/04             | 30                 |
| een                     |                             |         |  |       |   |         |           |           |         |                          |                      |                    |
| reek                    | AZ                          | 520,000 | 891,637                                    | None  | None  | 520,000 | 891,637   | 1,411,637 | 170,894 |                          | 03/18/04             | 30                 |
| ottsdale                | AZ                          | 210,000 | 201,637                                    | None  | None  | 210,000 | 201,637   | 411,637   | 38,644  |                          | 03/18/04             | 30                 |
| ottsdale                | AZ                          | 660,000 | 1,031,637                                  | None  | None  | 660,000 | 1,031,637 | 1,691,637 | 197,728 |                          | 03/18/04             | 30                 |
| erra Vista              | AZ                          | 110,000 | 301,637                                    | None  | None  | 110,000 | 301,637   | 411,637   | 57,811  |                          | 03/18/04             | 30                 |
| mp                      | AZ                          | 620,000 | 1,071,637                                  | None  | None  | 620,000 | 1,071,637 | 1,691,637 | 205,394 |                          | 03/18/04             | 30                 |
| mp                      | AZ                          | 270,000 | 461,637                                    | None  | None  | 270,000 | 461,637   | 731,637   | 88,478  |                          | 03/18/04             | 30                 |
| lleson                  | AZ                          | 460,000 | 1,231,637                                  | None  | None  | 460,000 | 1,231,637 | 1,691,637 | 236,061 |                          | 03/18/04             | 30                 |
| mbstone                 | AZ                          | 110,000 | 381,637                                    | None  | None  | 110,000 | 381,637   | 491,637   | 73,144  |                          | 03/18/04             | 30                 |
| con                     | AZ                          | 220,000 | 311,637                                    | None  | None  | 220,000 | 311,637   | 531,637   | 59,728  |                          | 03/18/04             | 30                 |
| con                     | AZ                          | 240,000 | 341,637                                    | None  | None  | 240,000 | 341,637   | 581,637   | 65,478  |                          | 03/18/04             | 30                 |

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|           |    |         |           |      |      |         |           |           |         |          |    |
|-----------|----|---------|-----------|------|------|---------|-----------|-----------|---------|----------|----|
| eson      | AZ | 550,000 | 511,637   | None | None | 550,000 | 511,637   | 1,061,637 | 98,061  | 03/18/04 | 30 |
| eson      | AZ | 126,000 | 234,565   | None | None | 126,000 | 234,565   | 360,565   | 44,176  | 04/14/04 | 30 |
| ellton    | AZ | 120,000 | 291,637   | None | None | 120,000 | 291,637   | 411,637   | 55,894  | 03/18/04 | 30 |
| ckenburg  | AZ | 150,000 | 291,637   | None | None | 150,000 | 291,637   | 441,637   | 55,894  | 03/18/04 | 30 |
| inchester | CT | 118,262 | 305,510   | None | None | 118,262 | 305,510   | 423,772   | 168,540 | 03/03/95 | 30 |
| rnson     | CT | 179,646 | 319,372   | None | None | 179,646 | 319,372   | 499,018   | 176,187 | 03/09/95 | 30 |
| estbrook  | CT | 98,247  | 373,340   | None | None | 98,247  | 373,340   | 471,587   | 205,959 | 03/09/95 | 30 |
| nden      | DE | 113,811 | 174,435   | None | None | 113,811 | 174,435   | 288,246   | 40,404  | 03/19/03 | 30 |
| nden      | DE | 250,528 | 379,165   | None | None | 250,528 | 379,165   | 629,693   | 87,833  | 03/19/03 | 30 |
| wey       | DE | 147,465 | 224,665   | None | None | 147,465 | 224,665   | 372,130   | 52,040  | 03/19/03 | 30 |
| ver       | DE | 278,804 | 421,707   | None | None | 278,804 | 421,707   | 700,511   | 97,688  | 03/19/03 | 30 |
| ver       | DE | 367,137 | 554,207   | None | None | 367,137 | 554,207   | 921,344   | 128,384 | 03/19/03 | 30 |
| ver       | DE | 367,425 | 554,884   | None | None | 367,425 | 554,884   | 922,309   | 128,541 | 03/19/03 | 30 |
| ton       | DE | 307,260 | 464,391   | None | None | 307,260 | 464,391   | 771,651   | 107,577 | 03/19/03 | 30 |
| eenwood   | DE | 632,303 | 1,176,711 | None | None | 632,303 | 1,176,711 | 1,809,014 | 52,950  | 11/29/07 | 30 |
| rrington  | DE | 563,812 | 849,220   | None | None | 563,812 | 849,220   | 1,413,032 | 196,729 | 03/19/03 | 30 |
| lford     | DE | 310,049 | 468,575   | None | None | 310,049 | 468,575   | 778,624   | 108,546 | 03/19/03 | 30 |
| wcastle   | DE | 589,325 | 887,488   | None | None | 589,325 | 887,488   | 1,476,813 | 205,594 | 03/19/03 | 30 |
| yrna      | DE | 121,774 | 186,436   | None | None | 121,774 | 186,436   | 308,210   | 43,184  | 03/19/03 | 30 |
| yrna      | DE | 401,135 | 605,332   | None | None | 401,135 | 605,332   | 1,006,467 | 140,228 | 03/19/03 | 30 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |          | Cost Capitalized Subsequent to Acquisition |          | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |         |           | Accumulated Depreciation |  | Date of Construction | Date Computed (in Months) | Life on which depreciation is latest Income Statement is based |
|-------------------------|----|-----------------------------|----------|--|----------|---|---------|-----------|--------------------------|--|----------------------|---------------------------|--|
|                         |    | Buildings, Improvements and |          | Buildings, Improvements and                |          | Acquisition   |         |           | Depreciation (Note 4)    |  |                      |                           |  |
|                         |    | Acquisition                 | Carrying | Acquisition                                | Carrying | Land  | Fees    | Total     |                          |  |                      |                           |  |
|                         |    | Land                        | Fees     | Improvements                               | Costs    | Land  | Fees    | Total     | (Note 4)                 |  |                      |                           |  |
| Townsend                | DE | 241,416                     | 365,749  | None                                       | None     | 241,416   | 365,749 | 607,165   | 84,725                   |  | 03/19/03             | 300                       |  |
| Wilmington              | DE | 280,682                     | 424,525  | None                                       | None     | 280,682   | 424,525 | 705,207   | 98,341                   |  | 03/19/03             | 300                       |  |
| Archer                  | FL | 296,238                     | 578,145  | None                                       | 51       | 296,238   | 578,196 | 874,434   | 222,635                  |  | 05/07/99             | 300                       |  |
| Bushnell                | FL | 130,000                     | 291,637  | None                                       | None     | 130,000   | 291,637 | 421,637   | 55,894                   |  | 03/18/04             | 300                       |  |
| Clearwater              | FL | 359,792                     | 311,845  | None                                       | None     | 359,792   | 311,845 | 671,637   | 59,768                   |  | 03/18/04             | 300                       |  |
| Cocoa                   | FL | 323,827                     | 287,810  | None                                       | None     | 323,827   | 287,810 | 611,637   | 55,161                   |  | 03/18/04             | 300                       |  |
| Deltona                 | FL | 140,000                     | 321,637  | None                                       | None     | 140,000   | 321,637 | 461,637   | 61,644                   |  | 03/18/04             | 300                       |  |
| Ellenton                | FL | 250,000                     | 261,637  | None                                       | None     | 250,000   | 261,637 | 511,637   | 50,144                   |  | 03/18/04             | 300                       |  |
| Englewood               | FL | 270,000                     | 331,637  | None                                       | None     | 270,000   | 331,637 | 601,637   | 63,561                   |  | 03/18/04             | 300                       |  |
| Gainesville             | FL | 515,834                     | 873,187  | None                                       | None     | 515,834   | 873,187 | 1,389,021 | 336,176                  |  | 05/07/99             | 300                       |  |
| Gainesville             | FL | 480,318                     | 600,633  | None                                       | None     | 480,318   | 600,633 | 1,080,951 | 231,242                  |  | 05/07/99             | 300                       |  |
| Gainesville             | FL | 347,310                     | 694,859  | None                                       | None     | 347,310   | 694,859 | 1,042,169 | 267,519                  |  | 05/07/99             | 300                       |  |
| Gainesville             | FL | 339,263                     | 658,807  | None                                       | None     | 339,263   | 658,807 | 998,070   | 253,639                  |  | 05/07/99             | 300                       |  |
| Gainesville             | FL | 351,921                     | 552,557  | None                                       | None     | 351,921   | 552,557 | 904,478   | 212,733                  |  | 05/07/99             | 300                       |  |
| Gainesville             | FL | 500,032                     | 850,291  | None                                       | None     | 500,032   | 850,291 | 1,350,323 | 327,361                  |  | 05/07/99             | 300                       |  |
| Homosassa               |    |                             |          |  |          |   |         |           |                          |  |                      |                           |  |
| Spring                  | FL | 740,000                     | 621,637  | None                                       | None     | 740,000   | 621,637 | 1,361,637 | 119,144                  |  | 03/18/04             | 300                       |  |
| Hudson                  | FL | 300,000                     | 351,637  | None                                       | None     | 300,000   | 351,637 | 651,637   | 67,394                   |  | 03/18/04             | 300                       |  |
| Intercession            |    |                             |          |  |          |   |         |           |                          |  |                      |                           |  |
| City                    | FL | 161,776                     | 319,861  | None                                       | None     | 161,776   | 319,861 | 481,637   | 61,304                   |  | 03/18/04             | 300                       |  |
| Jacksonville            | FL | 266,111                     | 494,206  | None                                       | None     | 266,111   | 494,206 | 760,317   | 93,075                   |  | 04/01/04             | 300                       |  |
| Jacksonville            |    |                             |          |  |          |   |         |           |                          |  |                      |                           |  |
| Sch                     | FL | 522,188                     | 371,885  | None                                       | None     | 522,188   | 371,885 | 894,073   | 143,174                  |  | 05/07/99             | 300                       |  |
| Key West                | FL | 873,700                     | 627,937  | None                                       | None     | 873,700   | 627,937 | 1,501,637 | 120,352                  |  | 03/18/04             | 300                       |  |
| Key West                | FL | 492,785                     | 208,852  | None                                       | None     | 492,785   | 208,852 | 701,637   | 40,027                   |  | 03/18/04             | 300                       |  |
| Lakeland                | FL | 527,076                     | 464,561  | None                                       | None     | 527,076   | 464,561 | 991,637   | 89,038                   |  | 03/18/04             | 300                       |  |
| Lakeland                | FL | 300,000                     | 321,637  | None                                       | None     | 300,000   | 321,637 | 621,637   | 61,644                   |  | 03/18/04             | 300                       |  |
| Lakeport                | FL | 180,342                     | 331,295  | None                                       | None     | 180,342   | 331,295 | 511,637   | 63,495                   |  | 03/18/04             | 300                       |  |
| Land                    |    |                             |          |  |          |   |         |           |                          |  |                      |                           |  |
| O'Lakes                 | FL | 120,000                     | 361,637  | None                                       | None     | 120,000   | 361,637 | 481,637   | 69,311                   |  | 03/18/04             | 300                       |  |
| Putz                    | FL | 480,000                     | 421,637  | None                                       | None     | 480,000   | 421,637 | 901,637   | 80,811                   |  | 03/18/04             | 300                       |  |
| Naples                  | FL | 150,000                     | 301,637  | None                                       | None     | 150,000   | 301,637 | 451,637   | 57,811                   |  | 03/18/04             | 300                       |  |
| Naples                  | FL | 620,000                     | 381,637  | None                                       | None     | 620,000   | 381,637 | 1,001,637 | 73,144                   |  | 03/18/04             | 300                       |  |
| New Port                |    |                             |          |  |          |   |         |           |                          |  |                      |                           |  |
| Richey                  | FL | 190,000                     | 601,637  | None                                       | None     | 190,000   | 601,637 | 791,637   | 115,311                  |  | 03/18/04             | 300                       |  |

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|              |    |         |           |      |      |         |           |           |         |          |     |
|--------------|----|---------|-----------|------|------|---------|-----------|-----------|---------|----------|-----|
| North Fort   |    |         |           |      |      |         |           |           |         |          |     |
| Meyers       | FL | 140,000 | 281,637   | None | None | 140,000 | 281,637   | 421,637   | 53,978  | 03/18/04 | 300 |
| Okeechobee   | FL | 195,075 | 346,562   | None | None | 195,075 | 346,562   | 541,637   | 66,422  | 03/18/04 | 300 |
| Orlando      | FL | 240,000 | 301,637   | None | None | 240,000 | 301,637   | 541,637   | 57,811  | 03/18/04 | 300 |
| Palm Bay     | FL | 230,880 | 300,757   | None | None | 230,880 | 300,757   | 531,637   | 57,642  | 03/18/04 | 300 |
| Palm         |    |         |           |      |      |         |           |           |         |          |     |
| Harbor       | FL | 510,000 | 381,637   | None | None | 510,000 | 381,637   | 891,637   | 73,144  | 03/18/04 | 300 |
| Panama       |    |         |           |      |      |         |           |           |         |          |     |
| City         | FL | 210,000 | 431,637   | None | None | 210,000 | 431,637   | 641,637   | 82,728  | 03/18/04 | 300 |
| Pensacola    | FL | 168,000 | 312,727   | None | None | 168,000 | 312,727   | 480,727   | 58,894  | 04/14/04 | 300 |
| Port         |    |         |           |      |      |         |           |           |         |          |     |
| Charlotte    | FL | 170,000 | 311,637   | None | None | 170,000 | 311,637   | 481,637   | 59,728  | 03/18/04 | 300 |
| Port Orange  | FL | 609,438 | 512,199   | None | None | 609,438 | 512,199   | 1,121,637 | 98,169  | 03/18/04 | 300 |
| Pt Charlotte | FL | 200,000 | 356,637   | None | None | 200,000 | 356,637   | 556,637   | 68,353  | 03/18/04 | 300 |
| Punta Gorda  | FL | 400,000 | 511,637   | None | None | 400,000 | 511,637   | 911,637   | 98,061  | 03/18/04 | 300 |
| Callahassee  | FL | 600,000 | 341,637   | None | None | 600,000 | 341,637   | 941,637   | 65,478  | 03/18/04 | 300 |
| Tampa        | FL | 300,000 | 301,637   | None | None | 300,000 | 301,637   | 601,637   | 57,811  | 03/18/04 | 300 |
| Tampa        | FL | 380,000 | 361,637   | None | None | 380,000 | 361,637   | 741,637   | 69,311  | 03/18/04 | 300 |
| Tampa        | FL | 320,000 | 591,637   | None | None | 320,000 | 591,637   | 911,637   | 113,394 | 03/18/04 | 300 |
| Webster      | FL | 640,000 | 1,071,637 | None | None | 640,000 | 1,071,637 | 1,711,637 | 205,394 | 03/18/04 | 300 |
| Winter       |    |         |           |      |      |         |           |           |         |          |     |
| Spring       | FL | 150,000 | 291,637   | None | None | 150,000 | 291,637   | 441,637   | 55,894  | 03/18/04 | 300 |
| Augusta      | GA | 620,000 | 383,232   | None | None | 620,000 | 383,232   | 1,003,232 | 144,984 | 07/22/99 | 300 |
| Augusta      | GA | 540,000 | 337,853   | None | None | 540,000 | 337,853   | 877,853   | 127,817 | 07/22/99 | 300 |
| Augusta      | GA | 510,000 | 392,929   | None | None | 510,000 | 392,929   | 902,929   | 148,653 | 07/22/99 | 300 |
| Augusta      | GA | 180,000 | 422,020   | None | None | 180,000 | 422,020   | 602,020   | 159,661 | 07/22/99 | 300 |
| Augusta      | GA | 260,000 | 392,171   | None | None | 260,000 | 392,171   | 652,171   | 148,368 | 07/22/99 | 300 |
| Augusta      | GA | 240,000 | 451,637   | None | None | 240,000 | 451,637   | 691,637   | 86,561  | 03/18/04 | 300 |

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| Description<br><br>(Note 1) |    | Initial Cost to Company     |                   | Cost Capitalized Subsequent to Acquisition |      | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated  |  | Date of Construction | Date Acquired | Month |
|-----------------------------|----|-----------------------------|-------------------|--|------|---|-----------|-----------|--------------|--|----------------------|---------------|-------|
|                             |    | Buildings, Improvements and |                   | Buildings, Improvements and                |      |   |           |           | Depreciation |  |                      |               |       |
|                             |    | Acquisition                 |                   | Carrying                                   |      | Acquisition   |           |           | Depreciation |  |                      |               |       |
|                             |    | Land                        | Fees/Improvements | Costs                                      | Land | Fees  | Total     | (Note 4)  |              |  |                      |               |       |
| ahutta                      | GA | 437,500                     | 813,742           | None                                       | None | 437,500   | 813,742   | 1,251,242 | 169,523      |  | 10/16/03             | 30            |       |
| alhoun                      | GA | 122,500                     | 228,742           | None                                       | None | 122,500   | 228,742   | 351,242   | 47,648       |  | 10/16/03             | 30            |       |
| alhoun                      | GA | 262,500                     | 488,742           | None                                       | None | 262,500   | 488,742   | 751,242   | 101,815      |  | 10/16/03             | 30            |       |
| hatsworth                   | GA | 140,000                     | 261,242           | None                                       | None | 140,000   | 261,242   | 401,242   | 54,419       |  | 10/16/03             | 30            |       |
| hatsworth                   | GA | 140,000                     | 261,242           | None                                       | None | 140,000   | 261,242   | 401,242   | 54,419       |  | 10/16/03             | 30            |       |
| hatsworth                   | GA | 140,000                     | 261,242           | None                                       | None | 140,000   | 261,242   | 401,242   | 54,419       |  | 10/16/03             | 30            |       |
| hickamauga                  | GA | 181,731                     | 338,742           | None                                       | None | 181,731   | 338,742   | 520,473   | 70,565       |  | 10/16/03             | 30            |       |
| alton                       | GA | 171,500                     | 319,742           | None                                       | None | 171,500   | 319,742   | 491,242   | 66,607       |  | 10/16/03             | 30            |       |
| alton                       | GA | 87,500                      | 163,742           | None                                       | None | 87,500  | 163,742   | 251,242   | 34,107       |  | 10/16/03             | 30            |       |
| alton                       | GA | 485,650                     | 903,162           | None                                       | None | 485,650   | 903,162   | 1,388,812 | 188,153      |  | 10/16/03             | 30            |       |
| alton                       | GA | 146,000                     | 272,385           | None                                       | None | 146,000   | 272,385   | 418,385   | 56,741       |  | 10/16/03             | 30            |       |
| alton                       | GA | 420,000                     | 781,242           | None                                       | None | 420,000   | 781,242   | 1,201,242 | 162,752      |  | 10/16/03             | 30            |       |
| alton                       | GA | 210,000                     | 391,242           | None                                       | None | 210,000   | 391,242   | 601,242   | 81,502       |  | 10/16/03             | 30            |       |
| alton                       | GA | 332,500                     | 618,742           | None                                       | None | 332,500   | 618,742   | 951,242   | 128,898      |  | 10/16/03             | 30            |       |
| ecatur                      | GA | 529,383                     | 532,429           | None                                       | None | 529,383   | 532,429   | 1,061,812 | 245,744      |  | 06/27/97             | 30            |       |
| unwoody                     | GA | 545,462                     | 724,254           | None                                       | None | 545,462   | 724,254   | 1,269,716 | 334,295      |  | 06/27/97             | 30            |       |
| uharlee                     | GA | 262,500                     | 488,742           | None                                       | None | 262,500   | 488,742   | 751,242   | 101,815      |  | 10/16/03             | 30            |       |
| intstone                    | GA | 157,500                     | 293,742           | None                                       | None | 157,500   | 293,742   | 451,242   | 61,190       |  | 10/16/03             | 30            |       |
| afayette                    | GA | 122,500                     | 228,742           | None                                       | None | 122,500   | 228,742   | 351,242   | 47,648       |  | 10/16/03             | 30            |       |
| ithonia                     | GA | 386,784                     | 776,436           | None                                       | None | 386,784   | 776,436   | 1,163,220 | 358,397      |  | 06/27/97             | 30            |       |
| ableton                     | GA | 491,069                     | 355,957           | None                                       | None | 491,069   | 355,957   | 847,026   | 164,286      |  | 06/27/97             | 30            |       |
| artinez                     | GA | 450,000                     | 402,777           | None                                       | None | 450,000   | 402,777   | 852,777   | 152,380      |  | 07/22/99             | 30            |       |
| artinez                     | GA | 830,000                     | 871,637           | None                                       | None | 830,000   | 871,637   | 1,701,637 | 167,061      |  | 03/18/04             | 30            |       |
| orcross                     | GA | 384,162                     | 651,273           | None                                       | None | 384,162   | 651,273   | 1,035,435 | 300,611      |  | 06/27/97             | 30            |       |
| inggold                     | GA | 350,000                     | 651,242           | None                                       | None | 350,000   | 651,242   | 1,001,242 | 135,669      |  | 10/16/03             | 30            |       |
| inggold                     | GA | 234,500                     | 1,168,914         | None                                       | None | 234,500   | 1,168,914 | 1,403,414 | 192,294      |  | 10/16/03             | 30            |       |
| inggold                     | GA | 385,000                     | 716,242           | -21,175                                    | None | 385,000   | 695,067   | 1,080,067 | 149,211      |  | 10/16/03             | 30            |       |
| inggold                     | GA | 482,251                     | 896,851           | None                                       | None | 482,251   | 896,851   | 1,379,102 | 186,838      |  | 10/16/03             | 30            |       |
| ocky Face                   | GA | 164,231                     | 306,241           | None                                       | None | 164,231   | 306,241   | 470,472   | 63,794       |  | 10/16/03             | 30            |       |
| ome                         | GA | 210,000                     | 391,242           | None                                       | None | 210,000   | 391,242   | 601,242   | 81,502       |  | 10/16/03             | 30            |       |
| ome                         | GA | 199,199                     | 371,183           | None                                       | None | 199,199   | 371,183   | 570,382   | 77,323       |  | 10/16/03             | 30            |       |
| ome                         | GA | 201,791                     | 375,997           | None                                       | None | 201,791   | 375,997   | 577,788   | 78,327       |  | 10/16/03             | 30            |       |
| ome                         | GA | 315,000                     | 586,242           | None                                       | None | 315,000   | 586,242   | 901,242   | 122,127      |  | 10/16/03             | 30            |       |
| ossville                    | GA | 157,500                     | 293,742           | None                                       | None | 157,500   | 293,742   | 451,242   | 61,190       |  | 10/16/03             | 30            |       |
| ummerville                  | GA | 66,231                      | 124,242           | None                                       | None | 66,231  | 124,242   | 190,473   | 25,878       |  | 10/16/03             | 30            |       |

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|              |    |         |           |       |      |         |           |           |         |          |    |
|--------------|----|---------|-----------|-------|------|---------|-----------|-----------|---------|----------|----|
| renton       | GA | 129,231 | 241,242   | None  | None | 129,231 | 241,242   | 370,473   | 50,253  | 10/16/03 | 30 |
| odfrey       | IL | 374,586 | 733,190   | None  | None | 374,586 | 733,190   | 1,107,776 | 338,425 | 06/27/97 | 30 |
| ranite City  | IL | 362,287 | 737,255   | None  | None | 362,287 | 737,255   | 1,099,542 | 340,303 | 06/27/97 | 30 |
| ove's Park   | IL | 547,582 | 1,016,523 | 1,500 | None | 547,582 | 1,018,023 | 1,565,605 | 42,504  | 12/20/07 | 30 |
| ladison      | IL | 173,812 | 625,030   | None  | None | 173,812 | 625,030   | 798,842   | 288,511 | 06/27/97 | 30 |
| ochelle      | IL | 607,418 | 1,128,145 | 1,000 | None | 607,418 | 1,129,145 | 1,736,563 | 47,105  | 12/20/07 | 30 |
| lbany        | IN | 427,437 | 794,632   | 2,000 | None | 427,437 | 796,632   | 1,224,069 | 51,964  | 05/25/07 | 30 |
| lexandria    | IN | 139,219 | 259,369   | None  | None | 139,219 | 259,369   | 398,588   | 16,856  | 05/25/07 | 30 |
| nderson      | IN | 147,263 | 274,307   | None  | None | 147,263 | 274,307   | 421,570   | 17,827  | 05/25/07 | 30 |
| nderson      | IN | 283,430 | 527,190   | 2,000 | None | 283,430 | 529,190   | 812,620   | 34,581  | 05/25/07 | 30 |
| lkhart       | IN | 495,914 | 922,471   | 1,500 | None | 495,914 | 923,971   | 1,419,885 | 60,195  | 05/25/07 | 30 |
| runkfort     | IN | 208,666 | 388,345   | 2,000 | None | 208,666 | 390,345   | 599,011   | 25,556  | 05/25/07 | 30 |
| reenwood     | IN | 173,250 | 323,022   | None  | None | 173,250 | 323,022   | 496,272   | 20,993  | 05/25/07 | 30 |
| artford City | IN | 250,310 | 465,702   | 2,000 | None | 250,310 | 467,702   | 718,012   | 30,584  | 05/25/07 | 30 |
| dianapolis   | IN | 129,938 | 242,134   | None  | None | 129,938 | 242,134   | 372,072   | 15,735  | 05/25/07 | 30 |
| dianapolis   | IN | 269,294 | 500,939   | 1,500 | None | 269,294 | 502,439   | 771,733   | 32,795  | 05/25/07 | 30 |
| dianapolis   | IN | 318,432 | 592,193   | 1,500 | None | 318,432 | 593,693   | 912,125   | 38,727  | 05/25/07 | 30 |
| nox          | IN | 341,250 | 633,499   | 1,500 | None | 341,250 | 634,999   | 976,249   | 30,807  | 10/09/07 | 30 |

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| Description<br><br>(Note 1) |    | Initial Cost to Company     |           | Cost Capitalized Subsequent to Acquisition |       | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated Depreciation |          | Date of Construction | Date Acquired | Month |
|-----------------------------|----|-----------------------------|-----------|--|-------|---|-----------|-----------|--------------------------|----------|----------------------|---------------|-------|
|                             |    | Buildings, Improvements and |           | Buildings, Improvements and                |       |   |           |           |                          |          |                      |               |       |
|                             |    | Acquisition                 |           | Carrying                                   |       | Acquisition   |           |           | Depreciation             |          |                      |               |       |
|                             |    | Land                        | Fees      | Improvements                               | Costs | Land  | Fees      | Total     | (Note 4)                 |          |                      |               |       |
| Lafayette                   | IN | 147,263                     | 274,309   | None                                       | None  | 147,263   | 274,309   | 421,572   | 17,827                   |          | 05/25/07             |               | 300   |
| Lafayette                   | IN | 112,613                     | 209,959   | None                                       | None  | 112,613   | 209,959   | 322,572   | 13,644                   |          | 05/25/07             |               | 300   |
| Marion                      | IN | 209,196                     | 389,995   | 1,500                                      | None  | 209,196   | 391,495   | 600,691   | 25,584                   |          | 05/25/07             |               | 300   |
| Michigan City               | IN | 227,500                     | 422,249   | 1,500                                      | None  | 227,500   | 423,749   | 651,249   | 20,596                   |          | 10/09/07             |               | 300   |
| ishawaka                    | IN | 123,983                     | 231,743   | 2,000                                      | None  | 123,983   | 233,743   | 357,726   | 15,377                   |          | 05/25/07             |               | 300   |
| Morristown                  | IN | 366,590                     | 682,082   | 2,000                                      | None  | 366,590   | 684,082   | 1,050,672 | 44,649                   |          | 05/25/07             |               | 300   |
| Muncie                      | IN | 103,950                     | 193,870   | None                                       | None  | 103,950   | 193,870   | 297,820   | 12,598                   |          | 05/25/07             |               | 300   |
| Muncie                      | IN | 184,237                     | 342,974   | 2,000                                      | None  | 184,237   | 344,974   | 529,211   | 22,607                   |          | 05/25/07             |               | 300   |
| New Albany                  | IN | 181,459                     | 289,353   | None                                       | 211   | 181,459   | 289,564   | 471,023   | 159,637                  |          | 03/03/95             |               | 300   |
| New Albany                  | IN | 262,465                     | 331,796   | None                                       | 211   | 262,465   | 332,007   | 594,472   | 183,051                  |          | 03/06/95             |               | 300   |
| New Castle                  | IN | 138,600                     | 258,672   | None                                       | None  | 138,600   | 258,672   | 397,272   | 16,810                   |          | 05/25/07             |               | 300   |
| New Castle                  | IN | 79,854                      | 149,572   | 1,000                                      | None  | 79,854  | 150,572   | 230,426   | 9,877                    |          | 05/25/07             |               | 300   |
| New Castle                  | IN | 203,941                     | 380,019   | 1,500                                      | None  | 203,941   | 381,519   | 585,460   | 24,935                   |          | 05/25/07             |               | 300   |
| Richmond                    | IN | 281,248                     | 523,589   | 1,500                                      | None  | 281,248   | 525,089   | 806,337   | 34,267                   |          | 05/25/07             |               | 300   |
| Richmond                    | IN | 255,908                     | 476,528   | 2,000                                      | None  | 255,908   | 478,528   | 734,436   | 31,288                   |          | 05/25/07             |               | 300   |
| ushville                    | IN | 138,600                     | 258,672   | None                                       | None  | 138,600   | 258,672   | 397,272   | 16,810                   |          | 05/25/07             |               | 300   |
| ushville                    | IN | 121,275                     | 226,497   | None                                       | None  | 121,275   | 226,497   | 347,772   | 14,719                   |          | 05/25/07             |               | 300   |
| outh Bend                   | IN | 372,387                     | 693,064   | 2,000                                      | None  | 372,387   | 695,064   | 1,067,451 | 45,363                   |          | 05/25/07             |               | 300   |
| Vabash                      | IN | 430,437                     | 800,871   | 2,000                                      | None  | 430,437   | 802,871   | 1,233,308 | 52,370                   |          | 05/25/07             |               | 300   |
| Vabash                      | IN | 334,923                     | 623,488   | 1,500                                      | None  | 334,923   | 624,988   | 959,911   | 40,761                   |          | 05/25/07             |               | 300   |
| Varsaw                      | IN | 415,275                     | 772,713   | 1,500                                      | None  | 415,275   | 774,213   | 1,189,488 | 50,461                   |          | 05/25/07             |               | 300   |
| West Lafayette              | IN | 0                           | 1,340,855 | 2,000                                      | None  | -   | 1,342,855 | 1,342,855 | 87,245                   |          | 05/25/07             |               | 300   |
| ionsville                   | IN | 910,595                     | 1,691,926 | 2,000                                      | None  | 910,595   | 1,693,926 | 2,604,521 | 110,289                  |          | 05/25/07             |               | 300   |
| erea                        | KY | 252,077                     | 360,815   | None                                       | 115   | 252,077   | 360,930   | 613,007   | 199,054                  |          | 03/08/95             |               | 300   |
| Elizabethtown               | KY | 286,106                     | 286,106   | None                                       | 211   | 286,106   | 286,317   | 572,423   | 157,845                  |          | 03/03/95             |               | 300   |
| ebanon                      | KY | 158,052                     | 316,105   | None                                       | 115   | 158,052   | 316,220   | 474,272   | 174,388                  |          | 03/03/95             |               | 300   |
| ouisville                   | KY | 198,926                     | 368,014   | None                                       | 211   | 198,926   | 368,225   | 567,151   | 203,031                  |          | 03/03/95             |               | 300   |
| ouisville                   | KY | 216,849                     | 605,697   | None                                       | None  | 216,849   | 605,697   | 822,546   | 303,724                  | 06/18/96 | 11/17/95             |               | 300   |
| It.                         |    |                             |           |  |       |   |           |           |                          |          |                      |               |       |
| Washington                  | KY | 327,245                     | 479,593   | None                                       | None  | 327,245   | 479,593   | 806,838   | 232,634                  | 12/06/96 | 05/31/96             |               | 300   |
| Wensboro                    | KY | 360,000                     | 590,000   | None                                       | None  | 360,000   | 590,000   | 950,000   | 315,650                  |          | 08/25/95             |               | 300   |
| Alexandria                  | LA | 170,000                     | 371,637   | None                                       | None  | 170,000   | 371,637   | 541,637   | 71,228                   |          | 03/18/04             |               | 300   |
| aton Rouge                  | LA | 500,000                     | 521,637   | None                                       | None  | 500,000   | 521,637   | 1,021,637 | 99,978                   |          | 03/18/04             |               | 300   |
| aton Rouge                  | LA | 210,000                     | 361,637   | None                                       | None  | 210,000   | 361,637   | 571,637   | 69,311                   |          | 03/18/04             |               | 300   |
| ossier City                 | LA | 230,000                     | 431,637   | None                                       | None  | 230,000   | 431,637   | 661,637   | 82,728                   |          | 03/18/04             |               | 300   |



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|                |    |           |           |       |      |           |           |           |         |          |     |
|----------------|----|-----------|-----------|-------|------|-----------|-----------|-----------|---------|----------|-----|
| Westrehan      | LA | 200,000   | 411,637   | None  | None | 200,000   | 411,637   | 611,637   | 78,894  | 03/18/04 | 300 |
| Lafayette      | LA | 240,000   | 391,637   | None  | None | 240,000   | 391,637   | 631,637   | 75,061  | 03/18/04 | 300 |
| Greveport      | LA | 192,500   | 358,227   | None  | None | 192,500   | 358,227   | 550,727   | 67,464  | 04/14/04 | 300 |
| Amherst        | MA | 110,969   | 639,806   | None  | None | 110,969   | 639,806   | 750,775   | 137,558 | 08/18/03 | 300 |
| North Reading  | MA | 574,601   | 756,174   | None  | None | 574,601   | 756,174   | 1,330,775 | 162,577 | 08/18/03 | 300 |
| Wickonk        | MA | 298,354   | 268,518   | None  | None | 298,354   | 268,518   | 566,872   | 148,133 | 03/03/95 | 300 |
| Merlin         | MD | 255,951   | 387,395   | None  | None | 255,951   | 387,395   | 643,346   | 89,739  | 03/19/03 | 300 |
| Wrisfield      | MD | 219,704   | 333,024   | None  | None | 219,704   | 333,024   | 552,728   | 77,143  | 03/19/03 | 300 |
| Lebron         | MD | 376,251   | 567,844   | None  | None | 376,251   | 567,844   | 944,095   | 131,543 | 03/19/03 | 300 |
| La Plata       | MD | 1,017,544 | 2,706,729 | None  | None | 1,017,544 | 2,706,729 | 3,724,273 | 689,968 | 08/06/02 | 300 |
| Mechanicsville | MD | 1,540,335 | 2,860,928 | None  | None | 1,540,335 | 2,860,928 | 4,401,263 | 748,550 | 06/27/02 | 300 |
| Millersville   | MD | 830,737   | 2,696,245 | None  | None | 830,737   | 2,696,245 | 3,526,982 | 705,564 | 06/27/02 | 300 |
| Reckenridge    | MI | 437,500   | 811,968   | 1,500 | None | 437,500   | 813,468   | 1,250,968 | 39,433  | 10/09/07 | 300 |
| Carson City    | MI | 262,500   | 486,468   | 2,000 | None | 262,500   | 488,468   | 750,968   | 23,763  | 10/09/07 | 300 |
| Charlevoix     | MI | 385,000   | 713,013   | 2,500 | None | 385,000   | 715,513   | 1,100,513 | 34,775  | 10/09/07 | 300 |
| Heboygan       | MI | 280,000   | 518,013   | 2,500 | None | 280,000   | 520,513   | 800,513   | 25,350  | 10/09/07 | 300 |
| Clare          | MI | 306,250   | 567,718   | 2,000 | None | 306,250   | 569,718   | 875,968   | 27,690  | 10/09/07 | 300 |
| Clare          | MI | 229,250   | 426,218   | 500   | None | 229,250   | 426,718   | 655,968   | 20,663  | 10/09/07 | 300 |
| Comstock       | MI | 315,000   | 583,761   | 2,500 | None | 315,000   | 586,261   | 901,261   | 28,527  | 10/09/07 | 300 |



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|                      |    | Initial Cost to Company |                                  | Cost Capitalized Subsequent to Acquisition |      | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated Depreciation |  | Date of Construction | Date Computed (in Months) | Life on which depreciated in latest Income Statement is |
|----------------------|----|-------------------------|----------------------------------|--|------|---|-----------|-----------|--------------------------|--|----------------------|---------------------------|---|
| Description (Note 1) |    | Land                    | Buildings, Improvements and Fees | Costs                                      |      | Land  | Fees      | Total     | (Note 4)                 |  |                      | Acquired                  |   |
| Farwell              | MI | 437,500                 | 811,468                          | 2,000                                      | None | 437,500   | 813,468   | 1,250,968 | 39,471                   |  |                      | 10/09/07                  | 300   |
| Flint                | MI | 194,492                 | 476,504                          | None                                       | None | 194,492   | 476,504   | 670,996   | 248,577                  |  |                      | 12/21/95                  | 300   |
| Gladwin              | MI | 140,000                 | 259,013                          | 1,500                                      | None | 140,000   | 260,513   | 400,513   | 12,706                   |  |                      | 10/09/07                  | 300   |
| Grand Rapids         | MI | 437,500                 | 812,261                          | 1,500                                      | None | 437,500   | 813,761   | 1,251,261 | 39,446                   |  |                      | 10/09/07                  | 300   |
| Kalamazoo            | MI | 238,000                 | 442,249                          | 1,000                                      | None | 238,000   | 443,249   | 681,249   | 21,500                   |  |                      | 10/09/07                  | 300   |
| Kalkaska             | MI | 437,500                 | 809,513                          | 3,500                                      | None | 437,500   | 813,013   | 1,250,513 | 39,564                   |  |                      | 10/09/07                  | 300   |
| Lake City            | MI | 115,500                 | 213,513                          | 1,500                                      | None | 115,500   | 215,013   | 330,513   | 10,507                   |  |                      | 10/09/07                  | 300   |
| Lakeview             | MI | 96,250                  | 177,718                          | 2,000                                      | None | 96,250  | 179,718   | 275,968   | 8,840                    |  |                      | 10/09/07                  | 300   |
| Mackinaw City        | MI | 455,000                 | 844,513                          | 1,000                                      | None | 455,000   | 845,513   | 1,300,513 | 40,943                   |  |                      | 10/09/07                  | 300   |
| Mecosta              | MI | 122,500                 | 227,468                          | 1,000                                      | None | 122,500   | 228,468   | 350,968   | 11,119                   |  |                      | 10/09/07                  | 300   |
| Midland              | MI | 437,500                 | 811,013                          | 2,000                                      | None | 437,500   | 813,013   | 1,250,513 | 39,449                   |  |                      | 10/09/07                  | 300   |
| Mount Pleasant       | MI | 162,750                 | 300,794                          | 2,500                                      | None | 162,750   | 303,294   | 466,044   | 14,850                   |  |                      | 10/09/07                  | 300   |
| Mount Pleasant       | MI | 463,750                 | 860,718                          | 1,500                                      | None | 463,750   | 862,218   | 1,325,968 | 41,789                   |  |                      | 10/09/07                  | 300   |
| Mount Pleasant       | MI | 210,000                 | 388,968                          | 2,000                                      | None | 210,000   | 390,968   | 600,968   | 19,050                   |  |                      | 10/09/07                  | 300   |
| Mount Pleasant       | MI | 437,500                 | 810,968                          | 2,500                                      | None | 437,500   | 813,468   | 1,250,968 | 39,509                   |  |                      | 10/09/07                  | 300   |
| Mount Pleasant       | MI | 350,000                 | 649,468                          | 1,500                                      | None | 350,000   | 650,968   | 1,000,968 | 31,578                   |  |                      | 10/09/07                  | 300   |
| Mount Pleasant       | MI | 175,000                 | 324,468                          | 1,500                                      | None | 175,000   | 325,968   | 500,968   | 15,870                   |  |                      | 10/09/07                  | 300   |
| Petoskey             | MI | 490,000                 | 909,513                          | 1,000                                      | None | 490,000   | 910,513   | 1,400,513 | 44,085                   |  |                      | 10/09/07                  | 300   |
| Prudenville          | MI | 133,000                 | 245,013                          | 2,500                                      | None | 133,000   | 247,513   | 380,513   | 12,155                   |  |                      | 10/09/07                  | 300   |
| Saginaw              | MI | 262,500                 | 486,513                          | 1,500                                      | None | 262,500   | 488,013   | 750,513   | 23,702                   |  |                      | 10/09/07                  | 300   |
| Standish             | MI | 92,750                  | 171,263                          | 1,500                                      | None | 92,750  | 172,763   | 265,513   | 8,465                    |  |                      | 10/09/07                  | 300   |
| Traverse City        | MI | 210,000                 | 389,002                          | 2,000                                      | None | 210,000   | 391,002   | 601,002   | 19,052                   |  |                      | 10/09/07                  | 300   |
| Walker               | MI | 586,250                 | 1,088,499                        | 1,500                                      | None | 586,250   | 1,089,999 | 1,676,249 | 52,798                   |  |                      | 10/09/07                  | 300   |
| Brandon              | MS | 671,486                 | 1,247,588                        | None                                       | None | 671,486   | 1,247,588 | 1,919,074 | 176,742                  |  |                      | 06/30/05                  | 300   |
| Flowood              | MS | 437,926                 | 813,832                          | None                                       | None | 437,926   | 813,832   | 1,251,758 | 115,293                  |  |                      | 06/30/05                  | 300   |
| Flowood              | MS | 399,972                 | 743,347                          | None                                       | None | 399,972   | 743,347   | 1,143,319 | 105,308                  |  |                      | 06/30/05                  | 300   |

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|                |    |         |           |       |      |         |           |           |         |          |     |
|----------------|----|---------|-----------|-------|------|---------|-----------|-----------|---------|----------|-----|
| Jackson        | MS | 329,904 | 613,221   | None  | None | 329,904 | 613,221   | 943,125   | 86,873  | 06/30/05 | 300 |
| Jackson        | MS | 540,108 | 1,003,600 | None  | None | 540,108 | 1,003,600 | 1,543,708 | 142,177 | 06/30/05 | 300 |
| Marion         | MS | 350,341 | 651,013   | None  | None | 350,341 | 651,013   | 1,001,354 | 92,227  | 06/30/05 | 300 |
| Meridian       | MS | 437,926 | 813,671   | None  | None | 437,926 | 813,671   | 1,251,597 | 115,271 | 06/30/05 | 300 |
| Meridian       | MS | 405,811 | 754,030   | None  | None | 405,811 | 754,030   | 1,159,841 | 106,821 | 06/30/05 | 300 |
| Meridian       | MS | 145,975 | 271,478   | None  | None | 145,975 | 271,478   | 417,453   | 38,460  | 06/30/05 | 300 |
| Meridian       | MS | 280,273 | 520,887   | None  | None | 280,273 | 520,887   | 801,160   | 73,793  | 06/30/05 | 300 |
| Meridian       | MS | 321,146 | 596,794   | None  | None | 321,146 | 596,794   | 917,940   | 82,557  | 07/19/05 | 300 |
| Newton         | MS | 467,121 | 867,891   | None  | None | 467,121 | 867,891   | 1,335,012 | 122,952 | 06/30/05 | 300 |
| Pearl          | MS | 544,488 | 1,011,733 | None  | None | 544,488 | 1,011,733 | 1,556,221 | 143,329 | 06/30/05 | 300 |
| Philadelphia   | MS | 472,960 | 878,735   | None  | None | 472,960 | 878,735   | 1,351,695 | 124,488 | 06/30/05 | 300 |
| Southaven      | MS | 310,000 | 641,637   | None  | None | 310,000 | 641,637   | 951,637   | 122,978 | 03/18/04 | 300 |
| Terry          | MS | 583,901 | 1,084,930 | None  | None | 583,901 | 1,084,930 | 1,668,831 | 153,699 | 06/30/05 | 300 |
| Waveland       | MS | 180,000 | 331,637   | None  | None | 180,000 | 331,637   | 511,637   | 63,561  | 03/18/04 | 300 |
| Aberdeen       | NC | 600,000 | 300,625   | None  | None | 600,000 | 300,625   | 900,625   | 95,676  | 01/25/01 | 300 |
| Archdale       | NC | 410,000 | 731,637   | None  | None | 410,000 | 731,637   | 1,141,637 | 140,228 | 03/18/04 | 300 |
| Banner Elk     | NC | 386,993 | 718,861   | 2,000 | None | 386,993 | 720,861   | 1,107,854 | 22,913  | 03/27/08 | 300 |
| Banner Elk     | NC | 355,330 | 660,558   | 1,500 | None | 355,330 | 662,058   | 1,017,388 | 21,029  | 03/27/08 | 300 |
| Blowing Rock   | NC | 369,403 | 685,693   | 2,500 | None | 369,403 | 688,193   | 1,057,596 | 21,900  | 03/27/08 | 300 |
| Burgaw         | NC | 198,774 | 369,653   | 1,000 | None | 198,774 | 370,653   | 569,427   | 11,780  | 03/27/08 | 300 |
| Burgaw         | NC | 457,356 | 849,377   | 1,500 | None | 457,356 | 850,877   | 1,308,233 | 27,008  | 03/27/08 | 300 |
| Carolina Beach | NC | 457,356 | 848,929   | 2,000 | None | 457,356 | 850,929   | 1,308,285 | 27,032  | 03/27/08 | 300 |
| Cary           | NC | 255,064 | 473,349   | 2,500 | None | 255,064 | 475,849   | 730,913   | 15,176  | 03/27/08 | 300 |
| Charlotte      | NC | 300,000 | 291,637   | None  | None | 300,000 | 291,637   | 591,637   | 55,894  | 03/18/04 | 300 |
| Charlotte      | NC | 640,000 | 581,637   | None  | None | 640,000 | 581,637   | 1,221,637 | 111,478 | 03/18/04 | 300 |
| Durham         | NC | 720,000 | 851,637   | None  | None | 720,000 | 851,637   | 1,571,637 | 163,228 | 03/18/04 | 300 |
| Goldsboro      | NC | 460,000 | 740,625   | None  | None | 460,000 | 740,625   | 1,200,625 | 235,743 | 01/25/01 | 300 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |           | Cost Capitalized Subsequent to Acquisition |              | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated Depreciation |  | Date of Construction Acquired | Date Completed |
|-------------------------|----|-----------------------------|-----------|--|--------------|---|-----------|-----------|--------------------------|--|-------------------------------|----------------|
|                         |    | Buildings, Improvements and |           |  |              | Buildings, Improvements and   |           |           |                          |  |                               |                |
|                         |    | Acquisition                 | Carrying  | Acquisition                                | Depreciation |   |           |           |                          |  |                               |                |
|                         |    | Land                        | Fees      | Improvements                               | Costs        | Land  | Fees      | Total     | (Note 4)                 |  |                               |                |
| Windsboro               | NC | 700,000                     | 655,000   | None                                       | None         | 700,000   | 655,000   | 1,355,000 | 241,258                  |  | 10/27/99                      | 3/2000         |
| Wenatchee               | NC | 330,000                     | 515,000   | None                                       | None         | 330,000   | 515,000   | 845,000   | 275,525                  |  | 08/25/95                      | 3/2000         |
| Wimpstead               | NC | 562,900                     | 1,045,971 | 1,000                                      | None         | 562,900   | 1,046,971 | 1,609,871 | 33,196                   |  | 03/27/08                      | 3/2000         |
| Wily Ridge              | NC | 721,215                     | 1,339,486 | 1,500                                      | None         | 721,215   | 1,340,986 | 2,062,201 | 42,528                   |  | 03/27/08                      | 3/2000         |
| Wright                  | NC | 404,584                     | 750,372   | 2,500                                      | None         | 404,584   | 752,872   | 1,157,456 | 23,948                   |  | 03/27/08                      | 3/2000         |
| Winstonville            | NC | 150,000                     | 530,000   | None                                       | None         | 150,000   | 530,000   | 680,000   | 283,550                  |  | 08/25/95                      | 3/2000         |
| Winstonville            | NC | 180,000                     | 371,637   | None                                       | None         | 180,000   | 371,637   | 551,637   | 71,228                   |  | 03/18/04                      | 3/2000         |
| Winstonville            | NC | 140,000                     | 260,727   | None                                       | None         | 140,000   | 260,727   | 400,727   | 49,101                   |  | 04/14/04                      | 3/2000         |
| Winstonville            | NC | 351,812                     | 653,367   | 1,500                                      | None         | 351,812   | 654,867   | 1,006,679 | 20,801                   |  | 03/27/08                      | 3/2000         |
| Winston                 | NC | 550,000                     | 1,057,833 | None                                       | None         | 550,000   | 1,057,833 | 1,607,833 | 474,189                  |  | 10/24/97                      | 3/2000         |
| Wright                  | NC | 740,000                     | 791,637   | None                                       | None         | 740,000   | 791,637   | 1,531,637 | 151,728                  |  | 03/18/04                      | 3/2000         |
| Wright                  | NC | 492,537                     | 914,735   | 1,500                                      | None         | 492,537   | 916,235   | 1,408,772 | 29,078                   |  | 03/27/08                      | 3/2000         |
| Wright                  | NC | 376,439                     | 698,103   | 2,500                                      | None         | 376,439   | 700,603   | 1,077,042 | 22,293                   |  | 03/27/08                      | 3/2000         |
| Wrightwood              | NC | 0                           | 452,416   | 1,500                                      | None         | -   | 453,916   | 453,916   | 15,298                   |  | 03/27/08                      | 3/2000         |
| Wright Hill             | NC | 198,774                     | 369,153   | 1,500                                      | None         | 198,774   | 370,653   | 569,427   | 11,801                   |  | 03/27/08                      | 3/2000         |
| Wrightboro              | NC | 243,112                     | 368,107   | None                                       | None         | 243,112   | 368,107   | 611,219   | 85,271                   |  | 03/19/03                      | 3/2000         |
| Wrightbury              | NC | 474,946                     | 882,203   | 2,000                                      | None         | 474,946   | 884,203   | 1,359,149 | 28,085                   |  | 03/27/08                      | 3/2000         |
| Wrightlotte             | NC | 492,537                     | 914,766   | 1,500                                      | None         | 492,537   | 916,266   | 1,408,803 | 29,079                   |  | 03/27/08                      | 3/2000         |
| Wrightlace              | NC | 0                           | 175,408   | 2,000                                      | None         | -   | 177,408   | 177,408   | 7,755                    |  | 03/27/08                      | 3/2000         |
| Wrightlake              | NC | 351,812                     | 653,367   | 1,500                                      | None         | 351,812   | 654,867   | 1,006,679 | 20,801                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 228,678                     | 424,774   | 1,500                                      | None         | 228,678   | 426,274   | 654,952   | 13,563                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 527,718                     | 979,145   | 2,500                                      | None         | 527,718   | 981,645   | 1,509,363 | 31,193                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 351,812                     | 653,930   | 1,000                                      | None         | 351,812   | 654,930   | 1,006,742 | 20,782                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 474,946                     | 881,640   | 2,000                                      | None         | 474,946   | 883,640   | 1,358,586 | 28,067                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 0                           | 351,366   | 2,000                                      | None         | -   | 353,366   | 353,366   | 19,778                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 364,126                     | 676,287   | 1,500                                      | None         | 364,126   | 677,787   | 1,041,913 | 21,527                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 439,765                     | 817,271   | 1,000                                      | None         | 439,765   | 818,271   | 1,258,036 | 25,954                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 0                           | 804,196   | 1,500                                      | None         | -   | 805,696   | 805,696   | 25,578                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 334,222                     | 621,320   | 1,000                                      | None         | 334,222   | 622,320   | 956,542   | 19,748                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 386,993                     | 718,788   | 1,500                                      | None         | 386,993   | 720,288   | 1,107,281 | 22,873                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 439,765                     | 815,793   | 2,500                                      | None         | 439,765   | 818,293   | 1,258,058 | 26,020                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 527,718                     | 979,102   | 2,500                                      | None         | 527,718   | 981,602   | 1,509,320 | 31,191                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 334,222                     | 620,284   | 2,000                                      | None         | 334,222   | 622,284   | 956,506   | 19,791                   |  | 03/27/08                      | 3/2000         |
| Wrightington            | NC | 334,222                     | 620,751   | 1,500                                      | None         | 334,222   | 622,251   | 956,473   | 19,768                   |  | 03/27/08                      | 3/2000         |
| Winston-Salem           | NC | 320,000                     | 311,637   | None                                       | None         | 320,000   | 311,637   | 631,637   | 59,728                   |  | 03/18/04                      | 3/2000         |

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|             |    |           |           |       |      |           |           |           |         |          |
|-------------|----|-----------|-----------|-------|------|-----------|-----------|-----------|---------|----------|
| ulon        | NC | 306,077   | 568,087   | 2,500 | None | 306,077   | 570,587   | 876,664   | 18,176  | 03/27/08 |
| loway       | NJ | 1,367,872 | 2,540,604 | None  | None | 1,367,872 | 2,540,604 | 3,908,476 | 664,748 | 06/27/02 |
| nilton      | NJ | 1,539,117 | 2,858,630 | None  | None | 1,539,117 | 2,858,630 | 4,397,747 | 748,902 | 06/27/02 |
| IVille      | NJ | 953,891   | 1,771,782 | None  | None | 953,891   | 1,771,782 | 2,725,673 | 463,607 | 06/27/02 |
| ns River    | NJ | 1,265,861 | 2,351,154 | None  | None | 1,265,861 | 2,351,154 | 3,617,015 | 615,573 | 06/27/02 |
| ns River    | NJ | 982,526   | 1,824,961 | None  | None | 982,526   | 1,824,961 | 2,807,487 | 477,179 | 06/27/02 |
| l           | NJ | 1,459,957 | 2,712,264 | None  | None | 1,459,957 | 2,712,264 | 4,172,221 | 691,588 | 08/06/02 |
| uquerque    | NM | 200,000   | 271,637   | None  | None | 200,000   | 271,637   | 471,637   | 52,061  | 03/18/04 |
| gston       | NY | 257,763   | 456,042   | None  | None | 257,763   | 456,042   | 713,805   | 250,063 | 04/06/95 |
| water       | OH | 118,555   | 266,748   | None  | None | 118,555   | 266,748   | 385,303   | 147,156 | 03/03/95 |
| lefontaine  | OH | 560,000   | 1,039,610 | 2,500 | None | 560,000   | 1,042,110 | 1,602,110 | 36,584  | 02/29/08 |
| lefontaine  | OH | 455,000   | 845,610   | 1,500 | None | 455,000   | 847,110   | 1,302,110 | 29,711  | 02/29/08 |
| umbus       | OH | 147,296   | 304,411   | None  | 122  | 147,296   | 304,533   | 451,829   | 167,937 | 03/03/95 |
| umbus       | OH | 273,085   | 471,693   | None  | 122  | 273,085   | 471,815   | 744,900   | 246,070 | 12/21/95 |
| ahoga Falls | OH | 321,792   | 1,144,619 | None  | None | 321,792   | 1,144,619 | 1,466,411 | 257,657 | 03/03/95 |
| Graff       | OH | 302,750   | 561,860   | 2,500 | None | 302,750   | 564,360   | 867,110   | 19,863  | 02/29/08 |
| on          | OH | 164,588   | 306,934   | None  | None | 164,588   | 306,934   | 471,522   | 19,947  | 05/25/07 |
| ion         | OH | 138,981   | 327,597   | None  | 7    | 138,981   | 327,604   | 466,585   | 180,731 | 03/06/95 |

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|              |    |         |         |       |      |         |         |           |         |          |     |
|--------------|----|---------|---------|-------|------|---------|---------|-----------|---------|----------|-----|
| Philadelphia | PA | 557,515 | 244,121 | None  | None | 557,515 | 244,121 | 801,636   | 51,672  | 09/16/03 | 300 |
| Pittsburgh   | PA | 497,668 | 320,170 | None  | None | 497,668 | 320,170 | 817,838   | 63,498  | 01/29/04 | 300 |
| Pittsburgh   | PA | 296,277 | 287,540 | None  | None | 296,277 | 287,540 | 583,817   | 57,027  | 01/29/04 | 300 |
| Pittsburgh   | PA | 395,417 | 474,741 | None  | None | 395,417 | 474,741 | 870,158   | 94,155  | 01/29/04 | 300 |
| Pittsburgh   | PA | 118,118 | 231,108 | None  | None | 118,118 | 231,108 | 349,226   | 45,834  | 01/29/04 | 300 |
| South Park   | PA | 252,247 | 436,182 | None  | None | 252,247 | 436,182 | 688,429   | 86,468  | 01/29/04 | 300 |
| Southampton  | PA | 783,279 | 163,721 | None  | None | 783,279 | 163,721 | 947,000   | 36,831  | 05/29/03 | 300 |
| Valencia     | PA | 440,565 | 278,492 | None  | None | 440,565 | 278,492 | 719,057   | 55,232  | 01/29/04 | 300 |
| Verona       | PA | 171,411 | 257,358 | None  | None | 171,411 | 257,358 | 428,769   | 51,041  | 01/29/04 | 300 |
| Willow Grove | PA | 329,934 | 73,123  | None  | None | 329,934 | 73,123  | 403,057   | 16,447  | 05/29/03 | 300 |
| Aiken        | SC | 320,000 | 432,527 | None  | None | 320,000 | 432,527 | 752,527   | 163,636 | 07/22/99 | 300 |
| Aiken        | SC | 330,000 | 472,679 | None  | None | 330,000 | 472,679 | 802,679   | 178,826 | 07/22/99 | 300 |
| Aiken        | SC | 560,000 | 543,588 | None  | None | 560,000 | 543,588 | 1,103,588 | 205,652 | 07/22/99 | 300 |
| Aiken        | SC | 360,000 | 542,982 | None  | None | 360,000 | 542,982 | 902,982   | 205,424 | 07/22/99 | 300 |
| Aiken        | SC | 540,000 | 388,058 | None  | None | 540,000 | 388,058 | 928,058   | 146,810 | 07/22/99 | 300 |
| Aiken        | SC | 250,000 | 251,770 | None  | None | 250,000 | 251,770 | 501,770   | 95,250  | 07/22/99 | 300 |
| Belvedere    | SC | 490,000 | 463,080 | None  | None | 490,000 | 463,080 | 953,080   | 175,194 | 07/22/99 | 300 |
| Bishopville  | SC | 191,738 | 356,130 | 1,500 | None | 191,738 | 357,630 | 549,368   | 11,389  | 03/27/08 | 300 |
| Bonneau      | SC | 128,411 | 239,191 | 1,500 | None | 128,411 | 240,691 | 369,102   | 7,686   | 03/27/08 | 300 |
| Camden       | SC | 269,136 | 499,897 | 1,500 | None | 269,136 | 501,397 | 770,533   | 15,941  | 03/27/08 | 300 |
| Charleston   | SC | 170,000 | 350,000 | None  | None | 170,000 | 350,000 | 520,000   | 187,250 | 08/25/95 | 300 |

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|                      |    | Initial Cost to Company |                             | Cost Capitalized Subsequent to Acquisition |                | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated Depreciation |  | Date of Construction Acquired |  | Life on which depreciated in latest Income Statement is computed (in months) |
|----------------------|----|-------------------------|-----------------------------|--|----------------|---|-----------|-----------|--------------------------|--|-------------------------------|--|--|
| Description (Note 1) |    | Land                    | Buildings, Improvements and | Fees                                       | Carrying Costs | Land  | Fees      | Total     | (Note 4)                 |  |                               |  |  |
| Columbia             | SC | 150,000                 | 450,000                     | None                                       | None           | 150,000   | 450,000   | 600,000   | 240,750                  |  | 08/25/95                      |  | 300  |
| Columbia             | SC | 520,000                 | 471,637                     | None                                       | None           | 520,000   | 471,637   | 991,637   | 90,394                   |  | 03/18/04                      |  | 300  |
| Conway               | SC | 325,426                 | 604,464                     | 1,500                                      | None           | 325,426   | 605,964   | 931,390   | 19,253                   |  | 03/27/08                      |  | 300  |
| Conway               | SC | 0                       | 251,890                     | 1,000                                      | None           | -   | 252,890   | 252,890   | 12,468                   |  | 03/27/08                      |  | 300  |
| Cordova              | SC | 137,207                 | 255,025                     | 2,000                                      | None           | 137,207   | 257,025   | 394,232   | 8,225                    |  | 03/27/08                      |  | 300  |
| Eastover             | SC | 138,966                 | 258,625                     | 1,000                                      | None           | 138,966   | 259,625   | 398,591   | 8,264                    |  | 03/27/08                      |  | 300  |
| Florence             | SC | 193,497                 | 359,413                     | 1,500                                      | None           | 193,497   | 360,913   | 554,410   | 11,493                   |  | 03/27/08                      |  | 300  |
| Florence             | SC | 337,740                 | 627,293                     | 1,500                                      | None           | 337,740   | 628,793   | 966,533   | 19,976                   |  | 03/27/08                      |  | 300  |
| Goose Creek          | SC | 150,000                 | 241,637                     | None                                       | None           | 150,000   | 241,637   | 391,637   | 46,311                   |  | 03/18/04                      |  | 300  |
| Greenville           | SC | 390,000                 | 462,847                     | None                                       | None           | 390,000   | 462,847   | 852,847   | 175,106                  |  | 07/22/99                      |  | 300  |
| Greenville           | SC | 300,000                 | 402,392                     | None                                       | None           | 300,000   | 402,392   | 702,392   | 152,235                  |  | 07/22/99                      |  | 300  |
| Greenville           | SC | 370,000                 | 432,695                     | None                                       | None           | 370,000   | 432,695   | 802,695   | 163,699                  |  | 07/22/99                      |  | 300  |
| Greenville           | SC | 620,000                 | 483,604                     | None                                       | None           | 620,000   | 483,604   | 1,103,604 | 182,958                  |  | 07/22/99                      |  | 300  |
| Greenville           | SC | 680,000                 | 423,604                     | None                                       | None           | 680,000   | 423,604   | 1,103,604 | 160,258                  |  | 07/22/99                      |  | 300  |
| Greer                | SC | 400,000                 | 502,879                     | None                                       | None           | 400,000   | 502,879   | 902,879   | 190,251                  |  | 07/22/99                      |  | 300  |
| Hemingway            | SC | 246,269                 | 458,069                     | 1,500                                      | None           | 246,269   | 459,569   | 705,838   | 14,617                   |  | 03/27/08                      |  | 300  |
| Hilton Head          | SC | 500,000                 | 691,637                     | None                                       | None           | 500,000   | 691,637   | 1,191,637 | 132,561                  |  | 03/18/04                      |  | 300  |
| Hilton Head          | SC | 185,500                 | 344,510                     | None                                       | None           | 185,500   | 344,510   | 530,010   | 64,883                   |  | 04/14/04                      |  | 300  |
| Irmo                 | SC | 690,000                 | 461,637                     | None                                       | None           | 690,000   | 461,637   | 1,151,637 | 88,478                   |  | 03/18/04                      |  | 300  |
| Jackson              | SC | 170,000                 | 632,626                     | None                                       | None           | 170,000   | 632,626   | 802,626   | 239,339                  |  | 07/22/99                      |  | 300  |
| Kingstree            | SC | 0                       | 301,766                     | 2,000                                      | None           | -   | 303,766   | 303,766   | 13,995                   |  | 03/27/08                      |  | 300  |
| Kingstree            | SC | 209,328                 | 389,965                     | 1,000                                      | None           | 209,328   | 390,965   | 600,293   | 12,423                   |  | 03/27/08                      |  | 300  |
| Lake City            | SC | 202,292                 | 376,398                     | 1,500                                      | None           | 202,292   | 377,898   | 580,190   | 12,031                   |  | 03/27/08                      |  | 300  |
| Lexington            | SC | 255,000                 | 545,000                     | None                                       | None           | 255,000   | 545,000   | 800,000   | 291,575                  |  | 08/25/95                      |  | 300  |
| Lexington            | SC | 640,000                 | 563,891                     | None                                       | None           | 640,000   | 563,891   | 1,203,891 | 213,333                  |  | 07/22/99                      |  | 300  |
| Lexington            | SC | 540,000                 | 563,588                     | None                                       | None           | 540,000   | 563,588   | 1,103,588 | 213,218                  |  | 07/22/99                      |  | 300  |
| Lexington            | SC | 360,000                 | 843,891                     | None                                       | None           | 360,000   | 843,891   | 1,203,891 | 319,266                  |  | 07/22/99                      |  | 300  |
| Lugoff               | SC | 200,533                 | 372,490                     | 1,500                                      | None           | 200,533   | 373,990   | 574,523   | 11,907                   |  | 03/27/08                      |  | 300  |
| Moncks Corner        | SC | 351,812                 | 654,578                     | 1,000                                      | None           | 351,812   | 655,578   | 1,007,390 | 20,802                   |  | 03/27/08                      |  | 300  |
| Moncks Corner        | SC | 404,584                 | 752,083                     | 1,500                                      | None           | 404,584   | 753,583   | 1,158,167 | 23,927                   |  | 03/27/08                      |  | 300  |
| Mt. Pleasant         | SC | 668,443                 | 1,241,940                   | 1,000                                      | None           | 668,443   | 1,242,940 | 1,911,383 | 39,402                   |  | 03/27/08                      |  | 300  |
| Myrtle Beach         | SC | 140,725                 | 261,942                     | 1,000                                      | None           | 140,725   | 262,942   | 403,667   | 8,369                    |  | 03/27/08                      |  | 300  |



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|                  |    |         |           |       |      |         |           |           |         |          |     |
|------------------|----|---------|-----------|-------|------|---------|-----------|-----------|---------|----------|-----|
| Myrtle Beach     | SC | 492,537 | 913,807   | 2,500 | None | 492,537 | 916,307   | 1,408,844 | 29,124  | 03/27/08 | 300 |
| Myrtle Beach     | SC | 527,718 | 980,766   | 1,500 | None | 527,718 | 982,266   | 1,509,984 | 31,169  | 03/27/08 | 300 |
| Myrtle Beach     | SC | 703,624 | 1,307,326 | 1,000 | None | 703,624 | 1,308,326 | 2,011,950 | 41,473  | 03/27/08 | 300 |
| Myrtle Beach     | SC | 0       | 176,002   | 1,500 | None | -       | 177,502   | 177,502   | 5,685   | 03/27/08 | 300 |
| Myrtle Beach     | SC | 0       | 753,979   | 1,500 | None | -       | 755,479   | 755,479   | 23,987  | 03/27/08 | 300 |
| Myrtle Beach     | SC | 0       | 327,278   | 1,000 | None | -       | 328,278   | 328,278   | 18,911  | 03/27/08 | 300 |
| Myrtle Beach     | SC | 0       | 277,019   | 1,000 | None | -       | 278,019   | 278,019   | 13,994  | 03/27/08 | 300 |
| North Augusta    | SC | 400,000 | 452,777   | None  | None | 400,000 | 452,777   | 852,777   | 171,296 | 07/22/99 | 300 |
| North Augusta    | SC | 330,000 | 481,637   | None  | None | 330,000 | 481,637   | 811,637   | 92,311  | 03/18/04 | 300 |
| North Augusta    | SC | 490,000 | 1,221,637 | None  | None | 490,000 | 1,221,637 | 1,711,637 | 234,144 | 03/18/04 | 300 |
| North Charleston | SC | 400,000 | 650,000   | None  | None | 400,000 | 650,000   | 1,050,000 | 347,750 | 08/25/95 | 300 |
| Orangeburg       | SC | 320,000 | 691,637   | None  | None | 320,000 | 691,637   | 1,011,637 | 132,561 | 03/18/04 | 300 |
| Pinewood         | SC | 325,426 | 605,076   | 1,500 | None | 325,426 | 606,576   | 932,002   | 19,272  | 03/27/08 | 300 |
| Simpsonville     | SC | 530,000 | 573,485   | None  | None | 530,000 | 573,485   | 1,103,485 | 216,963 | 07/22/99 | 300 |
| Spartanburg      | SC | 470,000 | 432,879   | None  | None | 470,000 | 432,879   | 902,879   | 163,768 | 07/22/99 | 300 |
| Summerton        | SC | 142,484 | 265,326   | 1,500 | None | 142,484 | 266,826   | 409,310   | 8,513   | 03/27/08 | 300 |
| Summerville      | SC | 115,000 | 515,000   | None  | None | 115,000 | 515,000   | 630,000   | 275,525 | 08/25/95 | 300 |
| Summerville      | SC | 297,500 | 553,227   | None  | None | 297,500 | 553,227   | 850,727   | 104,189 | 04/14/04 | 300 |
| Sumter           | SC | 211,087 | 392,065   | 1,500 | None | 211,087 | 393,565   | 604,652   | 12,527  | 03/27/08 | 300 |
| Sumter           | SC | 263,859 | 490,128   | 1,500 | None | 263,859 | 491,628   | 755,487   | 15,632  | 03/27/08 | 300 |
| Sumter           | SC | 362,367 | 673,012   | 1,500 | None | 362,367 | 674,512   | 1,036,879 | 21,423  | 03/27/08 | 300 |



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| Description<br>(Note 1) |    | Initial Cost to Company     |           |             |          | Cost Capitalized Subsequent to Acquisition |           | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |         |  | Accumulated Depreciation |          | Date of Construction | Date Computed (in Month) | Life on which depreciated in latest Income Statement is |
|-------------------------|----|-----------------------------|-----------|-------------|----------|--|-----------|---|---------|--|--------------------------|----------|----------------------|--------------------------|---|
|                         |    | Buildings, Improvements and |           | Acquisition | Carrying | Buildings, Improvements and                |           | Total   |         |  |                          |          |                      |                          |   |
|                         |    | Land                        | Fees      |             |          | Land                                       | Fees      |   |         |  |                          |          |                      |                          |   |
| Sumter                  | SC | 181,183                     | 336,587   | 1,500       | None     | 181,183                                    | 338,087   | 519,270   | 10,770  |  |                          | 03/27/08 | 300                  |                          |   |
| Sumter                  | SC | 154,797                     | 287,584   | 1,500       | None     | 154,797                                    | 289,084   | 443,881   | 9,218   |  |                          | 03/27/08 | 300                  |                          |   |
| Sumter                  | SC | 351,812                     | 653,469   | 1,500       | None     | 351,812                                    | 654,969   | 1,006,781   | 20,805  |  |                          | 03/27/08 | 300                  |                          |   |
| Sumter                  | SC | 334,222                     | 620,801   | 1,500       | None     | 334,222                                    | 622,301   | 956,523   | 19,770  |  |                          | 03/27/08 | 300                  |                          |   |
| Sumter                  | SC | 281,450                     | 522,796   | 1,500       | None     | 281,450                                    | 524,296   | 805,746   | 16,667  |  |                          | 03/27/08 | 300                  |                          |   |
| Sumter                  | SC | 149,520                     | 278,284   | 1,000       | None     | 149,520                                    | 279,284   | 428,804   | 8,886   |  |                          | 03/27/08 | 300                  |                          |   |
| Sumter                  | SC | 146,002                     | 271,250   | 1,500       | None     | 146,002                                    | 272,750   | 418,752   | 8,701   |  |                          | 03/27/08 | 300                  |                          |   |
| Sumter                  | SC | 372,921                     | 693,113   | 1,000       | None     | 372,921                                    | 694,113   | 1,067,034   | 22,022  |  |                          | 03/27/08 | 300                  |                          |   |
| Sumter                  | SC | 149,520                     | 277,726   | 1,500       | None     | 149,520                                    | 279,226   | 428,746   | 8,906   |  |                          | 03/27/08 | 300                  |                          |   |
| Sumter                  | SC | 262,100                     | 486,861   | 1,500       | None     | 262,100                                    | 488,361   | 750,461   | 15,529  |  |                          | 03/27/08 | 300                  |                          |   |
| Sumter                  | SC | 184,701                     | 344,620   | None        | None     | 184,701                                    | 344,620   | 529,321   | 10,912  |  |                          | 03/27/08 | 300                  |                          |   |
| Vest Aiken              | SC | 400,000                     | 402,665   | None        | None     | 400,000                                    | 402,665   | 802,665   | 152,338 |  |                          | 07/22/99 | 300                  |                          |   |
| Vest Columbia           | SC | 410,000                     | 693,574   | None        | None     | 410,000                                    | 693,574   | 1,103,574   | 262,397 |  |                          | 07/22/99 | 300                  |                          |   |
| Vest Columbia           | SC | 336,000                     | 624,727   | None        | None     | 336,000                                    | 624,727   | 960,727   | 117,654 |  |                          | 04/14/04 | 300                  |                          |   |
| Arrington               | TN | 385,000                     | 716,242   | None        | None     | 385,000                                    | 716,242   | 1,101,242   | 149,211 |  |                          | 10/16/03 | 300                  |                          |   |
| Athens                  | TN | 175,000                     | 326,242   | None        | None     | 175,000                                    | 326,242   | 501,242   | 67,961  |  |                          | 10/16/03 | 300                  |                          |   |
| Athens                  | TN | 124,179                     | 231,860   | None        | None     | 124,179                                    | 231,860   | 356,039   | 48,298  |  |                          | 10/16/03 | 300                  |                          |   |
| Benton                  | TN | 192,500                     | 358,742   | None        | None     | 192,500                                    | 358,742   | 551,242   | 74,732  |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 181,731                     | 338,741   | None        | None     | 181,731                                    | 338,741   | 520,472   | 70,565  |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 168,000                     | 313,242   | None        | None     | 168,000                                    | 313,242   | 481,242   | 65,252  |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 175,000                     | 326,242   | -79,571     | None     | 175,000                                    | 246,671   | 421,671   | 53,909  |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 159,979                     | 298,346   | None        | None     | 159,979                                    | 298,346   | 458,325   | 62,149  |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 105,000                     | 196,242   | None        | None     | 105,000                                    | 196,242   | 301,242   | 40,877  |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 245,000                     | 456,242   | None        | None     | 245,000                                    | 456,242   | 701,242   | 95,044  |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 297,500                     | 553,742   | None        | None     | 297,500                                    | 553,742   | 851,242   | 115,357 |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 323,750                     | 822,529   | None        | None     | 323,750                                    | 822,529   | 1,146,279   | 151,440 |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 280,000                     | 521,242   | None        | None     | 280,000                                    | 521,242   | 801,242   | 108,586 |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 257,250                     | 478,992   | None        | None     | 257,250                                    | 478,992   | 736,242   | 99,784  |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 283,209                     | 527,201   | None        | None     | 283,209                                    | 527,201   | 810,410   | 109,827 |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 542,500                     | 1,008,742 | None        | None     | 542,500                                    | 1,008,742 | 1,551,242   | 210,148 |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 332,500                     | 618,742   | None        | None     | 332,500                                    | 618,742   | 951,242   | 128,898 |  |                          | 10/16/03 | 300                  |                          |   |
| Chattanooga             | TN | 175,000                     | 326,242   | None        | None     | 175,000                                    | 326,242   | 501,242   | 67,961  |  |                          | 10/16/03 | 300                  |                          |   |
| Cleveland               | TN | 110,009                     | 205,545   | None        | None     | 110,009                                    | 205,545   | 315,554   | 42,816  |  |                          | 10/16/03 | 300                  |                          |   |

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|           |    |         |         |      |      |         |         |           |         |          |     |
|-----------|----|---------|---------|------|------|---------|---------|-----------|---------|----------|-----|
| Cleveland | TN | 227,500 | 423,742 | None | None | 227,500 | 423,742 | 651,242   | 88,273  | 10/16/03 | 300 |
| Cleveland | TN | 280,000 | 521,242 | None | None | 280,000 | 521,242 | 801,242   | 108,586 | 10/16/03 | 300 |
| Cleveland | TN | 245,000 | 456,242 | None | None | 245,000 | 456,242 | 701,242   | 95,044  | 10/16/03 | 300 |
| Cleveland | TN | 157,500 | 293,742 | None | None | 157,500 | 293,742 | 451,242   | 61,190  | 10/16/03 | 300 |
| Cleveland | TN | 122,500 | 228,742 | None | None | 122,500 | 228,742 | 351,242   | 47,648  | 10/16/03 | 300 |
| Cleveland | TN | 300,373 | 559,077 | None | None | 300,373 | 559,077 | 859,450   | 116,468 | 10/16/03 | 300 |
| Dayton    | TN | 262,500 | 488,742 | None | None | 262,500 | 488,742 | 751,242   | 101,815 | 10/16/03 | 300 |
| Decatur   | TN | 181,731 | 338,742 | None | None | 181,731 | 338,742 | 520,473   | 70,565  | 10/16/03 | 300 |
| Dunlap    | TN | 315,000 | 586,242 | None | None | 315,000 | 586,242 | 901,242   | 122,127 | 10/16/03 | 300 |
| Etowah    | TN | 192,500 | 358,742 | None | None | 192,500 | 358,742 | 551,242   | 74,732  | 10/16/03 | 300 |
| Gallatin  | TN | 525,000 | 976,242 | None | None | 525,000 | 976,242 | 1,501,242 | 203,377 | 10/16/03 | 300 |
| Gray      | TN | 191,151 | 355,563 | None | None | 191,151 | 355,563 | 546,714   | 15,999  | 11/29/07 | 300 |
| Harrison  | TN | 484,313 | 900,680 | None | None | 484,313 | 900,680 | 1,384,993 | 187,635 | 10/16/03 | 300 |
| Hixson    | TN | 271,250 | 504,992 | None | None | 271,250 | 504,992 | 776,242   | 105,200 | 10/16/03 | 300 |
| Hixson    | TN | 513,215 | 954,355 | None | None | 513,215 | 954,355 | 1,467,570 | 198,818 | 10/16/03 | 300 |
| Hixson    | TN | 94,500  | 176,742 | None | None | 94,500  | 176,742 | 271,242   | 36,815  | 10/16/03 | 300 |
| Hixson    | TN | 300,373 | 559,077 | None | None | 300,373 | 559,077 | 859,450   | 116,468 | 10/16/03 | 300 |
| Kimball   | TN | 332,500 | 618,742 | None | None | 332,500 | 618,742 | 951,242   | 128,898 | 10/16/03 | 300 |
| Kingsport | TN | 155,603 | 289,545 | None | None | 155,603 | 289,545 | 445,148   | 13,028  | 11/29/07 | 300 |
| Kingsport | TN | 310,303 | 576,845 | None | None | 310,303 | 576,845 | 887,148   | 25,956  | 11/29/07 | 300 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |           |                |                             | Cost Capitalized Subsequent to Acquisition |                       | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |         |  | Accumulated |          | Date of Construction | Date Completed (in Months) | Lif on which depreciated in later Income Statement is |
|-------------------------|----|-----------------------------|-----------|----------------|-----------------------------|--|-----------------------|---|---------|--|-------------|----------|----------------------|----------------------------|---|
|                         |    | Buildings, Improvements and |           | Carrying Costs | Buildings, Improvements and |  | Depreciation (Note 4) |   |         |  |             |          |                      |                            |   |
|                         |    | Acquisition                 | Land      |                | Acquisition                 | Fees                                       |                       | Total   |         |  |             |          |                      |                            |   |
| Vergne                  | TN | 340,000                     | 650,000   | None           | None                        | 340,000                                    | 650,000               | 990,000   | 347,750 |  |             | 08/25/95 | 30                   |                            |   |
| Vergne                  | TN | 577,500                     | 1,073,742 | -15,745        | None                        | 577,500                                    | 1,057,997             | 1,635,497   | 223,690 |  |             | 10/16/03 | 30                   |                            |   |
| Manchester              | TN | 266,119                     | 495,463   | None           | None                        | 266,119                                    | 495,463               | 761,582   | 103,215 |  |             | 10/16/03 | 30                   |                            |   |
| Manchester              | TN | 281,675                     | 524,352   | None           | None                        | 281,675                                    | 524,352               | 806,027   | 109,234 |  |             | 10/16/03 | 30                   |                            |   |
| Manchester              | TN | 319,846                     | 595,242   | None           | None                        | 319,846                                    | 595,242               | 915,088   | 124,003 |  |             | 10/16/03 | 30                   |                            |   |
| Monteagle               | TN | 271,173                     | 504,849   | None           | None                        | 271,173                                    | 504,849               | 776,022   | 105,171 |  |             | 10/16/03 | 30                   |                            |   |
| St. Juliet              | TN | 397,128                     | 738,764   | None           | None                        | 397,128                                    | 738,764               | 1,135,892   | 153,903 |  |             | 10/16/03 | 30                   |                            |   |
| Surfreesboro            | TN | 549,500                     | 1,021,742 | None           | None                        | 549,500                                    | 1,021,742             | 1,571,242   | 212,857 |  |             | 10/16/03 | 30                   |                            |   |
| Surfreesboro            | TN | 467,810                     | 870,032   | None           | None                        | 467,810                                    | 870,032               | 1,337,842   | 181,250 |  |             | 10/16/03 | 30                   |                            |   |
| Surfreesboro            | TN | 300,373                     | 559,077   | None           | None                        | 300,373                                    | 559,077               | 859,450   | 116,468 |  |             | 10/16/03 | 30                   |                            |   |
| Shville                 | TN | 498,628                     | 927,264   | None           | None                        | 498,628                                    | 927,264               | 1,425,892   | 193,174 |  |             | 10/16/03 | 30                   |                            |   |
| Coee                    | TN | 119,792                     | 223,713   | -11,239        | None                        | 119,792                                    | 212,474               | 332,266   | 46,601  |  |             | 10/16/03 | 30                   |                            |   |
| oltewah                 | TN | 234,231                     | 436,241   | None           | None                        | 234,231                                    | 436,241               | 670,472   | 90,877  |  |             | 10/16/03 | 30                   |                            |   |
| oltewah                 | TN | 700,000                     | 1,301,242 | -190,623       | None                        | 700,000                                    | 1,110,619             | 1,810,619   | 249,777 |  |             | 10/16/03 | 30                   |                            |   |
| oltewah                 | TN | 105,000                     | 196,242   | None           | None                        | 105,000                                    | 196,242               | 301,242   | 40,877  |  |             | 10/16/03 | 30                   |                            |   |
| ed Bank                 | TN | 350,000                     | 651,242   | None           | None                        | 350,000                                    | 651,242               | 1,001,242   | 135,669 |  |             | 10/16/03 | 30                   |                            |   |
| ed Bank                 | TN | 300,373                     | 559,077   | -39,679        | None                        | 300,373                                    | 519,398               | 819,771   | 116,468 |  |             | 10/16/03 | 30                   |                            |   |
| an                      |    |                             |           |                |                             |  |                       |   |         |  |             |          |                      |                            |   |
| ountain                 | TN | 286,303                     | 532,274   | None           | None                        | 286,303                                    | 532,274               | 818,577   | 23,951  |  |             | 11/29/07 | 30                   |                            |   |
| oyal                    | TN | 320,229                     | 595,953   | None           | None                        | 320,229                                    | 595,953               | 916,182   | 124,151 |  |             | 10/16/03 | 30                   |                            |   |
| nyrna                   | TN | 426,466                     | 793,251   | None           | None                        | 426,466                                    | 793,251               | 1,219,717   | 165,254 |  |             | 10/16/03 | 30                   |                            |   |
| nyrna                   | TN | 630,000                     | 1,170,036 | None           | None                        | 630,000                                    | 1,170,036             | 1,800,036   | 107,253 |  |             | 09/27/06 | 30                   |                            |   |
| ddy Daisy               | TN | 297,500                     | 553,732   | None           | None                        | 297,500                                    | 553,732               | 851,232   | 115,355 |  |             | 10/16/03 | 30                   |                            |   |
| ddy Daisy               | TN | 350,000                     | 651,242   | None           | None                        | 350,000                                    | 651,242               | 1,001,242   | 135,669 |  |             | 10/16/03 | 30                   |                            |   |
| ddy Daisy               | TN | 245,000                     | 456,242   | None           | None                        | 245,000                                    | 456,242               | 701,242   | 95,044  |  |             | 10/16/03 | 30                   |                            |   |
| weetwater               | TN | 122,500                     | 228,742   | None           | None                        | 122,500                                    | 228,742               | 351,242   | 47,648  |  |             | 10/16/03 | 30                   |                            |   |
| weetwater               | TN | 339,231                     | 1,131,287 | None           | None                        | 339,231                                    | 1,131,287             | 1,470,518   | 158,172 |  |             | 10/16/03 | 30                   |                            |   |
| weetwater               | TN | 133,000                     | 248,242   | None           | None                        | 133,000                                    | 248,242               | 381,242   | 51,711  |  |             | 10/16/03 | 30                   |                            |   |
| ingdon                  | VA | 57,847                      | 107,997   | None           | None                        | 57,847                                     | 107,997               | 165,844   | 4,858   |  |             | 11/29/07 | 30                   |                            |   |
| g Stone                 |    |                             |           |                |                             |  |                       |   |         |  |             |          |                      |                            |   |
| ap                      | VA | 527,303                     | 979,860   | None           | None                        | 527,303                                    | 979,860               | 1,507,163   | 44,092  |  |             | 11/29/07 | 30                   |                            |   |
| istol                   | VA | 213,369                     | 396,824   | None           | None                        | 213,369                                    | 396,824               | 610,193   | 17,855  |  |             | 11/29/07 | 30                   |                            |   |
| istol                   | VA | 268,303                     | 498,845   | None           | None                        | 268,303                                    | 498,845               | 767,148   | 22,446  |  |             | 11/29/07 | 30                   |                            |   |
| istol                   | VA | 171,156                     | 318,428   | None           | None                        | 171,156                                    | 318,428               | 489,584   | 14,328  |  |             | 11/29/07 | 30                   |                            |   |
| astlewood               | VA | 387,303                     | 720,307   | None           | None                        | 387,303                                    | 720,307               | 1,107,610   | 32,412  |  |             | 11/29/07 | 30                   |                            |   |

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|              |    |         |         |      |      |         |         |           |         |          |          |    |
|--------------|----|---------|---------|------|------|---------|---------|-----------|---------|----------|----------|----|
| Edgar Bluff  | VA | 492,303 | 915,307 | None | None | 492,303 | 915,307 | 1,407,610 | 41,187  |          | 11/29/07 | 30 |
| Matham       | VA | 347,728 | 525,031 | None | None | 347,728 | 525,031 | 872,759   | 121,625 |          | 03/19/03 | 30 |
| Nesapeake    | VA | 225,000 | 400,366 | None | None | 225,000 | 400,366 | 625,366   | 54,049  |          | 08/18/05 | 30 |
| Pinewood     | VA | 378,553 | 703,610 | None | None | 378,553 | 703,610 | 1,082,163 | 31,661  |          | 11/29/07 | 30 |
| Reburn       | VA | 168,934 | 314,764 | None | None | 168,934 | 314,764 | 483,698   | 14,163  |          | 11/29/07 | 30 |
| Reburn       | VA | 312,303 | 581,021 | None | None | 312,303 | 581,021 | 893,324   | 26,144  |          | 11/29/07 | 30 |
| Reburn       | VA | 282,303 | 525,307 | None | None | 282,303 | 525,307 | 807,610   | 23,637  |          | 11/29/07 | 30 |
| Rollinsville | VA | 84,465  | 130,137 | None | None | 84,465  | 130,137 | 214,602   | 30,141  |          | 03/19/03 | 30 |
| Rollinsville | VA | 149,276 | 227,333 | None | None | 149,276 | 227,333 | 376,609   | 52,658  |          | 03/19/03 | 30 |
| Rollinsville | VA | 83,644  | 128,884 | None | None | 83,644  | 128,884 | 212,528   | 29,851  |          | 03/19/03 | 30 |
| Rollinsville | VA | 266,722 | 403,501 | None | None | 266,722 | 403,501 | 670,223   | 93,471  |          | 03/19/03 | 30 |
| Franklin     | VA | 536,667 | 863,699 | None | None | 536,667 | 863,699 | 1,400,366 | 116,599 |          | 08/18/05 | 30 |
| State City   | VA | 422,303 | 784,845 | None | None | 422,303 | 784,845 | 1,207,148 | 35,316  |          | 11/29/07 | 30 |
| Hampton      | VA | 433,985 | 459,108 | None | 168  | 433,985 | 459,276 | 893,261   | 196,702 |          | 04/17/98 | 30 |
| Highland     |    |         |         |      |      |         |         |           |         |          |          |    |
| Briggs       | VA | 396,720 | 598,547 | None | None | 396,720 | 598,547 | 995,267   | 138,656 |          | 03/19/03 | 30 |
| Donaker      | VA | 492,303 | 915,307 | None | None | 492,303 | 915,307 | 1,407,610 | 41,187  |          | 11/29/07 | 30 |
| Martinsville | VA | 246,820 | 373,653 | None | None | 246,820 | 373,653 | 620,473   | 86,556  |          | 03/19/03 | 30 |
| Martinsville | VA | 83,521  | 128,706 | None | None | 83,521  | 128,706 | 212,227   | 29,810  |          | 03/19/03 | 30 |
| Midlothian   | VA | 325,000 | 302,872 | None | None | 325,000 | 302,872 | 627,872   | 137,760 |          | 08/21/97 | 30 |
| Newport      |    |         |         |      |      |         |         |           |         |          |          |    |
| News         | VA | 490,616 | 605,304 | None | 168  | 490,616 | 605,472 | 1,096,088 | 229,991 | 01/20/00 | 04/17/98 | 30 |

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| Location |    | Cost Capitalized Subsequent to Acquisition |           |                             |       | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           |          | Accumulated Depreciation | Date of Construction | Date Acquired |
|----------|----|--|-----------|-----------------------------|-------|---|-----------|-----------|----------|--------------------------|----------------------|---------------|
|          |    | Initial Cost to Company                    |           |                             |       |   |           |           |          |                          |                      |               |
|          |    | Land                                       | Fees      | Buildings, Improvements and | Costs | Land  | Fees      | Total     | (Note 4) |                          |                      |               |
|          | VA | 157,826                                    | 293,688   | None                        | None  | 157,826   | 293,688   | 451,514   | 13,214   |                          |                      | 11/29/0       |
|          | VA | 457,303                                    | 849,860   | None                        | None  | 457,303   | 849,860   | 1,307,163 | 38,242   |                          |                      | 11/29/0       |
|          | VA | 222,256                                    | 413,344   | None                        | None  | 222,256   | 413,344   | 635,600   | 18,599   |                          |                      | 11/29/0       |
|          | VA | 256,170                                    | 476,327   | None                        | None  | 256,170   | 476,327   | 732,497   | 21,433   |                          |                      | 11/29/0       |
|          | VA | 276,303                                    | 513,717   | None                        | None  | 276,303   | 513,717   | 790,020   | 23,116   |                          |                      | 11/29/0       |
| Is       | VA | 140,051                                    | 261,125   | None                        | None  | 140,051   | 261,125   | 401,176   | 11,749   |                          |                      | 11/29/0       |
| nd       | VA | 700,000                                    | 400,740   | None                        | 168   | 700,000   | 400,908   | 1,100,908 | 171,704  |                          |                      | 04/17/9       |
| nd       | VA | 700,000                                    | 440,965   | None                        | 168   | 700,000   | 441,133   | 1,141,133 | 188,932  |                          |                      | 04/17/9       |
| nd       | VA | 400,000                                    | 250,875   | None                        | 168   | 400,000   | 251,043   | 651,043   | 107,511  |                          |                      | 04/17/9       |
| nd       | VA | 1,000,000                                  | 740       | None                        | 168   | 1,000,000   | 908       | 1,000,908 | 371      |                          |                      | 04/17/9       |
| nd       | VA | 700,000                                    | 100,695   | None                        | 168   | 700,000   | 100,863   | 800,863   | 43,185   |                          |                      | 04/17/9       |
| nd       | VA | 1,144,841                                  | 3,371,146 | None                        | None  | 1,144,841   | 3,371,146 | 4,515,987 | 857,802  |                          |                      | 08/22/0       |
| nd       | VA | 298,227                                    | 451,014   | None                        | None  | 298,227   | 451,014   | 749,241   | 104,478  |                          |                      | 03/19/0       |
| nd       | VA | 329,698                                    | 498,015   | None                        | None  | 329,698   | 498,015   | 827,713   | 115,366  |                          |                      | 03/19/0       |
| nd       | VA | 213,982                                    | 324,659   | None                        | None  | 213,982   | 324,659   | 538,641   | 75,205   |                          |                      | 03/19/0       |
| nd       | VA | 482,735                                    | 727,776   | None                        | None  | 482,735   | 727,776   | 1,210,511 | 168,594  |                          |                      | 03/19/0       |
| nd       | VA | 350,453                                    | 529,365   | None                        | None  | 350,453   | 529,365   | 879,818   | 122,629  |                          |                      | 03/19/0       |
| nd       | VA | 323,496                                    | 488,918   | None                        | None  | 323,496   | 488,918   | 812,414   | 113,259  |                          |                      | 03/19/0       |
| nd       | VA | 278,443                                    | 421,584   | None                        | None  | 278,443   | 421,584   | 700,027   | 97,660   |                          |                      | 03/19/0       |
| e        | VA | 325,000                                    | 575,366   | None                        | None  | 325,000   | 575,366   | 900,366   | 77,674   |                          |                      | 08/18/0       |
| e        | VA | 211,147                                    | 393,160   | None                        | None  | 211,147   | 393,160   | 604,307   | 17,691   |                          |                      | 11/29/0       |
| n        | VA | 152,535                                    | 232,528   | None                        | None  | 152,535   | 232,528   | 385,063   | 53,862   |                          |                      | 03/19/0       |
| oston    | VA | 160,893                                    | 244,778   | None                        | None  | 160,893   | 244,778   | 405,671   | 56,700   |                          |                      | 03/19/0       |
|          | VA | 334,803                                    | 622,807   | None                        | None  | 334,803   | 622,807   | 957,610   | 28,025   |                          |                      | 11/29/0       |
|          | VA | 422,303                                    | 785,307   | None                        | None  | 422,303   | 785,307   | 1,207,610 | 35,337   |                          |                      | 11/29/0       |
|          | VA | 271,865                                    | 601,997   | None                        | None  | 271,865   | 601,997   | 873,862   | 289,961  |                          |                      | 12/20/9       |
| a        | VA | 675,000                                    | 1,000,366 | None                        | None  | 675,000   | 1,000,366 | 1,675,366 | 135,049  |                          |                      | 08/18/0       |
|          | VA | 700,000                                    | 1,000,366 | None                        | None  | 700,000   | 1,000,366 | 1,700,366 | 135,049  |                          |                      | 08/18/0       |
| l        | VA | 153,382                                    | 285,882   | None                        | None  | 153,382   | 285,882   | 439,264   | 12,863   |                          |                      | 11/29/0       |
| le       | VA | 575,000                                    | 975,366   | None                        | None  | 575,000   | 975,366   | 1,550,366 | 131,674  |                          |                      | 08/18/0       |
|          | VA | 1,194,560                                  | 2,218,773 | None                        | None  | 1,194,560   | 2,218,773 | 3,413,333 | 580,564  |                          |                      | 06/27/0       |
| on       | VA | 515,971                                    | 649,125   | None                        | None  | 515,971   | 649,125   | 1,165,096 | 312,662  |                          |                      | 12/20/9       |
| City     | VA | 369,803                                    | 687,345   | None                        | None  | 369,803   | 687,345   | 1,057,148 | 30,929   |                          |                      | 11/29/0       |
| sburg    | VA | 838,172                                    | 1,556,910 | None                        | None  | 838,172   | 1,556,910 | 2,395,082 | 407,316  |                          |                      | 06/27/0       |

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|     |    |           |           |      |      |           |           |           |         |  |         |
|-----|----|-----------|-----------|------|------|-----------|-----------|-----------|---------|--|---------|
|     | VA | 334,803   | 622,360   | None | None | 334,803   | 622,360   | 957,163   | 28,005  |  | 11/29/0 |
|     | VA | 66,733    | 124,517   | None | None | 66,733    | 124,517   | 191,250   | 5,602   |  | 11/29/0 |
|     | VA | 527,303   | 979,860   | None | None | 527,303   | 979,860   | 1,507,163 | 44,092  |  | 11/29/0 |
| lle | VA | 1,222,535 | 1,577,830 | None | None | 1,222,535 | 1,577,830 | 2,800,365 | 213,007 |  | 08/18/0 |
| n   | VA | 309,435   | 447,144   | None | 168  | 309,435   | 447,312   | 756,747   | 191,572 |  | 04/17/9 |

d Novelty

|       |    |         |           |         |        |         |           |           |         |  |         |
|-------|----|---------|-----------|---------|--------|---------|-----------|-----------|---------|--|---------|
| idge  | FL | 743,498 | 657,485   | 182,751 | 35,192 | 743,498 | 875,428   | 1,618,926 | 333,075 |  | 12/31/9 |
|       | FL | 401,874 | 933,768   | 28,336  | 19,195 | 401,874 | 981,299   | 1,383,173 | 416,938 |  | 12/23/9 |
| d     | IL | 159,587 | 618,398   | None    | 22,550 | 159,587 | 640,948   | 800,535   | 322,286 |  | 11/26/9 |
| rook  | NY | 980,000 | 1,801,586 | 5,641   | 232    | 980,000 | 1,807,459 | 2,787,459 | 717,750 |  | 01/11/9 |
| Hills | PA | 631,084 | 1,172,563 | None    | None   | 631,084 | 1,172,563 | 1,803,647 | 287,276 |  | 11/01/0 |

tion and

|    |    |           |            |       |      |           |            |            |         |          |         |
|----|----|-----------|------------|-------|------|-----------|------------|------------|---------|----------|---------|
| do | CA | 1,949,375 | 12,966,248 | 800   | None | 1,949,375 | 12,967,048 | 14,916,423 | 681,120 | 08/13/07 | 01/18/0 |
|    | KS | 3,688,591 | 6,850,770  | None  | None | 3,688,591 | 6,850,770  | 10,539,361 | 810,675 |          | 01/06/0 |
| am | MA | 9,626,112 | 17,877,779 | 2,500 | None | 9,626,112 | 17,880,279 | 27,506,391 | 983,594 |          | 08/30/0 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |                      | Cost Capitalized Subsequent to Acquisition |      | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated  |  | Date of Construction | Date Completed (Month) |
|-------------------------|----|-----------------------------|----------------------|--|------|---|-----------|-----------|--------------|--|----------------------|------------------------|
|                         |    | Buildings, Improvements and |                      | Buildings, Improvements and                |      |   |           |           |              |  |                      |                        |
|                         |    | Acquisition                 |                      | Carrying                                   |      | Acquisition   |           |           | Depreciation |  |                      |                        |
|                         |    | Land                        | Federal Improvements | Costs                                      | Land | Fees  | Total     | (Note 4)  |              |  |                      |                        |
| g Stores                |    |                             |                      |  |      |   |           |           |              |  |                      |                        |
| Montgomery              | AL | 1,150,000                   | 1,479,627            | None                                       | None | 1,150,000   | 1,479,627 | 2,629,627 | 229,350      |  | 02/09/05             | 3                      |
| Wentworth               | CA | 0                           | 3,501,678            | None                                       | None | -   | 3,501,678 | 3,501,678 | 122,558      |  | 02/26/08             | 3                      |
| Sanitas                 | CA | 0                           | 3,751,713            | None                                       | None | -   | 3,751,713 | 3,751,713 | 131,309      |  | 02/26/08             | 3                      |
| San Jose                | CA | 2,205,539                   | 4,096,524            | None                                       | None | 2,205,539   | 4,096,524 | 6,302,063 | 143,377      |  | 02/21/08             | 3                      |
| San Francisco           | CA | 2,467,993                   | 4,584,246            | None                                       | None | 2,467,993   | 4,584,246 | 7,052,239 | 191,010      |  | 12/20/07             | 3                      |
| Colorado                |    |                             |                      |  |      |   |           |           |              |  |                      |                        |
| Windsor                 | CO | 1,025,000                   | 1,645,371            | None                                       | None | 1,025,000   | 1,645,371 | 2,670,371 | 255,024      |  | 02/09/05             | 3                      |
| Collins                 | CO | 1,100,000                   | 1,385,014            | None                                       | None | 1,100,000   | 1,385,014 | 2,485,014 | 214,668      |  | 02/09/05             | 3                      |
| Belberry                | FL | 1,075,020                   | 1,664,284            | None                                       | None | 1,075,020   | 1,664,284 | 2,739,304 | 685,158      |  | 09/30/98             | 3                      |
| Atlanta                 | GA | 500,000                     | 1,056,116            | None                                       | None | 500,000   | 1,056,116 | 1,556,116 | 156,651      |  | 04/29/05             | 3                      |
| Wickshear               | GA | 430,000                     | 1,005,393            | None                                       | None | 430,000   | 1,005,393 | 1,435,393 | 149,127      |  | 04/29/05             | 3                      |
| London                  | GA | 410,000                     | 1,010,615            | None                                       | None | 410,000   | 1,010,615 | 1,420,615 | 149,902      |  | 04/29/05             | 3                      |
| Atlanta                 | GA | 330,000                     | 1,152,243            | None                                       | None | 330,000   | 1,152,243 | 1,482,243 | 170,910      |  | 04/29/05             | 3                      |
| Atlanta                 | GA | 730,000                     | 856,586              | None                                       | None | 730,000   | 856,586   | 1,586,586 | 132,762      |  | 02/09/05             | 3                      |
| Woodstock               | GA | 930,000                     | 1,035,544            | None                                       | None | 930,000   | 1,035,544 | 1,965,544 | 153,606      |  | 04/29/05             | 3                      |
| Blackfoot               | ID | 560,000                     | 1,932,186            | None                                       | None | 560,000   | 1,932,186 | 2,492,186 | 299,480      |  | 02/09/05             | 3                      |
| Boise                   | ID | 700,000                     | 2,011,543            | None                                       | None | 700,000   | 2,011,543 | 2,711,543 | 311,780      |  | 02/09/05             | 3                      |
| Blackbuck               | ID | 890,000                     | 1,267,183            | None                                       | None | 890,000   | 1,267,183 | 2,157,183 | 196,405      |  | 02/09/05             | 3                      |
| Indian                  | IN | 0                           | 2,351,296            | None                                       | None | -   | 2,351,296 | 2,351,296 | 223,373      |  | 08/16/06             | 3                      |
| London                  | MD | 1,751,013                   | 3,252,546            | None                                       | None | 1,751,013   | 3,252,546 | 5,003,559 | 113,838      |  | 02/21/08             | 3                      |
| Frederick               | MD | 0                           | 2,400,696            | None                                       | None | -   | 2,400,696 | 2,400,696 | 228,066      |  | 08/16/06             | 3                      |
| Portland                | ME | 2,100,849                   | 3,902,402            | None                                       | None | 2,100,849   | 3,902,402 | 6,003,251 | 162,599      |  | 12/20/07             | 3                      |
| Twinsburg               | MI | 1,365,747                   | 2,536,910            | None                                       | None | 1,365,747   | 2,536,910 | 3,902,657 | 88,791       |  | 02/21/08             | 3                      |
| Hamora                  | MI | 859,139                     | 2,291,557            | None                                       | None | 859,139   | 2,291,557 | 3,150,696 | 217,698      |  | 08/16/06             | 3                      |
| London City             | NV | 800,000                     | 2,770,950            | None                                       | None | 800,000   | 2,770,950 | 3,570,950 | 429,489      |  | 02/09/05             | 3                      |
| Bo                      | NV | 1,100,000                   | 2,602,911            | None                                       | None | 1,100,000   | 2,602,911 | 3,702,911 | 403,443      |  | 02/09/05             | 3                      |
| Bo                      | NV | 850,000                     | 2,306,647            | None                                       | None | 850,000   | 2,306,647 | 3,156,647 | 357,522      |  | 02/09/05             | 3                      |
| Wicks                   | NV | 1,000,000                   | 2,271,513            | None                                       | None | 1,000,000   | 2,271,513 | 3,271,513 | 352,076      |  | 02/09/05             | 3                      |
| Valley                  | NV | 550,000                     | 2,678,380            | None                                       | None | 550,000   | 2,678,380 | 3,228,380 | 415,140      |  | 02/09/05             | 3                      |
| Portland                | OH | 1,440,000                   | 1,364,725            | 1,250                                      | None | 1,440,000   | 1,365,975 | 2,805,975 | 211,560      |  | 02/09/05             | 3                      |
| London                  | OH | 580,000                     | 1,272,742            | None                                       | None | 580,000   | 1,272,742 | 1,852,742 | 188,784      |  | 04/29/05             | 3                      |
| Wentworth               | OH | 0                           | 2,703,730            | None                                       | None | -   | 2,703,730 | 2,703,730 | 94,630       |  | 02/21/08             | 3                      |
| Wentworth               | OH | 960,000                     | 1,326,083            | None                                       | None | 960,000   | 1,326,083 | 2,286,083 | 205,534      |  | 02/09/05             | 3                      |



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|            |    |           |           |        |      |           |           |           |         |          |
|------------|----|-----------|-----------|--------|------|-----------|-----------|-----------|---------|----------|
| ren        | OH | 800,000   | 1,241,503 | None   | None | 800,000   | 1,241,503 | 2,041,503 | 192,424 | 02/09/05 |
| owick      | OH | 530,000   | 1,241,308 | None   | None | 530,000   | 1,241,308 | 1,771,308 | 184,122 | 04/29/05 |
| ver        | PA | 0         | 3,003,160 | None   | None | -         | 3,003,160 | 3,003,160 | 125,131 | 12/20/07 |
| mont       | PA | 720,000   | 1,246,023 | 10,475 | None | 720,000   | 1,256,498 | 1,976,498 | 193,911 | 02/09/05 |
| ysburg     | PA | 0         | 2,500,750 | None   | None | -         | 2,500,750 | 2,500,750 | 237,571 | 08/16/06 |
| rd         | PA | 0         | 1,812,483 | None   | None | -         | 1,812,483 | 1,812,483 | 365,565 | 02/09/05 |
| astown     | PA | 250,000   | 2,593,436 | None   | None | 250,000   | 2,593,436 | 2,843,436 | 401,974 | 02/09/05 |
| astown     | PA | 600,000   | 2,010,255 | None   | None | 600,000   | 2,010,255 | 2,610,255 | 311,581 | 02/09/05 |
| rysville   | PA | 710,000   | 1,666,912 | None   | None | 710,000   | 1,666,912 | 2,376,912 | 258,359 | 02/09/05 |
| dale       | PA | 1,255,750 | 2,995,001 | None   | None | 1,255,750 | 2,995,001 | 4,250,751 | 284,525 | 08/16/06 |
| adelphia   | PA | 0         | 3,803,732 | None   | None | -         | 3,803,732 | 3,803,732 | 133,129 | 02/26/08 |
| ding       | PA | 1,400,000 | 3,304,996 | None   | None | 1,400,000 | 3,304,996 | 4,704,996 | 115,673 | 02/21/08 |
| t Marys    | PA | 1,663,632 | 3,090,403 | None   | None | 1,663,632 | 3,090,403 | 4,754,035 | 128,767 | 12/20/07 |
| pery Rock  | PA | 0         | 1,811,488 | None   | None | -         | 1,811,488 | 1,811,488 | 359,623 | 02/09/05 |
| t Norriton | PA | 0         | 3,603,611 | None   | None | -         | 3,603,611 | 3,603,611 | 126,125 | 02/21/08 |
| tford      | PA | 2,300,000 | 2,606,080 | None   | None | 2,300,000 | 2,606,080 | 4,906,080 | 91,212  | 02/21/08 |
| don        | PA | 0         | 3,253,285 | None   | None | -         | 3,253,285 | 3,253,285 | 135,553 | 12/20/07 |
| ericksburg | VA | 0         | 2,901,815 | None   | None | -         | 2,901,815 | 2,901,815 | 101,562 | 02/21/08 |
| khannon    | WV | 1,716,898 | 3,189,190 | None   | None | 1,716,898 | 3,189,190 | 4,906,088 | 111,620 | 02/21/08 |



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| Description               |    | Initial Cost to Company     |           |          |              | Cost Capitalized Subsequent to Acquisition |                             | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |              |          | Accumulated |          | Date of Construction | Date Commenced |
|---------------------------|----|-----------------------------|-----------|----------|--------------|--|-----------------------------|---|--------------|----------|-------------|----------|----------------------|----------------|
|                           |    | Buildings, Improvements and |           | Fees     | Improvements | Costs                                      | Buildings, Improvements and |   | Depreciation |          |             |          |                      |                |
|                           |    | Acquisition                 | Carrying  |          |              |  | Acquisition                 | Depreciation  |              |          |             |          |                      |                |
| (Note 1)                  |    | Land                        |           |          |              | Land                                       | Fees                        | Total   | (Note 4)     |          |             |          |                      |                |
| Entertainment             |    |                             |           |          |              |  |                             |   |              |          |             |          |                      |                |
| Essexside                 | CA | 7,800,000                   | 130       | -416,985 | None         | 7,800,000                                  | (416,855)                   | 7,383,145   | 31           |          |             | 07/05/02 |                      |                |
| Florida                   | CA | 2,300,000                   | 22        | None     | None         | 2,300,000                                  | 22                          | 2,300,022   | 8            |          |             | 03/31/99 |                      |                |
| Florida                   | FL | 8,272,080                   | 1,713     | None     | None         | 8,272,080                                  | 1,713                       | 8,273,793   | 648          |          |             | 03/31/99 |                      |                |
| Galeta                    | GA | 1,500,000                   | 768       | None     | None         | 1,500,000                                  | 768                         | 1,500,768   | 216          |          |             | 06/29/01 |                      |                |
| Grasscross                | GA | 1,600,000                   | 768       | None     | None         | 1,600,000                                  | 768                         | 1,600,768   | 216          |          |             | 06/29/01 |                      |                |
| Greensboro                | NC | 4,000,000                   | 463       | None     | None         | 4,000,000                                  | 463                         | 4,000,463   | 112          |          |             | 07/05/02 |                      |                |
| Hickoryhaven              | NY | 1,500,000                   | 745       | None     | None         | 1,500,000                                  | 745                         | 1,500,745   | 282          |          |             | 07/23/99 |                      |                |
| Highland                  | NY | 6,200,000                   | 744       | None     | None         | 6,200,000                                  | 744                         | 6,200,744   | 281          |          |             | 07/23/99 |                      |                |
| Equipment Rental Services |    |                             |           |          |              |  |                             |   |              |          |             |          |                      |                |
| Elmworth                  | FL | 679,079                     | 1,262,568 | None     | None         | 679,079                                    | 1,262,568                   | 1,941,647   | 275,661      |          |             | 07/03/03 |                      |                |
| Marillo                   | TX | 140,000                     | 419,734   | None     | 173          | 140,000                                    | 419,907                     | 559,907   | 335,674      |          |             | 09/12/88 |                      |                |
| Missville                 | TX | 1,010,134                   | 1,877,384 | None     | None         | 1,010,134                                  | 1,877,384                   | 2,887,518   | 409,895      |          |             | 07/03/03 |                      |                |
| Financial Services        |    |                             |           |          |              |  |                             |   |              |          |             |          |                      |                |
| Phoenix                   | AZ | 245,137                     | 456,324   | None     | None         | 245,137                                    | 456,324                     | 701,461   | 15,971       |          |             | 02/01/08 |                      |                |
| San Antonio City          | CO | 66,500                      | 147,699   | None     | 146          | 66,500                                     | 147,845                     | 214,345   | 123,215      |          |             | 11/12/87 |                      |                |
| Colorado                  |    |                             |           |          |              |  |                             |   |              |          |             |          |                      |                |
| Longs                     | CO | 313,250                     | 695,730   | 40,500   | 20,171       | 313,250                                    | 756,401                     | 1,069,651   | 656,622      |          |             | 03/10/87 |                      |                |
| Marwater                  | FL | 476,179                     | 725,023   | 6,500    | 26,887       | 476,179                                    | 758,410                     | 1,234,589   | 314,086      |          |             | 12/31/98 |                      |                |
| Orlando                   | FL | 532,556                     | 940,177   | None     | None         | 532,556                                    | 940,177                     | 1,472,733   | 92,418       | 06/09/06 |             | 12/15/05 |                      |                |
| Resville                  | GA | 172,611                     | 383,376   | None     | 11,006       | 172,611                                    | 394,382                     | 566,993   | 318,984      |          |             | 12/22/87 |                      |                |
| Mer                       |    |                             |           |          |              |  |                             |   |              |          |             |          |                      |                |
| Idene                     | ID | 165,900                     | 368,468   | None     | None         | 165,900                                    | 368,468                     | 534,368   | 309,696      |          |             | 09/21/87 |                      |                |
| Springe                   | MO | 222,569                     | 494,333   | None     | 93           | 222,569                                    | 494,426                     | 716,995   | 379,151      |          |             | 07/31/89 |                      |                |
| Querque                   | NM | 80,500                      | 178,794   | 8,003    | 299          | 80,500                                     | 187,096                     | 267,596   | 150,460      |          |             | 10/29/87 |                      |                |
| La Fe                     | NM | 70,000                      | 155,473   | None     | 327          | 70,000                                     | 155,800                     | 225,800   | 130,257      |          |             | 10/29/87 |                      |                |
| Idena                     | TX | 385,199                     | 716,468   | None     | None         | 385,199                                    | 716,468                     | 1,101,667   | 25,076       |          |             | 02/01/08 |                      |                |
| Olson                     | WI | 154,375                     | 287,794   | None     | None         | 154,375                                    | 287,794                     | 442,169   | 10,073       |          |             | 02/01/08 |                      |                |
| Waukeee                   | WI | 265,985                     | 495,071   | None     | None         | 265,985                                    | 495,071                     | 761,056   | 17,328       |          |             | 02/01/08 |                      |                |
| General Merchandise       |    |                             |           |          |              |  |                             |   |              |          |             |          |                      |                |

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|           |    |         |         |      |        |         |         |           |         |          |
|-----------|----|---------|---------|------|--------|---------|---------|-----------|---------|----------|
| on City   | CO | 339,045 | 630,531 | None | None   | 339,045 | 630,531 | 969,576   | 53,595  | 11/02/06 |
| ate Vista | CO | 47,652  | 582,159 | None | None   | 47,652  | 582,159 | 629,811   | 233,847 | 12/23/98 |
| eland     | FL | 101,782 | 189,258 | None | 189    | 101,782 | 189,447 | 291,229   | 74,142  | 03/31/99 |
| s ville   | FL | 176,459 | 579,793 | None | 22,666 | 176,459 | 602,459 | 778,918   | 294,852 | 11/26/96 |
| inda      | IA | 439,267 | 816,010 | None | None   | 439,267 | 816,010 | 1,255,277 | 85,681  | 05/25/06 |
| hett      | KS | 59,690  | 518,121 | None | None   | 59,690  | 518,121 | 577,811   | 208,126 | 12/23/98 |
| sboro     | KS | 335,292 | 622,914 | None | None   | 335,292 | 622,914 | 958,206   | 65,406  | 05/25/06 |
| lipsburg  | KS | 423,725 | 787,146 | None | None   | 423,725 | 787,146 | 1,210,871 | 82,650  | 05/25/06 |
| donia     | MN | 89,723  | 559,300 | None | None   | 89,723  | 559,300 | 649,023   | 224,669 | 12/23/98 |
| g Prairie | MN | 88,892  | 553,997 | None | None   | 88,892  | 553,997 | 642,889   | 222,537 | 12/23/98 |
| esville   | MN | 49,483  | 525,406 | None | None   | 49,483  | 525,406 | 574,889   | 211,053 | 12/23/98 |
| ng        |    |         |         |      |        |         |         |           |         |          |
| ey        | MN | 69,785  | 579,238 | None | None   | 69,785  | 579,238 | 649,023   | 232,678 | 12/23/98 |
| road      | MN | 70,000  | 580,000 | None | None   | 70,000  | 580,000 | 650,000   | 232,967 | 12/23/98 |
| sas City  | MO | 210,070 | 466,571 | None | 239    | 210,070 | 466,810 | 676,880   | 379,606 | 05/13/88 |
| sas City  | MO | 168,350 | 373,910 | None | 239    | 168,350 | 374,149 | 542,499   | 304,240 | 05/26/88 |
| ow        |    |         |         |      |        |         |         |           |         |          |
| ngs       | MO | 416,494 | 773,718 | None | None   | 416,494 | 773,718 | 1,190,212 | 81,240  | 05/25/06 |
| ville     | ND | 59,333  | 565,562 | None | None   | 59,333  | 565,562 | 624,895   | 227,199 | 12/23/98 |
| sworth    | NE | 362,675 | 673,768 | None | None   | 362,675 | 673,768 | 1,036,443 | 70,746  | 05/25/06 |
| erial     | NE | 388,599 | 721,914 | None | None   | 388,599 | 721,914 | 1,110,513 | 73,395  | 06/28/06 |
| omfield   | NM | 59,559  | 616,252 | None | None   | 59,559  | 616,252 | 675,811   | 247,542 | 12/23/98 |

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| Description |    | Initial Cost to Company     |                      |             |              | Cost Capitalized Subsequent to Acquisition |           | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |          | Accumulated Depreciation |          | Date of Construction | Date Completed |
|-------------|----|-----------------------------|----------------------|-------------|--------------|--|-----------|---|-----------|----------|--------------------------|----------|----------------------|----------------|
|             |    | Buildings, Improvements and |                      |             |              | Buildings, Improvements and                |           |   |           |          |                          |          |                      |                |
|             |    | Acquisition                 | Carrying             | Acquisition | Depreciation |  |           |   |           |          |                          |          |                      |                |
|             |    | Land                        | Federal Improvements | Costs       |              | Land                                       | Fees      | Total   | (Note 4)  |          |                          |          |                      |                |
| Frankie     | OR | 180,250                     | 400,336              | 49,088      | 24,085       | 180,250                                    | 473,509   | 653,759   | 344,892   |          |                          | 08/06/87 |                      |                |
| Phis        | TN | 197,708                     | 507,647              | None        | 248          | 197,708                                    | 507,895   | 705,603   | 209,107   |          |                          | 09/30/98 |                      |                |
| man         | TX | 243,060                     | 451,661              | None        | None         | 243,060                                    | 451,661   | 694,721   | 47,424    |          |                          | 05/25/06 |                      |                |
| rado        | TX | 92,535                      | 505,276              | None        | None         | 92,535                                     | 505,276   | 597,811   | 202,966   |          |                          | 12/23/98 |                      |                |
| ne          | TX | 212,408                     | 394,735              | None        | None         | 212,408                                    | 394,735   | 607,143   | 41,447    |          |                          | 05/25/06 |                      |                |
| and         | TX | 544,075                     | 1,322,431            | None        | None         | 544,075                                    | 1,322,431 | 1,866,506   | 575,145   |          |                          | 02/03/98 |                      |                |
| dio         | TX | 407,657                     | 757,362              | None        | None         | 407,657                                    | 757,362   | 1,165,019   | 79,523    |          |                          | 05/25/06 |                      |                |
| asboro      | TX | 79,280                      | 1,299,056            | None        | None         | 79,280                                     | 1,299,056 | 1,378,336   | 110,609   | 10/19/06 |                          | 09/07/06 |                      |                |
| um          | TX | 390,147                     | 724,821              | None        | None         | 390,147                                    | 724,821   | 1,114,968   | 76,106    |          |                          | 05/25/06 |                      |                |
| o           | UT | 125,395                     | 278,507              | 4,568       | 13           | 125,395                                    | 283,088   | 408,483   | 208,583   |          |                          | 01/25/90 |                      |                |
| llup        | WA | 173,250                     | 384,795              | None        | 23,063       | 173,250                                    | 407,858   | 581,108   | 326,444   |          |                          | 09/15/87 |                      |                |
| mond        | WA | 196,000                     | 435,317              | 35,856      | 29,398       | 196,000                                    | 500,571   | 696,571   | 368,976   |          |                          | 09/17/87 |                      |                |
| ma          | WA | 189,000                     | 419,777              | None        | 19,263       | 189,000                                    | 439,040   | 628,040   | 356,864   |          |                          | 08/25/87 |                      |                |
| ery Stores  |    |                             |                      |             |              |  |           |   |           |          |                          |          |                      |                |
| erdale      | CA | 1,505,000                   | 2,795,321            | None        | None         | 1,505,000                                  | 2,795,321 | 4,300,321   | 591,676   |          |                          | 09/30/03 |                      |                |
| na          | CA | 1,190,000                   | 2,210,308            | None        | None         | 1,190,000                                  | 2,210,308 | 3,400,308   | 467,848   |          |                          | 09/30/03 |                      |                |
| der         | CO | 426,675                     | 1,199,508            | None        | 91,660       | 426,675                                    | 1,291,168 | 1,717,843   | 1,039,252 |          |                          | 01/05/84 |                      |                |
| cil         | IA | 255,217                     | 117,792              | 47,188      | 16,846       | 255,217                                    | 181,826   | 437,043   | 73,887    |          |                          | 11/26/96 |                      |                |
| s           | IN | 2,140,000                   | 4,689,646            | None        | None         | 2,140,000                                  | 4,689,646 | 6,829,646   | 351,712   |          |                          | 02/09/07 |                      |                |
| aw          | NV | 456,000                     | 562,344              | 19,733      | 30,375       | 456,000                                    | 612,452   | 1,068,452   | 459,861   |          |                          | 05/26/88 |                      |                |
| o           | OR | 840,000                     | 1,560,308            | None        | None         | 840,000                                    | 1,560,308 | 2,400,308   | 330,265   |          |                          | 09/30/03 |                      |                |
| ral         | OR | 840,000                     | 1,560,308            | None        | None         | 840,000                                    | 1,560,308 | 2,400,308   | 330,265   |          |                          | 09/30/03 |                      |                |
| nix         | WI | 1,513,216                   | 4,427,968            | 15,220      | 12,018       | 1,513,216                                  | 4,455,206 | 5,968,422   | 1,673,537 | 06/03/99 |                          | 08/24/98 |                      |                |
| th and      |    |                             |                      |             |              |  |           |   |           |          |                          |          |                      |                |
| ss          |    |                             |                      |             |              |  |           |   |           |          |                          |          |                      |                |
| lize        |    |                             |                      |             |              |  |           |   |           |          |                          |          |                      |                |
| ey          | AZ | 2,608,389                   | 3,418,783            | None        | None         | 2,608,389                                  | 3,418,783 | 6,027,172   | 940,131   | 06/06/02 |                          | 06/26/01 |                      |                |
| mond        | CA | 3,038,879                   | 4,338,722            | None        | None         | 3,038,879                                  | 4,338,722 | 7,377,601   | 1,597,576 | 03/21/00 |                          | 09/29/98 |                      |                |
| o           | CA | 1,247,243                   | 3,807,569            | None        | None         | 1,247,243                                  | 3,807,569 | 5,054,812   | 1,336,988 | 12/13/00 |                          | 06/29/99 |                      |                |

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|         |    |           |           |        |         |           |           |            |           |          |          |
|---------|----|-----------|-----------|--------|---------|-----------|-----------|------------|-----------|----------|----------|
| elberry | FL | 1,979,598 | 8,256,394 | 14,554 | 287,166 | 1,979,598 | 8,558,114 | 10,537,712 | 2,779,882 | 12/30/03 | 05/31/95 |
| gs      | FL | 891,496   | 2,798,204 | None   | 25      | 891,496   | 2,798,229 | 3,689,725  | 1,141,579 | 11/03/98 | 03/30/98 |
| ah      | FL | 2,104,393 | 3,910,500 | None   | None    | 2,104,393 | 3,910,500 | 6,014,893  | 280,236   |          | 03/26/07 |
| ni      | FL | 3,115,101 | 4,439,526 | None   | 25      | 3,115,101 | 4,439,551 | 7,554,652  | 1,523,341 | 05/19/00 | 06/07/99 |
| and     |    |           |           |        |         |           |           |            |           |          |          |
|         | FL | 2,800,000 | 2,196,480 | None   | None    | 2,800,000 | 2,196,480 | 4,996,480  | 563,955   | 07/06/01 | 03/27/01 |
| do      | FL | 2,144,778 | 3,755,905 | None   | None    | 2,144,778 | 3,755,905 | 5,900,683  | 773,195   | 08/07/03 | 11/26/02 |
| roke    |    |           |           |        |         |           |           |            |           |          |          |
|         | FL | 1,714,388 | 4,387,824 | None   | 25      | 1,714,388 | 4,387,849 | 6,102,237  | 1,420,025 | 12/11/00 | 10/01/99 |
| brook   | IL | 3,010,512 | 8,161,186 | None   | None    | 3,010,512 | 8,161,186 | 11,171,698 | 348,728   | 10/26/07 | 01/24/07 |
| dale    |    |           |           |        |         |           |           |            |           |          |          |
| nts     | IL | 1,213,770 | 2,255,063 | None   | None    | 1,213,770 | 2,255,063 | 3,468,833  | 161,611   |          | 03/26/07 |
| napolis | IN | 3,008,186 | 6,999,881 | None   | None    | 3,008,186 | 6,999,881 | 10,008,067 | 457,608   | 03/20/07 | 08/03/06 |
| port    | IN | 2,121,873 | 7,522,735 | None   | None    | 2,121,873 | 7,522,735 | 9,644,608  | 273,287   | 12/20/07 | 06/08/07 |
| ingham  | MD | 3,055,453 | 5,675,230 | None   | None    | 3,055,453 | 5,675,230 | 8,730,683  | 406,724   |          | 03/26/07 |
| ville   | MN | 3,611,925 | 8,804,654 | None   | None    | 3,611,925 | 8,804,654 | 12,416,579 | 323,779   | 06/05/08 | 04/18/07 |
|         |    |           |           |        |         |           |           |            |           |          |          |
| swick   | NJ | 1,654,529 | 3,073,912 | None   | None    | 1,654,529 | 3,073,912 | 4,728,441  | 230,543   |          | 02/16/07 |
| ters    | NY | 1,488,894 | 2,765,894 | None   | None    | 1,488,894 | 2,765,894 | 4,254,788  | 198,221   |          | 03/26/07 |
| hwood   | OH | 1,504,354 | 2,794,305 | None   | None    | 1,504,354 | 2,794,305 | 4,298,659  | 209,566   |          | 02/16/07 |
| delphia | PA | 2,254,830 | 4,188,725 | None   | None    | 2,254,830 | 4,188,725 | 6,443,555  | 314,154   |          | 02/16/07 |
| ess     | TX | 1,417,377 | 5,696,789 | None   | None    | 1,417,377 | 5,696,789 | 7,114,166  | 579,093   | 05/15/06 | 09/14/05 |
| as      | TX | 5,293,733 | 6,555,637 | None   | None    | 5,293,733 | 6,555,637 | 11,849,370 | 604,359   | 08/04/06 | 11/09/05 |
| Worth   | TX | 1,445,901 | 5,277,886 | None   | None    | 1,445,901 | 5,277,886 | 6,723,787  | 1,809,171 | 06/02/00 | 06/30/99 |
| er      | TX | 1,478,222 | 5,679,604 | None   | None    | 1,478,222 | 5,679,604 | 7,157,826  | 724,527   | 09/08/05 | 12/16/04 |
| inney   | TX | 1,805,460 | 5,972,111 | None   | None    | 1,805,460 | 5,972,111 | 7,777,571  | 707,669   | 12/07/05 | 04/20/05 |
| o       | TX | 3,178,115 | 5,832,224 | None   | None    | 3,178,115 | 5,832,224 | 9,010,339  | 691,290   | 12/06/05 | 04/22/05 |

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| Description |    | Initial Cost to Company     |           |                |                             | Cost Capitalized Subsequent to Acquisition |                       | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |  | Accumulated |          | Date of Construction | Date Completed (Month) |
|-------------|----|-----------------------------|-----------|----------------|-----------------------------|--|-----------------------|---|-----------|--|-------------|----------|----------------------|------------------------|
|             |    | Buildings, Improvements and |           | Carrying Costs | Buildings, Improvements and |  | Depreciation (Note 4) |   |           |  |             |          |                      |                        |
|             |    | Acquisition                 |           |                | Acquisition                 |  |                       |   |           |  |             |          |                      |                        |
| (Note 1)    |    | Land                        | Fees      | Improvements   |                             | Land                                       | Fees                  | Total   |           |  |             |          |                      |                        |
| ne          |    |                             |           |                |                             |  |                       |   |           |  |             |          |                      |                        |
| ishings     |    |                             |           |                |                             |  |                       |   |           |  |             |          |                      |                        |
| leola       | AR | 88,759                      | 520,047   | None           | None                        | 88,759                                     | 520,047               | 608,806   | 219,285   |  |             | 06/30/98 | 3                    |                        |
| bury        | CT | 630,171                     | 3,621,163 | 41,456         | 183                         | 630,171                                    | 3,662,802             | 4,292,973   | 1,661,963 |  |             | 09/30/97 | 3                    |                        |
| ndon        | FL | 430,000                     | 1,020,608 | None           | None                        | 430,000                                    | 1,020,608             | 1,450,608   | 430,354   |  |             | 06/26/98 | 3                    |                        |
| rfield      |    |                             |           |                |                             |  |                       |   |           |  |             |          |                      |                        |
| ch          | FL | 475,000                     | 871,738   | None           | 48,623                      | 475,000                                    | 920,361               | 1,395,361   | 369,824   |  |             | 01/29/99 | 3                    |                        |
| ter         | FL | 1,698,316                   | 3,209,801 | None           | 189                         | 1,698,316                                  | 3,209,990             | 4,908,306   | 1,107,357 |  |             | 05/03/00 | 3                    |                        |
| pa          | FL | 685,000                     | 885,624   | None           | None                        | 685,000                                    | 885,624               | 1,570,624   | 373,436   |  |             | 06/26/98 | 3                    |                        |
| pa          | FL | 494,763                     | 767,737   | 71,880         | 1,870                       | 494,763                                    | 841,487               | 1,336,250   | 381,762   |  |             | 12/31/98 | 3                    |                        |
| st Palm     |    |                             |           |                |                             |  |                       |   |           |  |             |          |                      |                        |
| ch          | FL | 347,651                     | 706,081   | 69,111         | 32,441                      | 347,651                                    | 807,633               | 1,155,284   | 330,600   |  |             | 12/31/98 | 3                    |                        |
| ne          | GA | 254,902                     | 486,812   | None           | 251                         | 254,902                                    | 487,063               | 741,965   | 236,239   |  |             | 11/26/96 | 3                    |                        |
| enport      | IA | 270,000                     | 930,689   | None           | 146                         | 270,000                                    | 930,835               | 1,200,835   | 392,475   |  |             | 06/26/98 | 3                    |                        |
| se          | ID | 158,400                     | 351,812   | None           | 3,010                       | 158,400                                    | 354,822               | 513,222   | 286,542   |  |             | 05/06/88 | 3                    |                        |
| pa          | ID | 183,743                     | 408,101   | None           | 3,548                       | 183,743                                    | 411,649               | 595,392   | 332,477   |  |             | 05/06/88 | 3                    |                        |
| et          | IL | 440,000                     | 910,689   | None           | None                        | 440,000                                    | 910,689               | 1,350,689   | 384,005   |  |             | 06/26/98 | 3                    |                        |
| erson       | IN | 180,628                     | 653,162   | 100,170        | 16,122                      | 180,628                                    | 769,454               | 950,082   | 332,922   |  |             | 11/26/96 | 3                    |                        |
| hita        | KS | 430,000                     | 740,725   | None           | 146                         | 430,000                                    | 740,871               | 1,170,871   | 312,373   |  |             | 06/26/98 | 3                    |                        |
| xandria     | LA | 400,000                     | 810,608   | None           | None                        | 400,000                                    | 810,608               | 1,210,608   | 341,804   |  |             | 06/26/98 | 3                    |                        |
| roe         | LA | 450,000                     | 835,608   | None           | None                        | 450,000                                    | 835,608               | 1,285,608   | 352,346   |  |             | 06/26/98 | 3                    |                        |
| veport      | LA | 525,000                     | 725,642   | None           | None                        | 525,000                                    | 725,642               | 1,250,642   | 305,977   |  |             | 06/26/98 | 3                    |                        |
| le          |    |                             |           |                |                             |  |                       |   |           |  |             |          |                      |                        |
| ek          | MI | 485,000                     | 895,689   | None           | None                        | 485,000                                    | 895,689               | 1,380,689   | 377,680   |  |             | 06/26/98 | 3                    |                        |
| n           |    |                             |           |                |                             |  |                       |   |           |  |             |          |                      |                        |
| rie         | MN | 500,502                     | 1,055,244 | None           | None                        | 500,502                                    | 1,055,244             | 1,555,746   | 416,785   |  |             | 03/01/99 | 3                    |                        |
| port        | MS | 299,464                     | 502,326   | 29,818         | 17,031                      | 299,464                                    | 549,175               | 848,639   | 245,491   |  |             | 11/26/96 | 3                    |                        |
| iesburg     | MS | 300,000                     | 660,608   | None           | None                        | 300,000                                    | 660,608               | 960,608   | 278,554   |  |             | 06/26/98 | 3                    |                        |
| geland      | MS | 281,867                     | 769,890   | None           | 211                         | 281,867                                    | 770,101               | 1,051,968   | 355,423   |  |             | 06/27/97 | 3                    |                        |
| aha         | NE | 1,956,296                   | 3,949,402 | None           | 179                         | 1,956,296                                  | 3,949,581             | 5,905,877   | 1,849,420 |  |             | 04/04/97 | 3                    |                        |
| nderson     | NV | 1,268,655                   | 3,109,995 | None           | 194                         | 1,268,655                                  | 3,110,189             | 4,378,844   | 1,404,494 |  |             | 09/26/97 | 3                    |                        |
| en          |    |                             |           |                |                             |  |                       |   |           |  |             |          |                      |                        |
| nd          | NY | 3,190,883                   | 2,569,802 | None           | 1,094                       | 3,190,883                                  | 2,570,896             | 5,761,779   | 1,109,943 |  |             | 03/26/98 | 3                    |                        |
| caster      | OH | 250,000                     | 830,689   | None           | 230                         | 250,000                                    | 830,919               | 1,080,919   | 350,314   |  |             | 06/26/98 | 3                    |                        |
| ona         | PA | 455,000                     | 745,694   | None           | None                        | 455,000                                    | 745,694               | 1,200,694   | 314,432   |  |             | 06/26/98 | 3                    |                        |

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|           |    |           |           |        |        |           |           |           |         |          |
|-----------|----|-----------|-----------|--------|--------|-----------|-----------|-----------|---------|----------|
|           | PA | 510,000   | 900,689   | None   | None   | 510,000   | 900,689   | 1,410,689 | 379,788 | 06/26/98 |
| ncy       | PA | 315,000   | 835,648   | None   | None   | 315,000   | 835,648   | 1,150,648 | 352,363 | 06/26/98 |
| tehall    | PA | 515,525   | 1,146,868 | None   | 457    | 515,525   | 1,147,325 | 1,662,850 | 483,743 | 06/30/98 |
| umbia     | SC | 600,000   | 900,725   | None   | 428    | 600,000   | 901,153   | 1,501,153 | 379,898 | 06/26/98 |
| son       | TN | 380,000   | 750,608   | None   | None   | 380,000   | 750,608   | 1,130,608 | 316,504 | 06/26/98 |
| mphis     | TN | 804,262   | 1,432,520 | None   | 730    | 804,262   | 1,433,250 | 2,237,512 | 661,744 | 06/30/97 |
| lene      | TX | 400,000   | 680,616   | None   | None   | 400,000   | 680,616   | 1,080,616 | 286,991 | 06/26/98 |
| ar Park   | TX | 253,591   | 827,237   | None   | 3,011  | 253,591   | 830,248   | 1,083,839 | 391,007 | 03/26/97 |
| ston      | TX | 867,767   | 687,042   | None   | 2,126  | 867,767   | 689,168   | 1,556,935 | 324,533 | 03/07/97 |
| nview     | TX | 125,000   | 734,558   | 40,000 | 21,682 | 125,000   | 796,240   | 921,240   | 447,411 | 01/24/84 |
| onio      | TX | 323,451   | 637,991   | 47,914 | 34,266 | 323,451   | 720,171   | 1,043,622 | 331,227 | 12/31/98 |
| ng        | TX | 1,794,872 | 1,810,069 | None   | 133    | 1,794,872 | 1,810,202 | 3,605,074 | 817,370 | 09/29/97 |
| oster     | TX | 283,604   | 538,002   | 2,470  | 226    | 283,604   | 540,698   | 824,302   | 249,633 | 06/13/97 |
| ey        | WA | 171,150   | 380,125   | 21,071 | 117    | 171,150   | 401,313   | 572,463   | 324,037 | 08/13/87 |
| Claire    | WI | 260,000   | 820,689   | None   | 146    | 260,000   | 820,835   | 1,080,835 | 346,091 | 06/26/98 |
| Crosse    | WI | 372,883   | 877,812   | None   | 146    | 372,883   | 877,958   | 1,250,841 | 370,178 | 06/26/98 |
|           |    |           |           |        |        |           |           |           |         |          |
| ne        |    |           |           |        |        |           |           |           |         |          |
| rovements |    |           |           |        |        |           |           |           |         |          |
| ndale     | CA | 667,007   | 1,238,841 | None   | None   | 667,007   | 1,238,841 | 1,905,848 | 497,600 | 12/31/98 |
| eles      | CA | 902,494   | 1,676,204 | None   | None   | 902,494   | 1,676,204 | 2,578,698 | 673,273 | 12/31/98 |
| eles      | CA | 163,668   | 304,097   | None   | 78     | 163,668   | 304,175   | 467,843   | 122,169 | 12/31/98 |

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| Description         |    | Initial Cost to Company     |           |                |        | Cost Capitalized Subsequent to Acquisition |           | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |              | Accumulated Depreciation |             | Date of Construction Acquired |
|---------------------|----|-----------------------------|-----------|----------------|--------|--|-----------|---|-----------|--------------|--------------------------|-------------|-------------------------------|
|                     |    | Buildings, Improvements and |           | Carrying Costs |        | Buildings, Improvements and                |           | Depreciation  |           | Date of      |                          |             |                               |
|                     |    |                             |           |                |        |  |           |   |           |              | Acquisition              | Acquisition |                               |
| (1)                 |    | Land                        | Fees      | Improvements   | Costs  | Land                                       | Fees      | Total   | (Note 4)  | Construction | Acquired                 |             |                               |
| Guys                | CA | 750,293                     | 1,393,545 | None           | None   | 750,293                                    | 1,393,545 | 2,143,838   | 559,738   |              | 12/31/98                 |             |                               |
| Covina              | CA | 311,040                     | 577,733   | None           | None   | 311,040                                    | 577,733   | 888,773   | 232,055   |              | 12/31/98                 |             |                               |
| e Park              | FL | 478,314                     | 618,348   | None           | 280    | 478,314                                    | 618,628   | 1,096,942   | 248,637   |              | 12/31/98                 |             |                               |
| cola                | FL | 419,842                     | 1,899,287 | 58,581         | 34,745 | 419,842                                    | 1,992,613 | 2,412,455   | 969,024   |              | 11/26/96                 |             |                               |
| Moines              | IA | 225,771                     | 682,604   | None           | None   | 225,771                                    | 682,604   | 908,375   | 271,896   |              | 01/29/99                 |             |                               |
| view                | IL | 345,166                     | 641,739   | None           | None   | 345,166                                    | 641,739   | 986,905   | 257,776   |              | 12/31/98                 |             |                               |
| field               | IL | 219,859                     | 630,595   | 17,583         | 4      | 219,859                                    | 648,182   | 868,041   | 307,259   |              | 11/26/96                 |             |                               |
| a                   | KS | 1,051,077                   | 1,952,233 | None           | None   | 1,051,077                                  | 1,952,233 | 3,003,310   | 231,014   |              | 01/06/06                 |             |                               |
| more                | MD | 171,320                     | 318,882   | None           | None   | 171,320                                    | 318,882   | 490,202   | 128,095   |              | 12/31/98                 |             |                               |
| Springs             | MO | 870,071                     | 1,616,080 | None           | None   | 870,071                                    | 1,616,080 | 2,486,151   | 191,236   |              | 01/06/06                 |             |                               |
| cothe               | MO | 804,948                     | 1,495,138 | None           | None   | 804,948                                    | 1,495,138 | 2,300,086   | 176,925   |              | 01/06/06                 |             |                               |
| bia                 | MO | 2,039,436                   | 3,787,757 | None           | None   | 2,039,436                                  | 3,787,757 | 5,827,193   | 448,218   |              | 01/06/06                 |             |                               |
| bia,                | MO | 1,080,521                   | 2,006,915 | None           | None   | 1,080,521                                  | 2,006,915 | 3,087,436   | 237,485   |              | 01/06/06                 |             |                               |
| a                   | MO | 791,603                     | 1,470,353 | None           | None   | 791,603                                    | 1,470,353 | 2,261,956   | 173,992   |              | 01/06/06                 |             |                               |
| son                 |    |                             |           |                |        |  |           |   |           |              |                          |             |                               |
|                     | MO | 1,481,299                   | 2,751,217 | None           | None   | 1,481,299                                  | 2,751,217 | 4,232,516   | 325,561   |              | 01/06/06                 |             |                               |
| ville               | MO | 1,421,788                   | 2,640,696 | None           | None   | 1,421,788                                  | 2,640,696 | 4,062,484   | 312,482   |              | 01/06/06                 |             |                               |
| n                   | MO | 493,394                     | 916,537   | None           | None   | 493,394                                    | 916,537   | 1,409,931   | 108,457   |              | 01/06/06                 |             |                               |
| ly                  | MO | 1,293,387                   | 2,402,283 | None           | None   | 1,293,387                                  | 2,402,283 | 3,695,670   | 284,269   |              | 01/06/06                 |             |                               |
| a                   | NE | 1,515,773                   | 2,816,678 | None           | None   | 1,515,773                                  | 2,816,678 | 4,332,451   | 333,308   |              | 01/06/06                 |             |                               |
| ster                | NY | 158,168                     | 294,456   | None           | None   | 158,168                                    | 294,456   | 452,624   | 118,284   |              | 12/31/98                 |             |                               |
| lton                | TX | 201,569                     | 374,342   | None           | None   | 201,569                                    | 374,342   | 575,911   | 75,492    |              | 12/05/03                 |             |                               |
| uite                | TX | 1,049,287                   | 1,949,085 | 134,528        | 75,976 | 1,049,287                                  | 2,159,589 | 3,208,876   | 642,387   |              | 03/28/02                 |             |                               |
| nd                  | TX | 1,590,052                   | 2,953,473 | None           | None   | 1,590,052                                  | 2,953,473 | 4,543,525   | 349,494   |              | 01/06/06                 |             |                               |
| a                   | TX | 1,346,834                   | 2,501,783 | None           | None   | 1,346,834                                  | 2,501,783 | 3,848,617   | 296,044   |              | 01/06/06                 |             |                               |
| ena                 | TX | 147,535                     | 274,521   | None           | None   | 147,535                                    | 274,521   | 422,056   | 110,268   |              | 12/31/98                 |             |                               |
|                     | TX | 363,851                     | 676,249   | None           | None   | 363,851                                    | 676,249   | 1,040,100   | 271,629   |              | 12/31/98                 |             |                               |
| ntonio              | TX | 367,890                     | 683,750   | None           | None   | 367,890                                    | 683,750   | 1,051,640   | 274,642   |              | 12/31/98                 |             |                               |
| peake               | VA | 144,014                     | 649,869   | None           | 11,754 | 144,014                                    | 661,623   | 805,637   | 594,490   |              | 12/22/86                 |             |                               |
| ne                  | WA | 66,150                      | 146,921   | None           | 242    | 66,150                                     | 147,163   | 213,313   | 122,555   |              | 11/18/87                 |             |                               |
| Vehicle Delearships |    |                             |           |                |        |  |           |   |           |              |                          |             |                               |
| tsdale              | AL | 3,026,015                   | 6,117,490 | None           | None   | 3,026,015                                  | 6,117,490 | 9,143,505   | 492,261   | 01/29/07     | 04/07/06                 |             |                               |
| n                   | CO | 4,004,339                   | 1,602,070 | None           | None   | 4,004,339                                  | 1,602,070 | 5,606,409   | 280,362   |              | 08/25/04                 |             |                               |
| mont                | CO | 2,502,092                   | 6,906,609 | None           | None   | 2,502,092                                  | 6,906,609 | 9,408,701   | 1,208,656 |              | 08/25/04                 |             |                               |

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|           |    |           |           |            |       |           |           |           |           |          |          |
|-----------|----|-----------|-----------|------------|-------|-----------|-----------|-----------|-----------|----------|----------|
| Breeze    | FL | 3,518,413 | 905,480   | None       | None  | 3,518,413 | 905,480   | 4,423,893 | 98,094    |          | 04/07/06 |
| r         | GA | 1,339,957 | 1,831,350 | None       | None  | 1,339,957 | 1,831,350 | 3,171,307 | 198,060   |          | 03/01/06 |
| ille      | GA | 1,137,266 | 3,221,767 | None       | None  | 1,137,266 | 3,221,767 | 4,359,033 | 390,998   |          | 10/25/05 |
| stock     | GA | 2,509,102 | 2,509,993 | None       | None  | 2,509,102 | 2,509,993 | 5,019,095 | 322,116   |          | 10/25/05 |
| Lake      | IL | 2,107,134 | 6,383,412 | None       | None  | 2,107,134 | 6,383,412 | 8,490,546 | 913,188   |          | 12/31/04 |
| k         | NC | 1,125,979 | 2,196,033 | None       | None  | 1,125,979 | 2,196,033 | 3,322,012 | 352,611   |          | 12/31/04 |
| ville     | NC | 2,353,825 | 4,159,653 | None       | None  | 2,353,825 | 4,159,653 | 6,513,478 | 644,227   |          | 05/13/04 |
| ester     | NH | 578,314   | 4,546,307 | None       | None  | 578,314   | 4,546,307 | 5,124,621 | 718,022   |          | 10/01/04 |
| hville    | NY | 1,000,000 | 5,755,166 | None       | None  | 1,000,000 | 5,755,166 | 6,755,166 | 590,883   | 06/06/06 | 03/23/06 |
|           | OH | 715,953   | 554,589   | None       | None  | 715,953   | 554,589   | 1,270,542 | 73,453    | 02/13/06 | 01/19/05 |
| oro       | OR | 1,611,084 | 1,936,755 | None       | None  | 1,611,084 | 1,936,755 | 3,547,839 | 177,536   |          | 09/01/06 |
| s         |    |           |           |            |       |           |           |           |           |          |          |
| e         | OR | 3,822,277 | 5,687,110 | None       | None  | 3,822,277 | 5,687,110 | 9,509,387 | 456,763   |          | 09/01/06 |
| illsville | PA | 264,670   | 587,843   | None       | 1,753 | 264,670   | 589,596   | 854,266   | 497,179   |          | 08/17/87 |
| mbia      | SC | 1,145,120 | 2,770,957 | None       | None  | 1,145,120 | 2,770,957 | 3,916,077 | 132,617   |          | 03/03/05 |
| e         |    |           |           |            |       |           |           |           |           |          |          |
|           | SC | 4,099,824 | 2,081,997 | -1,800,804 | None  | 4,099,824 | 281,193   | 4,381,017 | 315,654   | 07/28/00 | 03/03/05 |
| nburg     | SC | 1,234,815 | 3,111,921 | -428,405   | None  | 1,234,815 | 2,683,516 | 3,918,331 | 470,743   |          | 03/03/05 |
| a         | TX | 2,100,000 | 3,900,895 | None       | None  | 2,100,000 | 3,900,895 | 6,000,895 | 149,533   |          | 01/31/08 |
|           | TX | 1,347,454 | 8,564,135 | None       | None  | 1,347,454 | 8,564,135 | 9,911,589 | 1,077,557 | 10/28/05 | 01/25/05 |

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| Description  |    | Initial Cost to Company     |           | Cost Capitalized Subsequent to Acquisition |        | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           |              |              |          |
|--------------|----|-----------------------------|-----------|--|--------|---|-----------|-----------|--------------|--------------|----------|
|              |    | Buildings, Improvements and |           | Buildings, Improvements and                |        | Accumulated   |           |           |              |              |          |
|              |    | Acquisition                 |           | Carrying                                   |        | Acquisition   |           |           | Depreciation | Date of      | Date Co  |
|              |    | Land                        | Fees      | Improvements                               | Costs  | Land  | Fees      | Total     | (Note 4)     | Construction | Acquired |
| Wood         | CA | 1,398,387                   | 3,098,607 | None                                       | None   | 1,398,387   | 3,098,607 | 4,496,994 | 1,482,091    |              | 01/29/97 |
| Side         | CA | 1,410,177                   | 1,659,850 | None                                       | None   | 1,410,177   | 1,659,850 | 3,070,027 | 749,633      |              | 09/17/97 |
| elberry      | FL | 0                           | 1,277,112 | None                                       | None   | -   | 1,277,112 | 1,277,112 | 159,632      | 07/14/05     | 01/25/05 |
| inson        | KS | 269,964                     | 1,704,013 | 36,489                                     | None   | 269,964   | 1,740,502 | 2,010,466 | 787,402      |              | 06/25/97 |
| a            | KS | 240,423                     | 1,829,837 | 51,939                                     | None   | 240,423   | 1,881,776 | 2,122,199 | 852,010      |              | 06/25/97 |
| ton          | MO | 409,114                     | 2,005,416 | None                                       | None   | 409,114   | 2,005,416 | 2,414,530 | 558,161      |              | 01/24/02 |
| a            | MT | 564,241                     | 1,503,118 | 14,233                                     | None   | 564,241   | 1,517,351 | 2,081,592 | 698,885      |              | 06/09/97 |
| boro         | NC | 465,557                     | 2,176,416 | 21,418                                     | None   | 465,557   | 2,197,834 | 2,663,391 | 955,755      |              | 03/27/98 |
| bury         | NY | 3,808,076                   | 2,377,932 | None                                       | None   | 3,808,076   | 2,377,932 | 6,186,008 | 1,073,785    |              | 09/29/97 |
| delphia      | OH | 726,636                     | 1,650,672 | 7,960                                      | None   | 726,636   | 1,658,632 | 2,385,268 | 769,798      |              | 05/30/97 |
| Supplies and |    |                             |           |  |        |   |           |           |              |              |          |
| ces          |    |                             |           |  |        |   |           |           |              |              |          |
| a            | FL | 347,794                     | 905,248   | 46,000                                     | 14,368 | 347,794   | 965,616   | 1,313,410 | 387,955      |              | 12/31/98 |
| h            | GA | 361,058                     | 1,591,629 | None                                       | None   | 361,058   | 1,591,629 | 1,952,687 | 574,757      | 01/27/99     | 09/29/98 |
| etta         | GA | 495,412                     | 1,526,370 | None                                       | None   | 495,412   | 1,526,370 | 2,021,782 | 534,537      | 05/28/99     | 09/29/98 |
| napolis      | IN | 427,000                     | 1,296,901 | None                                       | None   | 427,000   | 1,296,901 | 1,723,901 | 448,238      | 03/10/00     | 01/19/99 |
| ury          | MA | 543,038                     | 2,477,213 | None                                       | None   | 543,038   | 2,477,213 | 3,020,251 | 837,192      | 11/12/99     | 09/30/98 |
| sborough     | MA | 312,204                     | 1,222,522 | None                                       | None   | 312,204   | 1,222,522 | 1,534,726 | 515,490      |              | 06/12/98 |
| ews          | NC | 610,177                     | 1,394,743 | None                                       | None   | 610,177   | 1,394,743 | 2,004,920 | 583,467      |              | 07/17/98 |
| field        | NJ | 985,430                     | 1,590,447 | None                                       | 17     | 985,430   | 1,590,464 | 2,575,894 | 586,736      |              | 09/24/98 |
| querque      | NM | 684,036                     | 874,914   | 300,000                                    | 42,875 | 684,036   | 1,217,789 | 1,901,825 | 479,875      |              | 12/31/98 |
| on City      | PA | 659,790                     | 1,880,722 | 5,396                                      | None   | 659,790   | 1,886,118 | 2,545,908 | 868,957      |              | 06/20/97 |
| asant        | SC | 40,700                      | 180,400   | 17,385                                     | 18,995 | 40,700  | 216,780   | 257,480   | 183,881      |              | 12/22/81 |
| sville       | TN | 290,775                     | 395,870   | None                                       | 109    | 290,775   | 395,979   | 686,754   | 192,105      |              | 11/26/96 |
| te Education |    |                             |           |  |        |   |           |           |              |              |          |
| a            | AZ | 281,750                     | 625,779   | 11,928                                     | 32,448 | 281,750   | 670,155   | 951,905   | 517,478      |              | 03/30/88 |
| nut          |    |                             |           |  |        |   |           |           |              |              |          |
| k            | FL | 310,111                     | 1,243,682 | None                                       | None   | 310,111   | 1,243,682 | 1,553,793 | 466,667      | 08/02/99     | 12/01/98 |
| Vegas        | NV | 1,080,444                   | 3,346,772 | None                                       | None   | 1,080,444   | 3,346,772 | 4,427,216 | 1,444,594    |              | 03/04/98 |

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|           |    |           |           |       |        |           |           |           |           |          |          |
|-----------|----|-----------|-----------|-------|--------|-----------|-----------|-----------|-----------|----------|----------|
| ouri City | TX | 221,025   | 437,593   | 2,202 | 21,608 | 221,025   | 461,403   | 682,428   | 321,483   |          | 12/13/90 |
| r Land    | TX | 1,600,000 | 6,300,995 | None  | None   | 1,600,000 | 6,300,995 | 7,900,995 | 640,598   |          | 06/28/06 |
| tilly     | VA | 688,917   | 3,208,607 | None  | None   | 688,917   | 3,208,607 | 3,897,524 | 1,166,947 | 05/07/99 | 09/30/98 |
| stowne    | VA | 300,000   | 1,191,396 | None  | None   | 300,000   | 1,191,396 | 1,491,396 | 407,362   | 08/22/00 | 11/08/99 |
| aurants   |    |           |           |       |        |           |           |           |           |          |          |
| aster     | AL | 335,197   | 622,697   | None  | None   | 335,197   | 622,697   | 957,894   | 57,081    |          | 09/14/06 |
| lusia     | AL | 252,403   | 468,949   | None  | None   | 252,403   | 468,949   | 721,352   | 42,987    |          | 09/14/06 |
| re        | AL | 272,044   | 505,636   | None  | None   | 272,044   | 505,636   | 777,680   | 149,157   |          | 08/31/01 |
| a         | AL | 148,993   | 276,890   | None  | None   | 148,993   | 276,890   | 425,883   | 25,382    |          | 09/14/06 |
| emer      | AL | 172,438   | 320,429   | None  | None   | 172,438   | 320,429   | 492,867   | 29,373    |          | 09/14/06 |
|           | AL | 829,001   | 1,541,245 | None  | None   | 829,001   | 1,541,245 | 2,370,246 | 131,005   |          | 11/01/06 |
|           | AL | 134,432   | 249,846   | None  | None   | 134,432   | 249,846   | 384,278   | 22,903    |          | 09/14/06 |
| on        | AL | 230,036   | 427,391   | None  | None   | 230,036   | 427,391   | 657,427   | 126,078   |          | 08/31/01 |
| opolis    | AL | 251,349   | 466,972   | None  | None   | 251,349   | 466,972   | 718,321   | 137,754   |          | 08/31/01 |
| prise     | AL | 840,946   | 1,563,474 | None  | None   | 840,946   | 1,563,474 | 2,404,420 | 132,894   |          | 11/01/06 |
| green     | AL | 148,982   | 276,881   | None  | None   | 148,982   | 276,881   | 425,863   | 25,381    |          | 09/14/06 |
| Payne     | AL | 303,056   | 563,001   | None  | None   | 303,056   | 563,001   | 866,057   | 166,083   |          | 08/31/01 |
| Payne     | AL | 814,113   | 1,513,596 | None  | None   | 814,113   | 1,513,596 | 2,327,709 | 128,654   |          | 11/01/06 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |           |             |                | Cost Capitalized Subsequent to Acquisition |           | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |         |  | Accumulated Depreciation | Date of Construction | Date Completed | Liabilities on which depreciation is capitalized |
|-------------------------|----|-----------------------------|-----------|-------------|----------------|--|-----------|---|---------|--|--------------------------|----------------------|----------------|--|
|                         |    | Buildings, Improvements and |           | Acquisition | Carrying Costs | Buildings, Improvements and                |           | Total   |         |  |                          |                      |                |  |
|                         |    | Land                        | Fees      |             |                | Land                                       | Fees      |   |         |  |                          |                      |                |  |
| dsden                   | AL | 242,194                     | 449,977   | None        | None           | 242,194                                    | 449,977   | 692,171   | 41,248  |  |                          | 09/14/06             | 3              |  |
| dsden                   | AL | 851,124                     | 1,582,332 | None        | 456            | 851,124                                    | 1,582,788 | 2,433,912   | 134,555 |  |                          | 11/01/06             | 3              |  |
| ndendale                | AL | 398,669                     | 740,568   | None        | None           | 398,669                                    | 740,568   | 1,139,237   | 218,465 |  |                          | 08/31/01             | 3              |  |
| enville                 | AL | 226,108                     | 420,117   | None        | None           | 226,108                                    | 420,117   | 646,225   | 38,511  |  |                          | 09/14/06             | 3              |  |
| eyville                 | AL | 262,500                     | 488,357   | None        | None           | 262,500                                    | 488,357   | 750,857   | 20,347  |  |                          | 12/21/07             | 3              |  |
| ilton                   | AL | 214,198                     | 397,991   | None        | None           | 214,198                                    | 397,991   | 612,189   | 36,482  |  |                          | 09/14/06             | 3              |  |
| over                    | AL | 251,434                     | 467,185   | None        | None           | 251,434                                    | 467,185   | 718,619   | 137,816 |  |                          | 08/31/01             | 3              |  |
| eytown                  | AL | 281,422                     | 522,828   | None        | None           | 281,422                                    | 522,828   | 804,250   | 47,926  |  |                          | 09/14/06             | 3              |  |
| ntsville                | AL | 826,840                     | 1,537,233 | None        | None           | 826,840                                    | 1,537,233 | 2,364,073   | 130,664 |  |                          | 11/01/06             | 3              |  |
| ntsville                | AL | 811,599                     | 1,508,927 | None        | None           | 811,599                                    | 1,508,927 | 2,320,526   | 128,258 |  |                          | 11/01/06             | 3              |  |
| ds                      | AL | 171,145                     | 318,028   | None        | None           | 171,145                                    | 318,028   | 489,173   | 29,153  |  |                          | 09/14/06             | 3              |  |
| bile                    | AL | 286,333                     | 531,950   | None        | None           | 286,333                                    | 531,950   | 818,283   | 48,762  |  |                          | 09/14/06             | 3              |  |
| ntgomery                | AL | 143,693                     | 267,060   | None        | None           | 143,693                                    | 267,060   | 410,753   | 24,480  |  |                          | 09/14/06             | 3              |  |
| ntgomery                | AL | 145,206                     | 269,870   | None        | None           | 145,206                                    | 269,870   | 415,076   | 24,738  |  |                          | 09/14/06             | 3              |  |
| ntgomery                | AL | 380,468                     | 706,777   | None        | None           | 380,468                                    | 706,777   | 1,087,245   | 62,432  |  |                          | 10/12/06             | 3              |  |
| o                       | AL | 160,778                     | 298,782   | None        | None           | 160,778                                    | 298,782   | 459,560   | 26,392  |  |                          | 10/12/06             | 3              |  |
| ttville                 | AL | 254,278                     | 472,432   | None        | None           | 254,278                                    | 472,432   | 726,710   | 43,306  |  |                          | 09/14/06             | 3              |  |
| acauga                  | AL | 801,413                     | 1,490,012 | 5,400       | 19,190         | 801,413                                    | 1,514,602 | 2,316,015   | 129,893 |  |                          | 11/01/06             | 3              |  |
| ssville                 | AL | 256,485                     | 476,510   | None        | None           | 256,485                                    | 476,510   | 732,995   | 42,092  |  |                          | 10/12/06             | 3              |  |
| rior                    | AL | 159,109                     | 295,676   | None        | None           | 159,109                                    | 295,676   | 454,785   | 27,104  |  |                          | 09/14/06             | 3              |  |
| adadelphia              | AR | 248,868                     | 462,744   | None        | None           | 248,868                                    | 462,744   | 711,612   | 40,876  |  |                          | 10/12/06             | 3              |  |
| ntonville               | AR | 377,086                     | 700,582   | None        | None           | 377,086                                    | 700,582   | 1,077,668   | 206,668 |  |                          | 08/31/01             | 3              |  |
| nway                    | AR | 941,465                     | 1,750,100 | None        | None           | 941,465                                    | 1,750,100 | 2,691,565   | 148,757 |  |                          | 11/01/06             | 3              |  |
| Dorado                  | AR | 907,534                     | 1,687,608 | None        | None           | 907,534                                    | 1,687,608 | 2,595,142   | 143,446 |  |                          | 11/01/06             | 3              |  |
| pe                      | AR | 288,643                     | 536,715   | None        | None           | 288,643                                    | 536,715   | 825,358   | 158,322 |  |                          | 08/31/01             | 3              |  |
| ksonville               | AR | 267,376                     | 497,124   | None        | None           | 267,376                                    | 497,124   | 764,500   | 45,570  |  |                          | 09/14/06             | 3              |  |
| esboro                  | AR | 173,984                     | 323,371   | None        | None           | 173,984                                    | 323,371   | 497,355   | 14,552  |  |                          | 11/16/07             | 3              |  |
| le Rock                 | AR | 317,000                     | 589,377   | None        | None           | 317,000                                    | 589,377   | 906,377   | 173,857 |  |                          | 08/31/01             | 3              |  |
| le Rock                 | AR | 216,570                     | 402,459   | None        | None           | 216,570                                    | 402,459   | 619,029   | 18,111  |  |                          | 11/16/07             | 3              |  |
| lvern                   | AR | 219,703                     | 408,588   | None        | None           | 219,703                                    | 408,588   | 628,291   | 37,454  |  |                          | 09/14/06             | 3              |  |
| th Little               |    |                             |           |             |                |  |           |   |         |  |                          |                      |                |  |
| ck                      | AR | 376,320                     | 699,138   | None        | None           | 376,320                                    | 699,138   | 1,075,458   | 31,461  |  |                          | 11/16/07             | 3              |  |
| ahontas                 | AR | 241,128                     | 447,988   | None        | None           | 241,128                                    | 447,988   | 689,116   | 39,572  |  |                          | 10/12/06             | 3              |  |
| ssellville              | AR | 864,497                     | 1,607,158 | None        | None           | 864,497                                    | 1,607,158 | 2,471,655   | 136,607 |  |                          | 11/01/06             | 3              |  |
|                         | AR | 190,000                     | 352,808   | None        | None           | 190,000                                    | 352,808   | 542,808   | 156,989 |  |                          | 11/20/97             | 3              |  |

|          |    |           |           |         |      |           |           |           |         |          |          |   |
|----------|----|-----------|-----------|---------|------|-----------|-----------|-----------|---------|----------|----------|---|
| Cam      |    |           |           |         |      |           |           |           |         |          |          |   |
| ings     |    |           |           |         |      |           |           |           |         |          |          |   |
| ndale    | AZ | 624,761   | 895,976   | None    | 210  | 624,761   | 896,186   | 1,520,947 | 458,559 |          | 03/06/96 | 3 |
| ndale    | AZ | 1,511,430 | 3,264,231 | None    | None | 1,511,430 | 3,264,231 | 4,775,661 | 269,451 | 11/06/06 | 05/16/06 | 3 |
| ndale    | AZ | 740,707   | 1,376,143 | None    | None | 740,707   | 1,376,143 | 2,116,850 | 75,686  |          | 08/28/07 | 3 |
| odyear   | AZ | 794,360   | 1,274,445 | None    | None | 794,360   | 1,274,445 | 2,068,805 | 115,888 | 02/23/06 | 04/08/05 | 3 |
| enix     | AZ | 704,014   | 1,307,998 | None    | None | 704,014   | 1,307,998 | 2,012,012 | 71,938  |          | 08/28/07 | 3 |
| enix     | AZ | 766,680   | 1,424,378 | None    | None | 766,680   | 1,424,378 | 2,191,058 | 78,339  |          | 08/28/07 | 3 |
| enix     | AZ | 813,750   | 1,511,928 | None    | None | 813,750   | 1,511,928 | 2,325,678 | 83,154  |          | 08/28/07 | 3 |
| prise    | AZ | 681,288   | 1,008,310 | None    | None | 681,288   | 1,008,310 | 1,689,598 | 155,055 | 09/29/04 | 04/16/04 | 3 |
| npe      | AZ | 525,463   | 976,404   | None    | None | 525,463   | 976,404   | 1,501,867 | 53,700  |          | 08/28/07 | 3 |
| eson     | AZ | 107,393   | 500,154   | None    | 308  | 107,393   | 500,462   | 607,855   | 469,874 |          | 01/17/86 | 3 |
| eson     | AZ | 463,231   | 860,982   | None    | None | 463,231   | 860,982   | 1,324,213 | 47,352  |          | 08/28/07 | 3 |
| eson     | AZ | 496,194   | 922,053   | None    | None | 496,194   | 922,053   | 1,418,247 | 50,711  |          | 08/28/07 | 3 |
| ma       | AZ | 236,121   | 541,651   | None    | None | 236,121   | 541,651   | 777,772   | 230,198 |          | 05/28/98 | 3 |
| stow     | CA | 689,842   | 690,204   | None    | None | 689,842   | 690,204   | 1,380,046 | 284,136 |          | 09/24/98 | 3 |
| sno      | CA | 561,502   | 1,043,688 | None    | None | 561,502   | 1,043,688 | 1,605,190 | 57,399  |          | 08/28/07 | 3 |
| ermore   | CA | 662,161   | 823,242   | None    | None | 662,161   | 823,242   | 1,485,403 | 338,905 |          | 09/23/98 | 3 |
| rthridge | CA | 0         | 0         | None    | 102  | -         | 102       | 102       | 81      |          | 04/01/70 | 3 |
| ncho     |    |           |           |         |      |           |           |           |         |          |          |   |
| camonga  | CA | 95,192    | 441,334   | None    | 129  | 95,192    | 441,463   | 536,655   | 413,476 |          | 12/20/85 | 3 |
| erside   | CA | 90,000    | 170,394   | 135,301 | 55   | 90,000    | 305,750   | 395,750   | 206,599 |          | 12/09/76 | 3 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |          | Cost Capitalized Subsequent to Acquisition |              | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |      |           | Accumulated           |           | Date of Construction | Date Completed (i) | Mortgage |   |
|-------------------------|----|-----------------------------|----------|--|--------------|---|------|-----------|-----------------------|-----------|----------------------|--------------------|----------|---|
|                         |    | Buildings, Improvements and |          |  |              | Buildings, Improvements and   |      |           | Depreciation (Note 4) |           |                      |                    |          |   |
|                         |    |                             |          |  |              |   |      |           |                       |           |                      |                    |          |   |
|                         |    | Acquisition                 | Carrying | Acquisition                                | Depreciation |   |      |           |                       |           |                      |                    |          |   |
|                         |    | Land                        | Fees     | Improvements                               | Costs        | Land  | Fees | Total     |                       |           |                      |                    |          |   |
| Arroyo                  | CA | 386,793                     |          | 417,290                                    | None         | 127   |      | 386,793   | 417,417               | 804,210   | 174,615              |                    | 07/31/98 | 3 |
| Al Dimas                | CA | 240,562                     |          | 445,521                                    | 46,026       | None  |      | 240,562   | 491,547               | 732,109   | 459,329              |                    | 03/12/81 | 1 |
| Al Ramon                | CA | 406,000                     |          | 1,126,930                                  | None         | None  |      | 406,000   | 1,126,930             | 1,532,930 | 1,126,930            |                    | 12/08/83 | 1 |
| Arora                   | CO | 288,558                     |          | 537,322                                    | None         | None  |      | 288,558   | 537,322               | 825,880   | 29,548               |                    | 08/28/07 | 3 |
| Colorado                |    |                             |          |  |              |   |      |           |                       |           |                      |                    |          |   |
| Arroyo                  | CO | 152,000                     |          | 704,736                                    | None         | 262   |      | 152,000   | 704,998               | 856,998   | 641,201              |                    | 09/30/86 | 3 |
| Arroyo                  | CO | 540,250                     |          | 1,132,450                                  | None         | None  |      | 540,250   | 1,132,450             | 1,672,700 | 180,627              | 07/29/04           | 03/29/04 | 3 |
| Arroyo                  | CO | 1,606,511                   |          | 5,865                                      | None         | None  |      | 1,606,511 | 5,865                 | 1,612,376 | 1,027                | 07/26/06           | 12/31/02 | 3 |
| Arroyo                  | CO | 700,000                     |          | 1,301,370                                  | None         | None  |      | 700,000   | 1,301,370             | 2,001,370 | 71,574               |                    | 08/28/07 | 3 |
| Arroyo                  | CO | 778,054                     |          | 1,148,443                                  | None         | 98  |      | 778,054   | 1,148,541             | 1,926,595 | 160,191              | 06/10/05           | 02/23/05 | 3 |
| Arroyo                  | CO | 261,466                     |          | 487,102                                    | None         | None  |      | 261,466   | 487,102               | 748,568   | 26,788               |                    | 08/28/07 | 3 |
| Arroyo                  | CT | 531,861                     |          | 989,638                                    | None         | None  |      | 531,861   | 989,638               | 1,521,499 | 41,230               |                    | 12/19/07 | 3 |
| Arroyo                  | CT | 548,459                     |          | 284,639                                    | None         | None  |      | 548,459   | 284,639               | 833,098   | 80,172               |                    | 12/19/01 | 3 |
| Arroyo                  |    |                             |          |  |              |   |      |           |                       |           |                      |                    |          |   |
| Arroyo                  | CT | 0                           |          | 1,235,134                                  | None         | None  | -    | 1,235,134 | 1,235,134             | 1,235,134 | 67,910               |                    | 08/30/07 | 3 |
| Arroyo                  | CT | 0                           |          | 1,353,727                                  | None         | None  | -    | 1,353,727 | 1,353,727             | 1,353,727 | 74,433               |                    | 08/30/07 | 3 |
| Arroyo                  | CT | 369,482                     |          | 687,116                                    | None         | None  |      | 369,482   | 687,116               | 1,056,598 | 37,789               |                    | 08/28/07 | 3 |
| Arroyo                  |    |                             |          |  |              |   |      |           |                       |           |                      |                    |          |   |
| Arroyo                  | CT | 0                           |          | 705,127                                    | None         | None  | -    | 705,127   | 705,127               | 705,127   | 38,760               |                    | 08/30/07 | 3 |
| Arroyo                  | CT | 644,000                     |          | 1,198,741                                  | None         | None  |      | 644,000   | 1,198,741             | 1,842,741 | 65,914               |                    | 08/30/07 | 3 |
| Arroyo                  | CT | 0                           |          | 1,452,933                                  | None         | None  | -    | 1,452,933 | 1,452,933             | 1,452,933 | 79,889               |                    | 08/30/07 | 3 |
| Arroyo                  | CT | 504,167                     |          | 939,051                                    | None         | None  |      | 504,167   | 939,051               | 1,443,218 | 51,631               |                    | 08/30/07 | 3 |
| Arroyo                  | CT | 167,740                     |          | 316,672                                    | None         | None  |      | 167,740   | 316,672               | 484,412   | 89,194               |                    | 12/19/01 | 3 |
| Arroyo                  | CT | 521,021                     |          | 705,163                                    | None         | None  |      | 521,021   | 705,163               | 1,226,184 | 198,619              |                    | 12/19/01 | 3 |
| Arroyo                  | CT | 540,663                     |          | 1,006,829                                  | None         | None  |      | 540,663   | 1,006,829             | 1,547,492 | 55,359               |                    | 08/30/07 | 3 |
| Arroyo                  |    |                             |          |  |              |   |      |           |                       |           |                      |                    |          |   |
| Arroyo                  | CT | 844,967                     |          | 1,571,965                                  | None         | None  |      | 844,967   | 1,571,965             | 2,416,932 | 86,441               |                    | 08/30/07 | 3 |
| Arroyo                  | DE | 647,500                     |          | 1,203,300                                  | None         | None  |      | 647,500   | 1,203,300             | 1,850,800 | 66,180               |                    | 08/28/07 | 3 |
| Arroyo                  | FL | 403,900                     |          | 897,075                                    | None         | 323   |      | 403,900   | 897,398               | 1,301,298 | 670,686              |                    | 12/29/89 | 3 |
| Arroyo                  | FL | 270,439                     |          | 502,655                                    | None         | None  |      | 270,439   | 502,655               | 773,094   | 148,278              |                    | 08/31/01 | 3 |
| Arroyo                  | FL | 484,090                     |          | 899,658                                    | None         | None  |      | 484,090   | 899,658               | 1,383,748 | 49,479               |                    | 08/28/07 | 3 |
| Arroyo                  | FL | 962,500                     |          | 1,788,329                                  | None         | None  |      | 962,500   | 1,788,329             | 2,750,829 | 98,356               |                    | 08/28/07 | 3 |
| Arroyo                  | FL | 269,554                     |          | 501,010                                    | None         | None  |      | 269,554   | 501,010               | 770,564   | 147,793              |                    | 08/31/01 | 3 |
| Arroyo                  | FL | 150,210                     |          | 693,445                                    | None         | None  |      | 150,210   | 693,445               | 843,655   | 655,905              |                    | 09/13/85 | 3 |
| Arroyo                  | FL | 143,299                     |          | 664,373                                    | None         | None  |      | 143,299   | 664,373               | 807,672   | 622,617              |                    | 12/13/85 | 3 |

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|              |           |           |      |        |           |           |           |           |          |          |   |
|--------------|-----------|-----------|------|--------|-----------|-----------|-----------|-----------|----------|----------|---|
| Ksonville FL | 1,451,180 | 658,461   | None | 11,725 | 1,451,180 | 670,186   | 2,121,366 | 60,535    | 08/04/06 | 05/09/06 | 3 |
| ke Mary FL   | 774,043   | 1,438,165 | None | None   | 774,043   | 1,438,165 | 2,212,208 | 79,096    |          | 08/28/07 | 3 |
| nd O'        |           |           |      |        |           |           |           |           |          |          |   |
| kes FL       | 770,136   | 1,190,937 | None | None   | 770,136   | 1,190,937 | 1,961,073 | 137,646   | 10/21/05 | 03/24/05 | 3 |
| rgate FL     | 688,583   | 1,279,430 | None | None   | 688,583   | 1,279,430 | 1,968,013 | 70,367    |          | 08/28/07 | 3 |
| lbourne FL   | 0         | 790,083   | 500  | None   | -         | 790,583   | 790,583   | 50,560    |          | 08/30/07 | 3 |
| ami FL       | 962,500   | 1,788,139 | None | None   | 962,500   | 1,788,139 | 2,750,639 | 98,346    |          | 08/28/07 | 3 |
| ami          |           |           |      |        |           |           |           |           |          |          |   |
| ach FL       | 786,510   | 1,461,294 | None | None   | 786,510   | 1,461,294 | 2,247,804 | 80,369    |          | 08/28/07 | 3 |
| w Port       |           |           |      |        |           |           |           |           |          |          |   |
| hey FL       | 929,402   | 1,459,392 | None | 197    | 929,402   | 1,459,589 | 2,388,991 | 118,116   | 11/13/06 | 08/01/06 | 3 |
| rth          |           |           |      |        |           |           |           |           |          |          |   |
| ami Bch. FL  | 505,870   | 940,302   | None | None   | 505,870   | 940,302   | 1,446,172 | 51,714    |          | 08/28/07 | 3 |
| ando FL      | 230,000   | 1,066,339 | None | 461    | 230,000   | 1,066,800 | 1,296,800 | 1,002,250 |          | 11/18/85 | 3 |
| ando FL      | 209,800   | 972,679   | None | 463    | 209,800   | 973,142   | 1,182,942 | 888,638   |          | 08/15/86 | 3 |
| ando FL      | 600,000   | 949,489   | None | None   | 600,000   | 949,489   | 1,549,489 | 365,774   | 05/27/99 | 12/18/98 | 3 |
| ando FL      | 1,135,310 | 1,306,940 | None | 46     | 1,135,310 | 1,306,986 | 2,442,296 | 94,157    | 01/10/07 | 06/30/06 | 3 |
| ando FL      | 735,000   | 1,367,891 | None | None   | 735,000   | 1,367,891 | 2,102,891 | 75,217    |          | 08/30/07 | 3 |
| ando FL      | 0         | 790,583   | None | None   | -         | 790,583   | 790,583   | 43,460    |          | 08/30/07 | 3 |
| iedo FL      | 204,200   | 911,338   | None | None   | 204,200   | 911,338   | 1,115,538 | 320,642   | 03/27/00 | 08/24/99 | 3 |
| iedo FL      | 456,108   | 847,515   | None | None   | 456,108   | 847,515   | 1,303,623 | 105,939   |          | 11/21/05 | 3 |
| iedo FL      | 465,993   | 866,048   | None | None   | 465,993   | 866,048   | 1,332,041 | 47,631    |          | 08/28/07 | 3 |
| m Bay FL     | 330,000   | 556,668   | None | None   | 330,000   | 556,668   | 886,668   | 218,150   | 02/17/99 | 12/29/98 | 3 |
| ama CityFL   | 202,047   | 375,424   | None | None   | 202,047   | 375,424   | 577,471   | 33,162    |          | 10/12/06 | 3 |
| nbroke       |           |           |      |        |           |           |           |           |          |          |   |
| es FL        | 741,074   | 1,376,913 | None | None   | 741,074   | 1,376,913 | 2,117,987 | 75,728    |          | 08/28/07 | 3 |
| ersburg FL   | 379,455   | 705,487   | None | None   | 379,455   | 705,487   | 1,084,942 | 38,800    |          | 08/28/07 | 3 |

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| Description<br>(Note 1) | Initial Cost to Company |                      | Cost Capitalized Subsequent to Acquisition |        | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |         |                             |                             |         | Accumulated Depreciation | Date of Construction | Date Computed (in Month) | Life on which depreciated in latest Income Statement is based |
|-------------------------|-------------------------|----------------------|--|--------|---|---------|-----------------------------|-----------------------------|---------|--------------------------|----------------------|--------------------------|---|
|                         | Land                    | Federal Improvements | Carrying Costs                             | Land   | Fees  | Total   |                             |                             |         |                          |                      |                          |   |
|                         |                         |                      |  |        |   |         | Buildings, Improvements and | Buildings, Improvements and |         |                          |                      |                          |   |
|                         |                         |                      |  |        |   |         |                             |                             |         |                          |                      |                          |   |
|                         |                         |                      |  |        |   |         |                             |                             |         |                          |                      |                          |   |
| Tallahassee             | FL                      | 385,000              | 715,857                                    | None   | None  | 385,000 | 715,857                     | 1,100,857                   | 29,826  |                          | 12/25/07             | 300                      |   |
| Tallahassee             | FL                      | 175,000              | 325,857                                    | None   | None  | 175,000 | 325,857                     | 500,857                     | 13,576  |                          | 12/25/07             | 300                      |   |
| Tampa                   | FL                      | 962,500              | 1,788,133                                  | None   | None  | 962,500 | 1,788,133                   | 2,750,633                   | 98,346  |                          | 08/28/07             | 300                      |   |
| Tampa                   | FL                      | 700,000              | 1,300,785                                  | None   | None  | 700,000 | 1,300,785                   | 2,000,785                   | 71,541  |                          | 08/28/07             | 300                      |   |
| Tampa                   | FL                      | 545,211              | 1,013,321                                  | None   | None  | 545,211 | 1,013,321                   | 1,558,532                   | 55,730  |                          | 08/28/07             | 300                      |   |
| Albany                  | GA                      | 326,690              | 607,247                                    | None   | None  | 326,690 | 607,247                     | 933,937                     | 73,881  |                          | 12/22/05             | 300                      |   |
| Americus                | GA                      | 709,624              | 1,319,578                                  | None   | None  | 709,624 | 1,319,578                   | 2,029,202                   | 112,163 |                          | 11/01/06             | 300                      |   |
| Augusta                 | GA                      | 827,895              | 1,539,237                                  | None   | None  | 827,895 | 1,539,237                   | 2,367,132                   | 130,834 |                          | 11/01/06             | 300                      |   |
| Cairo                   | GA                      | 210,000              | 390,566                                    | None   | None  | 210,000 | 390,566                     | 600,566                     | 16,274  |                          | 12/25/07             | 300                      |   |
| Duluth                  | GA                      | 536,205              | 996,521                                    | None   | None  | 536,205 | 996,521                     | 1,532,726                   | 54,807  |                          | 08/28/07             | 300                      |   |
| Gainesville             | GA                      | 952,660              | 1,770,931                                  | None   | None  | 952,660 | 1,770,931                   | 2,723,591                   | 150,528 |                          | 11/01/06             | 300                      |   |
| Garden City             | GA                      | 197,225              | 438,043                                    | 32,125 | 11,203  | 197,225 | 481,371                     | 678,596                     | 353,613 |                          | 04/20/89             | 300                      |   |
| Lagrange                | GA                      | 853,599              | 1,586,959                                  | None   | None  | 853,599 | 1,586,959                   | 2,440,558                   | 134,890 |                          | 11/01/06             | 300                      |   |
| Lilburn                 | GA                      | 237,822              | 442,409                                    | None   | None  | 237,822 | 442,409                     | 680,231                     | 24,330  |                          | 08/28/07             | 300                      |   |
| Lithonia                | GA                      | 89,220               | 413,647                                    | None   | 3,769   | 89,220  | 417,416                     | 506,636                     | 403,652 |                          | 01/04/85             | 300                      |   |
| Marietta                | GA                      | 423,132              | 786,530                                    | None   | None  | 423,132 | 786,530                     | 1,209,662                   | 43,257  |                          | 08/28/07             | 300                      |   |
| Norcross                | GA                      | 827,707              | 1,538,875                                  | None   | None  | 827,707 | 1,538,875                   | 2,366,582                   | 130,803 |                          | 11/01/06             | 300                      |   |
| Roswell                 | GA                      | 310,767              | 578,088                                    | None   | None  | 310,767 | 578,088                     | 888,855                     | 31,791  |                          | 08/28/07             | 300                      |   |
| Savannah                | GA                      | 719,188              | 1,337,352                                  | None   | None  | 719,188 | 1,337,352                   | 2,056,540                   | 113,674 |                          | 11/01/06             | 300                      |   |
| Snellville              | GA                      | 710,600              | 1,321,389                                  | 5,400  | 465   | 710,600 | 1,327,254                   | 2,037,854                   | 113,290 |                          | 11/01/06             | 300                      |   |
| Statesboro              | GA                      | 201,250              | 446,983                                    | None   | 3,617   | 201,250 | 450,600                     | 651,850                     | 336,913 |                          | 11/14/89             | 300                      |   |
| Statesboro              | GA                      | 926,462              | 1,722,290                                  | None   | None  | 926,462 | 1,722,290                   | 2,648,752                   | 146,393 |                          | 11/01/06             | 300                      |   |
| Stone Mountain          | GA                      | 215,940              | 1,001,188                                  | 51,876 | 1,889   | 215,940 | 1,054,953                   | 1,270,893                   | 961,025 |                          | 10/30/86             | 300                      |   |
| Thomasville             | GA                      | 300,211              | 558,074                                    | None   | None  | 300,211 | 558,074                     | 858,285                     | 67,899  |                          | 12/22/05             | 300                      |   |
| Thomasville             | GA                      | 894,504              | 1,662,939                                  | None   | None  | 894,504 | 1,662,939                   | 2,557,443                   | 141,349 |                          | 11/01/06             | 300                      |   |
| Valdosta                | GA                      | 901,658              | 1,676,225                                  | None   | None  | 901,658 | 1,676,225                   | 2,577,883                   | 142,478 |                          | 11/01/06             | 300                      |   |
| Warner Robins           | GA                      | 896,841              | 1,667,267                                  | None   | None  | 896,841 | 1,667,267                   | 2,564,108                   | 141,716 |                          | 11/01/06             | 300                      |   |
| Washington              | GA                      | 292,628              | 543,862                                    | None   | None  | 292,628 | 543,862                     | 836,490                     | 160,434 |                          | 08/31/01             | 300                      |   |
| Waycross                | GA                      | 223,475              | 415,563                                    | None   | None  | 223,475 | 415,563                     | 639,038                     | 50,560  |                          | 12/22/05             | 300                      |   |
| Waycross                | GA                      | 956,765              | 1,778,566                                  | None   | None  | 956,765 | 1,778,566                   | 2,735,331                   | 151,177 |                          | 11/01/06             | 300                      |   |
| Altoona                 | IA                      | 654,179              | 1,285,639                                  | None   | None  | 654,179 | 1,285,639                   | 1,939,818                   | 175,219 | 06/11/05                 | 12/30/04             | 300                      |   |
| Ankeny                  | IA                      | 100,000              | 349,218                                    | 25,075 | 555   | 100,000 | 374,848                     | 474,848                     | 363,559 |                          | 07/28/83             | 180                      |   |
| Burlington              | IA                      | 653,057              | 1,214,571                                  | None   | 284   | 653,057 | 1,214,855                   | 1,867,912                   | 103,275 |                          | 11/01/06             | 300                      |   |



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|               |    |         |           |      |        |         |           |           |         |          |     |
|---------------|----|---------|-----------|------|--------|---------|-----------|-----------|---------|----------|-----|
| Cedar Falls   | IA | 208,411 | 387,971   | None | None   | 208,411 | 387,971   | 596,382   | 47,202  | 12/22/05 | 300 |
| Cedar Falls   | IA | 187,250 | 349,057   | None | None   | 187,250 | 349,057   | 536,307   | 14,540  | 12/21/07 | 300 |
| Cedar Rapids  | IA | 125,076 | 233,206   | None | None   | 125,076 | 233,206   | 358,282   | 28,372  | 12/22/05 | 300 |
| Cedar Rapids  | IA | 822,331 | 1,528,939 | None | None   | 822,331 | 1,528,939 | 2,351,270 | 129,959 | 11/01/06 | 300 |
| Clive         | IA | 840,697 | 1,563,046 | None | None   | 840,697 | 1,563,046 | 2,403,743 | 132,858 | 11/01/06 | 300 |
| Fort Dodge    | IA | 388,815 | 722,573   | None | None   | 388,815 | 722,573   | 1,111,388 | 66,236  | 09/14/06 | 300 |
| Delwein       | IA | 84,244  | 157,375   | None | None   | 84,244  | 157,375   | 241,619   | 19,146  | 12/22/05 | 300 |
| Urbandale     | IA | 395,896 | 735,724   | None | None   | 395,896 | 735,724   | 1,131,620 | 67,441  | 09/14/06 | 300 |
| Waterloo      | IA | 263,555 | 490,374   | None | None   | 263,555 | 490,374   | 753,929   | 56,393  | 02/28/06 | 300 |
| Boise         | ID | 190,894 | 423,981   | None | 533    | 190,894 | 424,514   | 615,408   | 345,159 | 05/17/88 | 300 |
| Boise         | ID | 161,352 | 334,041   | None | 533    | 161,352 | 334,574   | 495,926   | 266,410 | 10/07/88 | 300 |
| Nampa         | ID | 74,156  | 343,820   | None | 378    | 74,156  | 344,198   | 418,354   | 309,787 | 12/31/86 | 300 |
| Rexburg       | ID | 90,760  | 420,787   | None | 11,524 | 90,760  | 432,311   | 523,071   | 400,607 | 11/25/85 | 300 |
| Alton         | IL | 225,785 | 419,315   | None | 747    | 225,785 | 420,062   | 645,847   | 334,769 | 10/18/88 | 300 |
| Buffalo Grove | IL | 306,250 | 569,693   | None | None   | 306,250 | 569,693   | 875,943   | 31,331  | 08/28/07 | 300 |
| Centralia     | IL | 225,966 | 420,573   | None | None   | 225,966 | 420,573   | 646,539   | 51,169  | 12/22/05 | 300 |
| Champaign     | IL | 805,888 | 1,498,402 | None | 284    | 805,888 | 1,498,686 | 2,304,574 | 127,401 | 11/01/06 | 300 |
| Countryside   | IL | 301,000 | 559,824   | None | None   | 301,000 | 559,824   | 860,824   | 30,786  | 08/28/07 | 300 |
| Effingham     | IL | 783,528 | 1,456,874 | None | None   | 783,528 | 1,456,874 | 2,240,402 | 123,833 | 11/01/06 | 300 |
| Elgin         | IL | 700,000 | 1,300,943 | None | None   | 700,000 | 1,300,943 | 2,000,943 | 71,549  | 08/28/07 | 300 |



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| Description<br>(Note 1) |      | Initial Cost to Company     |                |        |        | Cost Capitalized Subsequent to Acquisition |                             | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |                       |          | Accumulated Depreciation | Date of Construction | Date Completed (in Months) |
|-------------------------|------|-----------------------------|----------------|--------|--------|--|-----------------------------|---|-----------------------|----------|--------------------------|----------------------|----------------------------|
|                         |      | Buildings, Improvements and |                | Land   | Fees   | Total                                      | Buildings, Improvements and |   |                       |          |                          |                      |                            |
|                         |      | Acquisition                 | Carrying Costs |        |        |  |                             |   |                       |          |                          |                      |                            |
|                         |      |                             |                |        |        |  |                             | Acquisition   | Depreciation (Note 4) |          |                          |                      |                            |
| Land                    | Fees | Improvements                | Costs          | Land   | Fees   | Total                                      | (Note 4)                    | Construction  | Acquired              | Mon      |                          |                      |                            |
| Interview               |      |                             |                |        |        |  |                             |   |                       |          |                          |                      |                            |
| rights                  | IL   | 660,652                     | 1,227,321      | None   | None   | 660,652                                    | 1,227,321                   | 1,887,973   | 153,415               |          | 11/21/05                 | 30                   |                            |
| Arnee                   | IL   | 735,000                     | 1,365,747      | None   | None   | 735,000                                    | 1,365,747                   | 2,100,747   | 75,114                |          | 08/28/07                 | 30                   |                            |
| et                      | IL   | 280,903                     | 522,424        | None   | None   | 280,903                                    | 522,424                     | 803,327   | 28,732                |          | 08/28/07                 | 30                   |                            |
| ncoln                   | IL   | 206,532                     | 383,970        | None   | None   | 206,532                                    | 383,970                     | 590,502   | 113,266               |          | 08/31/01                 | 30                   |                            |
| arion                   | IL   | 831,323                     | 1,545,566      | None   | None   | 831,323                                    | 1,545,566                   | 2,376,889   | 131,372               |          | 11/01/06                 | 30                   |                            |
| oline                   | IL   | 781,044                     | 1,452,262      | None   | None   | 781,044                                    | 1,452,262                   | 2,233,306   | 123,441               |          | 11/01/06                 | 30                   |                            |
| Vernon                  | IL   | 883,110                     | 1,641,741      | None   | None   | 883,110                                    | 1,641,741                   | 2,524,851   | 139,547               |          | 11/01/06                 | 30                   |                            |
| wego                    | IL   | 953,394                     | 1,208,677      | 1,988  | 16,252 | 953,394                                    | 1,226,917                   | 2,180,311   | 145,083               | 06/15/05 | 06/24/05                 | 30                   |                            |
| oria                    | IL   | 662,460                     | 1,060,577      | None   | None   | 662,460                                    | 1,060,577                   | 1,723,037   | 166,881               | 10/13/04 | 06/15/04                 | 30                   |                            |
| ck Island               | IL   | 138,463                     | 258,066        | None   | None   | 138,463                                    | 258,066                     | 396,529   | 31,397                |          | 12/22/05                 | 30                   |                            |
| ringfield               | IL   | 846,830                     | 1,574,436      | None   | None   | 846,830                                    | 1,574,436                   | 2,421,266   | 133,826               |          | 11/01/06                 | 30                   |                            |
| ransea                  | IL   | 890,625                     | 1,655,743      | 18,250 | 20,571 | 890,625                                    | 1,694,564                   | 2,585,189   | 144,376               |          | 11/01/06                 | 30                   |                            |
| aukegan                 | IL   | 496,908                     | 923,576        | None   | None   | 496,908                                    | 923,576                     | 1,420,484   | 50,795                |          | 08/28/07                 | 30                   |                            |
| aukegan                 | IL   | 1,330,000                   | 2,470,909      | None   | None   | 1,330,000                                  | 2,470,909                   | 3,800,909   | 102,954               |          | 12/21/07                 | 30                   |                            |
| estmont                 | IL   | 475,300                     | 883,468        | None   | None   | 475,300                                    | 883,468                     | 1,358,768   | 48,588                |          | 08/28/07                 | 30                   |                            |
| nderson                 | IN   | 831,077                     | 1,545,131      | None   | None   | 831,077                                    | 1,545,131                   | 2,376,208   | 131,335               |          | 11/01/06                 | 30                   |                            |
| khart                   | IN   | 496,306                     | 922,168        | None   | None   | 496,306                                    | 922,168                     | 1,418,474   | 115,271               |          | 11/21/05                 | 30                   |                            |
| khart                   | IN   | 835,890                     | 1,554,487      | None   | None   | 835,890                                    | 1,554,487                   | 2,390,377   | 132,116               |          | 11/01/06                 | 30                   |                            |
| ansville                | IN   | 136,738                     | 254,864        | None   | None   | 136,738                                    | 254,864                     | 391,602   | 31,007                |          | 12/22/05                 | 30                   |                            |
| ianapolis               | IN   | 437,500                     | 813,225        | None   | None   | 437,500                                    | 813,225                     | 1,250,725   | 44,726                |          | 08/28/07                 | 30                   |                            |
| per                     | IN   | 129,919                     | 242,199        | None   | None   | 129,919                                    | 242,199                     | 372,118   | 29,466                |          | 12/22/05                 | 30                   |                            |
| okomo                   | IN   | 417,330                     | 775,555        | None   | None   | 417,330                                    | 775,555                     | 1,192,885   | 86,604                |          | 03/28/06                 | 30                   |                            |
| arion                   | IN   | 426,384                     | 792,314        | None   | None   | 426,384                                    | 792,314                     | 1,218,698   | 96,398                |          | 12/13/05                 | 30                   |                            |
| arion                   | IN   | 685,194                     | 1,274,206      | None   | None   | 685,194                                    | 1,274,206                   | 1,959,400   | 108,306               |          | 11/01/06                 | 30                   |                            |
| chigan                  |      |                             |                |        |        |  |                             |   |                       |          |                          |                      |                            |
| y                       | IN   | 840,998                     | 1,563,545      | None   | None   | 840,998                                    | 1,563,545                   | 2,404,543   | 132,900               |          | 11/01/06                 | 30                   |                            |
| uncie                   | IN   | 136,400                     | 632,380        | 8,000  | 13,335 | 136,400                                    | 653,715                     | 790,115   | 599,994               |          | 03/18/86                 | 30                   |                            |
| uncie                   | IN   | 67,156                      | 149,157        | 8,000  | 158    | 67,156                                     | 157,315                     | 224,471   | 123,220               |          | 03/30/88                 | 30                   |                            |
| uncie                   | IN   | 644,177                     | 1,196,786      | None   | None   | 644,177                                    | 1,196,786                   | 1,840,963   | 149,598               |          | 11/21/05                 | 30                   |                            |
| unster                  | IN   | 560,000                     | 1,040,943      | None   | None   | 560,000                                    | 1,040,943                   | 1,600,943   | 57,249                |          | 08/28/07                 | 30                   |                            |
| w Castle                | IN   | 246,192                     | 320,572        | 9,317  | 163    | 246,192                                    | 330,052                     | 576,244   | 273,895               |          | 01/07/87                 | 30                   |                            |
| wburgh                  | IN   | 161,193                     | 300,280        | None   | None   | 161,193                                    | 300,280                     | 461,473   | 36,533                |          | 12/22/05                 | 30                   |                            |
| uth Bend                | IN   | 133,200                     | 617,545        | None   | 19,347 | 133,200                                    | 636,892                     | 770,092   | 590,388               |          | 04/28/86                 | 30                   |                            |
| re Haute                | IN   | 767,189                     | 1,426,532      | None   | None   | 767,189                                    | 1,426,532                   | 2,193,721   | 121,254               |          | 11/01/06                 | 30                   |                            |

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|             |    |         |           |       |        |         |           |           |         |          |    |
|-------------|----|---------|-----------|-------|--------|---------|-----------|-----------|---------|----------|----|
| Paraiso     | IN | 365,612 | 679,507   | None  | None   | 365,612 | 679,507   | 1,045,119 | 80,408  | 01/11/06 | 30 |
| Washington  | IN | 155,856 | 290,368   | None  | None   | 155,856 | 290,368   | 446,224   | 35,327  | 12/22/05 | 30 |
| Westfield   | IN | 213,341 | 477,300   | None  | 211    | 213,341 | 477,511   | 690,852   | 357,410 | 12/21/89 | 30 |
| Manute      | KS | 330,852 | 615,008   | None  | None   | 330,852 | 615,008   | 945,860   | 56,376  | 09/14/06 | 30 |
| Arby        | KS | 96,060  | 445,359   | None  | None   | 96,060  | 445,359   | 541,419   | 419,749 | 10/29/85 | 30 |
| Dorado      | KS | 87,400  | 405,206   | None  | 7,558  | 87,400  | 412,764   | 500,164   | 380,981 | 04/10/86 | 30 |
| Port Scott  | KS | 269,301 | 500,698   | None  | None   | 269,301 | 500,698   | 769,999   | 45,897  | 09/14/06 | 30 |
| Merland     |    |         |           |       |        |         |           |           |         |          |    |
| Ark         | KS | 408,578 | 759,513   | None  | None   | 408,578 | 759,513   | 1,168,091 | 41,771  | 08/28/07 | 30 |
| Merland     |    |         |           |       |        |         |           |           |         |          |    |
| Ark         | KS | 754,020 | 1,401,069 | None  | None   | 754,020 | 1,401,069 | 2,155,089 | 77,057  | 08/28/07 | 30 |
| Persons     | KS | 318,516 | 592,099   | None  | None   | 318,516 | 592,099   | 910,615   | 54,276  | 09/14/06 | 30 |
| Lawnee      | KS | 953,916 | 1,773,245 | None  | None   | 953,916 | 1,773,245 | 2,727,161 | 150,725 | 11/01/06 | 30 |
| Peke        | KS | 232,146 | 431,853   | None  | None   | 232,146 | 431,853   | 663,999   | 23,750  | 08/28/07 | 30 |
| Chita       | KS | 98,000  | 454,350   | 6,265 | 241    | 98,000  | 460,856   | 558,856   | 415,960 | 08/08/86 | 30 |
| Chita       | KS | 787,377 | 1,463,936 | None  | None   | 787,377 | 1,463,936 | 2,251,313 | 124,433 | 11/01/06 | 30 |
| Wuling      |    |         |           |       |        |         |           |           |         |          |    |
| Green       | KY | 685,246 | 1,273,002 | None  | None   | 685,246 | 1,273,002 | 1,958,248 | 159,125 | 11/21/05 | 30 |
| Ward        | KY | 243,836 | 453,025   | None  | None   | 243,836 | 453,025   | 696,861   | 41,527  | 09/14/06 | 30 |
| Spkinsville | KY | 801,532 | 1,490,241 | None  | None   | 801,532 | 1,490,241 | 2,291,773 | 126,669 | 11/01/06 | 30 |
| Wington     | KY | 122,200 | 1,400     | None  | 31,495 | 122,200 | 32,895    | 155,095   | 3,165   | 12/03/86 | 30 |
| Wington     | KY | 655,085 | 1,216,983 | None  | None   | 655,085 | 1,216,983 | 1,872,068 | 152,123 | 11/21/05 | 30 |
| Wuisville   | KY | 821,990 | 1,528,282 | None  | None   | 821,990 | 1,528,282 | 2,350,272 | 129,903 | 11/01/06 | 30 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |              | Cost Capitalized Subsequent to Acquisition |          | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated Depreciation |  | Date of Construction | Date Completed (i) | Mon |
|-------------------------|----|-----------------------------|--------------|--|----------|---|-----------|-----------|--------------------------|--|----------------------|--------------------|-----|
|                         |    | Buildings, Improvements and |              |  |          | Buildings, Improvements and   |           |           |                          |  |                      |                    |     |
|                         |    | Acquisition                 | Improvements | Costs                                      | Carrying | Acquisition   | Fees      | Total     | (Note 4)                 |  |                      |                    |     |
|                         |    | Land                        | Fees         |  |          | Land  | Fees      | Total     | (Note 4)                 |  |                      |                    |     |
| Madisonville            | KY | 422,501                     | 784,831      | None                                       | None     | 422,501   | 784,831   | 1,207,332 | 71,943                   |  | 09/14/06             |                    | 30  |
| Huddlesboro             | KY | 859,709                     | 1,598,332    | None                                       | None     | 859,709   | 1,598,332 | 2,458,041 | 135,857                  |  | 11/01/06             |                    | 30  |
| Array                   | KY | 831,246                     | 1,545,422    | None                                       | None     | 831,246   | 1,545,422 | 2,376,668 | 131,360                  |  | 11/01/06             |                    | 30  |
| Lucas                   | KY | 673,551                     | 1,251,276    | None                                       | None     | 673,551   | 1,251,276 | 1,924,827 | 156,410                  |  | 11/21/05             |                    | 30  |
| Shmond                  | KY | 913,770                     | 1,698,726    | None                                       | None     | 913,770   | 1,698,726 | 2,612,496 | 144,390                  |  | 11/01/06             |                    | 30  |
| Alexandria              | LA | 143,000                     | 662,985      | None                                       | 15,164   | 143,000   | 678,149   | 821,149   | 632,000                  |  | 01/17/86             |                    | 30  |
| Alexandria              | LA | 1,270,223                   | 2,361,174    | None                                       | None     | 1,270,223   | 2,361,174 | 3,631,397 | 200,699                  |  | 11/01/06             |                    | 30  |
| ossier City             | LA | 172,269                     | 320,497      | None                                       | None     | 172,269   | 320,497   | 492,766   | 29,379                   |  | 09/14/06             |                    | 30  |
| ridder                  | LA | 371,127                     | 690,819      | None                                       | None     | 371,127   | 690,819   | 1,061,946 | 42,588                   |  | 06/22/07             |                    | 30  |
| ommond                  | LA | 1,011,084                   | 1,879,972    | None                                       | None     | 1,011,084   | 1,879,972 | 2,891,056 | 159,796                  |  | 11/01/06             |                    | 30  |
| uma                     | LA | 1,061,671                   | 1,973,864    | None                                       | None     | 1,061,671   | 1,973,864 | 3,035,535 | 167,777                  |  | 11/01/06             |                    | 30  |
| nings                   | LA | 107,120                     | 496,636      | None                                       | 156      | 107,120   | 496,792   | 603,912   | 468,220                  |  | 10/17/85             |                    | 30  |
| esboro                  | LA | 163,651                     | 304,492      | None                                       | None     | 163,651   | 304,492   | 468,143   | 27,912                   |  | 09/14/06             |                    | 30  |
| rgan City               | LA | 832,895                     | 1,548,993    | None                                       | None     | 832,895   | 1,548,993 | 2,381,888 | 131,663                  |  | 11/01/06             |                    | 30  |
| chitoches               | LA | 291,675                     | 541,890      | None                                       | None     | 291,675   | 541,890   | 833,565   | 159,855                  |  | 08/31/01             |                    | 30  |
| w Iberia                | LA | 917,582                     | 1,706,269    | None                                       | None     | 917,582   | 1,706,269 | 2,623,851 | 145,032                  |  | 11/01/06             |                    | 30  |
| elousas                 | LA | 949,157                     | 1,764,908    | 5,400                                      | 495      | 949,157   | 1,770,803 | 2,719,960 | 150,994                  |  | 11/01/06             |                    | 30  |
| eville                  | LA | 1,136,612                   | 2,113,040    | None                                       | None     | 1,136,612   | 2,113,040 | 3,249,652 | 179,607                  |  | 11/01/06             |                    | 30  |
| ston                    | LA | 170,274                     | 316,792      | None                                       | None     | 170,274   | 316,792   | 487,066   | 29,039                   |  | 09/14/06             |                    | 30  |
| ston                    | LA | 982,427                     | 1,826,696    | None                                       | None     | 982,427   | 1,826,696 | 2,809,123 | 155,268                  |  | 11/01/06             |                    | 30  |
| veeport                 | LA | 359,268                     | 667,417      | None                                       | None     | 359,268   | 667,417   | 1,026,685 | 196,885                  |  | 08/31/01             |                    | 30  |
| veeport                 | LA | 154,671                     | 287,815      | None                                       | None     | 154,671   | 287,815   | 442,486   | 26,383                   |  | 09/14/06             |                    | 30  |
| veeport                 | LA | 200,033                     | 372,059      | None                                       | None     | 200,033   | 372,059   | 572,092   | 34,105                   |  | 09/14/06             |                    | 30  |
| veeport                 | LA | 259,987                     | 483,401      | None                                       | None     | 259,987   | 483,401   | 743,388   | 44,312                   |  | 09/14/06             |                    | 30  |
| veeport                 | LA | 269,130                     | 500,382      | None                                       | None     | 269,130   | 500,382   | 769,512   | 45,868                   |  | 09/14/06             |                    | 30  |
| vian                    | LA | 135,568                     | 252,338      | None                                       | None     | 135,568   | 252,338   | 387,906   | 23,131                   |  | 09/14/06             |                    | 30  |
| nnfield                 | LA | 145,973                     | 271,661      | None                                       | None     | 145,973   | 271,661   | 417,634   | 24,902                   |  | 09/14/06             |                    | 30  |
| chary                   | LA | 898,306                     | 1,670,527    | None                                       | None     | 898,306   | 1,670,527 | 2,568,833 | 141,994                  |  | 11/01/06             |                    | 30  |
| esbury                  | MA | 0                           | 790,494      | None                                       | None     | -   | 790,494   | 790,494   | 72,389                   |  | 08/30/07             |                    | 30  |
| leboro                  | MA | 369,815                     | 693,655      | None                                       | None     | 369,815   | 693,655   | 1,063,470 | 195,378                  |  | 12/19/01             |                    | 30  |
| burn                    | MA | 418,250                     | 779,623      | 500  | None     | 418,250   | 780,123   | 1,198,373 | 42,929                   |  | 08/30/07             |                    | 30  |
| lerica                  | MA | 398,292                     | 740,107      | None                                       | None     | 398,292   | 740,107   | 1,138,399 | 33,302                   |  | 11/14/07             |                    | 30  |
| icopee                  | MA | 761,606                     | 1,417,624    | None                                       | None     | 761,606   | 1,417,624 | 2,179,230 | 77,952                   |  | 08/30/07             |                    | 30  |
| icopee<br>ls            | MA | 302,982                     | 565,894      | None                                       | None     | 302,982   | 565,894   | 868,876   | 31,107                   |  | 08/30/07             |                    | 30  |

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|           |    |         |           |      |      |         |           |           |         |          |   |
|-----------|----|---------|-----------|------|------|---------|-----------|-----------|---------|----------|---|
| st        |    |         |           |      |      |         |           |           |         |          |   |
| ngmeadow  | MA | 614,319 | 1,144,128 | None | None | 614,319 | 1,144,128 | 1,758,447 | 62,910  | 08/30/07 | 3 |
| l River   | MA | 962,500 | 1,787,831 | None | None | 962,500 | 1,787,831 | 2,750,331 | 98,330  | 08/28/07 | 3 |
| rdner     | MA | 0       | 828,564   | None | None | -       | 828,564   | 828,564   | 69,335  | 08/30/07 | 3 |
| eat       |    |         |           |      |      |         |           |           |         |          |   |
| rrington  | MA | 422,625 | 788,089   | None | None | 422,625 | 788,089   | 1,210,714 | 43,328  | 08/30/07 | 3 |
| eenfield  | MA | 389,436 | 726,452   | None | None | 389,436 | 726,452   | 1,115,888 | 39,938  | 08/30/07 | 3 |
| eenfield  | MA | 761,417 | 1,417,273 | None | None | 761,417 | 1,417,273 | 2,178,690 | 77,933  | 08/30/07 | 3 |
| novor     | MA | 397,203 | 281,202   | None | None | 397,203 | 281,202   | 678,405   | 79,204  | 12/19/01 | 3 |
| verhill   | MA | 568,635 | 1,058,815 | None | None | 568,635 | 1,058,815 | 1,627,450 | 58,218  | 08/30/07 | 3 |
| lyoke     | MA | 577,667 | 1,076,023 | None | None | 577,667 | 1,076,023 | 1,653,690 | 59,164  | 08/30/07 | 3 |
| annis     | MA | 687,917 | 1,280,767 | None | None | 687,917 | 1,280,767 | 1,968,684 | 70,425  | 08/30/07 | 3 |
| wrence    | MA | 910,000 | 1,690,877 | None | None | 910,000 | 1,690,877 | 2,600,877 | 92,994  | 08/28/07 | 3 |
| e         | MA | 540,506 | 1,007,010 | None | None | 540,506 | 1,007,010 | 1,547,516 | 55,368  | 08/30/07 | 3 |
| rth Adams | MA | 377,300 | 703,914   | None | None | 377,300 | 703,914   | 1,081,214 | 38,698  | 08/30/07 | 3 |
| rwood     | MA | 840,616 | 1,563,923 | None | None | 840,616 | 1,563,923 | 2,404,539 | 85,999  | 08/30/07 | 3 |
| mer       | MA | 141,524 | 598,480   | None | None | 141,524 | 598,480   | 740,004   | 168,570 | 12/19/01 | 3 |
| boddy     | MA | 529,555 | 222,590   | None | None | 529,555 | 222,590   | 752,145   | 62,695  | 12/19/01 | 3 |
| tsfield   | MA | 286,241 | 950,022   | None | None | 286,241 | 950,022   | 1,236,263 | 267,588 | 12/19/01 | 3 |
| incy      | MA | 289,121 | 539,719   | None | None | 289,121 | 539,719   | 828,840   | 29,667  | 08/30/07 | 3 |
| ynham     | MA | 761,417 | 1,417,287 | None | None | 761,417 | 1,417,287 | 2,178,704 | 77,933  | 08/30/07 | 3 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |           | Cost Capitalized Subsequent to Acquisition |        | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated  |  | Date of Construction | Date Completed (in Month) |
|-------------------------|----|-----------------------------|-----------|--|--------|---|-----------|-----------|--------------|--|----------------------|---------------------------|
|                         |    | Buildings, Improvements and |           |  |        | Buildings, Improvements and   |           |           |              |  |                      |                           |
|                         |    | Acquisition                 |           | Carrying                                   |        | Acquisition   |           |           | Depreciation |  |                      |                           |
|                         |    | Land                        | Fees      | Improvements                               | Costs  | Land  | Fees      | Total     | (Note 4)     |  |                      |                           |
| Agamore                 |    |                             |           |  |        |   |           |           |              |  |                      |                           |
| Beach                   | MA | 620,188                     | 1,155,007 | None                                       | None   | 620,188   | 1,155,007 | 1,775,195 | 63,508       |  | 08/30/07             | 30                        |
| Bugus                   | MA | 0                           | 737,971   | None                                       | None   | -   | 737,971   | 737,971   | 56,847       |  | 08/30/07             | 30                        |
| DeKonk                  | MA | 614,417                     | 1,144,267 | None                                       | None   | 614,417   | 1,144,267 | 1,758,684 | 62,917       |  | 08/30/07             | 30                        |
| Duth                    |    |                             |           |  |        |   |           |           |              |  |                      |                           |
| Dartmouth               | MA | 379,217                     | 707,492   | None                                       | None   | 379,217   | 707,492   | 1,086,709 | 38,895       |  | 08/30/07             | 30                        |
| Springfield             | MA | 280,920                     | 337,325   | None                                       | 75     | 280,920   | 337,400   | 618,320   | 95,021       |  | 12/19/01             | 30                        |
| Springfield             | MA | 230,030                     | 865,572   | None                                       | None   | 230,030   | 865,572   | 1,095,602 | 243,801      |  | 12/19/01             | 30                        |
| Springfield             | MA | 227,207                     | 958,444   | None                                       | None   | 227,207   | 958,444   | 1,185,651 | 269,960      |  | 12/19/01             | 30                        |
| Oneham                  | MA | 397,544                     | 191,717   | None                                       | None   | 397,544   | 191,717   | 589,261   | 53,999       |  | 12/19/01             | 30                        |
| dbury                   | MA | 0                           | 633,843   | None                                       | None   | -   | 633,843   | 633,843   | 46,626       |  | 08/30/07             | 30                        |
| ransea                  | MA | 173,853                     | 488,699   | None                                       | None   | 173,853   | 488,699   | 662,552   | 137,649      |  | 12/19/01             | 30                        |
| Wksbury                 | MA | 392,079                     | 730,927   | None                                       | None   | 392,079   | 730,927   | 1,123,006 | 40,184       |  | 08/30/07             | 30                        |
| are                     | MA | 220,457                     | 412,133   | 500  | None   | 220,457   | 412,633   | 633,090   | 22,717       |  | 08/30/07             | 30                        |
| est                     |    |                             |           |  |        |   |           |           |              |  |                      |                           |
| Springfield             | MA | 243,556                     | 455,532   | None                                       | None   | 243,556   | 455,532   | 699,088   | 25,037       |  | 08/30/07             | 30                        |
| est                     |    |                             |           |  |        |   |           |           |              |  |                      |                           |
| Springfield             | MA | 761,417                     | 1,417,273 | None                                       | None   | 761,417   | 1,417,273 | 2,178,690 | 77,933       |  | 08/30/07             | 30                        |
| estboro                 | MA | 335,191                     | 424,534   | None                                       | None   | 335,191   | 424,534   | 759,725   | 119,575      |  | 12/19/01             | 30                        |
| ollaston                | MA | 411,366                     | 766,745   | None                                       | None   | 411,366   | 766,745   | 1,178,111 | 42,154       |  | 08/30/07             | 30                        |
| orcester                | MA | 578,336                     | 1,077,426 | None                                       | None   | 578,336   | 1,077,426 | 1,655,762 | 59,241       |  | 08/30/07             | 30                        |
| gerstown                | MD | 499,396                     | 928,250   | None                                       | None   | 499,396   | 928,250   | 1,427,646 | 51,052       |  | 08/28/07             | 30                        |
| Plata                   | MD | 120,140                     | 557,000   | 43,209                                     | 26,303 | 120,140   | 626,512   | 746,652   | 539,019      |  | 12/03/85             | 30                        |
| aterville               | ME | 0                           | 717,653   | None                                       | None   | -   | 717,653   | 717,653   | 39,449       |  | 08/30/07             | 30                        |
| indham                  | ME | 0                           | 831,301   | 1,000                                      | None   | -   | 832,301   | 832,301   | 45,832       |  | 08/30/07             | 30                        |
| nton                    | MI | 279,923                     | 521,223   | None                                       | None   | 279,923   | 521,223   | 801,146   | 28,665       |  | 08/28/07             | 30                        |
| omstock                 |    |                             |           |  |        |   |           |           |              |  |                      |                           |
| rk                      | MI | 810,477                     | 1,506,864 | None                                       | None   | 810,477   | 1,506,864 | 2,317,341 | 128,082      |  | 11/01/06             | 30                        |
| nt                      | MI | 827,853                     | 0         | None                                       | None   | 827,853   | -         | 827,853   | -            |  | 04/13/95             | 30                        |
| nt                      | MI | 885,144                     | 1,645,531 | None                                       | None   | 885,144   | 1,645,531 | 2,530,675 | 139,869      |  | 11/01/06             | 30                        |
| nsing                   | MI | 873,536                     | 1,623,973 | None                                       | None   | 873,536   | 1,623,973 | 2,497,509 | 138,037      |  | 11/01/06             | 30                        |
| vonia                   | MI | 350,000                     | 651,446   | None                                       | None   | 350,000   | 651,446   | 1,001,446 | 35,827       |  | 08/28/07             | 30                        |
| ginaw                   | MI | 766,531                     | 1,425,263 | None                                       | None   | 766,531   | 1,425,263 | 2,191,794 | 121,146      |  | 11/01/06             | 30                        |
| ylor                    | MI | 847,070                     | 1,574,821 | None                                       | 284    | 847,070   | 1,575,105 | 2,422,175 | 133,896      |  | 11/01/06             | 30                        |
| estland                 | MI | 869,530                     | 1,616,568 | None                                       | None   | 869,530   | 1,616,568 | 2,486,098 | 137,407      |  | 11/01/06             | 30                        |

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|            |    |         |           |          |        |         |           |           |           |          |    |
|------------|----|---------|-----------|----------|--------|---------|-----------|-----------|-----------|----------|----|
| seville    | MN | 281,600 | 1,305,560 | None     | 189    | 281,600 | 1,305,749 | 1,587,349 | 1,270,067 | 12/18/84 | 30 |
| lton       | MO | 89,328  | 418,187   | 22,270   | 14,516 | 89,328  | 454,973   | 544,301   | 433,915   | 12/18/84 | 30 |
| livar      | MO | 237,094 | 440,596   | None     | None   | 237,094 | 440,596   | 677,690   | 129,972   | 08/31/01 | 30 |
| dgeton     | MO | 743,559 | 1,382,610 | 16,250   | 476    | 743,559 | 1,399,336 | 2,142,895 | 119,621   | 11/01/06 | 30 |
| ffalo      | MO | 159,346 | 296,519   | None     | 24     | 159,346 | 296,543   | 455,889   | 27,184    | 09/14/06 | 30 |
| pe         |    |         |           |          |        |         |           |           |           |          |    |
| ardeau     | MO | 450,078 | 836,372   | None     | None   | 450,078 | 836,372   | 1,286,450 | 98,971    | 01/11/06 | 30 |
| pe         |    |         |           |          |        |         |           |           |           |          |    |
| ardeau     | MO | 745,915 | 1,386,950 | None     | None   | 745,915 | 1,386,950 | 2,132,865 | 117,890   | 11/01/06 | 30 |
| thage      | MO | 85,020  | 394,175   | None     | 321    | 85,020  | 394,496   | 479,516   | 369,702   | 12/03/85 | 30 |
| rmington   | MO | 780,812 | 1,451,767 | None     | None   | 780,812 | 1,451,767 | 2,232,579 | 123,399   | 11/01/06 | 30 |
| stus       | MO | 808,595 | 1,503,364 | None     | None   | 808,595 | 1,503,364 | 2,311,959 | 127,785   | 11/01/06 | 30 |
| lton       | MO | 210,199 | 466,861   | 9,673    | 179    | 210,199 | 476,713   | 686,912   | 395,788   | 07/30/87 | 30 |
| zelwood    | MO | 157,117 | 725,327   | -104,329 | 25,367 | 157,117 | 646,365   | 803,482   | 641,236   | 08/28/85 | 30 |
| erson      |    |         |           |          |        |         |           |           |           |          |    |
| ty         | MO | 713,088 | 1,325,993 | None     | None   | 713,088 | 1,325,993 | 2,039,081 | 112,708   | 11/01/06 | 30 |
| olin       | MO | 301,207 | 559,953   | None     | None   | 301,207 | 559,953   | 861,160   | 51,329    | 09/14/06 | 30 |
| olin       | MO | 281,001 | 522,428   | None     | None   | 281,001 | 522,428   | 803,429   | 47,889    | 09/14/06 | 30 |
| ansas City | MO | 315,334 | 586,423   | None     | None   | 315,334 | 586,423   | 901,757   | 32,249    | 08/28/07 | 30 |
| ountain    |    |         |           |          |        |         |           |           |           |          |    |
| ove        | MO | 219,704 | 408,591   | None     | None   | 219,704 | 408,591   | 628,295   | 37,454    | 09/14/06 | 30 |
| . Vernon   | MO | 160,000 | 282,586   | None     | None   | 160,000 | 282,586   | 442,586   | 125,741   | 11/20/97 | 30 |
| vada       | MO | 222,552 | 494,296   | None     | 131    | 222,552 | 494,427   | 716,979   | 418,954   | 07/30/87 | 30 |
| vada       | MO | 290,795 | 540,616   | None     | None   | 290,795 | 540,616   | 831,411   | 49,556    | 09/14/06 | 30 |
| xa         | MO | 251,387 | 467,430   | None     | None   | 251,387 | 467,430   | 718,817   | 42,848    | 09/14/06 | 30 |
| ark        | MO | 140,000 | 292,482   | None     | None   | 140,000 | 292,482   | 432,482   | 130,144   | 11/20/97 | 30 |
| plar       |    |         |           |          |        |         |           |           |           |          |    |
| uff        | MO | 774,256 | 1,439,603 | None     | None   | 774,256 | 1,439,603 | 2,213,859 | 122,365   | 11/01/06 | 30 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |           |                |        | Cost Capitalized Subsequent to Acquisition |           | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |         |          | Accumulated Depreciation | Date of Construction Acquired | Date Computed (in Month) |
|-------------------------|----|-----------------------------|-----------|----------------|--------|--|-----------|---|---------|----------|--------------------------|-------------------------------|--------------------------|
|                         |    | Buildings, Improvements and |           | Carrying Costs | Land   | Buildings, Improvements and                |           | Total   |         |          |                          |                               |                          |
|                         |    | Acquisition                 | Fees      |                |        | Acquisition                                | Fees      |   |         |          |                          |                               |                          |
|                         |    |                             |           |                |        |  |           |   |         |          |                          |                               |                          |
| Daymore                 | MO | 726,583                     | 1,351,055 | None           | None   | 726,583                                    | 1,351,055 | 2,077,638   | 114,838 |          | 11/01/06                 | 300                           |                          |
| Edalia                  | MO | 269,798                     | 599,231   | 11,556         | None   | 269,798                                    | 610,787   | 880,585   | 465,349 |          | 07/31/89                 | 300                           |                          |
| Edalia                  | MO | 696,604                     | 1,295,380 | None           | 284    | 696,604                                    | 1,295,664 | 1,992,268   | 110,144 |          | 11/01/06                 | 300                           |                          |
| Springfield             | MO | 251,381                     | 467,418   | None           | None   | 251,381                                    | 467,418   | 718,799   | 42,847  |          | 09/14/06                 | 300                           |                          |
| Springfield             | MO | 225,939                     | 420,162   | None           | None   | 225,939                                    | 420,162   | 646,101   | 37,114  |          | 10/12/06                 | 300                           |                          |
| St. Charles             | MO | 175,413                     | 809,791   | None           | 384    | 175,413                                    | 810,175   | 985,588   | 768,148 |          | 08/28/85                 | 300                           |                          |
| St. Charles             | MO | 695,121                     | 1,001,878 | None           | 1,338  | 695,121                                    | 1,003,216 | 1,698,337   | 522,725 | 12/22/95 | 03/16/95                 | 300                           |                          |
| St. Joseph              | MO | 960,412                     | 1,785,308 | None           | None   | 960,412                                    | 1,785,308 | 2,745,720   | 151,750 |          | 11/01/06                 | 300                           |                          |
| St. Robert              | MO | 329,242                     | 611,728   | None           | None   | 329,242                                    | 611,728   | 940,970   | 180,456 |          | 08/31/01                 | 300                           |                          |
| St. Robert              | MO | 744,158                     | 1,383,694 | None           | None   | 744,158                                    | 1,383,694 | 2,127,852   | 117,613 |          | 11/01/06                 | 300                           |                          |
| Sullivan                | MO | 85,500                      | 396,400   | -40,743        | 14,003 | 85,500                                     | 369,660   | 455,160   | 353,931 |          | 12/27/84                 | 300                           |                          |
| Webb City               | MO | 337,647                     | 627,628   | None           | None   | 337,647                                    | 627,628   | 965,275   | 57,533  |          | 09/14/06                 | 300                           |                          |
| Wiloxi                  | MS | 414,902                     | 770,725   | None           | None   | 414,902                                    | 770,725   | 1,185,627   | 70,650  |          | 09/14/06                 | 300                           |                          |
| Winton                  | MS | 163,193                     | 303,268   | None           | None   | 163,193                                    | 303,268   | 466,461   | 27,800  |          | 09/14/06                 | 300                           |                          |
| Carthage                | MS | 157,803                     | 293,257   | None           | None   | 157,803                                    | 293,257   | 451,060   | 26,882  |          | 09/14/06                 | 300                           |                          |
| Columbus                | MS | 128,409                     | 238,775   | None           | None   | 128,409                                    | 238,775   | 367,184   | 29,051  |          | 12/22/05                 | 300                           |                          |
| Columbus                | MS | 117,411                     | 218,350   | None           | None   | 117,411                                    | 218,350   | 335,761   | 26,565  |          | 12/22/05                 | 300                           |                          |
| Columbus                | MS | 720,310                     | 1,339,963 | None           | None   | 720,310                                    | 1,339,963 | 2,060,273   | 113,896 |          | 11/01/06                 | 300                           |                          |
| Corinth                 | MS | 285,607                     | 530,598   | None           | None   | 285,607                                    | 530,598   | 816,205   | 48,638  |          | 09/14/06                 | 300                           |                          |
| Corinth                 | MS | 867,086                     | 1,612,029 | None           | None   | 867,086                                    | 1,612,029 | 2,479,115   | 137,021 |          | 11/01/06                 | 300                           |                          |
| Flowood                 | MS | 154,733                     | 287,549   | None           | None   | 154,733                                    | 287,549   | 442,282   | 26,359  |          | 09/14/06                 | 300                           |                          |
| Forest                  | MS | 106,457                     | 198,007   | None           | None   | 106,457                                    | 198,007   | 304,464   | 24,090  |          | 12/22/05                 | 300                           |                          |
| Gulton                  | MS | 239,686                     | 445,337   | None           | None   | 239,686                                    | 445,337   | 685,023   | 131,372 |          | 08/31/01                 | 300                           |                          |
| Gautier                 | MS | 241,995                     | 449,607   | None           | None   | 241,995                                    | 449,607   | 691,602   | 41,214  |          | 09/14/06                 | 300                           |                          |
| Greenville              | MS | 311,324                     | 578,378   | None           | None   | 311,324                                    | 578,378   | 889,702   | 170,619 |          | 08/31/01                 | 300                           |                          |
| Greenwood               | MS | 177,329                     | 329,520   | None           | None   | 177,329                                    | 329,520   | 506,849   | 30,206  |          | 09/14/06                 | 300                           |                          |
| Hattiesburg             | MS | 856,070                     | 1,592,088 | None           | None   | 856,070                                    | 1,592,088 | 2,448,158   | 135,326 |          | 11/01/06                 | 300                           |                          |
| Hernando                | MS | 137,898                     | 256,282   | None           | None   | 137,898                                    | 256,282   | 394,180   | 23,493  |          | 09/14/06                 | 300                           |                          |
| Houston                 | MS | 226,962                     | 421,695   | None           | None   | 226,962                                    | 421,695   | 648,657   | 38,655  |          | 09/14/06                 | 300                           |                          |
| Indianola               | MS | 270,639                     | 502,822   | None           | None   | 270,639                                    | 502,822   | 773,461   | 148,330 |          | 08/31/01                 | 300                           |                          |
| Iuka                    | MS | 139,243                     | 258,779   | None           | None   | 139,243                                    | 258,779   | 398,022   | 23,721  |          | 09/14/06                 | 300                           |                          |
| Jackson                 | MS | 237,982                     | 442,154   | None           | None   | 237,982                                    | 442,154   | 680,136   | 40,531  |          | 09/14/06                 | 300                           |                          |
| Jackson                 | MS | 352,003                     | 653,900   | None           | None   | 352,003                                    | 653,900   | 1,005,903   | 57,761  |          | 10/12/06                 | 300                           |                          |
| Kosciusko               | MS | 311,422                     | 578,550   | None           | None   | 311,422                                    | 578,550   | 889,972   | 53,034  |          | 09/14/06                 | 300                           |                          |
| Laurel                  | MS | 778,938                     | 1,448,844 | None           | None   | 778,938                                    | 1,448,844 | 2,227,782   | 123,151 |          | 11/01/06                 | 300                           |                          |



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|              |    |         |           |       |      |         |           |           |         |          |     |
|--------------|----|---------|-----------|-------|------|---------|-----------|-----------|---------|----------|-----|
| Agee         | MS | 264,395 | 491,206   | None  | None | 264,395 | 491,206   | 755,601   | 45,027  | 09/14/06 | 300 |
| Meridian     | MS | 0       | 2,481,172 | None  | None | -       | 2,481,172 | 2,481,172 | 203,668 | 11/01/06 | 300 |
| Moss Point   | MS | 287,821 | 534,713   | None  | None | 287,821 | 534,713   | 822,534   | 49,015  | 09/14/06 | 300 |
| Natchez      | MS | 402,589 | 747,934   | None  | None | 402,589 | 747,934   | 1,150,523 | 61,081  | 12/21/06 | 300 |
| Newton       | MS | 284,350 | 528,311   | None  | None | 284,350 | 528,311   | 812,661   | 155,849 | 08/31/01 | 300 |
| Olive        |    |         |           |       |      |         |           |           |         |          |     |
| Branch       | MS | 332,234 | 617,192   | None  | None | 332,234 | 617,192   | 949,426   | 56,576  | 09/14/06 | 300 |
| Olive        |    |         |           |       |      |         |           |           |         |          |     |
| Branch       | MS | 362,276 | 673,055   | None  | None | 362,276 | 673,055   | 1,035,331 | 30,287  | 11/16/07 | 300 |
| Oxford       | MS | 164,058 | 304,873   | None  | None | 164,058 | 304,873   | 468,931   | 27,947  | 09/14/06 | 300 |
| Oxford       | MS | 297,182 | 552,097   | None  | None | 297,182 | 552,097   | 849,279   | 48,769  | 10/12/06 | 300 |
| Earl         | MS | 334,822 | 621,994   | None  | None | 334,822 | 621,994   | 956,816   | 183,486 | 08/31/01 | 300 |
| Philadelphia | MS | 292,868 | 543,912   | None  | None | 292,868 | 543,912   | 836,780   | 49,859  | 09/14/06 | 300 |
| Montotoc     | MS | 285,006 | 529,492   | None  | None | 285,006 | 529,492   | 814,498   | 48,537  | 09/14/06 | 300 |
| Southaven    | MS | 498,426 | 925,905   | None  | None | 498,426 | 925,905   | 1,424,331 | 41,666  | 11/16/07 | 300 |
| Starkville   | MS | 175,436 | 326,005   | None  | None | 175,436 | 326,005   | 501,441   | 29,884  | 09/14/06 | 300 |
| Uppelo       | MS | 166,869 | 310,095   | None  | None | 166,869 | 310,095   | 476,964   | 28,425  | 09/14/06 | 300 |
| Uppelo       | MS | 225,934 | 419,857   | None  | None | 225,934 | 419,857   | 645,791   | 38,487  | 09/28/06 | 300 |
| Wicksburg    | MS | 275,895 | 512,632   | None  | None | 275,895 | 512,632   | 788,527   | 46,991  | 09/28/06 | 300 |
| Wicksburg    | MS | 698,189 | 1,298,881 | 2,250 | 457  | 698,189 | 1,301,588 | 1,999,777 | 110,851 | 11/01/06 | 300 |



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| Description |    | Initial Cost to Company     |           | Cost Capitalized Subsequent to Acquisition |       | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated           |          | Date of Construction | Date Acquired |
|-------------|----|-----------------------------|-----------|--|-------|---|-----------|-----------|-----------------------|----------|----------------------|---------------|
|             |    | Buildings, Improvements and |           |  |       | Buildings, Improvements and   |           |           | Depreciation (Note 4) |          |                      |               |
|             |    | Acquisition                 |           | Carrying                                   |       | Acquisition   |           |           |                       |          |                      |               |
|             |    | Land                        | Fees      | Improvements                               | Costs | Land  | Fees      | Total     |                       |          |                      |               |
| Point       | MS | 87,859                      | 163,468   | None                                       | None  | 87,859  | 163,468   | 251,327   | 19,888                |          | 12/22/05             |               |
| ins         | MS | 268,104                     | 498,095   | None                                       | None  | 268,104   | 498,095   | 766,199   | 45,659                |          | 09/14/06             |               |
| marle       | NC | 721,392                     | 1,341,825 | None                                       | 223   | 721,392   | 1,342,048 | 2,063,440 | 114,087               |          | 11/01/06             |               |
| ville       | NC | 838,421                     | 1,558,792 | None                                       | None  | 838,421   | 1,558,792 | 2,397,213 | 132,496               |          | 11/01/06             |               |
| ville       | NC | 264,226                     | 491,419   | None                                       | None  | 264,226   | 491,419   | 755,645   | 27,026                |          | 08/28/07             |               |
| teville     | NC | 116,240                     | 590,854   | None                                       | 317   | 116,240   | 591,171   | 707,411   | 530,168               |          | 12/20/84             |               |
| st City     | NC | 872,424                     | 1,621,940 | None                                       | None  | 872,424   | 1,621,940 | 2,494,364 | 137,864               |          | 11/01/06             |               |
| sboro       | NC | 811,502                     | 1,509,029 | None                                       | 456   | 811,502   | 1,509,485 | 2,320,987 | 128,324               |          | 11/01/06             |               |
| ersville    | NC | 836,896                     | 1,556,334 | None                                       | 223   | 836,896   | 1,556,557 | 2,393,453 | 132,321               |          | 11/01/06             |               |
| oke         |    |                             |           |  |       |   |           |           |                       |          |                      |               |
| ls          | NC | 834,223                     | 1,551,226 | None                                       | None  | 834,223   | 1,551,226 | 2,385,449 | 131,853               |          | 11/01/06             |               |
| oury        | NC | 777,412                     | 1,445,863 | None                                       | None  | 777,412   | 1,445,863 | 2,223,275 | 122,897               |          | 11/01/06             |               |
| a           | NC | 919,724                     | 1,709,783 | None                                       | None  | 919,724   | 1,709,783 | 2,629,507 | 145,330               |          | 11/01/06             |               |
| esboro      | NC | 183,050                     | 406,562   | None                                       | 139   | 183,050   | 406,701   | 589,751   | 344,554               |          | 07/24/87             |               |
| ton Salem   | NC | 126,423                     | 235,323   | None                                       | None  | 126,423   | 235,323   | 361,746   | 28,630                |          | 12/22/05             |               |
| ton-Salem   | NC | 353,239                     | 656,427   | None                                       | None  | 353,239   | 656,427   | 1,009,666 | 193,640               |          | 08/31/01             |               |
| s Lake      | ND | 150,390                     | 279,798   | None                                       | None  | 150,390   | 279,798   | 430,188   | 34,042                |          | 12/22/05             |               |
| o           | ND | 217,057                     | 403,609   | None                                       | None  | 217,057   | 403,609   | 620,666   | 49,106                |          | 12/22/05             |               |
| stown       | ND | 136,523                     | 254,045   | None                                       | None  | 136,523   | 254,045   | 390,568   | 30,909                |          | 12/22/05             |               |
| t           | ND | 153,870                     | 286,260   | None                                       | None  | 153,870   | 286,260   | 440,130   | 34,828                |          | 12/22/05             |               |
| vue         | NE | 0                           | 1,004,384 | None                                       | None  | -   | 1,004,384 | 1,004,384 | 126,775               | 09/20/05 | 02/24/05             |               |
| na          | NE | 592,716                     | 1,009,253 | None                                       | None  | 592,716   | 1,009,253 | 1,601,969 | 138,938               | 05/05/05 | 12/21/04             |               |
| na          | NE | 444,460                     | 825,938   | None                                       | None  | 444,460   | 825,938   | 1,270,398 | 97,736                |          | 01/11/06             |               |
| na          | NE | 350,000                     | 650,877   | None                                       | None  | 350,000   | 650,877   | 1,000,877 | 35,796                |          | 08/28/07             |               |
| lion        | NE | 654,788                     | 908,685   | None                                       | None  | 654,788   | 908,685   | 1,563,473 | 129,434               | 03/09/05 | 01/12/05             |               |
| ord         | NH | 577,667                     | 1,075,628 | None                                       | None  | 577,667   | 1,075,628 | 1,653,295 | 59,142                |          | 08/30/07             |               |
| ord         | NH | 849,884                     | 1,581,175 | None                                       | None  | 849,884   | 1,581,175 | 2,431,059 | 86,947                |          | 08/30/07             |               |
| r           | NH | 687,917                     | 1,280,378 | None                                       | None  | 687,917   | 1,280,378 | 1,968,295 | 70,404                |          | 08/30/07             |               |
| e           | NH | 253,769                     | 310,470   | None                                       | None  | 253,769   | 310,470   | 564,239   | 87,447                |          | 12/19/01             |               |
| nia         | NH | 330,520                     | 467,594   | None                                       | None  | 330,520   | 467,594   | 798,114   | 131,704               |          | 12/19/01             |               |
| chester     | NH | 266,337                     | 486,676   | None                                       | None  | 266,337   | 486,676   | 753,013   | 137,079               |          | 12/19/01             |               |
| n Conway    | NH | 473,031                     | 607,020   | None                                       | None  | 473,031   | 607,020   | 1,080,051 | 170,976               |          | 12/19/01             |               |
| mouth       | NH | 391,650                     | 730,167   | None                                       | None  | 391,650   | 730,167   | 1,121,817 | 40,142                |          | 08/30/07             |               |
| ester       | NH | 262,059                     | 695,771   | None                                       | None  | 262,059   | 695,771   | 957,830   | 195,974               |          | 12/19/01             |               |
| mfield      | NJ | 556,520                     | 260,498   | None                                       | None  | 556,520   | 260,498   | 817,018   | 73,372                |          | 12/19/01             |               |

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|             |    |           |           |      |      |           |           |           |         |          |          |
|-------------|----|-----------|-----------|------|------|-----------|-----------|-----------|---------|----------|----------|
|             | NJ | 541,792   | 1,009,085 | None | None | 541,792   | 1,009,085 | 1,550,877 | 55,482  |          | 08/30/07 |
| ettstown    | NJ | 307,186   | 525,142   | None | None | 307,186   | 525,142   | 832,328   | 147,913 |          | 12/19/01 |
| et          | NJ | 614,417   | 1,143,885 | None | None | 614,417   | 1,143,885 | 1,758,302 | 62,896  |          | 08/30/07 |
| dale        | NJ | 398,221   | 204,106   | None | None | 398,221   | 204,106   | 602,327   | 57,488  |          | 12/19/01 |
| letown      | NJ | 0         | 640,403   | None | None | -         | 640,403   | 640,403   | 57,046  |          | 08/30/07 |
| estown      | NJ | 294,708   | 550,139   | None | None | 294,708   | 550,139   | 844,847   | 30,240  |          | 08/30/07 |
| is Plains   | NJ | 366,982   | 188,123   | None | None | 366,982   | 188,123   | 555,105   | 52,986  |          | 12/19/01 |
| olly        | NJ | 0         | 1,092,178 | None | None | -         | 1,092,178 | 1,092,178 | 45,504  |          | 12/17/07 |
| ic          | NJ | 328,284   | 612,517   | None | None | 328,284   | 612,517   | 940,801   | 33,671  |          | 08/30/07 |
| oton Plains | NJ | 455,700   | 849,125   | None | None | 455,700   | 849,125   | 1,304,825 | 46,685  |          | 08/30/07 |
| s River     | NJ | 826,449   | 1,537,659 | None | None | 826,449   | 1,537,659 | 2,364,108 | 84,554  |          | 08/30/07 |
| querque     | NM | 732,059   | 1,036,922 | None | None | 732,059   | 1,036,922 | 1,768,981 | 118,658 | 06/21/05 | 01/19/05 |
| querque     | NM | 471,899   | 876,928   | None | None | 471,899   | 876,928   | 1,348,827 | 48,229  |          | 08/28/07 |
| ny          | NY | 457,538   | 852,510   | None | None | 457,538   | 852,510   | 1,310,048 | 46,871  |          | 08/30/07 |
| erst        | NY | 412,349   | 767,082   | None | None | 412,349   | 767,082   | 1,179,431 | 42,188  |          | 08/28/07 |
| lo          | NY | 317,454   | 591,060   | None | None | 317,454   | 591,060   | 908,514   | 32,504  |          | 08/28/07 |
| el          | NY | 266,619   | 707,819   | None | None | 266,619   | 707,819   | 974,438   | 199,367 |          | 12/19/01 |
| on Park     | NY | 1,040,997 | 1,936,100 | None | None | 1,040,997 | 1,936,100 | 2,977,097 | 106,468 |          | 08/30/07 |
| Greenbush   | NY | 623,313   | 1,160,389 | None | None | 623,313   | 1,160,389 | 1,783,702 | 63,804  |          | 08/30/07 |

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| Description<br>(Note 1) |    | Initial Cost to Company     |              |                |        | Cost Capitalized Subsequent to Acquisition |                       | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |         |  | Accumulated Depreciation |          | Date of Construction | Date Completed (in Months) |
|-------------------------|----|-----------------------------|--------------|----------------|--------|--|-----------------------|---|---------|--|--------------------------|----------|----------------------|----------------------------|
|                         |    | Buildings, Improvements and |              | Carrying Costs | Land   | Buildings, Improvements and                |                       | Total   |         |  |                          |          |                      |                            |
|                         |    | Acquisition                 | Improvements |                |        | Acquisition                                | Depreciation (Note 4) |   |         |  |                          |          |                      |                            |
| Smere                   | NY | 316,382                     | 590,387      | None           | None   | 316,382                                    | 590,387               | 906,769   | 32,454  |  |                          | 08/30/07 | 30                   |                            |
| lton                    | NY | 294,009                     | 653,006      | 3,800          | 2,065  | 294,009                                    | 658,871               | 952,880   | 544,908 |  |                          | 12/24/87 | 30                   |                            |
| ngston                  | NY | 430,667                     | 802,583      | None           | None   | 430,667                                    | 802,583               | 1,233,250   | 44,125  |  |                          | 08/30/07 | 30                   |                            |
| tham                    | NY | 651,167                     | 1,212,133    | None           | None   | 651,167                                    | 1,212,133             | 1,863,300   | 66,650  |  |                          | 08/30/07 | 30                   |                            |
| ddletown                | NY | 242,459                     | 796,905      | None           | 151    | 242,459                                    | 797,056               | 1,039,515   | 224,468 |  |                          | 12/19/01 | 30                   |                            |
| ew                      |    |                             |              |                |        |  |                       |   |         |  |                          |          |                      |                            |
| rtford                  | NY | 226,041                     | 422,563      | None           | None   | 226,041                                    | 422,563               | 648,604   | 23,224  |  |                          | 08/30/07 | 30                   |                            |
| attsburgh               | NY | 977,012                     | 1,817,269    | None           | None   | 977,012                                    | 1,817,269             | 2,794,281   | 99,933  |  |                          | 08/30/07 | 30                   |                            |
| atertown                | NY | 139,199                     | 645,355      | None           | 24     | 139,199                                    | 645,379               | 784,578   | 588,919 |  |                          | 08/18/86 | 30                   |                            |
| ron                     | OH | 723,347                     | 17           | 10,940         | 44,667 | 723,347                                    | 55,624                | 778,971   | 5,292   |  |                          | 12/22/94 | 30                   |                            |
| ron                     | OH | 318,182                     | 593,654      | None           | None   | 318,182                                    | 593,654               | 911,836   | 32,634  |  |                          | 08/30/07 | 30                   |                            |
| ron                     | OH | 318,182                     | 593,654      | None           | None   | 318,182                                    | 593,654               | 911,836   | 32,634  |  |                          | 08/30/07 | 30                   |                            |
| avercreek               | OH | 229,445                     | 428,857      | None           | None   | 229,445                                    | 428,857               | 658,302   | 23,570  |  |                          | 08/30/07 | 30                   |                            |
| ncinnati                | OH | 299,187                     | 556,978      | None           | None   | 299,187                                    | 556,978               | 856,165   | 30,610  |  |                          | 08/28/07 | 30                   |                            |
| efiance                 | OH | 71,273                      | 135,109      | None           | None   | 71,273                                     | 135,109               | 206,382   | 7,414   |  |                          | 08/30/07 | 30                   |                            |
| yrria                   | OH | 79,545                      | 150,491      | None           | None   | 79,545                                     | 150,491               | 230,036   | 8,259   |  |                          | 08/30/07 | 30                   |                            |
| arion                   | OH | 739,651                     | 1,375,358    | None           | None   | 739,651                                    | 1,375,358             | 2,115,009   | 116,904 |  |                          | 11/01/06 | 30                   |                            |
| aumee                   | OH | 296,970                     | 555,134      | None           | None   | 296,970                                    | 555,134               | 852,104   | 30,512  |  |                          | 08/30/07 | 30                   |                            |
| entor                   | OH | 394,450                     | 734,061      | None           | None   | 394,450                                    | 734,061               | 1,128,511   | 40,370  |  |                          | 08/28/07 | 30                   |                            |
| ount                    |    |                             |              |                |        |  |                       |   |         |  |                          |          |                      |                            |
| ernon                   | OH | 147,212                     | 276,407      | None           | None   | 147,212                                    | 276,407               | 423,619   | 15,184  |  |                          | 08/30/07 | 30                   |                            |
| t. Vernon               | OH | 726,626                     | 1,351,151    | None           | 284    | 726,626                                    | 1,351,435             | 2,078,061   | 114,884 |  |                          | 11/01/06 | 30                   |                            |
| orth                    |    |                             |              |                |        |  |                       |   |         |  |                          |          |                      |                            |
| anton                   | OH | 487,879                     | 908,806      | None           | None   | 487,879                                    | 908,806               | 1,396,685   | 49,967  |  |                          | 08/30/07 | 30                   |                            |
| arma                    | OH | 473,710                     | 881,038      | None           | None   | 473,710                                    | 881,038               | 1,354,748   | 48,455  |  |                          | 08/28/07 | 30                   |                            |
| arma                    |    |                             |              |                |        |  |                       |   |         |  |                          |          |                      |                            |
| ights                   | OH | 275,758                     | 514,866      | None           | None   | 275,758                                    | 514,866               | 790,624   | 28,300  |  |                          | 08/30/07 | 30                   |                            |
| ndusky                  | OH | 824,270                     | 1,532,494    | None           | None   | 824,270                                    | 1,532,494             | 2,356,764   | 130,261 |  |                          | 11/01/06 | 30                   |                            |
| ndusky                  | OH | 128,158                     | 240,761      | None           | None   | 128,158                                    | 240,761               | 368,919   | 13,224  |  |                          | 08/30/07 | 30                   |                            |
| ow                      | OH | 317,546                     | 712,455      | None           | 1,904  | 317,546                                    | 714,359               | 1,031,905   | 593,210 |  |                          | 12/31/87 | 30                   |                            |
| ledo                    | OH | 633,461                     | 1,177,718    | None           | None   | 633,461                                    | 1,177,718             | 1,811,179   | 64,773  |  |                          | 08/28/07 | 30                   |                            |
| oy                      | OH | 255,353                     | 476,973      | None           | None   | 255,353                                    | 476,973               | 732,326   | 26,216  |  |                          | 08/30/07 | 30                   |                            |
| andalia                 | OH | 145,833                     | 273,579      | None           | None   | 145,833                                    | 273,579               | 419,412   | 15,030  |  |                          | 08/30/07 | 30                   |                            |
| estlake                 | OH | 169,697                     | 317,897      | None           | None   | 169,697                                    | 317,897               | 487,594   | 17,467  |  |                          | 08/30/07 | 30                   |                            |
| booster                 | OH | 763,642                     | 1,419,901    | None           | 284    | 763,642                                    | 1,420,185             | 2,183,827   | 120,728 |  |                          | 11/01/06 | 30                   |                            |

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|            |    |           |           |        |        |           |           |           |         |          |          |    |
|------------|----|-----------|-----------|--------|--------|-----------|-----------|-----------|---------|----------|----------|----|
| xyby       | OK | 145,791   | 271,272   | None   | None   | 145,791   | 271,272   | 417,063   | 33,005  |          | 12/22/05 | 30 |
| oken       |    |           |           |        |        |           |           |           |         |          |          |    |
| row        | OK | 245,000   | 369,002   | None   | None   | 245,000   | 369,002   | 614,002   | 162,974 |          | 12/12/97 | 30 |
| ecotah     | OK | 153,232   | 285,092   | None   | None   | 153,232   | 285,092   | 438,324   | 34,686  |          | 12/22/05 | 30 |
| abel       | OK | 214,244   | 398,545   | None   | None   | 214,244   | 398,545   | 612,789   | 117,562 |          | 08/31/01 | 30 |
| orman      | OK | 734,335   | 335,097   | None   | 78,328 | 734,335   | 413,425   | 1,147,760 | 53,377  | 09/29/95 | 06/05/95 | 30 |
| lahoma     |    |           |           |        |        |           |           |           |         |          |          |    |
| ty         | OK | 759,826   | 0         | None   | 8      | 759,826   | 8         | 759,834   | 5       |          | 07/06/95 | 30 |
| lahoma     |    |           |           |        |        |           |           |           |         |          |          |    |
| ty         | OK | 1,165,405 | 2,165,989 | None   | 173    | 1,165,405 | 2,166,162 | 3,331,567 | 184,116 |          | 11/01/06 | 30 |
| vasso      | OK | 327,043   | 607,645   | None   | None   | 327,043   | 607,645   | 934,688   | 179,252 |          | 08/31/01 | 30 |
| hlequah    | OK | 224,982   | 418,341   | None   | None   | 224,982   | 418,341   | 643,323   | 50,898  |          | 12/22/05 | 30 |
| lsa        | OK | 295,993   | 549,981   | None   | None   | 295,993   | 549,981   | 845,974   | 162,241 |          | 08/31/01 | 30 |
| lsa        | OK | 490,000   | 910,004   | None   | 173    | 490,000   | 910,177   | 1,400,177 | 107,692 |          | 01/24/06 | 30 |
| lsa        | OK | 360,500   | 669,605   | None   | 173    | 360,500   | 669,778   | 1,030,278 | 70,317  |          | 05/10/06 | 30 |
| lsa        | OK | 1,021,904 | 1,899,486 | None   | 173    | 1,021,904 | 1,899,659 | 2,921,563 | 161,464 |          | 11/01/06 | 30 |
| ermiston   | OR | 85,560    | 396,675   | 13,788 | 421    | 85,560    | 410,884   | 496,444   | 389,202 |          | 12/18/84 | 30 |
| ke         |    |           |           |        |        |           |           |           |         |          |          |    |
| wego       | OR | 175,899   | 815,508   | None   | 3      | 175,899   | 815,511   | 991,410   | 807,697 |          | 05/16/84 | 30 |
| lem        | OR | 198,540   | 440,964   | None   | 3      | 198,540   | 440,967   | 639,507   | 340,154 |          | 05/23/89 | 30 |
| ington     | PA | 778,103   | 1,445,849 | None   | None   | 778,103   | 1,445,849 | 2,223,952 | 79,520  |          | 08/28/07 | 30 |
| asterville | PA | 236,303   | 441,673   | None   | None   | 236,303   | 441,673   | 677,976   | 24,275  |          | 08/30/07 | 30 |
| p          | PA | 0         | 1,012,812 | 1,000  | None   | -         | 1,013,812 | 1,013,812 | 55,815  |          | 08/30/07 | 30 |
| ettysburg  | PA | 289,040   | 809,676   | None   | None   | 289,040   | 809,676   | 1,098,716 | 228,057 |          | 12/19/01 | 30 |
| eensburg   | PA | 315,000   | 586,368   | None   | None   | 315,000   | 586,368   | 901,368   | 32,246  |          | 08/28/07 | 30 |
| arrisburg  | PA | 577,667   | 1,075,635 | None   | None   | 577,667   | 1,075,635 | 1,653,302 | 59,143  |          | 08/30/07 | 30 |

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| Description<br><br>(Note 1)       |    | Initial Cost to<br>Company        |           | Cost Capitalized<br>Subsequent<br>to Acquisition |      | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6<br>and 7) |           |              |         | Accumulated<br>Depreciation |  | Date of<br>Construction Acquired |     | Life<br>on which<br>depreciated<br>in latest<br>Income<br>Statement<br>is<br>computed<br>(in<br>Months) |  |
|-----------------------------------|----|-----------------------------------|-----------|--|------|---|-----------|--------------|---------|-----------------------------|--|----------------------------------|-----|---|--|
|                                   |    |                                   |           |  |      |   |           |              |         |                             |  |                                  |     |   |  |
|                                   |    |                                   |           |  |      |   |           |              |         |                             |  |                                  |     |   |  |
|                                   |    |                                   |           |  |      |   |           |              |         |                             |  |                                  |     |   |  |
| Buildings,<br>Improvements<br>and |    | Buildings,<br>Improvements<br>and |           | Acquisition                                      |      | Depreciation  |           | Date of      |         | Date Comput                 |  |                                  |     |   |  |
| Acquisition                       |    | Carrying                          |           | Acquisition                                      |      | (Note 4)  |           | Construction |         | Acquired                    |  |                                  |     |   |  |
| Land                              |    | Fees                              |           | Costs  |      | Land  |           | Fees         |         | Total                       |  | Construction                     |     | Months  |  |
| Horsham                           | PA | 554,361                           | 1,032,352 | None   | None | 554,361   | 1,032,352 | 1,586,713    | 56,762  |                             |  | 08/30/07                         | 300 |   |  |
| Indiana                           | PA | 828,653                           | 1,540,630 | None   | 284  | 828,653   | 1,540,914 | 2,369,567    | 130,990 |                             |  | 11/01/06                         | 300 |   |  |
| Lancaster                         | PA | 170,304                           | 413,960   | None   | None | 170,304   | 413,960   | 584,264      | 116,597 |                             |  | 12/19/01                         | 300 |   |  |
| Lancaster                         | PA | 276,251                           | 460,784   | None   | None | 276,251   | 460,784   | 737,035      | 129,786 |                             |  | 12/19/01                         | 300 |   |  |
| Lebanon                           | PA | 0                                 | 1,292,172 | None   | None | -   | 1,292,172 | 1,292,172    | 82,604  |                             |  | 08/30/07                         | 300 |   |  |
| Philadelphia                      | PA | 423,333                           | 787,125   | None   | None | 423,333   | 787,125   | 1,210,458    | 43,290  |                             |  | 08/28/07                         | 300 |   |  |
| Philadelphia                      | PA | 503,556                           | 937,999   | None   | None | 503,556   | 937,999   | 1,441,555    | 51,573  |                             |  | 08/30/07                         | 300 |   |  |
| Cranston                          | RI | 0                                 | 790,899   | None   | None | -   | 790,899   | 790,899      | 67,903  |                             |  | 08/30/07                         | 300 |   |  |
| North                             |    |                                   |           |  |      |   |           |              |         |                             |  |                                  |     |   |  |
| Providence                        | RI | 0                                 | 790,921   | None   | None | -   | 790,921   | 790,921      | 62,685  |                             |  | 08/30/07                         | 300 |   |  |
| Pawtucket                         | RI | 0                                 | 457,462   | None   | None | -   | 457,462   | 457,462      | 32,772  |                             |  | 08/30/07                         | 300 |   |  |
| Aiken                             | SC | 240,937                           | 447,656   | None   | None | 240,937   | 447,656   | 688,593      | 41,035  |                             |  | 09/14/06                         | 300 |   |  |
| Gaffney                           | SC | 727,738                           | 1,353,238 | 6,800  | 470  | 727,738   | 1,360,508 | 2,088,246    | 116,231 |                             |  | 11/01/06                         | 300 |   |  |
| Lancaster                         | SC | 778,616                           | 1,448,099 | None   | None | 778,616   | 1,448,099 | 2,226,715    | 123,087 |                             |  | 11/01/06                         | 300 |   |  |
| Rock Hill                         | SC | 826,216                           | 1,536,499 | None   | 223  | 826,216   | 1,536,722 | 2,362,938    | 130,635 |                             |  | 11/01/06                         | 300 |   |  |
| Chamberlain                       | SD | 139,587                           | 259,627   | None   | None | 139,587   | 259,627   | 399,214      | 31,587  |                             |  | 12/22/05                         | 300 |   |  |
| Madison                           | SD | 112,143                           | 208,660   | None   | None | 112,143   | 208,660   | 320,803      | 25,386  |                             |  | 12/22/05                         | 300 |   |  |
| Rapid City                        | SD | 197,967                           | 368,047   | None   | None | 197,967   | 368,047   | 566,014      | 44,778  |                             |  | 12/22/05                         | 300 |   |  |
| Sioux Falls                       | SD | 340,718                           | 633,332   | None   | None | 340,718   | 633,332   | 974,050      | 49,611  |                             |  | 01/19/07                         | 300 |   |  |
| Spearfish                         | SD | 142,114                           | 264,320   | None   | None | 142,114   | 264,320   | 406,434      | 32,158  |                             |  | 12/22/05                         | 300 |   |  |
| Watertown                         | SD | 197,559                           | 367,289   | None   | None | 197,559   | 367,289   | 564,848      | 44,686  |                             |  | 12/22/05                         | 300 |   |  |
| Winner                            | SD | 115,591                           | 215,063   | None   | None | 115,591   | 215,063   | 330,654      | 26,165  |                             |  | 12/22/05                         | 300 |   |  |
| Antioch                           | TN | 244,470                           | 453,991   | None   | None | 244,470   | 453,991   | 698,461      | 40,112  |                             |  | 10/02/06                         | 300 |   |  |
| Bartlett                          | TN | 152,469                           | 283,343   | None   | None | 152,469   | 283,343   | 435,812      | 25,973  |                             |  | 09/14/06                         | 300 |   |  |
| Brownsville                       | TN | 289,379                           | 538,081   | None   | None | 289,379   | 538,081   | 827,460      | 158,725 |                             |  | 08/31/01                         | 300 |   |  |
| Chattanooga                       | TN | 827,594                           | 1,538,633 | None   | None | 827,594   | 1,538,633 | 2,366,227    | 130,783 |                             |  | 11/01/06                         | 300 |   |  |
| Chattanooga                       | TN | 933,003                           | 1,734,392 | None   | 456  | 933,003   | 1,734,848 | 2,667,851    | 147,480 |                             |  | 11/01/06                         | 300 |   |  |
| Collierville                      | TN | 433,503                           | 805,339   | None   | None | 433,503   | 805,339   | 1,238,842    | 36,240  |                             |  | 11/16/07                         | 300 |   |  |
| Columbia                          | TN | 410,242                           | 761,854   | None   | None | 410,242   | 761,854   | 1,172,096    | 67,307  |                             |  | 10/02/06                         | 300 |   |  |
| Dyersburg                         | TN | 695,135                           | 1,292,644 | 7,850  | 476  | 695,135   | 1,300,970 | 1,996,105    | 111,257 |                             |  | 11/01/06                         | 300 |   |  |
| Germantown                        | TN | 356,774                           | 662,837   | None   | None | 356,774   | 662,837   | 1,019,611    | 29,828  |                             |  | 11/16/07                         | 300 |   |  |
| Greeneville                       | TN | 936,669                           | 1,741,253 | None   | None | 936,669   | 1,741,253 | 2,677,922    | 148,005 |                             |  | 11/01/06                         | 300 |   |  |
| Henderson                         | TN | 155,954                           | 289,815   | None   | None | 155,954   | 289,815   | 445,769      | 26,566  |                             |  | 09/14/06                         | 300 |   |  |
| Hermitage                         | TN | 341,251                           | 633,742   | None   | None | 341,251   | 633,742   | 974,993      | 55,990  |                             |  | 10/02/06                         | 300 |   |  |
| Jackson                           | TN | 126,158                           | 234,594   | None   | None | 126,158   | 234,594   | 360,752      | 28,542  |                             |  | 12/22/05                         | 300 |   |  |

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|              |    |         |           |       |        |         |           |           |         |          |          |     |
|--------------|----|---------|-----------|-------|--------|---------|-----------|-----------|---------|----------|----------|-----|
| Jackson      | TN | 312,734 | 581,049   | None  | None   | 312,734 | 581,049   | 893,783   | 26,147  |          | 11/16/07 | 300 |
| Johnson City | TN | 881,225 | 1,638,285 | None  | None   | 881,225 | 1,638,285 | 2,519,510 | 139,253 |          | 11/01/06 | 300 |
| Kingsport    | TN | 786,332 | 1,462,055 | 6,950 | 494    | 786,332 | 1,469,499 | 2,255,831 | 125,499 |          | 11/01/06 | 300 |
| Manchester   | TN | 411,504 | 764,208   | None  | None   | 411,504 | 764,208   | 1,175,712 | 67,515  |          | 10/02/06 | 300 |
| Martin       | TN | 173,616 | 322,616   | None  | None   | 173,616 | 322,616   | 496,232   | 29,573  |          | 09/14/06 | 300 |
| Mcminnville  | TN | 703,355 | 1,307,903 | 3,300 | 476    | 703,355 | 1,311,679 | 2,015,034 | 111,796 |          | 11/01/06 | 300 |
| Mcminnville  | TN | 442,735 | 635,260   | None  | None   | 442,735 | 635,260   | 1,077,995 | 51,861  |          | 12/21/06 | 300 |
| Memphis      | TN | 405,274 | 1,060,680 | None  | 11,253 | 405,274 | 1,071,933 | 1,477,207 | 581,510 | 06/30/95 | 03/17/95 | 300 |
| Memphis      | TN | 148,386 | 275,760   | None  | None   | 148,386 | 275,760   | 424,146   | 25,278  |          | 09/14/06 | 300 |
| Memphis      | TN | 254,423 | 472,680   | None  | None   | 254,423 | 472,680   | 727,103   | 41,753  |          | 10/12/06 | 300 |
| Memphis      | TN | 871,951 | 1,621,017 | None  | 456    | 871,951 | 1,621,473 | 2,493,424 | 137,843 |          | 11/01/06 | 300 |
| Memphis      | TN | 309,358 | 574,779   | None  | None   | 309,358 | 574,779   | 884,137   | 25,865  |          | 11/16/07 | 300 |
| Memphis      | TN | 374,048 | 694,918   | None  | None   | 374,048 | 694,918   | 1,068,966 | 31,271  |          | 11/16/07 | 300 |
| Milan        | TN | 138,159 | 256,766   | None  | None   | 138,159 | 256,766   | 394,925   | 23,537  |          | 09/14/06 | 300 |
| Millington   | TN | 285,613 | 530,630   | None  | None   | 285,613 | 530,630   | 816,243   | 156,533 |          | 08/31/01 | 300 |
| Morristown   | TN | 182,935 | 340,274   | None  | None   | 182,935 | 340,274   | 523,209   | 41,400  |          | 12/22/05 | 300 |
| Murfreesboro | TN | 376,568 | 699,322   | None  | None   | 376,568 | 699,322   | 1,075,890 | 61,783  |          | 10/02/06 | 300 |
| Murfreesboro | TN | 383,266 | 712,027   | None  | None   | 383,266 | 712,027   | 1,095,293 | 58,149  |          | 12/21/06 | 300 |
| Nashville    | TN | 147,915 | 274,675   | None  | None   | 147,915 | 274,675   | 422,590   | 24,273  |          | 10/02/06 | 300 |

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|             |            | Initial Cost to Company |           | Cost Capitalized Subsequent to Acquisition |        | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           | Accumulated Depreciation |                      |                | Date of Construction |  | Date Completed |  |
|-------------|------------|-------------------------|-----------|--|--------|---|-----------|-----------|--------------------------|----------------------|----------------|----------------------|--|----------------|--|
|             |            |                         |           | Buildings, Improvements and                | Costs  | Land  | Fees      | Total     |                          |                      |                |                      |  |                |  |
| Description |            | Acquisition             |           | Carrying                                   |        | Acquisition   |           |           | Depreciation             | Date of Construction | Date Completed | Month                |  |                |  |
| Line 1)     |            | Land                    | Fees      | Improvements                               | Costs  | Land  | Fees      | Total     | (Note 4)                 | Construction         | Acquired       | Month                |  |                |  |
| 1           | ville TN   | 432,494                 | 803,192   | None                                       | None   | 432,494   | 803,192   | 1,235,686 | 70,958                   |                      | 10/02/06       |                      |  |                |  |
| 2           | ville TN   | 350,983                 | 651,806   | None                                       | None   | 350,983   | 651,806   | 1,002,789 | 57,586                   |                      | 10/02/06       |                      |  |                |  |
| 3           | port TN    | 640,841                 | 1,191,858 | None                                       | 456    | 640,841   | 1,192,314 | 1,833,155 | 101,365                  |                      | 11/01/06       |                      |  |                |  |
| 4           | ey TN      | 231,552                 | 430,232   | None                                       | None   | 231,552   | 430,232   | 661,784   | 126,916                  |                      | 08/31/01       |                      |  |                |  |
| 5           | erville TN | 423,790                 | 787,301   | None                                       | None   | 423,790   | 787,301   | 1,211,091 | 72,169                   |                      | 09/28/06       |                      |  |                |  |
| 6           | byville TN | 245,370                 | 455,662   | None                                       | None   | 245,370   | 455,662   | 701,032   | 40,260                   |                      | 10/02/06       |                      |  |                |  |
| 7           | ton TN     | 174,379                 | 324,032   | None                                       | None   | 174,379   | 324,032   | 498,411   | 29,703                   |                      | 09/14/06       |                      |  |                |  |
| 8           | n TX       | 165,000                 | 306,771   | None                                       | None   | 165,000   | 306,771   | 471,771   | 116,062                  | 07/09/99             | 05/28/99       |                      |  |                |  |
| 9           | trillo TX  | 763,283                 | 1,835,517 | None                                       | None   | 763,283   | 1,835,517 | 2,598,800 | 11,082                   | 09/12/08             | 03/03/08       |                      |  |                |  |
| 10          | ngton TX   | 560,000                 | 1,040,667 | None                                       | None   | 560,000   | 1,040,667 | 1,600,667 | 57,235                   |                      | 08/28/07       |                      |  |                |  |
| 11          | ngton TX   | 536,130                 | 996,532   | None                                       | None   | 536,130   | 996,532   | 1,532,662 | 54,807                   |                      | 08/28/07       |                      |  |                |  |
| 12          | ngton TX   | 269,284                 | 500,766   | None                                       | None   | 269,284   | 500,766   | 770,050   | 27,540                   |                      | 08/28/07       |                      |  |                |  |
| 13          | in TX      | 699,395                 | 1,167,223 | None                                       | 180    | 699,395   | 1,167,403 | 1,866,798 | 125,449                  | 02/15/06             | 09/15/05       |                      |  |                |  |
| 14          | in TX      | 976,803                 | 1,361,281 | 36,880                                     | 20,774 | 976,803   | 1,418,935 | 2,395,738 | 114,898                  | 10/23/06             | 06/19/06       |                      |  |                |  |
| 15          | in TX      | 1,049,946               | 1,952,028 | None                                       | None   | 1,049,946   | 1,952,028 | 3,001,974 | 165,921                  |                      | 11/01/06       |                      |  |                |  |
| 16          | ord TX     | 919,303                 | 98,231    | None                                       | 95     | 919,303   | 98,326    | 1,017,629 | 98,250                   |                      | 12/27/94       |                      |  |                |  |
| 17          | ar Park TX | 634,489                 | 1,472,504 | None                                       | 158    | 634,489   | 1,472,662 | 2,107,151 | 142,795                  | 06/19/06             | 01/13/06       |                      |  |                |  |
| 18          | bell TX    | 212,875                 | 396,007   | None                                       | None   | 212,875   | 396,007   | 608,882   | 21,779                   |                      | 08/28/07       |                      |  |                |  |
| 19          | ckett TX   | 90,780                  | 420,880   | 19,412                                     | 8,495  | 90,780  | 448,787   | 539,567   | 397,487                  |                      | 12/17/85       |                      |  |                |  |
| 20          | as TX      | 242,025                 | 479,170   | None                                       | None   | 242,025   | 479,170   | 721,195   | 331,889                  |                      | 06/25/91       |                      |  |                |  |
| 21          | as TX      | 742,507                 | 0         | None                                       | 473    | 742,507   | 473       | 742,980   | 307                      |                      | 04/13/95       |                      |  |                |  |
| 22          | as TX      | 386,451                 | 718,361   | None                                       | None   | 386,451   | 718,361   | 1,104,812 | 39,508                   |                      | 08/28/07       |                      |  |                |  |
| 23          | ampo TX    | 98,060                  | 454,631   | None                                       | 141    | 98,060  | 454,772   | 552,832   | 427,290                  |                      | 11/25/85       |                      |  |                |  |
| 24          | s TX       | 173,250                 | 384,793   | None                                       | 148    | 173,250   | 384,941   | 558,191   | 319,532                  |                      | 12/28/87       |                      |  |                |  |
| 25          | Worth TX   | 223,195                 | 492,067   | None                                       | None   | 223,195   | 492,067   | 715,262   | 351,496                  |                      | 06/26/91       |                      |  |                |  |
| 26          | Worth TX   | 423,281                 | 382,059   | None                                       | None   | 423,281   | 382,059   | 805,340   | 212,043                  |                      | 02/10/95       |                      |  |                |  |
| 27          | esville TX | 89,220                  | 413,644   | 20,713                                     | 216    | 89,220  | 434,573   | 523,793   | 416,787                  |                      | 12/18/84       |                      |  |                |  |
| 28          | getown TX  | 870,981                 | 1,177,824 | None                                       | 155    | 870,981   | 1,177,979 | 2,048,960 | 117,325                  | 06/02/06             | 01/13/06       |                      |  |                |  |
| 29          | nd         |                         |           |  |        |   |           |           |                          |                      |                |                      |  |                |  |
| 30          | ie TX      | 280,000                 | 520,197   | None                                       | None   | 280,000   | 520,197   | 800,197   | 28,611                   |                      | 08/28/07       |                      |  |                |  |
| 31          | enville TX | 909,311                 | 1,690,848 | 5,400                                      | 539    | 909,311   | 1,696,787 | 2,606,098 | 144,699                  |                      | 11/01/06       |                      |  |                |  |
| 32          | er         |                         |           |  |        |   |           |           |                          |                      |                |                      |  |                |  |
| 33          | ghts TX    | 943,812                 | 1,859,276 | None                                       | None   | 943,812   | 1,859,276 | 2,803,088 | 15,858                   | 08/28/08             | 03/20/08       |                      |  |                |  |
| 34          | boro TX    | 75,992                  | 352,316   | 6,801                                      | 95     | 75,992  | 359,212   | 435,204   | 349,249                  |                      | 08/01/84       |                      |  |                |  |
| 35          | ston TX    | 194,994                 | 386,056   | None                                       | None   | 194,994   | 386,056   | 581,050   | 267,395                  |                      | 06/25/91       |                      |  |                |  |



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|         |    |           |           |         |         |           |           |           |           |          |          |
|---------|----|-----------|-----------|---------|---------|-----------|-----------|-----------|-----------|----------|----------|
| ston    | TX | 184,175   | 364,636   | None    | None    | 184,175   | 364,636   | 548,811   | 252,559   |          | 06/25/91 |
| ston    | TX | 1,096,376 | 2,300,690 | 235,500 | 102,871 | 1,096,376 | 2,639,061 | 3,735,437 | 1,097,162 |          | 09/05/97 |
| ston    | TX | 989,152   | 1,838,713 | None    | 133     | 989,152   | 1,838,846 | 2,827,998 | 156,296   |          | 11/01/06 |
| ston    | TX | 962,500   | 1,788,491 | None    | None    | 962,500   | 1,788,491 | 2,750,991 | 98,365    |          | 08/28/07 |
| ston    | TX | 441,943   | 821,760   | None    | None    | 441,943   | 821,760   | 1,263,703 | 45,194    |          | 08/28/07 |
| ston    | TX | 335,664   | 624,233   | None    | None    | 335,664   | 624,233   | 959,897   | 34,331    |          | 08/28/07 |
| st      | TX | 215,623   | 401,245   | None    | None    | 215,623   | 401,245   | 616,868   | 22,066    |          | 08/28/07 |
| g       | TX | 1,500,411 | 2,156     | None    | None    | 1,500,411 | 2,156     | 1,502,567 | 507       |          | 02/05/03 |
| g       | TX | 291,971   | 543,094   | None    | None    | 291,971   | 543,094   | 835,065   | 29,868    |          | 08/28/07 |
| en      | TX | 262,500   | 583,014   | None    | 14,398  | 262,500   | 597,412   | 859,912   | 508,102   |          | 05/29/87 |
| en      | TX | 1,327,348 | 2,467,204 | None    | None    | 1,327,348 | 2,467,204 | 3,794,552 | 209,711   |          | 11/01/06 |
| isville | TX | 448,000   | 832,667   | None    | None    | 448,000   | 832,667   | 1,280,667 | 45,795    |          | 08/28/07 |
| Oak     | TX | 727,956   | 1,214,835 | None    | 278     | 727,956   | 1,215,113 | 1,943,069 | 150,140   | 09/27/05 | 06/01/05 |
| gview   | TX | 1,231,857 | 2,289,864 | None    | None    | 1,231,857 | 2,289,864 | 3,521,721 | 194,637   |          | 11/01/06 |
| in      | TX | 105,904   | 490,998   | None    | 5       | 105,904   | 491,003   | 596,907   | 463,006   |          | 10/08/85 |
| in      | TX | 128,842   | 239,585   | None    | None    | 128,842   | 239,585   | 368,427   | 29,149    |          | 12/22/05 |
| berton  | TX | 111,146   | 206,720   | None    | None    | 111,146   | 206,720   | 317,866   | 25,151    |          | 12/22/05 |
| quite   | TX | 134,940   | 625,612   | None    | 106     | 134,940   | 625,718   | 760,658   | 580,449   |          | 03/20/86 |
| quite   | TX | 729,596   | 120,820   | None    | None    | 729,596   | 120,820   | 850,416   | 120,820   |          | 12/23/94 |
| quite   | TX | 984,909   | 1,831,268 | None    | None    | 984,909   | 1,831,268 | 2,816,177 | 155,656   |          | 11/01/06 |



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| Description |    | Initial Cost to Company     |           | Cost Capitalized Subsequent to Acquisition |              | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           |             |              |          |
|-------------|----|-----------------------------|-----------|--|--------------|---|-----------|-----------|-------------|--------------|----------|
|             |    | Buildings, Improvements and |           |  |              | Buildings, Improvements and   |           |           | Accumulated |              |          |
|             |    | Acquisition                 | Carrying  | Acquisition                                | Depreciation | Date of   | Date Con  |           |             |              |          |
| (e 1)       |    | Land                        | Fees      | Improvements                               | Costs        | Land  | Fees      | Total     | (Note 4)    | Construction | Acquired |
| ia          | TX | 93,620                      | 434,046   | None                                       | 30           | 93,620  | 434,076   | 527,696   | 406,556     |              | 12/18/85 |
| infels      | TX | 185,500                     | 411,997   | None                                       | 494          | 185,500   | 412,491   | 597,991   | 355,170     |              | 03/26/87 |
| infels      | TX | 860,262                     | 1,169,016 | None                                       | 348          | 860,262   | 1,169,364 | 2,029,626 | 127,543     | 02/14/06     | 10/12/05 |
| stine       | TX | 825,066                     | 1,534,394 | None                                       | None         | 825,066   | 1,534,394 | 2,359,460 | 130,422     |              | 11/01/06 |
| o           | TX | 2,420,222                   | 769       | None                                       | None         | 2,420,222   | 769       | 2,420,991 | 200         | 03/12/03     | 06/27/02 |
| o           | TX | 840,000                     | 1,560,819 | None                                       | None         | 840,000   | 1,560,819 | 2,400,819 | 85,843      |              | 08/28/07 |
| o           | TX | 581,637                     | 1,081,045 | None                                       | None         | 581,637   | 1,081,045 | 1,662,682 | 59,455      |              | 08/28/07 |
| er          | TX | 227,067                     | 333,031   | None                                       | None         | 227,067   | 333,031   | 560,098   | 184,832     |              | 02/09/95 |
| Antonio     | TX | 835,431                     | 1,185,257 | None                                       | 49,802       | 835,431   | 1,235,059 | 2,070,490 | 141,267     | 12/02/05     | 06/24/05 |
| Antonio     | TX | 690,443                     | 1,109,136 | None                                       | 41,054       | 690,443   | 1,150,190 | 1,840,633 | 134,651     | 10/24/05     | 06/27/05 |
| Antonio     | TX | 835,586                     | 1,227,220 | None                                       | 45,249       | 835,586   | 1,272,469 | 2,108,055 | 109,718     | 09/14/06     | 05/09/06 |
| a Fe        | TX | 304,414                     | 623,331   | None                                       | None         | 304,414   | 623,331   | 927,745   | 269,013     |              | 03/23/98 |
| y           | TX | 197,871                     | 391,753   | None                                       | None         | 197,871   | 391,753   | 589,624   | 271,341     |              | 06/25/91 |
| ng          | TX | 378,654                     | 704,206   | None                                       | None         | 378,654   | 704,206   | 1,082,860 | 38,729      |              | 08/28/07 |
| Ford        | TX | 214,024                     | 423,733   | None                                       | None         | 214,024   | 423,733   | 637,757   | 293,491     |              | 06/26/91 |
| ple         | TX | 302,505                     | 291,414   | None                                       | None         | 302,505   | 291,414   | 593,919   | 161,735     |              | 02/09/95 |
| ple         | TX | 797,574                     | 1,193,813 | None                                       | 156          | 797,574   | 1,193,969 | 1,991,543 | 111,548     | 09/14/06     | 04/07/06 |
| arkana      | TX | 311,263                     | 578,266   | None                                       | None         | 311,263   | 578,266   | 889,529   | 170,586     |              | 08/31/01 |
| or          | TX | 146,291                     | 271,990   | None                                       | None         | 146,291   | 271,990   | 418,281   | 33,092      |              | 12/22/05 |
| ahachie     | TX | 326,935                     | 726,137   | None                                       | 16,869       | 326,935   | 743,006   | 1,069,941 | 613,921     |              | 12/29/87 |
| ahachie     | TX | 1,035,794                   | 1,925,746 | None                                       | None         | 1,035,794   | 1,925,746 | 2,961,540 | 163,687     |              | 11/01/06 |
| ly          | UT | 635,945                     | 884,792   | None                                       | 352          | 635,945   | 885,144   | 1,521,089 | 461,756     |              | 12/22/95 |
| field       | VA | 845,277                     | 1,571,754 | None                                       | None         | 845,277   | 1,571,754 | 2,417,031 | 133,598     |              | 11/01/06 |
| ster        | VA | 541,628                     | 1,008,771 | None                                       | None         | 541,628   | 1,008,771 | 1,550,399 | 55,465      |              | 08/30/07 |
| onial       |    |                             |           |  |              |   |           |           |             |              |          |
| ghts        | VA | 350,000                     | 425,146   | None                                       | 21           | 350,000   | 425,167   | 775,167   | 102,746     |              | 12/26/02 |
| ville       | VA | 751,055                     | 1,396,772 | None                                       | 456          | 751,055   | 1,397,228 | 2,148,283 | 118,782     |              | 11/01/06 |
| pton        | VA | 805,000                     | 1,495,800 | None                                       | None         | 805,000   | 1,495,800 | 2,300,800 | 82,267      |              | 08/28/07 |
| tinsville   | VA | 833,114                     | 1,549,167 | None                                       | None         | 833,114   | 1,549,167 | 2,382,281 | 131,678     |              | 11/01/06 |
| lothian     | VA | 421,479                     | 785,639   | None                                       | None         | 421,479   | 785,639   | 1,207,118 | 43,193      |              | 08/30/07 |
| mond        | VA | 326,265                     | 608,812   | None                                       | None         | 326,265   | 608,812   | 935,077   | 33,467      |              | 08/30/07 |
| mond        | VA | 385,000                     | 717,891   | None                                       | None         | 385,000   | 717,891   | 1,102,891 | 39,467      |              | 08/30/07 |
| nton        | VA | 867,684                     | 1,613,368 | 13,400                                     | 651          | 867,684   | 1,627,419 | 2,495,103 | 138,980     |              | 11/01/06 |

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|                |    |           |           |        |        |           |           |           |           |          |          |
|----------------|----|-----------|-----------|--------|--------|-----------|-----------|-----------|-----------|----------|----------|
| olk            | VA | 816,986   | 1,519,214 | None   | None   | 816,986   | 1,519,214 | 2,336,200 | 129,132   |          | 11/01/06 |
| iamsburg       | VA | 651,167   | 1,212,201 | None   | None   | 651,167   | 1,212,201 | 1,863,368 | 66,654    |          | 08/30/07 |
| odbridge       | VA | 962,500   | 1,788,300 | None   | None   | 962,500   | 1,788,300 | 2,750,800 | 98,355    |          | 08/28/07 |
| nington        | VT | 118,823   | 673,551   | None   | None   | 118,823   | 673,551   | 792,374   | 189,715   |          | 12/19/01 |
| tleboro        | VT | 0         | 738,115   | None   | None   | -         | 738,115   | 738,115   | 60,232    |          | 08/30/07 |
| and            | VT | 812,197   | 1,511,184 | None   | None   | 812,197   | 1,511,184 | 2,323,381 | 83,098    |          | 08/30/07 |
| iston          | VT | 0         | 1,197,659 | None   | None   | -         | 1,197,659 | 1,197,659 | 81,956    |          | 08/30/07 |
| kane           | WA | 479,531   | 646,719   | None   | None   | 479,531   | 646,719   | 1,126,250 | 279,114   |          | 03/27/98 |
| oma            | WA | 198,857   | 921,947   | 51,224 | 1,860  | 198,857   | 975,031   | 1,173,888 | 919,389   |          | 05/29/84 |
| ton            | WI | 149,778   | 332,664   | None   | 172    | 149,778   | 332,836   | 482,614   | 278,474   |          | 10/29/87 |
| en Bay         | WI | 308,131   | 572,756   | None   | None   | 308,131   | 572,756   | 880,887   | 67,776    |          | 01/11/06 |
| geon Bay       | WI | 214,865   | 477,221   | 16,764 | 11,465 | 214,865   | 505,450   | 720,315   | 405,558   |          | 12/01/87 |
| ersburg        | WV | 722,732   | 1,343,920 | None   | 284    | 722,732   | 1,344,204 | 2,066,936 | 114,270   |          | 11/01/06 |
| mie            | WY | 210,000   | 466,417   | None   | None   | 210,000   | 466,417   | 676,417   | 344,897   |          | 03/12/90 |
| Starting Goods |    |           |           |        |        |           |           |           |           |          |          |
| thorage        | AK | 1,486,000 | 5,045,244 | None   | None   | 1,486,000 | 5,045,244 | 6,531,244 | 1,454,704 |          | 10/17/01 |
| a              | AZ | 984,890   | 1,536,269 | None   | None   | 984,890   | 1,536,269 | 2,521,159 | 115,202   |          | 02/12/07 |
| no             | CA | 1,650,000 | 3,321,244 | None   | None   | 1,650,000 | 3,321,244 | 4,971,244 | 957,617   |          | 10/17/01 |
| tona           |    |           |           |        |        |           |           |           |           |          |          |
| ch             | FL | 608,790   | 2,557,564 | None   | None   | 608,790   | 2,557,564 | 3,166,354 | 521,547   | 09/10/03 | 04/18/03 |

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| Location |    | Cost Capitalized        |                             |                           |   | Gross Amount at Which       |             |              |           | Date of Construction | Date of Acquisition |
|----------|----|-------------------------|-----------------------------|---------------------------|---|-----------------------------|-------------|--------------|-----------|----------------------|---------------------|
|          |    | Initial Cost to Company | Buildings, Improvements and | Subsequent to Acquisition | Carried at Close of Period (Notes 2, 3, 5, 6 and 7) | Buildings, Improvements and | Accumulated | Depreciation |           |                      |                     |
|          |    |                         |                             |                           |   |                             |             |              |           |                      |                     |
|          |    |                         |                             |                           |   |                             |             |              |           |                      |                     |
| (1)      |    | Land                    | Fees                        | Improvements              | Costs   | Land                        | Fees        | Total        | (Note 4)  | Construction         | Acquired            |
| eyers    | FL | 1,695,000               | 2,025,554                   | None                      | None  | 1,695,000                   | 2,025,554   | 3,720,554    | 584,031   |                      | 10/17/01            |
| ville    | FL | 1,296,000               | 2,234,554                   | None                      | None  | 1,296,000                   | 2,234,554   | 3,530,554    | 644,293   |                      | 10/17/01            |
| urne     | FL | 994,000                 | 4,076,554                   | None                      | None  | 994,000                     | 4,076,554   | 5,070,554    | 1,175,403 |                      | 10/17/01            |
| o        | FL | 1,197,000               | 2,573,554                   | None                      | None  | 1,197,000                   | 2,573,554   | 3,770,554    | 742,038   |                      | 10/17/01            |
| a        | IL | 2,082,000               | 1,838,888                   | None                      | None  | 2,082,000                   | 1,838,888   | 3,920,888    | 530,207   |                      | 10/17/01            |
|          | MD | 2,084,000               | 3,046,888                   | None                      | None  | 2,084,000                   | 3,046,888   | 5,130,888    | 878,513   |                      | 10/17/01            |
| le       | NY | 5,559,686               | 4,447,566                   | None                      | None  | 5,559,686                   | 4,447,566   | 10,007,252   | 719,023   |                      | 12/29/04            |
| icsburg  | PA | 2,101,415               | 3,902,912                   | None                      | None  | 2,101,415                   | 3,902,912   | 6,004,327    | 1,112,329 |                      | 11/08/01            |
| o        | TX | 700,000                 | 2,501,244                   | None                      | None  | 700,000                     | 2,501,244   | 3,201,244    | 721,184   |                      | 10/17/01            |
| cksburg  | VA | 1,941,000               | 2,979,888                   | None                      | None  | 1,941,000                   | 2,979,888   | 4,920,888    | 859,195   |                      | 10/17/01            |
|          |    |                         |                             |                           |   |                             |             |              |           |                      |                     |
| rs       |    |                         |                             |                           |   |                             |             |              |           |                      |                     |
| ks       | AK | 2,586,879               | 9,575                       | None                      | None  | 2,586,879                   | 9,575       | 2,596,454    | 3,080     |                      | 09/27/00            |
| ille     | AL | 2,810,868               | 14,308                      | None                      | None  | 2,810,868                   | 14,308      | 2,825,176    | 4,602     |                      | 09/27/00            |
|          | FL | 2,618,441               | 8,979,199                   | None                      | None  | 2,618,441                   | 8,979,199   | 11,597,640   | 2,978,081 |                      | 09/27/00            |
| lee      | GA | 4,329,404               | 14,942                      | None                      | None  | 4,329,404                   | 14,942      | 4,344,346    | 4,618     |                      | 09/27/00            |
| l Bluffs | IA | 4,924,553               | 11,652,293                  | None                      | None  | 4,924,553                   | 11,652,293  | 16,576,846   | 413,259   |                      | 01/31/08            |
| ue       | IA | 3,185,053               | 5,915,983                   | None                      | None  | 3,185,053                   | 5,915,983   | 9,101,036    | 226,779   |                      | 01/31/08            |
| dsville  | IL | 4,270,500               | 9,070,885                   | None                      | None  | 4,270,500                   | 9,070,885   | 13,341,385   | 1,194,323 |                      | 09/28/05            |
| n the    | IL | 3,297,566               | 9,364,286                   | None                      | None  | 3,297,566                   | 9,364,286   | 12,661,852   | 1,232,955 |                      | 09/28/05            |
| a        | IL | 832,500                 | 3,499,885                   | None                      | None  | 832,500                     | 3,499,885   | 4,332,385    | 460,808   |                      | 09/28/05            |
| n        | IL | 543,183                 | 5,110,193                   | None                      | None  | 543,183                     | 5,110,193   | 5,653,376    | 672,832   |                      | 09/28/05            |
|          | IL | 1,575,231               | 9,183,100                   | None                      | None  | 1,575,231                   | 9,183,100   | 10,758,331   | 1,209,098 |                      | 09/28/05            |
| ord      | IL | 4,270,500               | 16,675,954                  | -1,779                    | None  | 4,270,500                   | 16,674,175  | 20,944,675   | 2,195,658 |                      | 09/28/05            |
| Field    | IL | 3,151,838               | 10,404,452                  | None                      | None  | 3,151,838                   | 10,404,452  | 13,556,290   | 1,369,910 |                      | 09/28/05            |
| ington   | IN | 2,498,642               | 7,934,745                   | None                      | None  | 2,498,642                   | 7,934,745   | 10,433,387   | 1,044,732 |                      | 09/28/05            |
| bus      | IN | 1,999,812               | 7,234,361                   | None                      | None  | 1,999,812                   | 7,234,361   | 9,234,173    | 952,515   |                      | 09/28/05            |
| opolis   | IN | 2,700,395               | 17,672,980                  | None                      | None  | 2,700,395                   | 17,672,980  | 20,373,375   | 2,125,146 |                      | 09/28/05            |
| Haute    | IN | 1,249,321               | 9,835,885                   | None                      | None  | 1,249,321                   | 9,835,885   | 11,085,206   | 1,295,048 |                      | 09/28/05            |
| Rapids   | MN | 2,460,040               | 14,964,514                  | None                      | None  | 2,460,040                   | 14,964,514  | 17,424,554   | 1,970,318 |                      | 09/28/05            |
| Grove    | MN | 2,863,272               | 15,274,237                  | None                      | None  | 2,863,272                   | 15,274,237  | 18,137,509   | 2,011,098 |                      | 09/28/05            |
| Bluff    | MO | 1,106,618               | 4,872,502                   | None                      | None  | 1,106,618                   | 4,872,502   | 5,979,120    | 641,536   |                      | 09/28/05            |
| way      | NJ | 8,634,576               | 14,679,823                  | None                      | None  | 8,634,576                   | 14,679,823  | 23,314,399   | 1,202,876 | 12/06/06             | 04/13/05            |

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|       |    |           |            |      |      |           |            |            |           |          |          |
|-------|----|-----------|------------|------|------|-----------|------------|------------|-----------|----------|----------|
| amton | NY | 2,700,000 | 5,570,505  | None | None | 2,700,000 | 5,570,505  | 8,270,505  | 733,449   |          | 09/29/05 |
|       | OH | 1,511,018 | 1,386      | None | None | 1,511,018 | 1,386      | 1,512,404  | 446       |          | 09/27/00 |
| bus   | OH | 2,103,351 | 5,161,550  | None | None | 2,103,351 | 5,161,550  | 7,264,901  | 1,264,567 |          | 11/01/02 |
| ro    | OR | 4,915,032 | 16,377     | None | None | 4,915,032 | 16,377     | 4,931,409  | 5,268     |          | 09/27/00 |
| d     | OR | 2,793,001 | 9,942      | None | None | 2,793,001 | 9,942      | 2,802,943  | 3,198     |          | 09/27/00 |
| orth  | TX | 2,280,000 | 2,802,189  | None | None | 2,280,000 | 2,802,189  | 5,082,189  | 275,548   |          | 07/26/06 |
|       | TX | 2,161,477 | 5,561,558  | None | None | 2,161,477 | 5,561,558  | 7,723,035  | 474,289   | 10/11/06 | 08/09/05 |
| ew    | TX | 2,887,500 | 5,363,826  | None | None | 2,887,500 | 5,363,826  | 8,251,326  | 652,599   |          | 12/21/05 |
|       | TX | 1,013,706 | 5,880,539  | None | None | 1,013,706 | 5,880,539  | 6,894,245  | 519,448   |          | 10/06/06 |
| llen  | VA | 1,314,065 | 9,748,457  | None | None | 1,314,065 | 9,748,457  | 11,062,522 | 3,233,202 |          | 09/27/00 |
| g     | VA | 4,546,305 | 33,325     | None | None | 4,546,305 | 33,325     | 4,579,630  | 10,159    |          | 09/27/00 |
| ville | WA | 1,988,142 | 0          | None | None | 1,988,142 | -          | 1,988,142  | -         |          | 07/27/00 |
| urg   | WI | 5,540,553 | 10,290,483 | None | None | 5,540,553 | 10,290,483 | 15,831,036 | 394,468   |          | 01/31/08 |

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| Location |    | Initial Cost to Company     |                   | Cost Capitalized Subsequent to Acquisition |              | Gross Amount at Which Carried at Close of Period (Notes 2, 3, 5, 6 and 7) |           |           |              |          |              |
|----------|----|-----------------------------|-------------------|--|--------------|---|-----------|-----------|--------------|----------|--------------|
|          |    | Buildings, Improvements and |                   | Buildings, Improvements and                |              | Accumulated   |           |           |              |          |              |
|          |    | Acquisition                 | Carrying          | Acquisition                                | Depreciation | Date of   | Date of   | Acquired  | Construction | Acquired | Construction |
|          |    | Land                        | Fees Improvements | Costs                                      | Land         | Fees  | Total     | (Note 4)  | Construction | Acquired | Construction |
| Plazas   |    |                             |                   |  |              |   |           |           |              |          |              |
| re       | MD | 1,740,080                   | 4,580,068         | None                                       | None         | 1,740,080   | 4,580,068 | 6,320,148 | 993,071      | 12/24/03 | 04/01/0      |
| Rental   |    |                             |                   |  |              |   |           |           |              |          |              |
| ham      | AL | 392,795                     | 865,115           | None                                       | 357          | 392,795   | 865,472   | 1,258,267 | 390,768      |          | 09/30/9      |
| ngton    | CT | 399,562                     | 1,009,125         | None                                       | None         | 399,562   | 1,009,125 | 1,408,687 | 405,336      |          | 12/29/9      |
| Lucie    | FL | 612,695                     | 702,209           | 4,825                                      | 348          | 612,695   | 707,382   | 1,320,077 | 280,236      | 12/09/98 | 09/08/9      |
| ck       | GA | 290,369                     | 788,880           | None                                       | 345          | 290,369   | 789,225   | 1,079,594 | 348,497      |          | 12/31/9      |
| s        | GA | 431,284                     | 724,037           | 3,500                                      | 205          | 431,284   | 727,742   | 1,159,026 | 325,081      |          | 10/01/9      |
| d        | IN | 453,645                     | 908,485           | None                                       | 173          | 453,645   | 908,658   | 1,362,303 | 398,143      |          | 01/30/9      |
|          | KS | 285,802                     | 966,286           | None                                       | 146          | 285,802   | 966,432   | 1,252,234 | 426,811      |          | 12/19/9      |
|          | KS | 289,714                     | 797,856           | None                                       | 146          | 289,714   | 798,002   | 1,087,716 | 323,183      |          | 11/23/9      |
| ster     | KY | 355,474                     | 929,177           | None                                       | 173          | 355,474   | 929,350   | 1,284,824 | 391,838      |          | 06/30/9      |
|          | MI | 356,348                     | 903,351           | 15,018                                     | None         | 356,348   | 918,369   | 1,274,717 | 397,274      |          | 01/09/9      |
| ille     | OH | 601,408                     | 758,192           | None                                       | 173          | 601,408   | 758,365   | 1,359,773 | 319,740      |          | 06/30/9      |
|          | OH | 401,723                     | 698,872           | None                                       | 173          | 401,723   | 699,045   | 1,100,768 | 294,728      |          | 06/29/9      |
| ark      | OH | 328,187                     | 921,232           | None                                       | 173          | 328,187   | 921,405   | 1,249,592 | 409,970      |          | 11/14/9      |
|          | OH | 337,572                     | 777,943           | None                                       | 173          | 337,572   | 778,116   | 1,115,688 | 343,553      |          | 12/30/9      |
| oro      | OH | 261,916                     | 897,489           | None                                       | 173          | 261,916   | 897,662   | 1,159,578 | 369,513      |          | 09/21/9      |
|          | OK | 318,441                     | 1,004,663         | 63,968                                     | 181          | 318,441   | 1,068,812 | 1,387,253 | 460,046      |          | 09/26/9      |
|          | TN | 420,000                     | 674,437           | None                                       | 2,102        | 420,000   | 676,539   | 1,096,539 | 259,773      | 05/12/99 | 02/23/9      |
| ille     | TN | 499,885                     | 840,869           | None                                       | 201          | 499,885   | 841,070   | 1,340,955 | 343,413      |          | 10/02/9      |
| ia       | TN | 466,469                     | 716,723           | 2,455                                      | 433          | 466,469   | 719,611   | 1,186,080 | 324,007      |          | 09/26/9      |
| onville  | TN | 333,677                     | 938,592           | None                                       | 201          | 333,677   | 938,793   | 1,272,470 | 414,593      |          | 12/10/9      |
|          | TN | 381,076                     | 857,261           | 27,890                                     | 201          | 381,076   | 885,352   | 1,266,428 | 391,461      |          | 09/26/9      |
| s        | TN | 381,265                     | 900,580           | 7,860                                      | 345          | 381,265   | 908,785   | 1,290,050 | 390,004      |          | 03/31/9      |
| sboro    | TN | 406,056                     | 886,293           | None                                       | 201          | 406,056   | 886,494   | 1,292,550 | 400,304      |          | 09/26/9      |
| sboro    | TN | 385,437                     | 782,396           | None                                       | 201          | 385,437   | 782,597   | 1,168,034 | 306,460      |          | 03/11/9      |
|          | TN | 302,372                     | 836,214           | None                                       | 201          | 302,372   | 836,415   | 1,138,787 | 377,693      |          | 09/02/9      |
|          | TX | 407,910                     | 885,113           | 1,200                                      | 155          | 407,910   | 886,468   | 1,294,378 | 391,108      |          | 12/01/9      |
| nt       | TX | 326,041                     | 834,895           | None                                       | 57           | 326,041   | 834,952   | 1,160,993 | 376,190      |          | 09/05/9      |
|          | TX | 373,084                     | 871,163           | 16,135                                     | 181          | 373,084   | 887,479   | 1,260,563 | 365,743      |          | 07/29/9      |
| k        | TX | 266,805                     | 857,492           | None                                       | None         | 266,805   | 857,492   | 1,124,297 | 390,092      |          | 08/29/9      |
| ay       | TX | 372,487                     | 835,198           | None                                       | None         | 372,487   | 835,198   | 1,207,685 | 368,879      |          | 12/16/9      |
| n        | VA | 373,499                     | 836,071           | None                                       | None         | 373,499   | 836,071   | 1,209,570 | 369,262      |          | 12/19/9      |

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|          |    |           |            |         |        |           |            |            |            |          |         |
|----------|----|-----------|------------|---------|--------|-----------|------------|------------|------------|----------|---------|
| Beach VA |    | 551,588   | 797,260    | None    | None   | 551,588   | 797,260    | 1,348,848  | 346,711    |          | 02/23/9 |
| go       | CA | 3,745,000 | 8,885,351  | 113,731 | 35,308 | 3,745,000 | 9,034,390  | 12,779,390 | 7,065,643  | 03/08/86 | 03/25/8 |
| go       | CA | 2,485,160 | 8,697,822  | 634,264 | 99,362 | 2,485,160 | 9,431,448  | 11,916,608 | 11,987,518 | 01/23/89 | 09/19/8 |
| go       | CA | 5,797,411 | 15,473,497 | 208,470 | 75,947 | 5,797,411 | 15,757,914 | 21,555,325 | 10,373,675 | 01/20/89 | 08/05/8 |
|          | FL | 259,686   | 362,562    | 4,535   | None   | 259,686   | 367,097    | 626,783    | 178,009    |          | 11/26/9 |
|          | IN | 115,000   | 533,165    | 14,400  | 5,064  | 115,000   | 552,629    | 667,629    | 496,260    |          | 07/07/8 |

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| Initial Cost to Company                          |               |              | Cost Capitalized<br>Subsequent<br>to Acquisition | Gross Amount at Which Carried<br>at Close of Period (Notes 2, 3, 5, 6 and 7) |               |               |                          |                         |
|--|---------------|--------------|--|--|---------------|---------------|--------------------------|-------------------------|
| Buildings,<br>Improvements<br>and<br>Acquisition |               |              | Carrying<br>Costs                                | Buildings,<br>Improvements<br>and<br>Acquisition                             |               |               | Accumulated              | Date of<br>Construction |
| Land   | Fees          | Improvements |  | Land   | Fees          | Total         | Depreciation<br>(Note 4) |                         |
| 405,360  | 656,296       | -124,313     | 22,043   | 405,360  | 554,026       | 959,386       | 321,285                  |                         |
| 181,156  | 515,598       | 75,460       | 6,128  | 181,156  | 597,186       | 778,342       | 267,445                  |                         |
| 106,000  | 545,518       | 43,180       | 15,306   | 106,000  | 604,004       | 710,004       | 557,789                  |                         |
| 238,000  | 528,608       | 4,810        | 7,055  | 238,000  | 540,473       | 778,473       | 411,083                  |                         |
| 3,278,143  | 2,729,551     | 15,350       | None   | 3,278,143  | 2,744,901     | 6,023,044     | -                        |                         |
|  | 412,097       | None         | 61,696   | -  | 473,793       | 473,793       | 447,137                  |                         |
| 1,164,436,828                                    | 2,245,167,722 | 3,339,058    | 3,380,363  | 1,164,436,828  | 2,251,887,143 | 3,416,323,971 | 554,171,306              |                         |

## Note

1. Two thousand three hundred thirty-seven of the properties are single-tenant retail outlets. One property in Sheboygan, WI, one property in Lenexa, KS, one property in Humble, TX, one property in Escondido, CA, one property in Houston, TX, one property in Cedar Park, TX, one property in Cutler Ridge, FL, one property in Wilbraham, MA and three other properties in San Diego, CA are multi-tenant, distribution and office properties.

All properties were acquired on an all cash basis except one; no encumbrances were outstanding for the periods presented.

The aggregate cost for federal income tax purposes is

2. \$3,261,632,255.

The following is a reconciliation of total real estate carrying value for

| 3. the years ended December 31: | 2008          | 2007          | 2006          |
|---------------------------------|---------------|---------------|---------------|
| Balance at Beginning of Period  | 3,294,949,787 | 2,882,410,454 | 2,143,854,136 |
| Additions During Period:        |               |               |               |
| Acquisitions                    | 189,627,022   | 533,726,159   | 769,925,390   |

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Less amounts allocated to  
intangible assets that are included  
in Other Assets on our

|                             |             |             |             |
|-----------------------------|-------------|-------------|-------------|
| Consolidated Balance Sheets | (397,402)   | (996,575)   | (937,030)   |
| Equipment                   | 89,250      | 100,500     | 4,810       |
| Improvements, Etc.          | 1,408,690   | 1,157,862   | 198,488     |
| Other (Leasing Costs)       | 1,290,807   | 613,593     | 760,443     |
| Total Additions             | 192,018,367 | 534,601,539 | 769,952,101 |

Deductions During Period:

|                          |            |             |            |
|--------------------------|------------|-------------|------------|
| Cost of Real Estate Sold | 67,079,032 | 121,734,428 | 30,791,949 |
|--------------------------|------------|-------------|------------|

Less amounts allocated to  
intangible assets that are included  
in Other Assets on our

|  |               |               |               |
|--|---------------|---------------|---------------|
| Consolidated Balance Sheets                    | -             | -             | (205,399)     |
| Cost of Equipment Sold                         | -             | -             | -             |
| Releasing costs                                | 191,151       | 55,856        | 146,340       |
| Other (including Provisions<br>for Impairment) | 3,374,000     | 271,922       | 662,893       |
| Total Deductions                               | 70,644,183    | 122,062,206   | 31,395,783    |
| Balance at Close of Period                     | 3,416,323,971 | 3,294,949,787 | 2,882,410,454 |



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Note The following is a reconciliation of accumulated depreciation for

4. the years ended:

|  | 2008        | 2007        | 2006        |
|--|-------------|-------------|-------------|
| Balance at Beginning of Period   | 470,695,343 | 397,329,170 | 341,808,533 |
| Additions During Period -<br>Provision for Depreciation                                    | 90,424,612  | 76,089,713  | 58,602,612  |
| Deductions During Period:<br>Accumulated depreciation of<br>real estate and equipment sold | 6,948,649   | 2,723,540   | 3,081,975   |
| Balance at Close of Period   | 554,171,306 | 470,695,343 | 397,329,170 |

Note In 2008, no provisions for impairment were recorded on Realty Income properties. Provisions for impairment  
5. were recorded on three Crest properties.

In 2007, provisions for impairment were recorded on two Realty Income properties and one Crest property.

In 2006, provisions for impairment were recorded on one Realty Income property and three Crest properties.

Note In accordance with FASB 143 and FASB interpretation No. 47, we recorded in aggregate \$335,283 in 2008 and  
6. \$238,680 in 2007 to two buildings for

the fair value of legal obligations to perform asset-retirement activities that are conditional on future events. These two properties are reported in the drug store industry and are located in Girard, PA and Slippery Rock, PA.

Note In 2006, we reduced the value of one building by \$174,000 due to damage to the building, in the video rental  
7. industry.

See report of independent registered public accounting firm.