

**REALTY  INCOME**  
The Monthly Dividend Company®

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, 2017

Commission File Number 1-13374

**REALTY INCOME CORPORATION**

(Exact name of registrant as specified in its charter)

<u>Maryland</u> (State or Other Jurisdiction of Incorporation or Organization)	<u>33-0580106</u> (IRS Employer Identification Number)
11995 El Camino Real, San Diego, California, 92130 (Address of Principal Executive Offices)	

Registrant's telephone number, including area code: (858) 284-5000

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

<u>Title of Each Class</u>	<u>Name of Each Exchange On Which Registered</u>
Common Stock, \$0.01 Par Value	New York Stock Exchange
Class F Preferred Stock, \$0.01 Par Value	New York Stock Exchange

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

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

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

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

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

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

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

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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, 2017, the aggregate market value of the Registrant's shares of common stock, \$0.01 par value, held by non-affiliates of the Registrant was \$15.1 billion based upon the last reported sale price of \$55.18 per share on the New York Stock Exchange on June 30, 2017, the last business day of the Registrant's most recently completed second fiscal quarter. The determination of affiliate status for purposes of this calculation is not necessarily a conclusive determination for other purposes.

At February 14, 2018, the number of shares of common stock outstanding was 284,245,504.

**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 18, 2018, to be filed pursuant to Regulation 14A. Only those portions of the proxy statement which are specifically incorporated by reference herein shall constitute a part of this annual report.

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**PART I**

**Item 1: Business**

**THE COMPANY**

Realty Income, The Monthly Dividend Company<sup>®</sup>, is an S&P 500 company dedicated to providing stockholders with dependable monthly dividends that increase over time. The company is structured as a real estate investment trust, or REIT, requiring it annually to distribute at least 90% of its taxable income (excluding net capital gains) in the form of dividends to its stockholders. The monthly dividends are supported by the cash flow generated from real estate owned under long-term, net lease agreements with regional and national commercial tenants. The company has in-house acquisition, portfolio management, asset management, real estate research, credit research, legal, finance and accounting, information technology, and capital markets capabilities.

Realty Income was founded in 1969, and listed on the New York Stock Exchange (NYSE: O) in 1994. Over the past 49 years, Realty Income has been acquiring and managing freestanding commercial properties that generate rental revenue under long-term net lease agreements. The company is a member of the S&P High Yield Dividend Aristocrats<sup>®</sup> index for having increased its dividend every year for more than 20 consecutive years.

At December 31, 2017, we owned a diversified portfolio:

- Of 5,172 properties;
- With an occupancy rate of 98.4%, or 5,089 properties leased and 83 properties available for lease;
- Leased to 249 different commercial tenants doing business in 47 separate industries;
- Located in 49 states and Puerto Rico;
- With over 89.6 million square feet of leasable space; and
- With an average leasable space per property of approximately 17,320 square feet; approximately 12,060 square feet per retail property and 224,340 square feet per industrial property.

Of the 5,172 properties in the portfolio, 5,144, or 99.5%, are single-tenant properties, and the remaining are multi-tenant properties. At December 31, 2017, of the 5,144 single-tenant properties, 5,062 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 9.5 years.

Our 7 senior officers owned 0.1% of our outstanding common stock with a market value of \$16.9 million at January 31, 2018. Our directors and 7 senior officers, as a group, owned 0.2% of our outstanding common stock with a market value of \$33.4 million at January 31, 2018.

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

In January 2018, we had 152 employees, as compared to 146 employees in January 2017.

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

## RECENT DEVELOPMENTS

### Increases in Monthly Dividends to Common Stockholders

We have continued our 49-year policy of paying monthly dividends. In addition, we increased the dividend five times during 2017 and twice during 2018. As of February 2018, we have paid 81 consecutive quarterly dividend increases and increased the dividend 95 times since our listing on the NYSE in 1994.

<b>2017 Dividend increases</b>	<b>Month Declared</b>	<b>Month Paid</b>	<b>Dividend per share</b>	<b>Increase per share</b>
1st increase	Dec 2016	Jan 2017	0.2025	\$ 0.0005
2nd increase	Jan 2017	Feb 2017	0.2105	\$ 0.0080
3rd increase	Mar 2017	Apr 2017	0.2110	\$ 0.0005
4th increase	Jun 2017	Jul 2017	0.2115	\$ 0.0005
5th increase	Sep 2017	Oct 2017	0.2120	\$ 0.0005
<b>2018 Dividend increases</b>				
1st increase	Dec 2017	Jan 2018	0.2125	\$ 0.0005
2nd increase	Jan 2018	Feb 2018	0.2190	\$ 0.0065

The dividends paid per share during 2017 totaled approximately \$2.527, as compared to approximately \$2.392 during 2016, an increase of \$0.135, or 5.6%.

The monthly dividend of \$0.219 per share represents a current annualized dividend of \$2.628 per share, and an annualized dividend yield of approximately 4.6% based on the last reported sale price of our common stock on the NYSE of \$57.02 on December 31, 2017. Although we expect to continue our policy of paying monthly dividends, we cannot guarantee that we will maintain our current level of dividends, that we will continue our pattern of increasing dividends per share, or what our actual dividend yield will be in any future period.

### Acquisitions During 2017

During 2017, we invested \$1.52 billion in 303 new properties and properties under development or expansion, with an initial weighted average contractual lease rate of 6.4%. The 303 new properties and properties under development or expansion are located in 40 states, will contain approximately 7.8 million leasable square feet, and are 100% leased with a weighted average lease term of 14.4 years. The tenants occupying the new properties operate in 23 industries and the property types are 94.5% retail and 5.5% industrial, based on rental revenue. During 2017, none of our real estate investments caused any one tenant to be 10% or more of our total assets at December 31, 2017.

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

In the case of a property under development or expansion, the contractual lease rate is generally fixed such that rent varies based on the actual total investment in order to provide a fixed rate of return. When the lease does not provide for a fixed rate of return on a property under development or expansion, the estimated initial weighted average contractual lease rate is computed as follows: estimated net operating income (determined by the lease) for the first full year of each lease, divided by our projected total investment in the property, including land, construction and capitalized interest costs. Of the \$1.52 billion we invested during 2017, \$21.2 million was invested in 17 properties under development or expansion with an estimated initial weighted average contractual lease rate of 6.9%. We may continue to pursue development or expansion opportunities under similar arrangements in the future.

**Portfolio Discussion****Leasing Results**

At December 31, 2017, we had 83 properties available for lease out of 5,172 properties in our portfolio, which represents a 98.4% occupancy rate based on the number of properties in our portfolio. Since December 31, 2016, when we reported 84 properties available for lease out of 4,944 and a 98.3% occupancy rate, we:

- Had 297 lease expirations;
- Re-leased 259 properties; and
- Sold 39 vacant properties.

Of the 259 properties re-leased during 2017, 235 properties were re-leased to existing tenants, nine were re-leased to new tenants without vacancy, and 15 were re-leased to new tenants after a period of vacancy. The annual rent on these 259 leases was \$43.18 million, as compared to the previous rent on these same properties of \$40.92 million, which represents a rent recapture rate of 105.5% on the properties re-leased during 2017.

As part of our re-leasing costs, we pay leasing commissions to unrelated, third party real estate brokers consistent with the commercial real estate industry standard, and sometimes provide tenant rent concessions. We do not consider the collective impact of the leasing commissions or tenant rent concessions to be material to our financial position or results of operations.

At December 31, 2017, our average annualized rental revenue was approximately \$13.77 per square foot on the 5,089 leased properties in our portfolio. At December 31, 2017, we classified nine properties with a carrying amount of \$6.7 million as held for sale on our balance sheet. The expected sale of these properties does not represent a strategic shift that will have a major effect on our operations and financial results and is consistent with our existing disposition strategy to further enhance our real estate portfolio and maximize portfolio returns.

**Investments in Existing Properties**

In 2017, we capitalized costs of \$12.7 million on existing properties in our portfolio, consisting of \$1.6 million for re-leasing costs, \$912,000 for recurring capital expenditures, and \$10.2 million for non-recurring building improvements. In 2016, we capitalized costs of \$16.3 million on existing properties in our portfolio, consisting of \$797,000 for re-leasing costs, \$679,000 for recurring capital expenditures, and \$14.9 million for non-recurring building improvements.

The majority of our building improvements relate to roof repairs, HVAC improvements, and parking lot resurfacing and replacements. The amounts of our capital expenditures can vary significantly, depending on the rental market, tenant credit worthiness, the lease term and the willingness of tenants to pay higher rents over the terms of the leases.

We define recurring capital expenditures as mandatory and repetitive landlord capital expenditure obligations that have a limited useful life. We define non-recurring capital expenditures as property improvements where we invest additional capital that extend the useful life of the property.

**Note Issuance**

During the year ended December 31, 2017 we issued the following notes (dollars in millions):

<b>Issuances</b>	<b>Date of Issuance</b>	<b>Maturity date</b>	<b>Principal amount issued</b>	<b>Public offering price</b>	<b>Effective yield to maturity</b>
4.125% notes	March 2017	October 2026 <sup>(1)</sup>	\$ 400	102.98%	3.75%
4.650% notes	March 2017	March 2047	300	99.97%	4.65%
3.250% notes	December 2017	October 2022 <sup>(2)</sup>	500	101.77%	2.84%
3.650% notes	December 2017	January 2028	550	99.78%	3.68%
4.650% notes	December 2017	March 2047 <sup>(3)</sup>	250	105.43%	4.32%

<sup>(1)</sup>This issuance constitutes a further issuance of, and formed a single series with the senior notes due 2026 issued in September 2014.

<sup>(2)</sup>This issuance constituted a further issuance of, and formed a single series with the senior notes due 2022 issued in October 2012.

<sup>(3)</sup>This issuance constituted a further issuance of, and formed a single series with the senior notes due 2047 issued in March 2017.

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The net proceeds of \$1.3 billion from the December 2017 note offerings were used to redeem all \$550.0 million aggregate principal amount of our outstanding 2019 notes, including accrued and unpaid interest, and to repay borrowings outstanding under our \$2.0 billion revolving credit facility and, to the extent not used for those purposes, to fund the development and acquisitions of additional properties and for other general corporate purposes. The net proceeds of \$705.2 million from the March 2017 note offerings were used to repay borrowings outstanding under our credit facility to fund investment opportunities and for other general corporate purposes.

**Capital Raising**

During 2017, Realty Income issued 23,957,741 common shares at a weighted average price of \$59.54, receiving gross proceeds of \$1.4 billion.

**Net Income Available to Common Stockholders**

Net income available to common stockholders was \$301.5 million in 2017, as compared to \$288.5 million in 2016, an increase of \$13.0 million. On a diluted per common share basis, net income was \$1.10 in 2017, as compared to \$1.13 in 2016, a decrease of \$0.03, or 2.7%.

The calculation to determine net income available to common stockholders includes impairments, gains from the sale of properties and/or fair value adjustments on our interest rate swaps. These items vary from period to period based on the timing of property sales and the interest rate environment, and can significantly impact net income available to common stockholders.

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

In 2017, our FFO increased by \$37.3 million, or 5.1%, to \$772.7 million, as compared to \$735.4 million in 2016. On a diluted per common share basis, FFO was \$2.82 in 2017, as compared to \$2.88 in 2016, a decrease of \$0.06, or 2.1%.

Net income and funds from operations available to common stockholders per share in 2017 were impacted by a loss of \$42.4 million, or \$0.15 per share, on extinguishment of debt upon the early redemption on all \$550.0 million of our outstanding 6.75% notes due August 2019 during December 2017. Net income and funds from operations available to common stockholders were also impacted by a non-cash redemption charge of \$13.4 million, or \$0.05 per share, upon the redemption of the 6.625% Monthly Income Class F Preferred Stock that was redeemed in April 2017. This charge is based on the excess of redemption value over the carrying value of the 6.625% Monthly Income Class F Preferred Stock that represents the original issuance cost that we paid in 2012.

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

In 2017, our AFFO increased by \$102.2 million, or 13.9%, to \$838.6 million, as compared to \$736.4 million in 2016. On a diluted per common share basis, AFFO was \$3.06 in 2017, as compared to \$2.88 in 2016, an increase of \$0.18, or 6.3%.

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

**DIVIDEND POLICY**

Distributions are paid monthly to holders of shares of our common stock.

Distributions are paid monthly to the limited partners holding common units of Tau Operating Partnership, L.P. and Realty Income, L.P., each on a per unit basis that is generally equal to the amount paid per share to our common stockholders.

In order to maintain our status as a REIT for federal income tax purposes, we generally are required to distribute dividends to our stockholders aggregating annually at least 90% of our taxable income (excluding net capital gains), and we are subject to income tax to the extent we distribute less than 100% of our taxable income (including net capital gains). In 2017, our cash distributions to preferred and common stockholders totaled \$695.5 million, or approximately 132.9% of our estimated taxable income of \$523.5 million. Our estimated taxable income reflects non-cash deductions for depreciation and amortization. Our estimated taxable income is presented to show our compliance with REIT dividend requirements and is not a measure of our liquidity or operating performance. We intend to continue to make distributions to our stockholders that are sufficient to meet this dividend requirement and that will reduce or eliminate our exposure to income taxes. Furthermore, we believe our funds from operations are sufficient to support our current level of cash distributions to our stockholders. Our cash distributions to common stockholders in 2017 totaled \$689.3 million, representing 82.2% of our adjusted funds from operations available to common stockholders of \$838.6 million. In comparison, our 2016 cash distributions to common stockholders totaled \$610.5 million, representing 82.9% of our adjusted funds from operations available to common stockholders of \$736.4 million.

Future distributions will be at the discretion of our Board of Directors and will depend on, among other things, our results of operations, FFO, AFFO, cash flow from operations, financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code of 1986, as amended, or the 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 default, and which prohibit the payment of distributions on the common or preferred stock in the event that we fail to pay when due (subject to any applicable grace period) any principal or interest on borrowings under our credit facility.

Distributions of our current and accumulated earnings and profits for federal income tax purposes generally will be taxable to stockholders as ordinary income, except to the extent that we recognize capital gains and declare a capital gains dividend, or that such amounts constitute "qualified dividend income" subject to a reduced rate of tax. The maximum tax rate of non-corporate taxpayers for "qualified dividend income" is generally 20%. In general, dividends payable by REITs are not eligible for the reduced tax rate on qualified dividend income, except to the extent that certain holding requirements have been met with respect to the REIT's stock and the REIT's dividends are attributable to dividends received from certain taxable corporations (such as our taxable REIT subsidiaries) or to income that was subject to tax at the corporate or REIT level (for example, if we distribute taxable income that we retained and paid tax on in the prior taxable year). However, non-corporate stockholders, including individuals, generally may deduct 20% of dividends from a REIT, other than capital gain dividends and dividends treated as qualified dividend income, for taxable years beginning after December 31, 2017 and before January 1, 2026.

Distributions in excess of earnings and profits generally will first be treated as a non-taxable reduction in the stockholders' basis in their stock, but not below zero. Distributions in excess of that basis generally will be taxable as a capital gain to stockholders who hold their shares as a capital asset. Approximately 21.7% of the distributions to our common stockholders, made or deemed to have been made in 2017, were classified as a return of capital for federal income tax purposes. We estimate that in 2018, between 15% and 25% of the distributions may be classified as a return of capital.

## **BUSINESS PHILOSOPHY AND STRATEGY**

We believe that owning an actively managed, diversified portfolio of primarily single-tenant commercial properties under long-term, net lease agreements produces consistent and predictable income. A net lease typically requires the tenant to be responsible for monthly rent and certain property operating expenses including property taxes, insurance, and maintenance. In addition, tenants of our properties typically pay rent increases based on: (1) increases in the consumer price index (typically subject to ceilings), (2) fixed increases, or (3) 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, net lease agreements 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.

Diversification is also a key component of our investment philosophy. We believe that diversification of the portfolio by tenant, industry, geography, and, to a certain extent, property type leads to more consistent and predictable income for our stockholders by reducing vulnerability that can come with any single concentration. Our investment activities have led to a diversified property portfolio that, as of December 31, 2017, consisted of



5,172 properties located in 49 states and Puerto Rico, leased to 249 different commercial tenants doing business in 47 industries. No single industry represented in our property portfolio accounted for more than 10.6% of our rental revenue for the quarter ended December 31, 2017.

### **Investment Strategy**

Our investment strategy is to acquire real estate leased to regional and national tenants. When identifying new properties for investment, we generally focus on acquiring high-quality real estate that tenants consider important to the successful operation of their business. We generally seek to acquire real estate that has the following characteristics:

- Properties that are freestanding, commercially-zoned with a single tenant;
- Properties that are in significant markets or strategic locations critical to generating revenue for regional and national tenants (i.e. they need the property in which they operate in order to conduct their business);
- Properties that we deem to be profitable for the tenants and/or can generally be characterized as important to the successful operations of the company's business;
- Properties that are located within attractive demographic areas relative to the business of our tenants, generally fungible, and have good visibility and easy access to major thoroughfares;
- Properties with real estate valuations that approximate replacement costs;
- Properties with rental or lease payments that approximate market rents; 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 future rent increases.

We seek to invest in industries in which several, well-organized, regional and national tenants are capturing market share through the selection of prime real estate locations supported by superior service, quality control, economies of scale, consumer branding, and advertising. In addition, we frequently acquire large portfolios of single-tenant properties net leased to different tenants operating in a variety of industries. We have an internal team dedicated to sourcing such opportunities, often using our relationships with various tenants, owners/developers, brokers and advisers to uncover and secure transactions. We also undertake thorough research and analysis to identify what we consider to be appropriate property locations, tenants, and industries for investment. This research expertise is instrumental to uncovering net lease opportunities in markets where we believe we can add value.

In selecting potential investments, we look for tenants with the following attributes:

- Tenants with reliable and sustainable cash flow;
- Tenants with revenue and cash flow from multiple sources;
- Tenants that are willing to sign a long-term lease (10 or more years); and
- Tenants that are large owners and users of real estate.

From a retail perspective, our investment strategy is to target tenants that have a service, non-discretionary, and/or low-price-point component to their business. We believe these characteristics better position tenants to operate in a variety of economic conditions and to compete more effectively with internet retailers. As a result of the execution of this strategy, over 90% of our annualized retail rental revenue in 2017 is derived from tenants with a service, non-discretionary, and/or low price point component to their business. From a non-retail perspective, we target industrial properties leased to Fortune 1000, primarily investment grade rated companies. We believe these characteristics enhance the stability of the rental revenue generated from these properties.

After applying this investment strategy, we pursue those transactions where we can achieve an attractive investment spread over our cost of capital and favorable risk-adjusted returns.

### **Underwriting Strategy**

In order to be considered for acquisition, properties must meet stringent underwriting requirements. We have established a four-part analysis to examine each potential investment based on:

- The aforementioned overall real estate characteristics, including demographics, replacement cost and comparative rental rates;
- Industry, tenant (including credit profile), and market conditions;
- Store profitability for retail locations if profitability data is available; and
- The importance of the real estate location to the operations of the tenants' business.

We believe the principal financial obligations for most of our tenants typically include their bank and other debt, payment obligations to suppliers, and real estate lease obligations. Because we typically own the land and building in which a tenant conducts its business or which are critical to the tenant's ability to generate revenue, we believe the risk of default on a tenant's lease obligation is less than the tenant's unsecured general obligations. It has been our experience that tenants must retain their profitable and critical locations in order to survive. Therefore, in the event of reorganization, they are less likely to reject a lease of a profitable or critical location because this would terminate their right to use the property.

Thus, as the property owner, we believe that we will fare better than unsecured creditors of the same tenant in the event of reorganization. If a property is rejected by the tenant during reorganization, we own the property and can either lease it to a new tenant or sell the property. In addition, we believe that the risk of default on real estate leases can be further mitigated by monitoring the performance of the tenants' individual locations and considering whether to proactively sell locations that meet our criteria for disposition.

Prior to entering into any transaction, our research department conducts a review of a tenant's credit quality. The information reviewed may include reports and filings, including any public credit ratings, financial statements, debt and equity analyst reports, and reviews of corporate credit spreads, stock prices, market capitalization, and other financial metrics. We conduct additional due diligence, including additional financial reviews of the tenant and a more comprehensive review of the business segment and industry in which the tenant operates. We continue to monitor our tenants' credit quality on an ongoing basis by reviewing the available information previously discussed, and providing summaries of these findings to management. Approximately 46% of our annualized rental revenue comes from properties leased to investment grade rated companies or their subsidiaries. At December 31, 2017, our top 20 tenants represented approximately 54% of our annualized revenue and ten of these tenants have investment grade credit ratings or are subsidiaries of investment grade companies.

### **Portfolio and Asset Management Strategy**

In addition to pursuing new properties for investment, we seek to increase earnings and distributions to stockholders through active portfolio and asset management.

Generally, our portfolio and asset management efforts seek to achieve:

- Rent increases at the expiration of existing leases, when market conditions permit;
- Optimum exposure to certain tenants, industries, and markets through re-leasing vacant properties and selectively selling properties;
- Maximum asset-level returns on properties that are re-leased or sold;
- Additional value creation from the existing portfolio by enhancing individual properties, pursuing alternative uses, and deriving ancillary revenue; and
- Investment opportunities in new asset classes for the portfolio.

We continually monitor our portfolio for any changes that could affect the performance of our tenants, our tenants' industries, and the real estate locations in which we have invested. We also regularly analyze our portfolio with a view towards optimizing its returns and enhancing its overall credit quality. Our active portfolio and asset management strategy pursues asset sales when we believe the reinvestment of the sale proceeds will:

- Generate higher returns;
- Enhance the credit quality of our real estate portfolio;
- Extend our average remaining lease term; and/or
- Strategically decrease tenant, industry, or geographic concentration.

At December 31, 2017, we classified nine properties with a carrying amount of \$6.7 million as held for sale on our balance sheet. For 2018, we intend to continue our active disposition efforts to further enhance our real estate portfolio and anticipate \$75 to \$100 million in property sales. We plan to invest these proceeds into new property acquisitions, if there are attractive opportunities available. However, we cannot guarantee that we will sell properties during 2018 at our estimated values or be able to invest the property sale proceeds in new properties.

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The active management of the portfolio is an essential component of our long-term strategy of maintaining high occupancy. Since 1970, our occupancy rate at the end of each year has never been below 96%. However, we cannot assure you that our future occupancy levels will continue to equal or exceed 96%.

### **Capital Philosophy**

Historically, we have met our long-term capital needs by issuing common stock, preferred stock and long-term unsecured notes and bonds. Over the long term, we believe that common stock should be the majority of our capital structure; however, we may issue additional preferred stock or debt securities. 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 initially financed by our credit facility or debt securities. However, we cannot assure you that we will have access to the capital markets at all times and at terms that are acceptable to us.

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

### **Conservative Capital Structure**

We believe that our stockholders are best served by a conservative capital structure. Therefore, we seek to maintain a conservative debt level on our balance sheet and solid interest and fixed charge coverage ratios. At December 31, 2017, our total outstanding borrowings of senior unsecured notes and bonds, term loans, mortgages payable and credit facility borrowings were \$6.13 billion, or approximately 27.4% of our total market capitalization of \$22.36 billion.

We define our total market capitalization at December 31, 2017 as the sum of:

- Shares of our common stock outstanding of 284,213,685, plus total common units outstanding of 405,204, multiplied by the last reported sales price of our common stock on the NYSE of \$57.02 per share on December 31, 2017, or \$16.23 billion;
- Outstanding borrowings of \$110.0 million on our credit facility;
- Outstanding mortgages payable of \$320.3 million, excluding net mortgage premiums of \$5.9 million and deferred financing costs of \$236,000;
- Outstanding borrowings of \$445.9 million on our term loans, excluding deferred financing costs of \$580,000; and
- Outstanding senior unsecured notes and bonds of \$5.25 billion, excluding unamortized net original issuance premiums of \$14.3 million and deferred financing costs of \$34.1 million.

### **Impact of Real Estate and Credit Markets**

In the commercial real estate market, property prices generally continue to fluctuate. Likewise, during certain periods, the U.S. credit markets have experienced significant price volatility, dislocations, and liquidity disruptions, which may impact our access to and cost of capital. We continually monitor the commercial real estate and U.S. credit markets carefully and, if required, will make decisions to adjust our business strategy accordingly.

### **Universal Shelf Registration**

In December 2015, we filed a shelf registration statement with the SEC, which is effective for a term of three years and will expire in December 2018. In accordance with SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific dollar limit. The securities covered by this registration statement include (1) common stock, (2) preferred stock, (3) debt securities, (4) depositary shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock, or depositary shares, and (6) any combination of these securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if these 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.

## **\$2.0 Billion Revolving Credit Facility**

We have a \$2.0 billion unsecured revolving credit facility, or our credit facility, with an initial term that expires in June 2019 and includes, at our option, two six-month extensions. Our credit facility has a \$1.0 billion accordion expansion option. Under our credit facility, our investment grade credit ratings as of December 31, 2017 provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 0.85%, with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.975% over LIBOR. The borrowing rate is subject to an interest rate floor and may change if our investment grade credit ratings were to change. We also have other interest rate options available to us under our credit facility. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation.

At December 31, 2017, we had a borrowing capacity of \$1.89 billion available on our credit facility and an outstanding balance of \$110.0 million. The weighted average interest rate on borrowings outstanding under our credit facility, at December 31, 2017, was 4.5% per annum. We must comply with various financial and other covenants in our credit facility. At December 31, 2017, we remain in compliance with these covenants. We expect to use our credit facility to acquire additional properties and for other general corporate purposes. Any additional borrowings will increase our exposure to interest rate risk.

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

## **Cash Reserves**

We are organized to operate as an equity REIT that acquires and leases properties and distributes to stockholders, in the form of monthly cash distributions, a substantial portion of our net cash flow generated from leases on our properties. We intend to retain an appropriate amount of cash as working capital. At December 31, 2017, we had cash and cash equivalents totaling \$6.9 million.

We believe that our cash and cash equivalents on hand, cash provided from operating activities, and borrowing capacity is sufficient to meet our liquidity needs for the next twelve months. We intend, however, to use permanent or long-term capital to fund property acquisitions and to repay future borrowings under our credit facility.

## **Credit Agency Ratings**

The borrowing interest rates under our credit facility are based upon our ratings assigned by credit rating agencies. As of December 31, 2017, we were assigned the following investment grade corporate credit ratings on our senior unsecured notes and bonds: Moody's Investors Service has assigned a rating of A3 with a "stable" outlook, Standard & Poor's Ratings Group has assigned a rating of BBB+ with a "positive" outlook, and Fitch Ratings has assigned a rating of BBB+ with a "stable" outlook.

Based on our ratings as of December 31, 2017, the facility interest rate as of December 31, 2017 was LIBOR, plus 0.85% with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.975% over LIBOR. Our credit facility provides that the interest rate can range between: (i) LIBOR, plus 1.55% if our credit rating is lower than BBB-/Baa3 or unrated and (ii) LIBOR, plus 0.85% if our credit rating is A-/A3 or higher. In addition, our credit facility provides for a facility commitment fee based on our credit ratings, which range from: (i) 0.30% for a rating lower than BBB-/Baa3 or unrated, and (ii) 0.125% for a credit rating of A-/A3 or higher.

We also issue senior debt securities from time to time and our credit ratings can impact the interest rates charged in those transactions. If our credit ratings or ratings outlook change, our cost to obtain debt financing could increase or decrease. The credit ratings assigned to us could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies and we cannot assure you that our ratings will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. Moreover, a rating is not a recommendation to buy, sell or hold our debt securities, preferred stock or common stock.

### **Term Loans**

In December 2017, in conjunction with the acquisition of a portfolio of properties, we entered into a \$125.9 million promissory note, maturing in January 2018. Borrowings under this note bore interest at 1.52%. This note was paid in full at maturity.

In June 2015, in conjunction with entering into our credit facility, we entered into a \$250 million senior unsecured term loan maturing on June 30, 2020. Borrowing under this term loan bears interest at the current one-month LIBOR, plus 0.90%. In conjunction with this term loan, we also entered into an interest rate swap which effectively fixes our per annum interest rate on this term loan at 2.62%.

In January 2013, in conjunction with our acquisition of American Realty Capital Trust, Inc., or ARCT, we entered into a \$70 million senior unsecured term loan with an initial maturity date of January 2018. Borrowing under this term loan bears interest at the current one-month LIBOR, plus 1.10%. In conjunction with this term loan, we also entered into an interest rate swap which effectively fixes our per annum interest rate on this term loan at 2.05%. In January 2018, we entered into a six-month extension of this loan, which now matures in July 2018 and includes, at our option, two additional six-month extensions. Borrowing during the extension periods bear interest at the current one-month LIBOR, plus 0.90%. The interest rate swap terminated upon the initial maturity in January 2018.

### **Mortgage Debt**

As of December 31, 2017, we had \$320.3 million of mortgages payable, all of which were assumed in connection with our property acquisitions. Additionally, at December 31, 2017, we had net premiums totaling \$5.9 million on these mortgages and deferred financing costs of \$236,000. We expect to pay off the mortgages payable as soon as prepayment penalties have declined to a level that would make it economically feasible to do so. During 2017, we made \$139.7 million of principal payments, including the repayment of eight mortgages in full for \$133.5 million.

### **Notes Outstanding**

As of December 31, 2017, we had \$5.25 billion of senior unsecured note and bond obligations, excluding unamortized net original issuance premiums of \$14.3 million and deferred financing costs of \$34.1 million. All of our outstanding notes and bonds have fixed interest rates. Interest on all of our senior note and bond obligations is paid semiannually.

### **No Unconsolidated Investments**

We have no unconsolidated investments, nor do we engage in trading activities involving energy or commodity contracts.

### **Corporate Responsibility**

We are committed to providing an engaging, diverse, and safe work environment for our employees, upholding our corporate responsibilities as a public company operating for the benefit of our stockholders, and operating our company in an environmentally conscious manner. As The Monthly Dividend Company<sup>®</sup>, our mission is to provide our stockholders with monthly dividends that increase over time. How we manage and use the physical, financial and talent resources that enable us to achieve this mission, demonstrates our commitment to corporate responsibility.

*Social Responsibility and Ethics.* An extension of our mission is our commitment to being socially responsible and conducting our business according to the highest ethical standards. Our employees are awarded compensation that is in line with those of our peers and competitors, including generous healthcare benefits for employees and their families, participation in a 401(k) plan with a matching contribution by Realty Income, competitive paid time-off benefits, and an infant-at-work program for new parents. We also have a long-standing commitment to equal employment opportunity and adhere to all Equal Employer Opportunity Policy guidelines. Our employees have access to members of our Board of Directors to report anonymously, if desired, any suspicion of misconduct by any member of our senior management or executive team. We apply the principles of full and fair disclosure in all of our business dealings, and we encourage all of our directors, officers, and other employees to conduct our business in accordance with the highest standards of moral and ethical behavior, in each case, as outlined in our Corporate Code of Business Ethics. We are also committed to dealing fairly with all of our customers, suppliers, and competitors.

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Realty Income and its employees have taken an active role in supporting communities through civic involvement with charitable organizations and corporate donations. Focusing our impact on our social responsibility, our non-profit partnerships have resulted in approximately 725 employee volunteer hours during 2017, principally through our partnership with San Diego Habitat for Humanity. Our employees have also provided educational services to at-risk youth, funding to local foodbanks, and toys for under-served children. Our dedication to being a responsible corporate citizen has a direct and positive impact in the communities in which we operate and contributes to the strength of our reputation and our financial performance.

*Corporate Governance.* We believe that a company's reputation for integrity and serving its stockholders responsibly is of utmost importance. We are committed to managing the company for the benefit of our stockholders and are focused on maintaining good corporate governance. Practices that illustrate this commitment include:

- Our Board of Directors is comprised of eight directors, seven of which are independent, non-employee directors;
- Our Board of Directors is elected on an annual basis;
- We employ a majority vote standard for uncontested elections;
- Our Compensation Committee of the Board of Directors works with independent consultants in conducting annual compensation reviews for our key executives, and compensates each individual primarily based on reaching certain performance metrics that determine the success of our company; and
- We adhere to all other corporate governance principles outlined in our "Corporate Governance Guidelines" document on our website.

*Environmental Practices.* Our focus on environmental conservationism is demonstrated by how we manage our day-to-day activities at our corporate headquarters. At our headquarters, we promote energy efficiency and encourage practices such as powering down office equipment at the end of the day, implementing file-sharing technology and automatic "duplex mode" to limit paper use, adopting an electronic approval system, carpooling to our headquarters, and recycling paper waste. In 2017, we sent more than 32,700 pounds of paper to our off-site partner for recycling.

With respect to other recycling and reuse practices, we encourage the use of recycled products and the recycling of materials used in our operations. Cell phones, wireless devices and office equipment are recycled or donated whenever possible.

In addition, our headquarters building was retrofitted according to the State of California energy efficiency standards (specifically following California Green Building Standards Code and Title 24 of the California Code of Regulations), with features such as an automatic lighting control system with light-harvesting technology, a Building Management System that monitors and controls energy use, an energy-efficient PVC roof and heating and cooling system, LED lighting, and drought-tolerant landscaping with recycled materials.

In 2017, we formed an internal "Green Team" whose mission is to encourage environmentally-friendly choices to further reduce our environmental impact as a company. To achieve this mission, the Green Team creates and executes strategies to promote sustainability internally and tracks the progress of their efforts.

The properties in our portfolio are primarily net leased to our tenants, and each tenant is ultimately responsible for maintaining the buildings including controlling their energy usage and the implementation of any environmentally sustainable practices at each location. We actively communicate and work with our tenants to promote environmental responsibility at the properties we own and to reiterate the importance of energy efficient facilities.

Our Asset Management team has engaged with renewable energy development companies to identify assets that would maximize energy efficiency initiatives throughout our property portfolio. These initiatives include solar energy arrays, battery storage, and charging stations. In addition, we continue to explore regional opportunities with our tenants in order to qualify for city and county renewable energy or energy efficiency programs.

More information on our social responsibility and environmental practices can be found on our company's website at <http://www.realtyincome.com/about-realty-income/corporate-responsibility>. None of the information on our website is deemed to be a part of this report.

## PROPERTY PORTFOLIO INFORMATION

At December 31, 2017, we owned a diversified portfolio:

- Of 5,172 properties;
- With an occupancy rate of 98.4%, or 5,089 properties leased and 83 properties available for lease;
- Leased to 249 different commercial tenants doing business in 47 separate industries;
- Located in 49 states and Puerto Rico;
- With over 89.6 million square feet of leasable space; and
- With an average leasable space per property of approximately 17,320 square feet; approximately 12,060 square feet per retail property and 224,340 square feet per industrial property.

At December 31, 2017, of our 5,172 properties, 5,089 were leased under net lease agreements. A net lease typically requires the tenant to be responsible for monthly rent and certain property operating expenses including property taxes, insurance, and maintenance. In addition, our tenants are typically subject to future rent increases based on increases in the consumer price index (typically subject to ceilings), additional rent calculated as a percentage of the tenants' gross sales above a specified level, or fixed increases.

At December 31, 2017, our 249 commercial tenants, which we define as retailers with over 50 locations and non-retailers with over \$500 million in annual revenues, represented approximately 95% of our annualized revenue. We had 269 additional tenants, representing approximately 5% of our annualized revenue at December 31, 2017, which brings our total tenant count to 518 tenants.

**Industry Diversification**

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

	Percentage of Rental Revenue <sup>(1)</sup>					
	For the	For the Years Ended				
	Quarter Ended December 31, 2017	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
<b>Retail industries</b>						
Apparel stores	1.5%	1.6%	1.9%	2.0%	2.0%	1.9%
Automotive collision services	1.0	1.0	1.0	1.0	0.8	0.8
Automotive parts	1.4	1.3	1.3	1.4	1.3	1.2
Automotive service	2.4	2.2	1.9	1.9	1.8	2.1
Automotive tire services	2.5	2.6	2.7	2.9	3.2	3.6
Book stores	*	*	*	*	*	*
Child care	1.8	1.8	1.9	2.0	2.2	2.8
Consumer electronics	0.4	0.3	0.3	0.3	0.3	0.3
Convenience stores	9.4	9.6	8.7	9.2	10.1	11.2
Crafts and novelties	0.5	0.5	0.5	0.5	0.5	0.5
Dollar stores	7.7	7.9	8.6	8.9	9.6	6.2
Drug stores	10.6	10.9	11.2	10.6	9.5	8.1
Education	0.3	0.3	0.3	0.3	0.4	0.4
Entertainment	0.5	0.4	0.5	0.5	0.5	0.6
Equipment services	*	*	0.1	0.1	0.1	0.1
Financial services	2.1	2.1	1.4	1.3	1.4	1.5
General merchandise	1.9	1.8	1.5	1.4	1.2	1.1
Grocery stores	4.5	4.4	3.1	3.0	3.0	2.9
Health and fitness	7.5	7.5	8.1	7.7	7.0	6.3
Health care	0.8	0.8	0.9	1.0	1.1	1.1
Home furnishings	0.8	0.8	0.7	0.7	0.7	0.9
Home improvement	2.8	2.6	2.5	2.4	1.7	1.6
Jewelry	0.1	0.1	0.1	0.1	0.1	0.1
Motor vehicle dealerships	1.9	2.1	1.9	1.6	1.6	1.6
Office supplies	0.2	0.2	0.3	0.3	0.4	0.5
Pet supplies and services	0.6	0.6	0.6	0.7	0.7	0.8
Restaurants - casual dining	3.7	3.8	3.9	3.8	4.3	5.1
Restaurants - quick service	5.5	5.1	4.9	4.2	3.7	4.4
Shoe stores	0.4	0.4	0.5	0.5	0.1	0.1
Sporting goods	1.1	1.4	1.6	1.8	1.6	1.7
Telecommunications	*	*	*	-	-	-
Theaters	5.7	5.0	4.9	5.1	5.3	6.2
Transportation services	0.1	0.1	0.1	0.1	0.1	0.1
Wholesale clubs	3.2	3.3	3.6	3.8	4.1	3.9
Other	*	*	*	*	*	0.1
<b>Retail industries</b>	<b>82.9%</b>	<b>82.5%</b>	<b>81.5%</b>	<b>81.1%</b>	<b>80.4%</b>	<b>79.8%</b>

\* Less than 0.1%

<sup>(1)</sup> Includes rental revenue for all properties owned at the end of each period presented, including revenue from properties reclassified as discontinued operations.



**Industry Diversification (continued)**

	Percentage of Rental Revenue <sup>(1)</sup>					
	For the	For the Years Ended				
	Quarter Ended December 31, 2017	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
<b>Non-retail industries</b>						
Aerospace	0.9%	0.9%	1.0%	1.1%	1.2%	1.2%
Beverages	2.6	2.7	2.6	2.7	2.8	3.3
Consumer appliances	0.5	0.5	0.5	0.6	0.5	0.6
Consumer goods	0.7	0.8	0.9	0.9	0.9	1.0
Crafts and novelties	0.1	0.1	0.1	0.1	0.1	0.1
Diversified industrial	0.8	0.9	0.9	0.8	0.5	0.2
Electric utilities	0.1	0.1	0.1	0.1	0.1	*
Equipment services	0.4	0.4	0.5	0.4	0.5	0.4
Financial services	0.3	0.3	0.4	0.4	0.4	0.5
Food processing	0.6	0.6	1.1	1.2	1.4	1.5
General merchandise	0.2	0.2	0.3	0.3	0.3	-
Government services	0.9	1.0	1.1	1.2	1.3	1.4
Health care	0.5	0.6	0.6	0.7	0.7	0.8
Home furnishings	0.1	0.1	0.1	0.2	0.2	0.2
Home improvement	0.1	*	-	-	-	-
Insurance	0.1	0.1	0.1	0.1	0.1	0.1
Machinery	0.1	0.1	0.1	0.1	0.2	0.2
Other manufacturing	0.8	0.8	0.8	0.7	0.7	0.6
Packaging	1.1	1.0	0.8	0.8	0.8	0.9
Paper	0.1	0.1	0.1	0.1	0.1	0.2
Shoe stores	0.2	0.2	0.2	0.2	0.8	0.9
Telecommunications	0.6	0.6	0.6	0.7	0.7	0.7
Transportation services	5.2	5.3	5.4	5.3	5.1	5.3
Other	0.1	0.1	0.2	0.2	0.2	0.1
Non-retail industries	17.1%	17.5%	18.5%	18.9%	19.6%	20.2%
Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\* Less than 0.1%

<sup>(1)</sup> Includes rental revenue for all properties owned at the end of each period presented, including revenue from properties reclassified as discontinued operations.

**Property Type Composition**

The following table sets forth certain property type information regarding our property portfolio as of December 31, 2017 (dollars in thousands):

<b>Property Type</b>	<b>Number of Properties</b>	<b>Approximate Leasable Square Feet</b>	<b>Rental Revenue for the Quarter Ended December 31, 2017<sup>(1)</sup></b>	<b>Percentage of Rental Revenue</b>
Retail	4,999	60,289,500	\$ 240,006	80.7%
Industrial	116	26,023,400	37,331	12.5
Office	42	3,104,700	13,579	4.6
Agriculture	15	184,500	6,571	2.2
<b>Totals</b>	<b>5,172</b>	<b>89,602,100</b>	<b>\$ 297,487</b>	<b>100.0 %</b>

<sup>(1)</sup> Includes rental revenue for all properties owned at December 31, 2017. Excludes revenue of \$1,412 from sold properties.

**Tenant Diversification**

The following table sets forth the largest tenants in our property portfolio, expressed as a percentage of total rental revenue at December 31, 2017:

<b>Tenant</b>	<b>Number of Properties</b>	<b>% of Rental Revenue</b>
Walgreens	203	6.5%
FedEx	43	5.1%
LA Fitness	53	4.0%
Dollar General	532	3.9%
Dollar Tree / Family Dollar	468	3.6%
AMC Theatres	32	3.6%
Walmart / Sam's Club	51	3.0%
Circle K (Couche-Tard)	298	2.5%
BJ's Wholesale Club	15	2.2%
Treasury Wine Estates	17	2.1%
Life Time Fitness	11	2.0%
Regal Cinemas	25	1.9%
CVS Pharmacy	76	1.9%
Super America / Western Refining (Tesoro)	134	1.8%
GPM Investments / Fas Mart	216	1.8%
Rite Aid	69	1.7%
7-Eleven	111	1.7%
TBC Corporation (Sumitomo)	159	1.5%
Kroger	14	1.5%
FreedomRoads / Camping World	19	1.2%

**Service Category Diversification for our Retail Properties**

The following table sets forth certain information regarding the 4,999 retail properties included in our 5,172 total properties owned at December 31, 2017, classified according to the business types and the level of services they provide at the property level (dollars in thousands):

	Number of Retail Properties	Retail Rental Revenue for the Quarter Ended December 31, 2017 <sup>(1)</sup>	Percentage of Retail Rental Revenue
<b><u>Tenants Providing Services</u></b>			
Automotive collision services	58	\$ 2,938	1.2%
Automotive service	271	7,031	2.9
Child care	204	5,380	2.2
Education	14	839	0.3
Entertainment	11	1,363	0.6
Equipment services	2	111	*
Financial services	218	6,232	2.6
Health and fitness	93	22,337	9.3
Health care	27	1,139	0.5
Telecommunications	1	47	*
Theaters	60	17,038	7.1
Transportation services	2	229	0.1
Other	8	133	0.1
	<b>969</b>	<b>64,817</b>	<b>26.9</b>
<b><u>Tenants Selling Goods and Services</u></b>			
Automotive parts (with installation)	69	1,631	0.7
Automotive tire services	194	7,401	3.1
Convenience stores	867	27,758	11.6
Motor vehicle dealerships	28	5,749	2.4
Pet supplies and services	12	738	0.3
Restaurants - casual dining	313	10,339	4.3
Restaurants - quick service	641	16,287	6.8
	<b>2,124</b>	<b>69,903</b>	<b>29.2</b>
<b><u>Tenants Selling Goods</u></b>			
Apparel stores	28	4,328	1.8
Automotive parts	116	2,451	1.0
Book stores	1	104	*
Consumer electronics	10	1,097	0.5
Crafts and novelties	15	1,618	0.7
Dollar stores	1,000	22,830	9.5
Drug stores	342	30,214	12.6
General merchandise	82	5,438	2.3
Grocery stores	112	13,555	5.6
Home furnishings	57	2,283	1.0
Home improvement	66	7,673	3.2
Jewelry	4	175	0.1
Office supplies	8	564	0.2
Shoe stores	2	182	0.1
Sporting goods	31	3,369	1.4
Wholesale clubs	32	9,405	3.9
	<b>1,906</b>	<b>105,286</b>	<b>43.9</b>
<b>Total Retail Properties</b>	<b>4,999</b>	<b>\$ 240,006</b>	<b>100.0%</b>

\* Less than 0.1%

<sup>(1)</sup> Includes rental revenue for all retail properties owned at December 31, 2017. Excludes revenue of \$57,481 from non-retail properties and \$1,412 from sold properties.

### Lease Expirations

The following table sets forth certain information regarding our property portfolio regarding the timing of the lease term expirations in our portfolio (excluding rights to extend a lease at the option of the tenant) on our 5,062 net leased, single-tenant properties and their contribution to rental revenue for the quarter ended December 31, 2017 (dollars in thousands):

Total Portfolio <sup>(1)</sup>						
Year	Expiring Leases		Approx. Leasable Sq. Feet	Rental Revenue <sup>(2)</sup>	% of Rental Revenue	
	Retail	Non-Retail				
2018	195	4	2,258,600	\$ 8,053	2.8%	
2019	262	10	3,853,800	13,279	4.5	
2020	213	10	4,166,100	12,614	4.3	
2021	294	12	5,284,100	14,869	5.1	
2022	358	18	9,758,900	20,152	6.9	
2023	471	22	8,109,600	24,436	8.4	
2024	218	11	3,844,700	11,641	4.0	
2025	333	13	5,179,500	20,172	6.9	
2026	315	5	4,685,500	15,762	5.4	
2027	535	4	6,199,400	22,417	7.7	
2028	298	9	7,087,100	18,169	6.2	
2029	400	7	7,386,300	21,473	7.3	
2030	95	13	2,718,500	14,768	5.0	
2031	283	25	5,563,500	25,209	8.6	
2032	81	4	3,060,700	10,776	3.7	
2033 - 2043	541	3	7,267,800	38,647	13.2	
<b>Totals</b>	<b>4,892</b>	<b>170</b>	<b>86,424,100</b>	<b>\$ 292,437</b>	<b>100.0%</b>	

\* Less than 0.1%

<sup>(1)</sup> Excludes 28 multi-tenant properties and 83 vacant properties, one of which is a vacant, multi-tenant property. The lease expirations for properties under construction are based on the estimated date of completion of those properties.

<sup>(2)</sup> Excludes revenue of \$5,050 from 28 multi-tenant properties and 83 vacant properties, and \$1,412 from sold properties at December 31, 2017.

**Geographic Diversification**

The following table sets forth certain state-by-state information regarding our property portfolio as of December 31, 2017 (dollars in thousands):

State	Number of Properties	Percent Leased	Approximate Leasable Square Feet	Rental Revenue for the Quarter Ended December 31, 2017 <sup>(1)</sup>	Percentage of Rental Revenue
Alabama	164	98%	1,567,500	\$ 5,603	1.9%
Alaska	3	67	275,900	566	0.2
Arizona	115	99	1,808,300	6,653	2.2
Arkansas	74	100	887,700	2,035	0.7
California	186	99	5,316,000	27,804	9.3
Colorado	83	99	1,458,400	4,738	1.6
Connecticut	22	91	521,000	2,042	0.7
Delaware	18	100	93,000	718	0.2
Florida	373	99	4,092,300	17,322	5.8
Georgia	258	99	4,315,900	12,718	4.3
Idaho	12	100	87,000	419	0.1
Illinois	253	98	5,791,200	18,482	6.2
Indiana	173	97	2,154,600	8,578	2.9
Iowa	42	88	2,978,500	3,836	1.3
Kansas	94	96	1,857,100	4,869	1.6
Kentucky	68	99	1,667,700	4,198	1.4
Louisiana	106	97	1,547,900	4,169	1.4
Maine	15	100	174,700	1,121	0.4
Maryland	36	97	1,012,300	4,582	1.5
Massachusetts	79	96	729,400	3,641	1.2
Michigan	163	99	1,781,000	6,475	2.2
Minnesota	159	100	2,028,400	9,907	3.3
Mississippi	140	95	1,623,200	4,659	1.6
Missouri	152	97	2,688,000	8,414	2.8
Montana	11	100	87,000	501	0.2
Nebraska	38	100	749,700	1,865	0.6
Nevada	23	96	1,092,700	1,459	0.5
New Hampshire	19	100	315,800	1,547	0.5
New Jersey	75	99	1,000,900	5,546	1.9
New Mexico	32	100	355,700	1,024	0.3
New York	99	99	2,753,400	14,728	5.0
North Carolina	182	99	2,792,500	8,212	2.8
North Dakota	6	100	117,700	211	0.1
Ohio	256	99	6,774,600	15,418	5.2
Oklahoma	134	100	1,653,500	4,660	1.6
Oregon	28	100	593,300	2,399	0.8
Pennsylvania	168	98	1,956,800	8,683	2.9
Rhode Island	4	100	161,600	841	0.3
South Carolina	159	99	1,626,700	6,571	2.2
South Dakota	15	100	195,200	468	0.2
Tennessee	234	98	3,565,000	9,203	3.1
Texas	519	99	9,583,400	27,830	9.4
Utah	22	100	970,600	2,272	0.8
Vermont	5	100	98,000	489	0.2
Virginia	169	96	3,114,700	8,332	2.8
Washington	43	98	733,400	3,097	1.0
West Virginia	18	100	395,600	1,228	0.4
Wisconsin	115	100	2,374,300	6,929	2.3
Wyoming	6	100	54,700	276	0.1
Puerto Rico	4	100	28,300	149	*
<b>Totals/Average</b>	<b>5,172</b>	<b>98%</b>	<b>89,602,100</b>	<b>\$ 297,487</b>	<b>100.0%</b>

\* Less than 0.1%

(1) Includes rental revenue for all properties owned at December 31, 2017. Excludes revenue of \$1,412 from sold properties.

## FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

### **Item 1A: Risk Factors**

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

***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 and operation of our properties. We expect competition from:

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

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

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

Cash flow from operations depends in part on our ability to lease space to tenants on economically favorable terms. We could be adversely affected by various facts and events over which we have limited or no control, such as:

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

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

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

Further, the occurrence of a tenant bankruptcy or insolvency could diminish the income we receive from the tenant's lease or leases. In addition, a bankruptcy court might authorize the tenant to terminate its leases with us. If that happens, our claim against the bankrupt tenant for unpaid future rent would be subject to statutory limitations that most likely would result in rent payments that would be substantially less than the remaining rent we are owed under the leases or we may elect not to pursue claims against a tenant for terminated leases. In addition, any claim we have for unpaid past rent, if any, may not be paid in full, or at all. Moreover, in the case of a tenant's leases that are not terminated as the result of its bankruptcy, we may be required or elect to reduce the rent payable under those leases or provide other concessions, reducing amounts we receive under those leases. As a result, tenant bankruptcies may have a material adverse effect on our results of operations. Any of these events could adversely affect our cash flow from operations and our ability to make distributions to stockholders and service our indebtedness.

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Eighty-three of our properties were available for lease or sale at December 31, 2017, 82 of which were single-tenant properties. At December 31, 2017, 55 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 2017, each of our tenants accounted for less than 10% of our rental revenue.

For 2017, our tenants in the “drug store” industry accounted for approximately 10.6% of our rental revenue. A downturn in this industry, whether nationwide or limited to specific sectors of the United States, or a change in legislation relating to prescription drugs, could adversely affect tenants in this industry, which in turn could have a material adverse effect on our financial position, results of operations, our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions on our common stock, including the common stock offered hereby, and preferred stock.

Individually, each of the other industries in our property portfolio accounted for less than 10% of our rental revenue for 2017. Nevertheless, downturns in these industries could also adversely affect our tenants, which in turn could also have a material adverse effect on our financial position, results of operations and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions on our common stock, and preferred stock. In addition, we may in the future make additional investments in the “drug store” industry, which would increase this industry’s percentage of our rental revenues, thereby increasing the effect that such a downturn in this industry would have on us.

In addition, some of our properties are leased to tenants that may have limited financial and other resources, and therefore, they are more likely to be adversely affected by a downturn in their respective businesses or in the regional, national, or international economy.

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

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

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

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

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

The presence of hazardous substances on a property may adversely affect our ability to lease or sell that property and we may incur substantial remediation costs or third party liability claims. 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 liability, including strict liability, by virtue of our ownership interest. There also can be no assurance that our tenants could or would satisfy their indemnification obligations under their leases. The discovery of environmental liabilities attached to our properties could have an adverse effect on our results of operations, our financial condition, or our ability to make distributions to stockholders and to pay the principal of and interest on our debt securities and other indebtedness.



In addition, several of our properties were built during the period when asbestos was commonly used in building construction and we may acquire other buildings with asbestos 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 possible that our insurance could be insufficient to address any particular environmental situation and/or 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 arise during the lease terms as a result of tenants' activities on the properties. For properties that have underground storage tanks, in addition to providing an indemnity in our favor, the tenants generally are required to meet applicable state financial assurance obligations, including maintaining certain minimum net worth requirements, obtaining environmental insurance, or relying upon the state trust funds where available in the states where these properties are located to reimburse responsible parties for costs of environmental remediation. However, it is possible that one or more of our tenants could fail to have sufficient funds to cover any such indemnification or to meet applicable state financial assurance obligations, and thus we may still be obligated to pay for any such environmental liabilities.

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

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

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

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

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

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

For example, in order to qualify as a REIT, at least 95% of our gross income in each year must be derived from qualifying sources, and we must pay distributions to stockholders aggregating annually at least 90% of our taxable income (excluding net capital gains).

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

Even if we qualify for and maintain our REIT status, we may be subject to certain federal, state, and local taxes on our income and property. For example, if we have net income from a prohibited transaction, that income will be subject to a 100% tax. In addition, our taxable REIT subsidiaries, including Crest, are subject to federal and state taxes at the applicable tax rates on their income and property. Any failure to comply with legal and regulatory tax obligations could adversely affect our ability to conduct business and could adversely affect the market price of our capital stock and the value of our debt securities .

**Legislative or other actions affecting REITs could have a negative effect on us or our investors.** The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Services, or the IRS, and the U.S. Department of the Treasury, or the Treasury. Changes to the tax laws, with or without retroactive application, could adversely affect us or our investors, including holders of our common stock or debt securities. We cannot predict how changes in the tax laws might affect us or our investors. New legislation, Treasury Regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT, the federal income tax consequences of such qualification, or the federal income tax consequences of an investment in us. Also, the law relating to the tax treatment of other entities, or an investment in other entities, could change, making an investment in such other entities more attractive relative to an investment in a REIT.

Recently enacted U.S. tax legislation, or the 2017 Tax Legislation, has significantly changed the U.S. federal income taxation of U.S. businesses and their owners, including REITs and their stockholders. We are still evaluating the potential impact of the 2017 Tax Legislation on us, but the changes made by the 2017 Tax Legislation that could affect us and our investors include:

- Temporarily reducing individual U.S. federal income tax rates on ordinary income, including the reduction of the highest individual U.S. federal income tax rate from 39.6% to 37% for taxable years beginning after December 31, 2017 and before January 1, 2026;
- Permanently eliminating the progressive corporate tax rate structure, which previously imposed a maximum corporate tax rate of 35%, and replacing it with a flat corporate tax rate of 21%;
- Permitting a deduction for certain domestic qualified business income from pass-through income entities, including dividends received by our stockholders from us that are not designated by us as capital gain dividends or qualified dividend income, which will allow individuals, trusts, and estates to deduct up to 20% of such amounts for taxable years beginning after December 31, 2017 and before January 1, 2026;
- Reducing the highest rate of withholding with respect to our distributions to non-U.S. stockholders that are treated as attributable to gains from the sale or exchange of U.S. real property interests from 35% to 21%;
- Limiting our deduction for net operating losses arising in taxable years beginning after December 31, 2017 to 80% of REIT taxable income (prior to the application of the dividends paid deduction);
- Generally limiting the deduction for net business interest expense in excess of 30% of a business's "adjusted taxable income," except for taxpayers (including most equity REITs) that engage in certain real estate businesses and elect out of this rule (provided that such electing taxpayers must use an alternative depreciation system with longer depreciation periods); and
- Eliminating the corporate alternative minimum tax.

Many of these changes are effective immediately, without any transition periods or grandfathering for existing transactions. The legislation is unclear in many respects and could be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the Treasury and IRS, any of which could lessen or increase the impact of the legislation. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities. While some of the changes made by the tax legislation may adversely affect us in one or more reporting periods and prospectively, other changes may be beneficial on a going forward basis. We continue to work with our tax advisors and auditors to determine the full impact that the recent tax legislation as a whole will have on us.

***Distribution requirements imposed by law limit our flexibility.***

To maintain our status as a REIT for federal income tax purposes, we generally are required to distribute to our stockholders at least 90% of our taxable income, excluding net capital gains, each year. We also are subject to tax at regular corporate rates to the extent that we distribute less than 100% of our taxable income (including net capital gains) each year.

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

We intend to continue to make distributions to our stockholders to comply with the distribution requirements of the Code as well as to reduce our exposure to federal income taxes and the nondeductible excise tax. Differences in timing between the receipt of income and the payment of expenses to arrive at taxable income, along with the effect of required debt amortization payments, could require us to borrow funds 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 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 our Board of Directors). Accordingly, our Board of Directors may authorize the issuance of preferred stock with voting, dividend and other similar rights that could dilute, or otherwise adversely affect, the interest of holders of our common stock.

***We may acquire properties or portfolios of properties through tax deferred contribution transactions, which could result in stockholder dilution and limit our ability to sell or refinance such assets.***

We have in the past and may in the future acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership units in an operating partnership, which could result in stockholder dilution through the issuance of operating partnership units that, under certain circumstances, may be exchanged for shares of our common stock. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to restrictions on our ability to dispose of, or refinance the debt on, the acquired properties in order to protect the contributors' ability to defer recognition of taxable gain. Similarly, we may be required to incur or maintain debt we would otherwise not incur so we can allocate the debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell or refinance an asset at a time, or on terms, that would be favorable absent such restrictions.

***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 \$2.0 billion unsecured revolving credit facility. At December 31, 2017, we had \$110.0 million of outstanding borrowings under our revolving credit facility, a total of \$5.25 billion of outstanding unsecured senior debt securities (excluding unamortized net original issuance premiums of \$14.3 million and deferred financing costs of \$34.1 million), \$445.9 million of borrowings outstanding under our senior unsecured term loans (excluding deferred financing costs of \$580,000) and approximately \$320.3 million of outstanding mortgage debt (excluding net unamortized premiums totaling \$5.9 million and deferred financing costs of \$236,000 on this mortgage debt). To the extent that new indebtedness is added to our current debt levels, the related risks that we now face would increase. As

a result, we are and will be subject to risks associated with debt financing, including the risk that our cash flow could be insufficient to make required payments on our debt. We also face variable interest rate risk as the interest rates on our revolving credit facility, our term loans and some of our mortgage debt are variable and could therefore increase over time. We also face the risk that we may be unable to refinance or repay our debt as it comes due. Given past disruptions in the financial markets and the recent global financial crisis and related uncertainties, including the impact of the United Kingdom's advisory referendum to withdraw from the European Union (referred to as Brexit), we also face the risk that one or more of the participants in our revolving credit facility may not be able to lend us money.

In addition, our revolving credit facility, our term loan facilities and mortgage loan documents contain provisions that could limit or, in certain cases, prohibit the payment of dividends and other distributions on our common stock and preferred stock. In particular, our revolving credit facility and our \$250.0 million term loan facility, both of which are governed by the same credit agreement, provide that, if an event of default (as defined in the credit agreement) exists, neither we nor any of our subsidiaries (other than our wholly-owned subsidiaries) may pay any dividends or other distributions on (except distributions payable in shares of a given class of our stock to the stockholders of that class), or repurchase or redeem, among other things, any shares of our common stock or preferred stock, during any period of four consecutive fiscal quarters in an aggregate amount in excess of the greater of:

- The sum of (a) 95% of our adjusted funds from operations (as defined in the credit agreement) for that period plus (b) the aggregate amount of cash distributions on our preferred stock for that period, and
- The minimum amount of cash distributions required to be made to our stockholders in order to maintain our status as a REIT for federal income tax purposes and to avoid the payment of any income or excise taxes that would otherwise be imposed under specified sections of the Code on income we do not distribute to our stockholders,

except that we may repurchase or redeem shares of our preferred stock with the net proceeds from the issuance of shares of our common stock or preferred stock. The credit agreement further provides that, in the event of a failure to pay principal, interest or any other amount payable thereunder when due or upon the occurrence of certain events of bankruptcy, insolvency or reorganization with respect to us or with respect to one or more of our subsidiaries that in the aggregate meet a significance test set forth in the credit agreement, we and our subsidiaries (other than our wholly-owned subsidiaries) may not pay any dividends or other distributions on (except for (a) distributions payable in shares of a given class of our stock to the stockholders of that class and (b) dividends and distributions described in the second bullet point above), or repurchase or redeem, among other things, any shares of our common stock or preferred stock. If any such event of default under the credit agreement were to occur, it would likely have a material adverse effect on the market price of our outstanding common and preferred stock and on the market value of our debt securities, could limit the amount of dividends or other distributions payable on our common stock and preferred stock or the amount of interest and principal we are able to pay on our indebtedness, or prevent us from paying those dividends, other distributions, interest or principal altogether, and may adversely affect our ability to qualify, or prevent us from qualifying, as a REIT. Likewise, one of our subsidiaries is the borrower under our \$70.0 million term loan facility and that facility requires that this subsidiary maintain its consolidated tangible net worth (as defined in the term loan facility) above a certain minimum dollar amount and comply with certain other financial covenants. This minimum consolidated tangible net worth covenant may limit the ability of this subsidiary, as well as other subsidiaries that are owned by this subsidiary, to provide funds to us in order to pay dividends and other distributions on our common stock and preferred stock and amounts due on our indebtedness. Any failure by this subsidiary to comply with these financial covenants will, and any failure by this subsidiary to comply with other covenants in our \$70.0 million term loan facility may, result in an event of default under that facility, which could have adverse consequences similar to those that may result from an event of default under our revolving credit facility or \$250.0 million term loan facility as described above.

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

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

If we default under a credit facility, loan agreement or other debt instrument, the lenders will generally have the right to demand immediate repayment of the principal and interest on all of their loans and, in the case of secured indebtedness, to exercise their rights to seize and sell the collateral.

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

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

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

The market value of our capital stock and debt securities will depend on many factors, which may change from time to time and may be outside of our control, 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, political and financial market conditions;
- The financial condition, performance and prospects of us, our tenants and our competitors;
- Changes in legal and regulatory taxation obligations;
- Litigation and regulatory proceedings;
- Changes in financial estimates or recommendations by securities analysts with respect to us, our competitors or our industry;
- Changes in our credit ratings; and
- Actual or anticipated variations in quarterly operating results of us and our competitors.

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

***Real estate ownership is subject to particular conditions that may have a negative impact on our revenue.***

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

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

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

***Real estate property investments are illiquid; therefore, the company may not be able to dispose of properties when desired or on favorable terms.***

Real estate investments are relatively illiquid. Our ability to quickly sell or exchange any of our properties in response to changes in economic and other conditions will be limited. No assurances can be given that we will recognize full value, at a price and at terms that are acceptable to us, for any property that we are required to sell for liquidity reasons. Our inability to respond rapidly to changes in the performance of our investments could adversely affect our financial condition and results of operations.

***Our acquisition of additional properties may have a significant effect on our business, liquidity, financial position and/or results of operations.***

We are engaged in the process of identifying, analyzing, underwriting, and negotiating possible acquisition transactions. We cannot provide any assurances that we will be successful in consummating future acquisitions on favorable terms or that we will realize the benefits that we anticipate from such acquisitions. Our inability to consummate one or more acquisitions on such terms, our failure to adequately underwrite and identify risks and obligations when acquiring properties, or our failure to realize the intended benefits from one or more acquisitions, could have a significant adverse effect on our business, liquidity, financial position and/or results of operations, including as a result of our incurrence of additional indebtedness and related interest expense and our assumption of unforeseen contingent liabilities in connection with completed acquisitions.

***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 depending on the tenant and the industry in which the tenant operates.

In addition to the indemnities and required insurance policies identified above, many of our properties are also covered by flood and earthquake insurance policies (subject to substantial deductibles) obtained and paid for by the tenants as part of their risk management programs. Additionally, we have obtained blanket liability, flood and earthquake (subject to substantial deductibles) and property damage insurance policies to protect us and our properties against loss should the indemnities and insurance policies provided by the tenants fail to restore the properties to their condition prior to a loss. However, should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of a loss that is subject to a substantial deductible under an insurance policy, we could lose all or part of our capital invested in, and anticipated revenue from, one or more of the properties, which could have a material adverse effect on our

results of operations or financial condition and on our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions to our stockholders. We also face the risk that our insurance carriers may not be able to provide payment under any potential claims that might arise under the terms of our insurance policies, and we may not have the ability to purchase insurance policies we desire.

In addition, although we obtain title insurance policies of our properties to protect us and our properties against unknown title defects (such as claims of ownership, liens or other encumbrances), there may be certain title defects that our title insurance will not cover. If a material title defect related to any of our properties is not adequately covered by a title insurance policy, we could lose some or all of our capital invested in and our anticipated profits from such property, cause a financial misstatement or lead to reputational damage to the company.

***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 generally 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.

***Litigation risks could affect our business.***

From time to time, we are involved in legal proceedings, lawsuits, and other claims. An unfavorable resolution of litigation may have a material adverse effect on our business, results of operations and financial condition. Regardless of its outcome, litigation may result in substantial costs and expenses and significantly divert the attention of management.

***Property taxes may increase without notice.***

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

***We depend on key personnel.***

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

***Natural disasters, terrorist attacks, other acts of violence or war, or other unexpected events may affect the value of our debt and equity securities, the markets in which we operate and our results of operations.***

Natural disasters, terrorist attacks, other acts of violence or war, or other unexpected events may negatively affect our operations, the market price of our capital stock and the value of our debt securities. There can be no assurance that events like these will not occur or have a direct impact on our tenants, our business or the United States generally.

If events like these were to occur, they could materially interrupt our business operations, 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.

***We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.***

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information and to manage or support a variety of our business processes, including financial transactions and maintenance of records, which may include personal identifying information. Although we have taken steps to protect the security of the data maintained in our information systems, our security measures may not be able to prevent the systems' improper functioning, or the theft of intellectual property, personal information, or personal property, such as in the event of cyber-attacks. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, result in theft of company assets, damage our reputation, subject us to liability claims and could adversely affect our business, financial condition and results of operations.

In addition, we implemented a new enterprise resource planning system in 2018. We may experience difficulties with this system, which could potentially result in disruption to our normal accounting procedures and internal control over financial reporting, inaccuracies in the conversion of electronic data, difficulties integrating the systems and processes, additional costs to continue to refine the system's functionality, and disruption of our financial reporting process.

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

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

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

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



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

Various estimates are used in the preparation of our financial statements, including estimates related to asset and liability valuations (or potential impairments), and various receivables. Often these estimates require the use of market data values that are currently difficult to assess, as well as estimates of future performance or receivables collectability that 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.

***Inherent limitations of internal controls over financial statements, disclosure controls and safeguarding of assets may adversely impact our financial condition and results of operations.***

Our internal controls over financial reporting, disclosure controls and procedures and our operating internal controls may not prevent or detect financial misstatements or loss of assets because of inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Effective internal controls can provide only reasonable assurance with respect to financial statement and disclosure accuracy and safeguarding of assets. Any failure of these internal controls could result in decreased investor confidence in the accuracy and completeness of our financial reports and disclosures, our REIT qualification being jeopardized, impairment in the company's access to capital, civil litigation or investigations by the NYSE, the SEC or other regulatory authorities, which may adversely impact our financial condition and results of operations.

***Our business could be negatively affected as a result of actions of activist stockholders and shareholder advisory firms.***

Campaigns by stockholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short-term stockholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases or sales of assets or the entire company. If we become engaged in a process or proxy contest with an activist stockholder in the future, our business could be adversely affected, as such activities could be costly and time-consuming, disrupt our operations and divert the attention of management and our employees from executing our business plan. Additionally, perceived uncertainties as to our future direction as a result of stockholder activism or actual or potential changes to the composition of our Board of Directors or management team may lead to the perception of a change in the direction of our business, instability or lack of continuity, which may be exploited by our competitors, cause concern to current or potential sellers of properties, tenants and financing sources, and make it more difficult to attract and retain qualified personnel. If potential or existing sellers of properties, tenants or financing sources choose to delay, defer or reduce transactions with us or transact with our competitors instead of us because of any such issues, then our results of operations could be adversely affected. Similarly, we may suffer damage to our reputation (for example, regarding our corporate governance or stockholder relations) or brand by way of actions taken or statements made by outside constituents, including activist investors and shareholder advisory firms, which could adversely affect the market price of our common stock and preferred stock and the value of our debt securities, including the notes, resulting in significant loss of value, which could impact our ability to access capital, increase our cost of capital, and decrease our ability to acquire properties on attractive terms.

***Our charter contains restrictions upon ownership of our common stock.***

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

**Item 1B: Unresolved Staff comments**

There are no unresolved staff comments.

**Item 2: Properties**

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

**Item 3: Legal Proceedings**

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

**Item 4: Mine Safety Disclosures**

None.

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

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

	Price Per Share of Common Stock		Distributions Declared <sup>(1)</sup>
	High	Low	
<b>2017</b>			
First Quarter	\$ 63.60	\$ 56.92	\$ 0.6320
Second Quarter	62.31	52.86	0.6335
Third Quarter	60.02	53.35	0.6350
Fourth Quarter	58.22	53.02	0.6365
Total			\$ 2.5370
<b>2016</b>			
First Quarter	\$ 62.89	\$ 50.47	\$ 0.5960
Second Quarter	69.36	58.30	0.5975
Third Quarter	72.30	63.33	0.6030
Fourth Quarter	66.75	52.72	0.6065
Total			\$ 2.4030

<sup>(1)</sup> Common stock cash distributions are declared monthly by us based on financial results for the prior months. At December 31, 2017, a distribution of \$0.2125 per common share had been declared and was paid in January 2018.

B. There were 9,862 registered holders of record of our common stock as of December 31, 2017. We estimate that our total number of stockholders is over 440,000 when we include both registered and beneficial holders of our common stock.

C. During the fourth quarter of 2017, the following shares of stock were withheld for state and federal payroll taxes on the vesting of employee stock awards, as permitted under the 2012 Incentive Award Plan of Realty Income Corporation:

- 60 shares of stock, at a weighted average price of \$57.18, in October 2017;
- 10,993 shares of stock, at a weighted average price of \$56.25, in November 2017; and
- 244 shares of stock, at a weighted average price of \$55.56, in December 2017.

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

The following table sets forth our selected historical consolidated financial information for each of the five years in the period ended December 31, 2017. The statements of income data, the statements of equity data, the statements of cash flows data and the other data for the years ended December 31, 2017, 2016 and 2015 and the balance sheet data as of December 31, 2017 and 2016 were derived from our audited consolidated financial statements included elsewhere in this Form 10-K. The statements of income data, the statements of equity data, the statements of cash flows data and the other data for the years ended December 31, 2014 and 2013, and the balance sheet data as of December 31, 2015, 2014 and 2013 were derived from our audited consolidated financial statements that are not included in this Form 10-K.

Additionally, we have amended our historical presentation of net cash provided by operating activities and net change in cash, cash equivalents and restricted stock for the years ended December 31, 2016, 2015, 2014 and 2013 to incorporate the requirements of ASU 2016-18, which requires a statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

The selected financial data presented below is not necessarily indicative of results of future operations and should be read in conjunction with our consolidated financial statements and the information included under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K.

<b>As of or for the years ended December 31,</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total assets (book value)	\$ 14,058,166	\$ 13,152,871	\$ 11,845,379	\$ 10,989,349	\$ 9,903,118
Cash and cash equivalents	6,898	9,420	40,294	3,852	10,257
Total debt	6,111,471	5,839,605	4,820,995	4,907,673	4,145,517
Total liabilities	6,667,458	6,365,818	5,292,046	5,348,249	4,481,760
Total equity	7,390,708	6,787,053	6,553,333	5,641,099	5,421,358
Net cash provided by operating activities	875,850	799,863	693,567	617,768	522,656
Net change in cash, cash equivalents and restricted cash	(3,539)	(34,652)	4,152	20,211	18,917
Total revenue	1,215,768	1,103,172	1,023,285	933,505	780,209
Income from continuing operations	319,318	316,477	284,855	269,140	180,613
Income from discontinued operations	-	-	-	2,800	65,670
Net income	319,318	316,477	284,855	271,940	246,283
Preferred stock dividends	(3,911)	(27,080)	(27,080)	(37,062)	(41,930)
Excess of redemption value over carrying value of preferred shares redeemed	(13,373)	-	-	(6,015)	-
Net income available to common stockholders	301,514	288,491	256,686	227,558	203,634
Cash distributions paid to common stockholders	689,294	610,516	533,238	479,256	409,222
Basic and diluted net income per common share	1.10	1.13	1.09	1.04	1.06
Cash distributions paid per common share	2.527000	2.391500	2.271417	2.191625	2.147459
Cash distributions declared per common share	2.537000	2.403000	2.279000	2.192875	2.177875
Basic weighted average number of common shares outstanding	273,465,680	255,066,500	235,767,932	218,390,885	191,754,857
Diluted weighted average number of common shares outstanding	273,936,752	255,624,250	236,208,390	218,767,885	191,781,622

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

**GENERAL**

Realty Income, The Monthly Dividend Company<sup>®</sup>, is an S&P 500 company dedicated to providing stockholders with dependable monthly dividends that increase over time. The company is structured as a real estate investment trust, or REIT, requiring it annually to distribute at least 90% of its taxable income (excluding net capital gains) in the form of dividends to its stockholders. The monthly dividends are supported by the cash flow generated from real estate owned under long-term, net lease agreements with regional and national commercial tenants. The company has in-house acquisition, portfolio management, asset management, real estate research, credit research, legal, finance and accounting, information technology and capital markets capabilities.

Realty Income was founded in 1969, and listed on the New York Stock Exchange (NYSE: O) in 1994. Over the past 49 years, Realty Income has been acquiring and managing freestanding commercial properties that generate rental revenue under long-term net lease agreements. The company is a member of the S&P High Yield Dividend Aristocrats<sup>®</sup> index for having increased its dividend every year for more than 20 consecutive years.

At December 31, 2017, we owned a diversified portfolio:

- Of 5,172 properties;
- With an occupancy rate of 98.4%, or 5,089 properties leased and 83 properties available for lease;
- Leased to 249 different commercial tenants doing business in 47 separate industries;
- Located in 49 states and Puerto Rico;
- With over 89.6 million square feet of leasable space; and
- With an average leasable space per property of approximately 17,320 square feet; approximately 12,060 square feet per retail property and 224,340 square feet per industrial property.

Of the 5,172 properties in the portfolio, 5,144, or 99.5%, are single-tenant properties, and the remaining are multi-tenant properties. At December 31, 2017, of the 5,144 single-tenant properties, 5,062 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 9.5 years.

**LIQUIDITY AND CAPITAL RESOURCES**

**Capital Philosophy**

Historically, we have met our long-term capital needs by issuing common stock, preferred stock and long-term unsecured notes and bonds. Over the long term, we believe that common stock should be the majority of our capital structure; however, we may issue additional preferred stock or debt securities. 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 initially financed by our credit facility or debt securities. However, we cannot assure you that we will have access to the capital markets at all times and at terms that are acceptable to us.

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

**Conservative Capital Structure**

We believe that our stockholders are best served by a conservative capital structure. Therefore, we seek to maintain a conservative debt level on our balance sheet and solid interest and fixed charge coverage ratios. At December 31, 2017, our total outstanding borrowings of senior unsecured notes and bonds, term loans, mortgages payable and credit facility borrowings were \$6.13 billion, or approximately 27.4% of our total market capitalization of \$22.36 billion.

We define our total market capitalization at December 31, 2017 as the sum of:

- Shares of our common stock outstanding of 284,213,685, plus total common units outstanding of 405,204, multiplied by the last reported sales price of our common stock on the NYSE of \$57.02 per share on December 31, 2017, or \$16.23 billion;
- Outstanding borrowings of \$110.0 million on our credit facility;
- Outstanding mortgages payable of \$320.3 million, excluding net mortgage premiums of \$5.9 million and deferred financing costs of \$236,000;
- Outstanding borrowings of \$445.9 million on our term loans, excluding deferred financing costs of \$580,000; and
- Outstanding senior unsecured notes and bonds of \$5.25 billion, excluding unamortized net original issuance premiums of \$14.3 million and deferred financing costs of \$34.1 million.

### **Universal Shelf Registration**

In December 2015, we filed a shelf registration statement with the SEC, which is effective for a term of three years and will expire in December 2018. In accordance with SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific dollar limit. The securities covered by this registration statement include (1) common stock, (2) preferred stock, (3) debt securities, (4) depositary shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock, or depositary shares, and (6) any combination of these securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if these 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.

### **At-the-Market (ATM) Programs**

In September 2015, we established an “at-the-market” equity distribution program, or our prior ATM program, pursuant to which we were permitted to offer and sell up to 12,000,000 shares of common stock to, or through, a consortium of banks acting as our sales agents by means of ordinary brokers’ transactions on the NYSE at prevailing market prices or at negotiated prices. In October 2017, following the issuance and sale of the remaining shares under our prior ATM program, we established a new “at-the-market” equity distribution plan, or our new ATM program and, together with our prior ATM program, our ATM programs, pursuant to which we are permitted to offer and sell up to 17,000,000 additional shares of common stock. During 2017, we issued 10,914,088 shares and raised gross proceeds of \$621.7 million under our ATM programs. From the inception of our ATM programs through December 31, 2017, we have issued 14,407,529 shares authorized by our ATM programs and raised \$824.8 million.

### **Issuance of Common Stock**

In March 2017, we issued 11,850,000 shares of common stock. After underwriting discounts and other offering costs of \$29.8 million, the net proceeds of \$704.9 million were used to repay borrowings under our credit facility.

### **Dividend Reinvestment and Stock Purchase Plan**

Our Dividend Reinvestment and Stock Purchase Plan, or our DRSP, provides our common stockholders, as well as new investors, with a convenient and economical method of purchasing our common stock and reinvesting their distributions. Our DRSP also allows our current stockholders to buy additional shares of common stock by reinvesting all or a portion of their distributions. Our DRSP authorizes up to 26,000,000 common shares to be issued. Our DRSP includes a waiver approval process, allowing larger investors or institutions, per a formal approval process, to purchase shares at a small discount, if approved by us. During 2017, we issued 1,193,653 shares and raised approximately \$69.9 million under our DRSP, of which we issued 927,695 shares and raised \$54.7 million under the waiver approval process.

### **\$2.0 Billion Revolving Credit Facility**

We have a \$2.0 billion unsecured revolving credit facility, or our credit facility, with an initial term that expires in June 2019 and includes, at our option, two six-month extensions. Our credit facility has a \$1.0 billion accordion expansion option. Under our credit facility, our investment grade credit ratings as of December 31, 2017 provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 0.85%, with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.975% over LIBOR. The borrowing rate is subject to an interest rate floor and may change if our investment grade credit ratings were to change. We also have other interest rate options available to us under our credit facility. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation.

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At December 31, 2017, we had a borrowing capacity of \$1.89 billion available on our credit facility and an outstanding balance of \$110.0 million. The weighted average interest rate on borrowings outstanding at December 31, 2017, was 4.5% per annum. We must comply with various financial and other covenants in our credit facility. At December 31, 2017, we were in compliance with these covenants. We expect to use our credit facility to acquire additional properties and for other general corporate purposes. Any additional borrowings will increase our exposure to interest rate risk.

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

### **Term Loans**

In December 2017, in conjunction with the acquisition of a portfolio of properties, we entered into a \$125.9 million promissory note, maturing in January 2018. Borrowings under this note bore interest at 1.52%. This note was paid in full at maturity.

In June 2015, in conjunction with entering into our credit facility, we entered into a \$250 million senior unsecured term loan maturing on June 30, 2020. Borrowing under this term loan bears interest at the current one-month LIBOR, plus 0.90%. In conjunction with this term loan, we also entered into an interest rate swap which effectively fixes our per annum interest rate on this term loan at 2.62%.

In January 2013, in conjunction with our acquisition of American Realty Capital Trust, Inc., or ARCT, we entered into a \$70 million senior unsecured term loan with an initial maturity date of January 2018. Borrowing under this term loan bears interest at the current one-month LIBOR, plus 1.10%. In conjunction with this term loan, we also entered into an interest rate swap which effectively fixes our per annum interest rate on this term loan at 2.05%. In January 2018, we entered into a six-month extension of this loan, which now matures in July 2018 and includes, at our option, two additional six-month extensions. Borrowing during the extension periods bear interest at the current one-month LIBOR, plus 0.90%. The interest rate swap terminated upon the initial maturity in January 2018.

### **Mortgage Debt**

As of December 31, 2017, we had \$320.3 million of mortgages payable, all of which were assumed in connection with our property acquisitions. Additionally, at December 31, 2017, we had net premiums totaling \$5.9 million on these mortgages and deferred financing costs of \$236,000. We expect to pay off the mortgages payable as soon as prepayment penalties have declined to a level that would make it economically feasible to do so. During 2017, we made \$139.7 million of principal payments, including the repayment of eight mortgages in full for \$133.5 million.

**Notes Outstanding**

Our senior unsecured note and bond obligations consist of the following as of December 31, 2017, sorted by maturity date (dollars in millions):

2.000% notes, issued in October 2012 and due in January 2018	\$	350
5.750% notes, issued in June 2010 and due in January 2021		250
3.250% notes, \$450 issued in October 2012 and \$500 issued in December 2017, both due in October 2022		950
4.650% notes, issued in July 2013 and due in August 2023		750
3.875% notes, issued in June 2014 and due in July 2024		350
4.125% notes, \$250 issued in September 2014 and \$400 issued in March 2017, both due in October 2026		650
3.000% notes, issued in October 2016 and due in January 2027		600
3.650% notes, issued in December 2017 and due in January 2028		550
5.875% bonds, \$100 issued in March 2005 and \$150 issued in June 2011, both due in March 2035		250
4.650% notes, \$300 issued in March 2017 and \$250 issued in December 2017, both due in March 2047		550
Total principal amount		<u>5,250</u>
Unamortized net original issuance premiums and deferred financing costs		<u>(20)</u>
	<u>\$</u>	<u>5,230</u>

During the year ended December 31, 2017 we issued the following notes (dollars in millions):

Issuances	Date of Issuance	Maturity date	Principal amount issued	Public offering price	Effective yield to maturity
4.125% notes	March 2017	October 2026 <sup>(1)</sup>	\$ 400	102.98%	3.75%
4.650% notes	March 2017	March 2047	300	99.97%	4.65%
3.250% notes	December 2017	October 2022 <sup>(2)</sup>	500	101.77%	2.84%
3.650% notes	December 2017	January 2028	550	99.78%	3.68%
4.650% notes	December 2017	March 2047 <sup>(3)</sup>	250	105.43%	4.32%

<sup>(1)</sup> This issuance constitutes a further issuance of, and formed a single series with the senior notes due 2026 issued in September 2014.

<sup>(2)</sup> This issuance constituted a further issuance of, and formed a single series with the senior notes due 2022 issued in October 2012.

<sup>(3)</sup> This issuance constituted a further issuance of, and formed a single series with the senior notes due 2047 issued in March 2017.

The net proceeds of \$1.3 billion from the December 2017 note offerings were used to redeem all \$550.0 million aggregate principal amount of our outstanding 2019 notes, including accrued and unpaid interest, and to repay borrowings outstanding under our \$2.0 billion revolving credit facility and, to the extent not used for those purposes, to fund the development and acquisitions of additional properties and for other general corporate purposes. The net proceeds of \$705.2 million from the March 2017 note offerings were used to repay borrowings outstanding under our credit facility to fund investment opportunities and for other general corporate purposes.

In December 2017, we completed the early redemption on all \$550.0 million of outstanding 6.75% notes due August 2019, plus accrued and unpaid interest. As a result of the early redemption, we recognized a \$42.4 million loss on extinguishment of debt, which represents \$0.15 on a diluted per common share basis.

In September 2017, we repaid our \$175.0 million of outstanding 5.375% notes, plus accrued and unpaid interest.

All of our outstanding notes and bonds have fixed interest rates and contain various covenants, with which we remained in compliance as of December 31, 2017. Additionally, interest on all of our senior note and bond obligations is paid semiannually.

The following is a summary of the key financial covenants for our senior unsecured notes, as defined and calculated per the terms of our senior notes and bonds. These calculations, which are not based on U.S. GAAP measurements, are presented to investors to show our ability to incur additional debt under the terms of our senior notes and bonds as well as to disclose our current compliance with such covenants, and are not measures of our liquidity or performance. The actual amounts as of December 31, 2017 are:



Note Covenants	Required	Actual
Limitation on incurrence of total debt	≤ 60% of adjusted assets	40.6%
Limitation on incurrence of secured debt	≤ 40% of adjusted assets	2.2%
Debt service coverage (trailing 12 months) <sup>(1)</sup>	≥ 1.5 x	4.8x
Maintenance of total unencumbered assets	≥ 150% of unsecured debt	249.6%

<sup>(1)</sup> Our debt service coverage ratio is calculated on a pro forma basis for the preceding four-quarter period on the assumptions that: (i) the incurrence of any Debt (as defined in the covenants) incurred by us since the first day of such four-quarter period and the application of the proceeds therefrom (including to refinance other Debt since the first day of such four-quarter period), (ii) the repayment or retirement of any of our Debt since the first day of such four-quarter period, and (iii) any acquisition or disposition by us of any asset or group since the first day of such four quarters had in each case occurred on January 1, 2017, and subject to certain additional adjustments. Such pro forma ratio has been prepared on the basis required by that debt service covenant, reflects various estimates and assumptions and is subject to other uncertainties, and therefore does not purport to reflect what our actual debt service coverage ratio would have been had transactions referred to in clauses (i), (ii) and (iii) of the preceding sentence occurred as of January 1, 2017, nor does it purport to reflect our debt service coverage ratio for any future period. Our fixed charge coverage ratio is calculated in exactly the same manner as our debt service coverage ratio, except that preferred stock dividends are also added to the denominator; since we redeemed our Class F preferred dividends in April 2017, our fixed charge coverage ratio is equivalent to our debt service coverage ratio. The following is our calculation of debt service and fixed charge coverage at December 31, 2017 (in thousands, for trailing twelve months):

Net income attributable to the Company	\$	318,798
Plus: interest expense <sup>(1)</sup>		280,981
Plus: provision for taxes		6,044
Plus: depreciation and amortization		498,788
Plus: provisions for impairment		14,751
Plus: pro forma adjustments		49,400
Less: gain on sales of real estate		(40,898)
Income available for debt service, as defined	<u>\$</u>	<u>1,127,864</u>
Total pro forma debt service charge	<u>\$</u>	<u>236,957</u>
Debt service and fixed charge coverage ratio		4.8

<sup>(1)</sup> Interest expense includes a loss of \$42.4 million related to the extinguishment of debt.

### Cash Reserves

We are organized to operate as an equity REIT that acquires and leases properties and distributes to stockholders, in the form of monthly cash distributions, a substantial portion of our net cash flow generated from leases on our properties. We intend to retain an appropriate amount of cash as working capital. At December 31, 2017, we had cash and cash equivalents totaling \$6.9 million.

We believe that our cash and cash equivalents on hand, cash provided from operating activities, and borrowing capacity is sufficient to meet our liquidity needs for the next twelve months. We intend, however, to use permanent or long-term capital to fund property acquisitions and to repay future borrowings under our credit facility.

### Credit Agency Ratings

The borrowing interest rates under our credit facility are based upon our ratings assigned by credit rating agencies. As of December 31, 2017, we were assigned the following investment grade corporate credit ratings on our senior unsecured notes and bonds: Moody's Investors Service has assigned a rating of A3 with a "stable" outlook, Standard & Poor's Ratings Group has assigned a rating of BBB+ with a "positive" outlook, and Fitch Ratings has assigned a rating of BBB+ with a "stable" outlook.

Based on our ratings as of December 31, 2017, the facility interest rate as of December 31, 2017 was LIBOR, plus 0.85% with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.975% over LIBOR. Our credit facility provides that the interest rate can range between: (i) LIBOR, plus 1.55% if our credit rating is lower than BBB-/Baa3 or unrated and (ii) LIBOR, plus 0.85% if our credit rating is A-/A3 or higher. In addition, our credit facility provides for a facility commitment fee based on our credit ratings, which range from: (i) 0.30% for a rating lower than BBB-/Baa3 or unrated, and (ii) 0.125% for a credit rating of A-/A3 or higher.

We also issue senior debt securities from time to time and our credit ratings can impact the interest rates charged in those transactions. If our credit ratings or ratings outlook change, our cost to obtain debt financing could increase or decrease. The credit ratings assigned to us could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies and we cannot assure you that our ratings will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. Moreover, a rating is not a recommendation to buy, sell or hold our debt securities, preferred stock or common stock.

### Table of Obligations

The following table summarizes the maturity of each of our obligations as of December 31, 2017 (dollars in millions):

Year of Maturity	Credit Facility <sup>(1)</sup>	Notes and Bonds <sup>(2)</sup>	Term Loan <sup>(3)</sup>	Mortgages Payable <sup>(4)</sup>	Interest <sup>(5)</sup>	Ground Leases Paid by Realty Income <sup>(6)</sup>	Ground Leases Paid by Our Tenants <sup>(7)</sup>	Other <sup>(8)</sup>	Totals
2018	\$ -	\$ 350.0	\$ 195.9	\$ 21.9	\$ 217.7	\$ 1.7	\$ 13.5	\$ 78.2	\$ 878.9
2019	110.0	-	-	20.7	224.3	1.5	13.4	-	369.9
2020	-	-	250.0	82.4	217.2	1.4	13.2	-	564.2
2021	-	250.0	-	67.0	199.9	1.2	12.9	-	531.0
2022	-	950.0	-	109.7	189.2	1.2	12.8	-	1,262.9
Thereafter	-	3,700.0	-	18.6	1,175.7	20.9	94.1	-	5,009.3
<b>Totals</b>	<b>\$ 110.0</b>	<b>\$ 5,250.0</b>	<b>\$ 445.9</b>	<b>\$ 320.3</b>	<b>\$ 2,224.0</b>	<b>\$ 27.9</b>	<b>\$ 159.9</b>	<b>\$ 78.2</b>	<b>\$ 8,616.2</b>

<sup>(1)</sup> The initial term of the credit facility expires in June 2019 and includes, at our option, two six-month extensions.

<sup>(2)</sup> Excludes non-cash net original issuance premiums recorded on notes payable. The unamortized balance of the net original issuance premiums at December 31, 2017 is \$14.3 million. Also excludes deferred financing costs of \$34.1 million.

<sup>(3)</sup> Excludes deferred financing costs of \$580,000.

<sup>(4)</sup> Excludes non-cash net premiums recorded on the mortgages payable. The unamortized balance of these net premiums at December 31, 2017, is \$5.9 million. Also excludes deferred financing costs of \$236,000.

<sup>(5)</sup> Interest on the term loans, notes, bonds, mortgages payable, and credit facility has been calculated based on outstanding balances as of December 31, 2017 through their respective maturity dates.

<sup>(6)</sup> Realty Income currently pays the ground lessors directly for the rent under the ground leases.

<sup>(7)</sup> Our tenants, who are generally sub-tenants under ground leases, are responsible for paying the rent under these ground leases. In the event a tenant fails to pay the ground lease rent, we are primarily responsible.

<sup>(8)</sup> "Other" consists of \$64.4 million of commitments under construction contracts and \$13.8 million of commitments for tenant improvements and leasing costs.

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

### No Unconsolidated Investments

We have no unconsolidated investments, nor do we engage in trading activities involving energy or commodity contracts.

### Impact of Real Estate and Credit Markets

In the commercial real estate market, property prices generally continue to fluctuate. Likewise, during certain periods, the U.S. credit markets have experienced significant price volatility, dislocations, and liquidity disruptions, which may impact our access to and cost of capital. We continually monitor the commercial real estate and U.S. credit markets carefully and, if required, will make decisions to adjust our business strategy accordingly.

### Acquisitions During 2017

During 2017, we invested \$1.52 billion in 303 new properties and properties under development or expansion, with an estimated initial weighted average contractual lease rate of 6.4%. The 303 new properties and properties under development or expansion are located in 40 states, will contain approximately 7.8 million leasable square feet, and are 100% leased with a weighted average lease term of 14.4 years. The tenants occupying the new properties operate in 23 industries and the property types are 94.5% retail and 5.5% industrial, based on rental revenue. During 2017, none of our real estate investments caused any one tenant to be 10% or more of our total assets at December 31, 2017.

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

In the case of a property under development or expansion, the contractual lease rate is generally fixed such that rent varies based on the actual total investment in order to provide a fixed rate of return. When the lease does not provide for a fixed rate of return on a property under development or expansion, the estimated initial weighted average contractual lease rate is computed as follows: estimated net operating income (determined by the lease) for the first full year of each lease, divided by our projected total investment in the property, including land, construction and capitalized interest costs. Of the \$1.52 billion we invested during 2017, \$21.2 million was invested in 17 properties under development or expansion with an estimated initial weighted average contractual lease rate of 6.9%. We may continue to pursue development or expansion opportunities under similar arrangements in the future.

## **Portfolio Discussion**

### Leasing Results

At December 31, 2017, we had 83 properties available for lease out of 5,172 properties in our portfolio, which represents a 98.4% occupancy rate based on the number of properties in our portfolio. Since December 31, 2016, when we reported 84 properties available for lease out of 4,944 and a 98.3% occupancy rate, we:

- Had 297 lease expirations (including leases rejected in bankruptcy);
- Re-leased 259 properties; and
- Sold 39 vacant properties.

Of the 259 properties re-leased during 2017, 235 properties were re-leased to existing tenants, nine were re-leased to new tenants without vacancy, and 15 were re-leased to new tenants after a period of vacancy. The annual rent on these 259 leases was \$43.18 million, as compared to the previous rent on these same properties of \$40.92 million, which represents a rent recapture rate of 105.5% on the properties re-leased during 2017.

As part of our re-leasing costs, we pay leasing commissions to unrelated, 3<sup>rd</sup> party real estate brokers consistent with the commercial real estate industry standard, and sometimes provide tenant rent concessions. We do not consider the collective impact of the leasing commissions or tenant rent concessions to be material to our financial position or results of operations.

At December 31, 2017, our average annualized rental revenue was approximately \$13.77 per square foot on the 5,089 leased properties in our portfolio. At December 31, 2017, we classified nine properties with a carrying amount of \$6.7 million as held for sale on our balance sheet. The expected sale of these properties does not represent a strategic shift that will have a major effect on our operations and financial results and is consistent with our active disposition efforts to further enhance our real estate portfolio and maximize portfolio returns.

### Investments in Existing Properties

In 2017, we capitalized costs of \$12.7 million on existing properties in our portfolio, consisting of \$1.6 million for re-leasing costs, \$912,000 for recurring capital expenditures and \$10.2 million for non-recurring building improvements. In 2016, we capitalized costs of \$16.3 million on existing properties in our portfolio, consisting of \$797,000 for re-leasing costs, \$679,000 for recurring capital expenditures, and \$14.9 million for non-recurring building improvements.

The majority of our building improvements relate to roof repairs, HVAC improvements, and parking lot resurfacing and replacements. The amounts of our capital expenditures can vary significantly, depending on the rental market, tenant credit worthiness, the lease term and the willingness of tenants to pay higher rents over the terms of the leases.

We define recurring capital expenditures as mandatory and repetitive landlord capital expenditure obligations that have a limited useful life. We define non-recurring capital expenditures as property improvements where we invest additional capital that extend the useful life of the property.

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

We have continued our 49-year policy of paying monthly dividends. In addition, we increased the dividend five times during 2017 and twice in 2018. As of February 2018, we have paid 81 consecutive quarterly dividend increases and increased the dividend 95 times since our listing on the NYSE in 1994.

	Month Declared	Month Paid	Dividend per share	Increase per share
<b>2017 Dividend increases</b>				
1st increase	Dec 2016	Jan 2017	0.2025	\$ 0.0005
2nd increase	Jan 2017	Feb 2017	0.2105	\$ 0.0080
3rd increase	Mar 2017	Apr 2017	0.2110	\$ 0.0005
4th increase	Jun 2017	Jul 2017	0.2115	\$ 0.0005
5th increase	Sep 2017	Oct 2017	0.2120	\$ 0.0005
<b>2018 Dividend increases</b>				
1st increase	Dec 2017	Jan 2018	0.2125	\$ 0.0005
2nd increase	Jan 2018	Feb 2018	0.2190	\$ 0.0065

The dividends paid per share during 2017 totaled approximately \$2.527, as compared to approximately \$2.392 during 2016, an increase of \$0.135, or 5.6%.

The monthly dividend of \$0.219 per share represents a current annualized dividend of \$2.628 per share, and an annualized dividend yield of approximately 4.6% based on the last reported sale price of our common stock on the NYSE of \$57.02 on December 31, 2017. Although we expect to continue our policy of paying monthly dividends, we cannot guarantee that we will maintain our current level of dividends, that we will continue our pattern of increasing dividends per share, or what our actual dividend yield will be in any future period.

## RESULTS OF OPERATIONS

### Critical Accounting Policies

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

In order to prepare our consolidated financial statements according to the rules and guidelines set forth by GAAP, many subjective judgments must be made with regard to critical accounting policies. Management must make significant assumptions in determining the fair value of assets acquired and liabilities assumed. When acquiring a property for investment purposes, we typically allocate the cost of real estate acquired, inclusive of transaction costs, to: (1) land, (2) building and improvements, and (3) identified intangible assets and liabilities, based in each case on their relative estimated fair values. Intangible assets and liabilities consist of above-market or below-market lease value of in-place leases, the value of in-place leases. In an acquisition of multiple properties, we must also allocate the purchase price among the properties. The allocation of the purchase price is based on our assessment of estimated fair value and is often based upon the expected future cash flows of the property and various characteristics of the market where the property is located. In addition, any assumed mortgages receivable or payable are recorded at their estimated fair values. The estimated fair values of our mortgages payable have been calculated by discounting the future cash flows using applicable interest rates that have been adjusted for factors, such as industry type, tenant investment grade, maturity date, and comparable borrowings for similar assets. The use of different assumptions in the allocation of the purchase price of the acquired properties and liabilities assumed could affect the timing of recognition of the related revenue and expenses.

Another significant judgment must be made as to if, and when, impairment losses should be taken on our properties when events or a change in circumstances indicate that the carrying amount of the asset may not be recoverable. A provision is made for impairment if estimated future operating cash flows (undiscounted and without interest charges) plus estimated disposition proceeds (undiscounted) are less than the current book value of the property. Key inputs that we utilize in this analysis include projected rental rates, estimated holding periods, historical sales and releases, capital expenditures, and property sales capitalization rates. If a property

is held for sale, it is carried at the lower of carrying cost or estimated fair value, less estimated cost to sell. The carrying value of our real estate is the largest component of our consolidated balance sheets. Our strategy of primarily holding properties, long-term, directly decreases the likelihood of their carrying values not being recoverable, thus requiring the recognition of an impairment. However, if our strategy, or one or more of the above assumptions were to change in the future, an impairment may need to be recognized. If events should occur that require us to reduce the carrying value of our real estate by recording provisions for impairment, they could have a material impact on our results of operations.

*The following is a comparison of our results of operations for the years ended December 31, 2017, 2016 and 2015.*

### **Total Revenue**

The following summarizes our total revenue (dollars in thousands):

	2017	2016	2015	Change in Dollars	
				2017 versus 2016	2016 versus 2015
REVENUE					
Rental	\$ 1,166,224	\$ 1,057,413	\$ 976,865	\$ 108,811	\$ 80,548
Tenant reimbursements	46,082	43,104	42,015	2,978	1,089
Other	3,462	2,655	4,405	807	(1,750)
Total revenue	\$ 1,215,768	\$ 1,103,172	\$ 1,023,285	\$ 112,596	\$ 79,887

### **Rental Revenue**

The increase in rental revenue in 2017 compared to 2016 is primarily attributable to:

- The 287 properties (7.2 million square feet) we acquired in 2017, which generated \$35.8 million of rent in 2017;
- The 475 properties (7.6 million square feet) we acquired in 2016, which generated \$114.4 million of rent in 2017, compared to \$39.7 million in 2016, an increase of \$74.7 million;
- Same store rents generated on 4,254 properties (71.1 million square feet) during 2017 and 2016, increased by \$9.8 million, or 1.0%, to \$973.1 million from \$963.3 million; partially offset by
- A net decrease in straight-line rent and other non-cash adjustments to rent of \$3.0 million in 2017 as compared to 2016; and
- A net decrease of \$7.2 million relating to properties sold in 2017 and during 2016; and
- A net decrease of \$1.3 million relating to the aggregate of (i) rental revenue from properties (147 properties comprising 2.9 million square feet) that were available for lease during part of 2017 or 2016, (ii) rental revenue for 9 properties under development, and (iii) lease termination settlements. In aggregate, the revenues for these items totaled \$26.6 million in 2017, compared to \$28.0 million in 2016.

The increase in rental revenue in 2016 compared to 2015 is primarily attributable to:

- The 475 properties (7.6 million square feet) we acquired in 2016, which generated \$39.7 million of rent in 2016;
- The 254 properties (5.6 million square feet) we acquired in 2015, which generated \$80.3 million of rent in 2016, compared to \$41.9 million in 2015, an increase of \$38.4 million;
- Same store rents generated on 4,045 properties (66.5 million square feet) during 2016 and 2015, increased by \$10.15 million, or 1.2%, to \$888.51 million from \$878.36 million; and
- A net increase in straight-line rent and other non-cash adjustments to rent of \$959,000 in 2016 as compared to 2015; partially offset by
- A net decrease of \$7.1 million relating to properties sold in 2016 and during 2015; and
- A net decrease of \$1.6 million relating to the aggregate of (i) rental revenue from properties (131 properties comprising 1.5 million square feet) that were available for lease during part of 2016 or 2015, (ii) rental revenue for 24 properties under development, and (iii) lease termination settlements. In aggregate, the revenues for these items totaled \$33.3 million in 2016, compared to \$34.9 million in 2015.

For purposes of determining the same store rent property pool, we include all properties that were owned for the entire year-to-date period, for both the current and prior year, except for properties during the current or prior year that; (i) were vacant at any time, (ii) were under development or redevelopment, or (iii) were involved in eminent domain and rent was reduced. Each of the exclusions from the same store pool are separately addressed within the applicable sentences above, explaining the changes in rental revenue for the period.

Of the 5,172 properties in the portfolio at December 31, 2017, 5,144, or 99.5%, are single-tenant properties and the remaining are multi-tenant properties. Of the 5,144 single-tenant properties, 5,062, or 98.4%, were net leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 9.5 years at December 31, 2017. Of our 5,062 leased single-tenant properties, 4,468 or 88.3% were under leases that provide for increases in rents through:

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

Percentage rent, which is included in rental revenue, was \$6.1 million in 2017, \$5.3 million in 2016, and \$4.5 million in 2015. Percentage rent in 2017 was less than 1% of rental revenue and we anticipate percentage rent to be less than 1% of rental revenue in 2018.

Our portfolio of real estate, leased primarily to regional and national tenants under net leases, continues to perform well and provides dependable lease revenue supporting the payment of monthly dividends to our stockholders. At December 31, 2017, our portfolio of 5,172 properties was 98.4% leased with 83 properties available for lease, as compared with 98.3% leased, with 84 properties available for lease at December 31, 2016. It has been our experience that approximately 1% to 4% of our property portfolio will be unleased at any given time; however, it is possible that the number of properties available for lease could exceed these levels in the future.

#### **Tenant Reimbursements**

A number of our leases provide for contractually obligated reimbursements from tenants for recoverable real estate taxes and operating expenses. The increase in tenant reimbursements in the years presented is primarily due to our increase in acquisitions.

#### **Other Revenue**

The decrease in other revenue in 2016 compared to 2015 was primarily attributed to a large amount of proceeds received related to condemnations in 2015.

### Total Expenses

The following summarizes our total expenses (dollars in thousands):

	2017	2016	2015	Change in Dollars	
				2017 versus 2016	2016 versus 2015
<b>EXPENSES</b>					
Depreciation and amortization	\$498,788	\$449,943	\$409,215	\$48,845	\$40,728
Interest	247,413	219,974	233,079	27,439	(13,105)
General and administrative	58,446	51,966	49,298	6,480	2,668
Property (excluding reimbursable)	23,398	19,761	13,337	3,637	6,424
Property - reimbursable	46,082	43,104	42,015	2,978	1,089
Income taxes	6,044	3,262	3,169	2,782	93
Provisions for impairment	14,751	20,664	10,560	(5,913)	10,104
<b>Total expenses</b>	<b>\$894,922</b>	<b>\$808,674</b>	<b>\$760,673</b>	<b>\$86,248</b>	<b>\$48,001</b>

<sup>(1)</sup> Excludes tenant reimbursements revenue.

### Depreciation and Amortization

The increase in depreciation and amortization in 2017 and 2016 was primarily due to the acquisition of properties in 2016 and 2017, which was partially offset by property sales in those same periods. As discussed in the sections entitled "Funds from Operations Available to Common Stockholders (FFO)" and "Adjusted Funds from Operations Available to Common Stockholders (AFFO)," depreciation and amortization is a non-cash item that is added back to net income available to common stockholders for our calculation of FFO and AFFO.

### Interest Expense

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

	2017	2016	2015
Interest on our credit facility, term loans, notes, mortgages and interest rate swaps	\$ 237,165	\$ 213,540	\$ 226,207
Credit facility commitment fees	2,999	3,050	2,854
Amortization of credit facility origination costs and deferred financing costs	8,859	8,596	8,741
(Gain) loss on interest rate swaps	(3,250)	(1,639)	3,043
Dividend on preferred shares subject to redemption	2,257	-	-
Amortization of net mortgage premiums	(466)	(3,414)	(7,482)
Capital lease obligation	310	310	310
Interest capitalized	(461)	(469)	(594)
<b>Interest expense</b>	<b>\$ 247,413</b>	<b>\$ 219,974</b>	<b>\$ 233,079</b>

### Credit facility, term loans, mortgages and notes

Average outstanding balances (dollars in thousands)	\$ 5,877,862	\$ 5,081,663	\$ 5,030,532
Average interest rates	3.99%	4.11%	4.43%

The increase in interest expense from 2016 to 2017 is primarily due to the March 2017 issuance of our 2047 notes and further issuance of our 2026 notes and, to a lesser extent, the December 2017 issuance of our 2028 notes and further issuance of our 2022 notes and 2047 notes. This increase was partially offset by lower outstanding debt balances on mortgages payable as a result of the payoff of mortgages in 2016 and 2017.

The decrease in interest expense from 2015 to 2016 was primarily due to lower outstanding debt balances on our notes payable and mortgages payable, resulting from the payoff of \$150.0 million of our 2015 Notes during November 2015 and \$275.0 million of our 2016 notes during September 2016, as well as the payoff of mortgages throughout 2015 and 2016. This decrease was slightly offset by an increase in interest expense related to the issuance of a \$600.0 million note in October 2016.

Additionally, each quarter we adjust the carrying value of our interest rate swaps to fair value. Changes in the fair value of our interest rate swaps are recorded directly to interest expense.

At December 31, 2017, the weighted average interest rate on our:

- Credit facility outstanding borrowings of \$110.0 million was 4.5%;
- Term loans outstanding of \$445.9 million (excluding deferred financing costs of \$580,000) was 2.2%;
- Mortgages payable of \$320.3 million (excluding net premiums totaling \$5.9 million and deferred financing costs of \$236,000 on these mortgages) was 5.0%;
- Notes and bonds payable of \$5.25 billion (excluding unamortized net original issuance premiums of \$14.3 million and deferred financing costs of \$34.1 million) was 3.9%; and
- Combined outstanding notes, bonds, mortgages, term loan and credit facility borrowings of \$6.13 billion was 3.9%.

#### **General and Administrative Expenses**

General and administrative expenses increased during 2017 and 2016 primarily due to higher compensation costs and higher headcount. In January 2018, we had 152 employees, as compared to 146 employees in January 2017 and 132 employees in January 2016. General and administrative expense as a percentage of total revenue have remained relatively consistent during the years ended December 31, 2017, 2016, and 2015 at 5.0%, 4.9%, and 5.0%, respectively.

#### **Property Expenses (Excluding Reimbursable)**

Property expenses consist of costs associated with unleased properties, non-net-leased properties and general portfolio expenses, as well as contractually obligated reimbursable costs from tenants for recoverable real estate taxes and operating expenses. Expenses related to unleased properties and non-net-leased properties include, but are not limited to, property taxes, maintenance, insurance, utilities, property inspections, bad debt expense and legal fees. General portfolio costs include, but are not limited to, insurance, legal, property inspections, and title search fees. At December 31, 2017, 83 properties were available for lease, as compared to 84 at December 31, 2016 and 71 at December 31, 2015. We also incurred higher gross property expenses as a result of property taxes and bad debt expense on vacant properties. Property expenses as a percentage of total revenue have remained relatively consistent during the years ended December 31, 2017, 2016, and 2015 at 2.0%, 1.9%, and 1.4%, respectively.

#### **Property Expenses - Reimbursable**

The increase in gross property expenses in both 2017 and 2016 was primarily attributable to the increased portfolio size, which contributed to higher contractually obligated reimbursements primarily due to our acquisitions in each year.

#### **Income Taxes**

Income taxes are for city and state income and franchise taxes paid by us and our subsidiaries. The increase from 2016 to 2017 is primarily due to increased activity in our taxable REIT subsidiary.

#### **Provisions for Impairment**

In 2017, we recorded total provisions for impairment of \$14.8 million on three properties classified as held for sale, five properties classified as held for investment, and 18 sold properties. In 2016, we recorded total provisions for impairment of \$20.7 million on four properties classified as held for investment and 35 sold properties. In 2015, we recorded total provisions for impairment of \$10.6 million on two properties classified as held for investment, 12 sold properties, and one property disposed of other than by sale.

#### **Other Items**

##### **Gain on Sales of Real Estate**

During 2017, we sold 59 properties for \$167.0 million, which resulted in a gain of \$40.9 million.

During 2016, we sold 77 properties for \$90.5 million, which resulted in a gain of \$22.0 million. Additionally, during 2016 we sold our former corporate headquarters building for \$8.6 million.

During 2015, we sold 38 properties for \$65.8 million, which resulted in a gain of \$22.2 million.



At December 31, 2017, we classified real estate with a carrying amount of \$6.7 million as held for sale on our balance sheet. In 2018, we intend to continue our active disposition efforts to further enhance our real estate portfolio and anticipate \$75 to \$100 million in yet to be identified property sales for all of 2018. We intend to invest these proceeds into new property acquisitions, if there are attractive opportunities available. However, we cannot guarantee that we will sell properties during the next 12 months at our estimated values or be able to invest the property sale proceeds in new properties.

**Loss on Extinguishment of Debt**

In December 2017, we completed the early redemption on all \$550.0 million of outstanding 6.75% notes due August 2019, plus accrued and unpaid interest. As a result of the early redemption, we recognized a \$42.4 million loss on extinguishment of debt, which represents \$0.15 on a diluted per common share basis.

**Preferred Stock Dividends**

Preferred stock dividends totaled \$3.9 million in 2017. Additionally, in April 2017, we paid a final dividend on our Class F preferred stock of \$1.7 million, which was recorded to interest expense. Preferred stock dividends totaled \$27.1 million in 2016 and 2015.

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

When we issued the irrevocable notice of redemption on our Class F preferred stock in March 2017, we incurred a non-cash charge of \$13.4 million for the excess of redemption value over the carrying value. The non-cash charge represents the Class F preferred stock original issuance cost that was paid in 2012.

**Net Income Available to Common Stockholders**

Net income available to common stockholders was \$301.5 million in 2017, compared to \$288.5 million in 2016, an increase of \$13.0 million. On a diluted per common share basis, net income was \$1.10 in 2017, as compared to \$1.13 in 2016, a decrease of \$0.03, or 2.7%. Net income available to common stockholders was \$256.7 million in 2015, or \$1.09 on a diluted per common share basis. Net income was impacted by a loss of \$42.4 million, or \$0.15 per share, loss on extinguishment of debt upon the early redemption on all \$550.0 million of our outstanding 6.75% notes due August 2019 during December 2017. Net income was also impacted by a non-cash charge of \$13.4 million, or \$0.05 per share, for the redemption of the 6.625% Monthly Income Class F Preferred Stock that was redeemed in April 2017. This charge is based on the excess of redemption value over the carrying value of the 6.625% Monthly Income Class F Preferred Stock that represents the original issuance cost that we paid in 2012.

The calculation to determine net income available to common stockholders includes impairments, gains from the sale of properties and/or fair value adjustments on our interest rate swaps. These items vary from period to period based on the timing of property sales and the interest rate environment, and can significantly impact net income available to common stockholders.

**Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)**

Adjusted EBITDA, a non-GAAP financial measure, means, for the most recent quarter, earnings (net income) before (i) interest expense, including non-cash loss (gain) on swaps, (ii) income and franchise taxes, (iii) depreciation and amortization, (iv) impairment losses, and (v) gain on sales of real estate. Our Adjusted EBITDA may not be comparable to Adjusted EBITDA reported by other companies that interpret the definitions of Adjusted EBITDA differently than we do. Management believes Adjusted EBITDA to be a meaningful measure of a REIT's performance because it is widely followed by industry analysts, lenders and investors. Management also believes the use of an annualized quarterly Adjusted EBITDA metric is meaningful because it represents the company's current earnings run rate for the period presented. The ratio of our total debt to our annualized quarterly Adjusted EBITDA is also used to determine vesting of performance share awards granted to our executive officers. Adjusted EBITDA should be considered along with, but not as an alternative to net income as a measure of our operating performance. Our ratio of debt to Adjusted EBITDA, which is used by management as a measure of leverage, is calculated by annualizing quarterly Adjusted EBITDA and then dividing by our total debt per the consolidated balance sheet.

Dollars in thousands	2017		2016		2015	
Net income	\$	60,952	\$	92,724	\$	83,111
Interest <sup>(1)</sup>		103,903		48,935		51,982
Income taxes		3,424		449		721
Depreciation and amortization		127,033		117,752		105,739
Impairment loss		6,679		3,709		1,378
Gain on sales of real estate		(23,208)		(6,696)		(5,126)
Quarterly Adjusted EBITDA	\$	278,783	\$	256,873	\$	237,805
Annualized Adjusted EBITDA <sup>(2)</sup>	\$	1,115,132	\$	1,027,492	\$	951,220
Total Debt	\$	6,111,471	\$	5,839,605	\$	4,820,995
Debt/Adjusted EBITDA		5.5		5.7		5.1

<sup>(1)</sup> Interest expense includes a loss on extinguishment of debt of \$42.4 million for the year ended December 31, 2017.

<sup>(2)</sup> We calculate Annualized Adjusted EBITDA by multiplying the Quarterly Adjusted EBITDA by four.

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

In 2017, our FFO increased by \$37.3 million, or 5.1%, to \$772.7 million, as compared to \$735.4 million in 2016. On a diluted per common share basis, FFO was \$2.82 in 2017, as compared to \$2.88 in 2016, a decrease of \$0.06, or 2.1%. In 2015, FFO was \$652.4 million, or \$2.77 on a diluted per common share basis. Our FFO in 2017 was impacted by a loss of \$42.4 million, or \$0.15 per share, on extinguishment of debt upon the early redemption on all \$550.0 million of our outstanding 6.75% notes due August 2019 during December 2017. FFO was also impacted by a non-cash redemption charge of \$13.4 million, or \$0.05 per share, upon the redemption of the 6.625% Monthly Income Class F Preferred Stock that was redeemed in April 2017. This charge is based on the excess of redemption value over the carrying value of the 6.625% Monthly Income Class F Preferred Stock that represents the original issuance cost that we paid in 2012. FFO for 2017 also includes the early redemption on all \$550.0 million of our outstanding 6.75% notes due August 15, 2019, plus accrued and unpaid interest.

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

	<b>2017</b>		<b>2016</b>		<b>2015</b>
Net income available to common stockholders	\$ 301,514	\$	288,491	\$	256,686
Depreciation and amortization	498,788		449,943		409,215
Depreciation of furniture, fixtures and equipment	(557)		(747)		(811)
Provisions for impairment on investment properties	14,751		20,664		10,560
Gain on sales of investment properties	(40,898)		(21,979)		(22,243)
FFO adjustments allocable to noncontrolling interests	(933)		(977)		(970)
<b>FFO available to common stockholders</b>	<b>\$ 772,665</b>	<b>\$</b>	<b>735,395</b>	<b>\$</b>	<b>652,437</b>
FFO allocable to dilutive noncontrolling interests	877		1,435		-
<b>Diluted FFO <sup>(1)</sup></b>	<b>\$ 773,542</b>	<b>\$</b>	<b>736,830</b>	<b>\$</b>	<b>652,437</b>
<b>FFO per common share:</b>					
Basic	\$ 2.83	\$	2.88	\$	2.77
Diluted	\$ 2.82	\$	2.88	\$	2.77
Distributions paid to common stockholders	\$ 689,294	\$	610,516	\$	533,238
FFO available to common stockholders in excess of distributions paid to common stockholders	\$ 83,371	\$	124,879	\$	119,199
<b>Weighted average number of common shares used for computation per share:</b>					
Basic	273,465,680		255,066,500		235,767,932
Diluted <sup>(1)</sup>	273,936,752		255,822,679		235,891,368

<sup>(1)</sup> Diluted FFO for 2017 and 2016 includes FFO allocable to dilutive noncontrolling interests. Noncontrolling interests were anti-dilutive for 2015.

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

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

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

In 2017, our AFFO increased by \$102.2 million, or 13.9%, to \$838.6 million, as compared to \$736.4 million in 2016. On a diluted per common share basis, AFFO was \$3.06 in 2017, as compared to \$2.88 in 2016, an increase of \$0.18, or 6.3%. In 2015, AFFO was \$647.0 million, or \$2.74 on a diluted per common share basis. We consider AFFO to be an appropriate supplemental measure of our performance. Most companies in our industry use a similar measurement, but they may use the term "CAD" (for Cash Available for Distribution), "FAD" (for Funds Available for Distribution) or other terms.

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

	2017		2016		2015	
Net income available to common stockholders	\$	301,514	\$	288,491	\$	256,686
Cumulative adjustments to calculate FFO <sup>(1)</sup>		471,151		446,904		395,751
FFO available to common stockholders		772,665		735,395		652,437
Loss (gain) on extinguishment of debt		42,426		-		(504)
Excess of redemption value over carrying value of Class F preferred share redemption		13,373		-		-
Amortization of share-based compensation		13,946		12,007		10,391
Amortization of deferred financing costs <sup>(2)</sup>		5,326		5,352		5,294
Amortization of net mortgage premiums		(466)		(3,414)		(6,978)
(Gain) loss on interest rate swaps		(3,250)		(1,639)		3,043
Leasing costs and commissions		(1,575)		(797)		(748)
Recurring capital expenditures		(912)		(679)		(7,606)
Straight-line rent		(17,191)		(19,451)		(16,468)
Amortization of above and below-market leases		14,013		9,297		7,861
Other adjustments <sup>(3)</sup>		283		303		306
<b>Total AFFO available to common stockholders</b>	<b>\$</b>	<b>838,638</b>	<b>\$</b>	<b>736,374</b>	<b>\$</b>	<b>647,028</b>
AFFO allocable to dilutive noncontrolling interests		1,178		1,455		-
<b>Diluted AFFO <sup>(4)</sup></b>	<b>\$</b>	<b>839,816</b>	<b>\$</b>	<b>737,829</b>	<b>\$</b>	<b>647,028</b>
AFFO per common share						
Basic	\$	3.07	\$	2.89	\$	2.74
Diluted	\$	3.06	\$	2.88	\$	2.74
Distributions paid to common stockholders	\$	689,294	\$	610,516	\$	533,238
AFFO available to common stockholders in excess of distributions paid to common stockholders	\$	149,344	\$	125,858	\$	113,790
Weighted average number of common shares used for computation per share:						
Basic		273,465,680		255,066,500		235,767,932
Diluted		274,024,934		255,822,679		235,891,368

<sup>(1)</sup> See reconciling items for FFO presented under "Funds from Operations Available to Common Stockholders (FFO)."

<sup>(2)</sup> Includes the amortization of costs incurred and capitalized upon issuance of our notes payable, assumption of our mortgages payable and upon issuance of our term loans. The deferred financing costs are being amortized over the lives of the respective mortgages and term loans. No costs associated with our credit facility agreements or annual fees paid to credit rating agencies have been included.

<sup>(3)</sup> Includes adjustments allocable to both non-controlling interests and capital lease obligations.

<sup>(4)</sup> Diluted AFFO for 2017 and 2016 includes FFO allocable to dilutive noncontrolling interests. Noncontrolling interests were anti-dilutive for 2015.

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

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

## IMPACT OF INFLATION

Tenant leases generally provide for limited increases in rent as a result of increases in the tenants' sales volumes, increases in the consumer price index (typically subject to ceilings), 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.

Moreover, our use of net lease agreements tends to reduce our exposure to rising property expenses due to inflation because the tenant is responsible for property expenses. 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 the 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, term loans, mortgages payable, and long-term notes and bonds used to maintain liquidity and expand our real estate investment portfolio and operations. Our interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flow and to lower our overall borrowing costs. To achieve these objectives we issue long-term notes and bonds, primarily at fixed rates.

In order to mitigate and manage the effects of interest rate risks on our operations, we may utilize a variety of financial instruments, including interest rate swaps and caps. The use of these types of instruments to hedge our exposure to changes in interest rates carries additional risks, including counterparty credit risk, the enforceability of hedging contracts and the risk that unanticipated and significant changes in interest rates will cause a significant loss of basis in the contract. To limit counterparty credit risk we will seek to enter into such agreements with major financial institutions with favorable credit ratings. There can be no assurance that we will be able to adequately protect against the foregoing risks or realize an economic benefit that exceeds the related amounts incurred in connection with engaging in such hedging activities. We do not enter into any derivative transactions for speculative or trading purposes.

The following table presents by year of expected maturity, the principal amounts, average interest rates and estimated fair values of our fixed and variable rate debt as of December 31, 2017. This information is presented to evaluate the expected cash flows and sensitivity to interest rate changes (dollars in millions):

#### Expected Maturity Data

<u>Year of maturity</u>	<u>Fixed rate debt</u>	<u>Weighted average rate on fixed rate debt</u>	<u>Variable rate debt</u>	<u>Weighted average rate on variable rate debt</u>
2018	\$ 491.2	1.99%	\$ 76.6	2.80%
2019	4.5	5.59	126.2	4.90
2020	82.2	4.99	250.2	3.11
2021	310.1	5.72	6.9	4.60
2022	1,059.7	3.43	-	-
Thereafter	3,718.6	4.16	-	-
<u>Totals <sup>(1)</sup></u>	<u>\$ 5,666.3</u>	<u>3.93%</u>	<u>\$ 459.9</u>	<u>3.57%</u>
Fair Value <sup>(2)</sup>	\$ 5,905.2		\$ 460.2	

<sup>(1)</sup> Excludes net premiums recorded on mortgages payable, net original issuance premiums recorded on notes payable and deferred financing costs on mortgages payable, notes payable, and term loans. At December 31, 2017, the unamortized balance of net premiums on mortgages payable is \$5.9 million, the unamortized balance of net original issuance premiums on notes payable is \$14.3 million, and the balance of deferred financing costs on mortgages payable is \$236,000, on notes payable is \$34.1 million, and on term loans is \$580,000.

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<sup>(2)</sup> We base the estimated fair value of the fixed rate senior notes and bonds at December 31, 2017 on the indicative market prices and recent trading activity of our senior notes and bonds payable. We base the estimated fair value of our fixed rate and variable rate mortgages at December 31, 2017 on the relevant forward interest rate curve, plus an applicable credit-adjusted spread. We believe that the carrying value of the credit facility balance and term loans balance reasonably approximate their estimated fair values at December 31, 2017.

The table incorporates only those exposures that exist as of December 31, 2017. It does not consider those exposures or positions that could arise after that date. As a result, our ultimate realized gain or loss, with respect to interest rate fluctuations, would depend on the exposures that arise during the period, our hedging strategies at the time, and interest rates.

All of our outstanding notes and bonds have fixed interest rates. All of our mortgages payable, except three mortgages with principal balances totaling \$29.9 million at December 31, 2017 have fixed interest rates. After factoring in arrangements that limit our exposure to interest rate risk and effectively fix our per annum interest rates, our mortgage debt subject to variable rates totals \$22.4 million at December 31, 2017. Interest on our credit facility and term loan balances is variable. However, the variable interest rate feature on our term loans has been mitigated by interest rate swap agreements. Based on our credit facility balance of \$110.0 million at December 31, 2017, a 1% change in interest rates would change our interest rate costs by \$1.1 million per year.

### **Item 8: Financial Statements and Supplementary Data**

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- [A. Reports of Independent Registered Public Accounting Firm](#)
- [B. Consolidated Balance Sheets,  
December 31, 2017 and 2016](#)
- [C. Consolidated Statements of Income,  
Years ended December 31, 2017, 2016 and 2015](#)
- [D. Consolidated Statements of Equity,  
Years ended December 31, 2017, 2016 and 2015](#)
- [E. Consolidated Statements of Cash Flows,  
Years ended December 31, 2017, 2016 and 2015](#)
- [F. Notes to Consolidated Financial Statements](#)
- [G. Consolidated Quarterly Financial Data  
\(unaudited\) for 2017 and 2016](#)
- [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.

**Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors  
Realty Income Corporation:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Realty Income Corporation and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of income, equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes and financial statement schedule III (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 22, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to Realty Income Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

(signed) KPMG LLP

We have served as the Company's auditor since 1993.

San Diego, California  
February 22, 2018

**Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors  
Realty Income Corporation:

*Opinion on Internal Control Over Financial Reporting*

We have audited Realty Income Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, the related consolidated statements of income, equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes and financial statement schedule III (collectively, the consolidated financial statements), and our report dated February 22, 2018 expressed an unqualified opinion on those consolidated financial statements.

*Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit 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 audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

*Definition and Limitations of Internal Control Over Financial Reporting*

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.

(signed) KPMG LLP

San Diego, California  
February 22, 2018



REALTY INCOME CORPORATION AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**

December 31, 2017 and 2016

(dollars in thousands, except per share data)

	2017	2016
<b>ASSETS</b>		
Real estate, at cost:		
Land	\$ 4,080,400	\$ 3,752,204
Buildings and improvements	10,936,069	10,112,212
Total real estate, at cost	15,016,469	13,864,416
Less accumulated depreciation and amortization	(2,346,644)	(1,987,200)
Net real estate held for investment	12,669,825	11,877,216
Real estate held for sale, net	6,674	26,575
Net real estate	12,676,499	11,903,791
Cash and cash equivalents	6,898	9,420
Accounts receivable, net	119,533	104,584
Acquired lease intangible assets, net	1,194,930	1,082,320
Goodwill	14,970	15,067
Other assets, net	45,336	37,689
<b>Total assets</b>	<b>\$ 14,058,166</b>	<b>\$ 13,152,871</b>
<b>LIABILITIES AND EQUITY</b>		
Distributions payable	\$ 60,799	\$ 55,235
Accounts payable and accrued expenses	109,523	121,156
Acquired lease intangible liabilities, net	268,796	264,206
Other liabilities	116,869	85,616
Line of credit payable	110,000	1,120,000
Term loans, net	445,286	319,127
Mortgages payable, net	325,941	466,045
Notes payable, net	5,230,244	3,934,433
<b>Total liabilities</b>	<b>6,667,458</b>	<b>6,365,818</b>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock and paid in capital, par value \$0.01 per share, 69,900,000 shares authorized, no shares issued and outstanding as of December 31, 2017 and 16,350,000 issued and outstanding as of December 31, 2016, liquidation preference \$25.00 per share	-	395,378
Common stock and paid in capital, par value \$0.01 per share, 370,100,000 shares authorized, 284,213,685 shares issued and outstanding as of December 31, 2017 and 260,168,259 shares issued and outstanding as of December 31, 2016	9,624,264	8,228,594
Distributions in excess of net income	(2,252,763)	(1,857,168)
Total stockholders' equity	7,371,501	6,766,804
Noncontrolling interests	19,207	20,249
Total equity	7,390,708	6,787,053
<b>Total liabilities and equity</b>	<b>\$ 14,058,166</b>	<b>\$ 13,152,871</b>

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

REALTY INCOME CORPORATION AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF INCOME**  
 Years Ended December 31, 2017, 2016 and 2015  
 (dollars in thousands, except per share data)

	2017	2016	2015
<b>REVENUE</b>			
Rental	\$ 1,166,224	\$ 1,057,413	\$ 976,865
Tenant reimbursements	46,082	43,104	42,015
Other	3,462	2,655	4,405
<b>Total revenue</b>	<b>1,215,768</b>	<b>1,103,172</b>	<b>1,023,285</b>
<b>EXPENSES</b>			
Depreciation and amortization	498,788	449,943	409,215
Interest	247,413	219,974	233,079
General and administrative	58,446	51,966	49,298
Property (including reimbursable)	69,480	62,865	55,352
Income taxes	6,044	3,262	3,169
Provisions for impairment	14,751	20,664	10,560
<b>Total expenses</b>	<b>894,922</b>	<b>808,674</b>	<b>760,673</b>
Gain on sales of real estate	40,898	21,979	22,243
Loss on extinguishment of debt	(42,426)	-	-
<b>Net income</b>	<b>319,318</b>	<b>316,477</b>	<b>284,855</b>
Net income attributable to noncontrolling interests	(520)	(906)	(1,089)
<b>Net income attributable to the Company</b>	<b>318,798</b>	<b>315,571</b>	<b>283,766</b>
Preferred stock dividends	(3,911)	(27,080)	(27,080)
Excess of redemption value over carrying value of preferred shares redeemed	(13,373)	-	-
<b>Net income available to common stockholders</b>	<b>\$ 301,514</b>	<b>\$ 288,491</b>	<b>\$ 256,686</b>
Amounts available to common stockholders per common share:			
Net income, basic and diluted	\$ 1.10	\$ 1.13	\$ 1.09
Weighted average common shares outstanding:			
Basic	273,465,680	255,066,500	235,767,932
Diluted	273,936,752	255,624,250	236,208,390

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

REALTY INCOME CORPORATION AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF EQUITY**

Years Ended December 31, 2017, 2016, and 2015  
(dollars in thousands)

	Shares of preferred stock	Shares of common stock	Preferred stock and paid in capital	Common stock and paid in capital	Distributions in excess of net income	Total stockholders' equity	Noncontrolling interests	Total equity
Balance, December 31, 2014	16,350,000	224,881,192	\$ 395,378	\$ 6,464,987	\$ (1,246,964)	\$ 5,613,401	\$ 27,698	\$ 5,641,099
Net income	-	-	-	-	283,766	283,766	1,089	284,855
Distributions paid and payable	-	-	-	-	(567,012)	(567,012)	(1,652)	(568,664)
Share issuances, net of costs	-	25,322,655	-	1,190,006	-	1,190,006	-	1,190,006
Redemption of common units	-	168,182	-	4,347	-	4,347	(4,347)	-
Reallocation of equity	-	-	-	1,051	-	1,051	(1,051)	-
Share-based compensation, net	-	44,728	-	6,037	-	6,037	-	6,037
Balance, December 31, 2015	16,350,000	250,416,757	\$ 395,378	\$ 7,666,428	\$ (1,530,210)	\$ 6,531,596	\$ 21,737	\$ 6,553,333
Net income	-	-	-	-	315,571	315,571	906	316,477
Distributions paid and payable	-	-	-	-	(642,529)	(642,529)	(12,682)	(655,211)
Share issuances, net of costs	-	9,449,167	-	557,636	-	557,636	-	557,636
Contributions by noncontrolling interests	-	-	-	-	-	-	15,906	15,906
Redemption of common units	-	103,182	-	(2,865)	-	(2,865)	(6,161)	(9,026)
Reallocation of equity	-	-	-	(543)	-	(543)	543	-
Share-based compensation, net	-	199,153	-	7,938	-	7,938	-	7,938
Balance, December 31, 2016	16,350,000	260,168,259	\$ 395,378	\$ 8,228,594	\$ (1,857,168)	\$ 6,766,804	\$ 20,249	\$ 6,787,053
Net income	-	-	-	-	318,798	318,798	520	319,318
Distributions paid and payable	-	-	-	-	(701,020)	(701,020)	(2,047)	(703,067)
Share issuances, net of costs	-	23,957,741	-	1,388,080	-	1,388,080	-	1,388,080
Contributions by noncontrolling interests	-	-	-	-	-	-	-	-
Preferred shares redeemed	(16,350,000)	-	(395,378)	-	(13,373)	(408,751)	-	(408,751)
Reallocation of equity	-	-	-	(485)	-	(485)	485	-
Share-based compensation, net	-	87,685	-	8,075	-	8,075	-	8,075
Balance, December 31, 2017	-	284,213,685	\$ -	\$ 9,624,264	\$ (2,252,763)	\$ 7,371,501	\$ 19,207	\$ 7,390,708

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

REALTY INCOME CORPORATION AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
 Years Ended December 31, 2017, 2016 and 2015  
 (dollars in thousands)

	2017	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 319,318	\$ 316,477	\$ 284,855
Adjustments to net income:			
Depreciation and amortization	498,788	449,943	409,215
Loss on extinguishment of debt	42,426	-	-
Amortization of share-based compensation	13,946	12,007	10,391
Non-cash revenue adjustments	(3,927)	(10,154)	(8,607)
Amortization of net premiums on mortgages payable	(466)	(3,414)	(7,482)
Amortization of deferred financing costs	9,158	8,904	9,044
(Gain) loss on interest rate swaps	(3,250)	(1,639)	3,043
Gain on sales of real estate	(40,898)	(21,979)	(22,243)
Provisions for impairment on real estate	14,751	20,664	10,560
Change in assets and liabilities			
Accounts receivable and other assets	(92)	(5,414)	(1,377)
Accounts payable, accrued expenses and other liabilities	26,096	34,468	6,168
Net cash provided by operating activities	875,850	799,863	693,567
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment in real estate	(1,413,270)	(1,798,892)	(1,266,885)
Improvements to real estate, including leasing costs	(15,247)	(13,426)	(11,541)
Proceeds from sales of real estate	166,976	99,096	65,817
Insurance proceeds received	14,411	-	-
Collection of loans receivable	123	12,515	-
Non-refundable escrow deposits for pending acquisitions	(7,500)	-	-
Net cash used in investing activities	(1,254,507)	(1,700,707)	(1,212,609)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash distributions to common stockholders	(689,294)	(610,516)	(533,238)
Cash dividends to preferred stockholders	(6,168)	(27,080)	(27,080)
Borrowings on line of credit	1,465,000	3,879,000	1,448,000
Payments on line of credit	(2,475,000)	(2,997,000)	(1,433,000)
Proceeds from notes and bonds payable issued	2,033,041	592,026	-
Principal payment on notes payable	(725,000)	(275,000)	(150,000)
Proceeds from mortgages payable	-	9,963	-
Payments upon extinguishment of debt	(41,643)	-	-
Principal payments on mortgages payable	(139,725)	(231,743)	(198,353)
Proceeds from term loans	-	-	250,000
Redemption of preferred stock	(408,750)	-	-
Proceeds from common stock offerings, net	704,938	383,572	793,559
Proceeds from dividend reinvestment and stock purchase plan	69,931	10,252	363,029
Proceeds from At-the-Market (ATM) program	621,697	166,781	36,348
Redemption of preferred units	-	-	(6,750)
Redemption of common units	-	(9,026)	-
Distributions to noncontrolling interests	(2,043)	(12,725)	(1,679)
Debt issuance costs	(17,510)	(5,274)	(10,259)
Other items, including shares withheld upon vesting	(14,356)	(7,038)	(7,383)
Net cash provided by financing activities	375,118	866,192	523,194
Net (decrease) increase in cash, cash equivalents and restricted cash	(3,539)	(34,652)	4,152
Cash, cash equivalents and restricted cash, beginning of period	15,681	50,333	46,181
Cash, cash equivalents and restricted cash, end of period	\$ 12,142	\$ 15,681	\$ 50,333

For supplemental disclosures, see note 15 .

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

REALTY INCOME CORPORATION AND SUBSIDIARIES  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2017, 2016, and 2015

## 1. Organization and Operation

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

At December 31, 2017, we owned 5,172 properties, located in 49 states and Puerto Rico, containing over 89.6 million leasable square feet.

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

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

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

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

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

**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, plus income attributable to dilutive shares and convertible common units, 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.

	2017	2016	2015
Weighted average shares used for the basic net income per share computation	273,465,680	255,066,500	235,767,932
Incremental shares from share-based compensation	154,050	240,728	123,436
Weighted average partnership common units convertible to common shares that were dilutive	317,022	317,022	317,022
Weighted average shares used for diluted net income per share computation	273,936,752	255,624,250	236,208,390
Unvested shares from share-based compensation that were anti-dilutive	32,205	475	106,103
Weighted average partnership common units convertible to common shares that were anti-dilutive	88,182	198,429	417,060

**Revenue Recognition and Accounts Receivable** . All leases are accounted for as operating leases. Under this method, leases that have fixed and determinable rent increases are recognized on a straight-line basis over the lease term. Any rental revenue contingent upon a tenant's sales is recognized only after the tenant exceeds their sales breakpoint. Rental increases based upon changes in the consumer price indexes are recognized only after the changes in the indexes have occurred and are then applied according to the lease agreements. Contractually obligated reimbursements from tenants for recoverable real estate taxes and operating expenses are included in tenant reimbursements in the period when such costs are incurred.

We recognize an allowance for doubtful accounts relating to accounts receivable for amounts deemed uncollectible. We consider tenant specific issues, such as financial stability and ability to pay, when determining collectability of accounts receivable and appropriate allowances to record. The allowance for doubtful accounts was \$337,000 at December 31, 2017 and \$74,000 at December 31, 2016.

Other revenue, which comprises property-related revenue not included in rental revenue or tenant reimbursements, was \$3.5 million in 2017, \$2.7 million in 2016 and \$4.4 million in 2015.

**Principles of Consolidation** . The accompanying consolidated financial statements include the accounts of Realty Income and other subsidiaries for which we make operating and financial decisions (i.e. control), after elimination of all material intercompany balances and transactions. We consolidate entities that we control and record a noncontrolling interest for the portion that we do not own. Noncontrolling interest that was created or assumed as part of a business combination was recognized at fair value as of the date of the transaction (see note 10). We have no unconsolidated investments.

**Cash Equivalents and Restricted Cash** . 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 government money market funds. Restricted cash includes cash proceeds from the sale of assets held by qualified intermediaries in anticipation of the acquisition of replacement properties in tax-free exchanges under Section 1031 of the Code, impounds related to mortgages payable and cash that is not immediately available to Realty Income (i.e. escrow deposits for future acquisitions).

Cash accounts maintained on behalf of Realty Income in demand deposits at commercial banks and money market funds may exceed federally insured levels or may be held in accounts without any federal insurance or any other insurance or guarantee. However, Realty Income has not experienced any losses in such accounts.

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

**Allocation of the Purchase Price of Real Estate Acquisitions** . During the first quarter of 2017, the FASB issued Accounting Standards Update, or ASU, 2017-01 to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. We elected to adopt this ASU early, effective October 1, 2017. As a result of this new guidance, our real estate acquisitions during the fourth quarter of 2017 qualified as asset acquisitions and the transaction costs associated with those acquisitions were capitalized. When acquiring a property for investment purposes, we typically allocate the cost of real estate acquired, inclusive of transaction costs, to: (1) land, (2) building and improvements, and (3) identified intangible assets and liabilities, based in each case on their relative estimated fair values. Intangible assets and liabilities consist of above-market or below-market lease value of in-place leases and the value of in-place leases. In an acquisition of multiple properties, we must also allocate the purchase price among the properties. The allocation of the purchase price is based on our assessment of estimated fair value and is often based upon the expected future cash flows of the property and various characteristics of the markets where the property is located. In addition, any assumed mortgages receivable or payable are recorded at their estimated fair values. The estimated fair values of our mortgages payable have been calculated by discounting the future cash flows using applicable interest rates that have been adjusted for factors, such as industry type, tenant investment grade, maturity date, and comparable borrowings for similar assets. The initial allocation of the purchase price is based on management's preliminary assessment, which may differ when final information becomes available. The use of different assumptions in the allocation of the purchase price of the acquired properties and liabilities assumed could affect the timing of recognition of the related revenue and expenses.

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Our estimated fair value determinations are based on management's judgment, utilizing various factors, including: (1) market conditions, (2) industry that the tenant operates in, (3) characteristics of the real estate, i.e.: location, size, demographics, value and comparative rental rates, (4) tenant credit profile, (5) store profitability and the importance of the location of the real estate to the operations of the tenant's business, and/or (6) real estate valuations, prepared internally by our real estate research department or, in rare circumstances, by an independent valuation firm. Our methodologies for measuring fair value related to the allocation of the purchase price of real estate acquisitions include both observable market data (and thus should be categorized as level 2 on the Financial Accounting Standards Board, or FASB's, three-level valuation hierarchy) and unobservable inputs that reflect our own internal assumptions and calculations (and thus should be categorized as level 3 on FASB's three-level valuation hierarchy).

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

The values of the above-market and below-market leases are amortized over the term of the respective leases, including any bargain renewal options, as an adjustment to rental revenue on our consolidated statements of income. The value of in-place leases, exclusive of the value of above-market and below-market in-place leases, is amortized to depreciation and amortization expense over the remaining periods of the respective leases. If a lease is terminated prior to its stated expiration, all unamortized amounts relating to that lease are recorded to revenue or expense as appropriate.

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

In allocating noncontrolling interests, amounts are recorded based on the proportional share of equity issued or contributions made at the date of acquisition, as determined by the terms of the applicable agreement.

**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 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 or 35 years
Building improvements	4 to 20 years
Tenant improvements and lease commissions	The shorter of the term of the related lease or useful life
Acquired in-place leases	Remaining terms of the respective leases

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

If a property was previously reclassified as held for sale but the applicable criteria for this classification are no longer met, the property is reclassified to real estate held for investment. A property that is reclassified to held for investment is measured and recorded at the lower of (i) its carrying amount before the property was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the property been continuously classified as held for investment, or (ii) the fair value at the date of the subsequent decision not to sell.

Nine properties were classified as held for sale at December 31, 2017. We do not depreciate properties that are classified as held for sale.

In 2017, we recorded total provisions for impairment of \$14.8 million on three properties classified as held for sale, five properties classified as held for investment, and 18 sold properties. In 2016, we recorded total provisions for impairment of \$20.7 million on four properties classified as held for investment and 35 sold properties. In 2015, we recorded total provisions for impairment of \$10.6 million on two properties classified as held for investment, 12 sold properties, and one property disposed of other than by sale.

**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. Based on our analysis of goodwill during the second quarters of 2017, 2016 and 2015, we determined, that the fair values of our reporting units were not more likely than not to be less than their respective carrying amounts and no impairment was recorded on our existing goodwill during 2017, 2016 or 2015.

**Equity Offering Costs.** Underwriting commissions and offering costs have been reflected as a reduction of additional paid-in-capital on our consolidated balance sheets.

**Noncontrolling Interests.** Noncontrolling interests are reflected on our consolidated balance sheets as a component of equity. Noncontrolling interests acquired prior to our adoption of ASU 2017-01, were recorded initially at fair value based on the price of the applicable units issued or contributions made, and subsequently adjusted each period for distributions, additional contributions and the allocation of net income attributable to the noncontrolling interests. Noncontrolling interests issued or assumed subsequent to our adoption of ASU 2017-01 on October 1, 2017, were recorded based on the proportional share of equity in the entity.

As consideration for two separate acquisitions during 2013, partnership units of Tau Operating Partnership, L.P. and Realty Income, L.P. were issued to third parties. These common units (discussed in note 10) do not have voting rights, are entitled to monthly distributions equal to the amount paid to our common stockholders, and are redeemable in cash or our common stock, at our option and at a conversion ratio of one to one, subject to certain exceptions. As the general partner for each of these partnerships, we have operating and financial control over these entities, consolidate them in our financial statements, and record the partnership units held by third parties as noncontrolling interests.

Additionally, in 2016 we completed the acquisition of two properties by acquiring a controlling interest in two separate joint ventures. We are the managing member of each of these joint ventures, and possess the ability to control the business and manage the affairs of these entities. As the managing member for each of these joint ventures, we have operating and financial control over these entities, consolidate them in our financial statements, and record the ownership interests held by third parties as noncontrolling interests.

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



**Recent Accounting Pronouncements** . In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* . This ASU, as amended by ASU 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date* , outlines a comprehensive model for companies to use in accounting for revenue arising from contracts with customers, and will apply to transactions such as the sale of real estate. This ASU, which is effective for interim and annual periods beginning after December 15, 2017, requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also to provide certain additional disclosures. We adopted this standard effective as of January 1, 2018 and utilized the cumulative effect transition method of adoption. The adoption of this guidance did not have a material impact on our financial position or results of operations.

In February 2016, FASB issued ASU 2016-02 (Topic 842, *Leases*) , which amended Topic 840, *Leases* . Under this amended topic, the accounting applied by a lessor is largely unchanged from that applied under Topic 840, *Leases* . The large majority of operating leases should remain classified as operating leases, and lessors should continue to recognize lease income for those leases on a generally straight-line basis over the lease term . The amendments included in this topic are effective, for interim and annual periods beginning after December 15, 2018. We have not yet adopted this topic and are currently evaluating the impact this amendment may have on our consolidated financial statements.

In November 2016, FASB issued ASU 2016-18, which amends Topic 230, *Statement of Cash Flows: Restricted Cash*. The amendments in this ASU, which are effective for interim and annual periods beginning after December 15, 2017, require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. We have elected adoption of this ASU early, as of December 31, 2017. Therefore, amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows. The adoption of this topic required retrospective revision to the statement of cash flows for the year's 2016 and 2015, and additional disclosure for items classified as restricted cash, see note 15. The adoption of this topic did not have a material impact on our consolidated financial statements or related disclosures.

In January 2017, FASB issued ASU 2017-01, which amends Topic 805, *Business Combinations* . The FASB issued this ASU to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. We elected to adopt this ASU early, effective October 1, 2017. As a result of this new guidance, we believe the majority of our future real estate transactions will qualify as asset acquisitions (or disposals), and future transaction costs associated with these acquisitions will be capitalized. The adoption of this topic did not have a material impact on our consolidated financial statements or related disclosures.

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

A. Acquired lease intangible assets, net, consist of the following (dollars in thousands) at:

	December 31, 2017	December 31, 2016
Acquired in-place leases	\$ 1,272,897	\$ 1,164,075
Accumulated amortization of acquired in-place leases	(444,221)	(358,040)
Acquired above-market leases	487,933	365,005
Accumulated amortization of acquired above-market leases	(121,679)	(88,720)
	<u>\$ 1,194,930</u>	<u>\$ 1,082,320</u>

	December 31, 2017	December 31, 2016
<b>B. Other assets, net, consist of the following (dollars in thousands) at:</b>		
Prepaid expenses	\$ 12,851	\$ 14,406
Non-refundable escrow deposits for pending acquisitions	7,500	-
Corporate assets, net	6,074	3,585
Notes receivable issued in connection with property sales	5,267	5,390
Impounds related to mortgages payable	4,565	2,015
Credit facility origination costs, net	4,366	7,303
Receivable for property rebuilds	3,919	-
Restricted escrow deposits	679	4,246
Other items	115	744
	<u>\$ 45,336</u>	<u>\$ 37,689</u>
<b>C. Distributions payable consist of the following declared distributions (dollars in thousands) at:</b>		
Common stock distributions	\$ 60,713	\$ 52,896
Preferred stock dividends	-	2,257
Noncontrolling interests distributions	86	82
	<u>\$ 60,799</u>	<u>\$ 55,235</u>
<b>D. Accounts payable and accrued expenses consist of the following (dollars in thousands) at:</b>		
Notes payable - interest payable	\$ 64,058	\$ 60,668
Property taxes payable	11,718	16,949
Accrued costs on properties under development	2,681	9,049
Mortgages, term loans, credit line - interest payable and interest rate swaps	2,360	5,432
Other items	28,706	29,058
	<u>\$ 109,523</u>	<u>\$ 121,156</u>
<b>E. Acquired lease intangible liabilities, net, consist of the following (dollars in thousands) at:</b>		
Acquired below-market leases	\$ 340,906	\$ 318,926
Accumulated amortization of acquired below-market leases	(72,110)	(54,720)
	<u>\$ 268,796</u>	<u>\$ 264,206</u>
<b>F. Other liabilities consist of the following (dollars in thousands) at:</b>		
Rent received in advance and other deferred revenue <sup>(1)</sup>	\$ 105,284	\$ 74,098
Security deposits	6,259	6,502
Capital lease obligations	5,326	5,016
	<u>\$ 116,869</u>	<u>\$ 85,616</u>

<sup>(1)</sup> In connection with Diageo's sale of its wine business to Treasury Wine Estates, we agreed to release Diageo from its guarantee of our leases in exchange for Diageo's payment of \$75 million of additional rent to us. The additional rent was paid in two equal installments, one of which was received in August 2016 for \$37.5 million and was recorded as prepaid rent. The final payment of \$37.5 million was received in January 2017, at which time Treasury Wine Estates became the guarantor of our leases on those properties. We have accounted for this transaction as a lease modification and the additional rent will be recognized on a straight-line basis over the remaining lease terms of approximately 15 years.

#### 4. Investments in Real Estate

We acquire land, buildings and improvements necessary for the successful operations of commercial tenants.

##### A. Acquisitions during 2017 and 2016

During 2017, we invested \$1.52 billion in 303 new properties and properties under development or expansion with an initial weighted average contractual lease rate of 6.4%. The 303 new properties and properties under development or expansion are located in 40 states, will contain approximately 7.8 million leasable square feet, and are 100% leased with a weighted average lease term of 14.4 years. The tenants occupying the new properties operate in 23 industries and the property types consist of 94.5% retail and 5.5% industrial, based on rental revenue. None of our investments during 2017 caused any one tenant to be 10% or more of our total assets at December 31, 2017.

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The \$1.52 billion invested during 2017 was allocated as follows: \$354.1 million to land, \$955.1 million to buildings and improvements, \$228.0 million to intangible assets related to leases, and \$17.8 million to intangible liabilities related to leases and other assumed liabilities. There was no contingent consideration associated with these acquisitions.

The properties acquired during 2017 generated total revenues of \$37.1 million and net income of \$17.9 million during the year ended December 31, 2017.

In comparison, during 2016, we invested \$1.86 billion in 505 new properties and properties under development or expansion with an initial weighted average contractual lease rate of 6.3%. The 505 new properties and properties under development or expansion were located in 40 states, contained approximately 8.2 million leasable square feet, and were 100% leased with a weighted average lease term of 14.7 years. The tenants occupying the new properties operated in 28 industries and the property types consisted of 86.4% retail and 13.6% industrial, based on rental revenue.

The \$1.86 billion invested during 2016 was allocated as follows: \$517.6 million to land, \$1.18 billion to buildings and improvements, \$204.5 million to intangible assets related to leases, and \$38.8 million to intangible liabilities related to leases and other assumed liabilities. There was no contingent consideration associated with these acquisitions.

The properties acquired during 2016 generated total revenues of \$44.6 million and net income of \$22.0 million during the year ended December 31, 2016.

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

In the case of a property under development or expansion, the contractual lease rate is generally fixed such that rent varies based on the actual total investment in order to provide a fixed rate of return. When the lease does not provide for a fixed rate of return on a property under development or expansion, the estimated initial weighted average contractual lease rate is computed as follows: estimated net operating income (determined by the lease) for the first full year of each lease, divided by our projected total investment in the property, including land, construction and capitalized interest costs. Of the \$1.52 billion we invested during 2017, \$21.2 million was invested in 17 properties under development or expansion with an estimated initial weighted average contractual lease rate of 6.9%. Of the \$1.86 billion we invested during 2016, \$103.8 million was invested in 33 properties under development or expansion with an estimated initial weighted average contractual lease rate of 7.1%.

### *B. Acquisition Transaction Costs*

Acquisition transaction costs of \$255,000 and \$346,000 were recorded to general and administrative expense on our consolidated statements of income during 2017 and 2016, respectively. Subsequent to our adoption of ASU 2017-01 in October 2017, \$34,000 of acquisition transactions costs incurred were capitalized as part of the costs of acquisitions.

### *C. Investments in Existing Properties*

During 2017, we capitalized costs of \$12.7 million on existing properties in our portfolio, consisting of \$1.6 million for re-leasing costs, \$912,000 for recurring capital expenditures and \$10.2 million for non-recurring building improvements. In comparison, during 2016, we capitalized costs of \$16.3 million on existing properties in our portfolio, consisting of \$797,000 for re-leasing costs, \$679,000 for recurring capital expenditures and \$14.9 million for non-recurring building improvements.

**D. Properties with Existing Leases**

Of the \$1.52 billion we invested during 2017, approximately \$1.1 billion was used to acquire 178 properties with existing leases. In comparison, of the \$1.86 billion we invested during 2016, approximately \$748.9 million was used to acquire 91 properties with existing leases. The value of the in-place and above-market leases is recorded to acquired lease intangible assets, net on our consolidated balance sheets, and the value of the below-market leases is recorded to acquired lease intangible liabilities, net on our consolidated balance sheets.

The values of the in-place leases are amortized as depreciation and amortization expense. The amounts amortized to expense for all of our in-place leases, for 2017, 2016, and 2015 were \$104.8 million, \$94.0 million, and \$87.9 million, respectively.

The values of the above-market and below-market leases are amortized over the term of the respective leases, including any bargain renewal options, as an adjustment to rental revenue on our consolidated statements of income. The amounts amortized as a net decrease to rental revenue for capitalized above-market and below-market leases for 2017, 2016, and 2015 were \$14.0 million, \$9.3 million, and \$7.9 million, respectively. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be recorded to revenue or expense as appropriate.

The following table presents the estimated impact during the next five years and thereafter related to the amortization of the acquired above-market and below-market lease intangibles and the amortization of the in-place lease intangibles for properties held for investment at December 31, 2017 (in thousands):

	<b>Net decrease to rental revenue</b>	<b>Increase to amortization expense</b>
2018	\$ (16,527)	\$ 104,612
2019	(15,545)	94,374
2020	(14,776)	88,679
2021	(13,484)	80,513
2022	(11,753)	69,700
Thereafter	(25,373)	390,798
<b>Totals</b>	<b>\$ (97,458)</b>	<b>\$ 828,676</b>

**5. Credit Facility**

We have a \$2.0 billion unsecured revolving credit facility, or our credit facility, with an initial term that expires in June 2019 and includes, at our option, two six-month extensions. Our credit facility has a \$1.0 billion accordion expansion option. Under our credit facility, our investment grade credit ratings as of December 31, 2017 provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 0.85%, with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.975% over LIBOR. The borrowing rate is subject to an interest rate floor and may change if our investment grade credit ratings were to change. We also have other interest rate options available to us under our credit facility. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation.

At December 31, 2017, credit facility origination costs of \$4.4 million are included in other assets, net on our consolidated balance sheet. These costs are being amortized over the remaining term of our credit facility.

At December 31, 2017, we had a borrowing capacity of \$1.89 billion available on our credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$110.0 million, as compared to an outstanding balance of \$1.12 billion at December 31, 2016.

The weighted average interest rate on outstanding borrowings under our credit facility was 2.0% during 2017 and 1.4% during 2016. At December 31, 2017 and 2016, the weighted average interest rate on borrowings outstanding was 4.5% and 1.7%, respectively. Our credit facility is subject to various leverage and interest coverage ratio limitations, and at December 31, 2017, we were in compliance with the covenants on our credit facility.

## **6. Term Loans**

In December 2017, in conjunction with the acquisition of a portfolio of properties, we entered into a \$125.9 million promissory note, maturing in January 2018. Borrowings under this note bore interest at 1.52%. This note was paid in full at maturity.

In June 2015, in conjunction with entering into our credit facility, we entered into a \$250 million senior unsecured term loan maturing on June 30, 2020. Borrowing under this term loan bears interest at the current one-month LIBOR, plus 0.90%. In conjunction with this term loan, we also entered into an interest rate swap which effectively fixes our per annum interest rate on this term loan at 2.62%.

In January 2013, in conjunction with our acquisition of American Realty Capital Trust, Inc., or ARCT, we entered into a \$70 million senior unsecured term loan with an initial maturity date of January 2018. Borrowing under this term loan bears interest at the current one-month LIBOR, plus 1.10%. In conjunction with this term loan, we also entered into an interest rate swap which effectively fixes our per annum interest rate on this term loan at 2.05%. In January 2018, we entered into a six-month extension of this loan, which now matures in July 2018 and includes, at our option, two additional six-month extensions. Borrowing during the extension periods bear interest at the current one-month LIBOR, plus 0.90%. The interest rate swap terminated upon the initial maturity in January 2018.

Deferred financing costs of \$1.2 million incurred in conjunction with the \$250 million term loan and \$303,000 incurred in conjunction with the \$70 million term loan are being amortized over the remaining terms of each respective term loan. The net balance of these deferred financing costs, which was \$580,000 at December 31, 2017 and \$873,000 at December 31, 2016, is included within term loans, net on our consolidated balance sheets.

## **7. Mortgages Payable**

During 2017, we made \$139.7 million in principal payments, including the repayment of eight mortgages in full for \$133.5 million. No mortgages were assumed during 2017.

During 2016, we made \$231.7 million in principal payments, including the repayment of 11 mortgages in full for \$201.8 million, and we assumed mortgages totaling \$44.1 million, excluding net premiums. During 2016, we refinanced one of these assumed mortgages and received an additional \$10.0 million in proceeds. The assumed mortgages are secured by the properties on which the debt was placed and are considered non-recourse debt with limited customary exceptions for items such as solvency, bankruptcy, misrepresentation, fraud, misapplication of payments, environmental liabilities, failure to pay taxes, insurance premiums, liens on the property, violations of the single purpose entity requirements, and uninsured losses. We expect to pay off our mortgages as soon as prepayment penalties make it economically feasible to do so.

During 2016, a premium totaling \$692,000 was recorded upon the assumption of a mortgage with an above-market interest rate. Amortization of our net premiums is recorded as a reduction to interest expense over the remaining term of the respective mortgages, using a method that approximates the effective-interest method. Our mortgages contain customary covenants, such as limiting our ability to further mortgage each applicable property or to discontinue insurance coverage without the prior consent of the lender. At December 31, 2017, we were in compliance with these covenants.

The balance of our deferred financing costs, which are classified as part of mortgages payable, net, on our consolidated balance sheets, was \$236,000 at December 31, 2017 and \$324,000 at December 31, 2016. These costs are being amortized over the remaining term of each mortgage.

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The following is a summary of all our mortgages payable as of December 31, 2017 and 2016, respectively (dollars in thousands):

As Of	Number of Properties <sup>(1)</sup>	Weighted Average Stated Interest Rate <sup>(2)</sup>	Weighted Average Effective Interest Rate <sup>(3)</sup>	Weighted Average Remaining Years Until Maturity	Remaining Principal Balance	Unamortized Premium and Deferred Finance Costs Balance, net	Mortgage Payable Balance
12/31/17	62	5.0%	4.4%	4.0	\$ 320,283	\$ 5,658	\$ 325,941
12/31/16	127	4.9%	4.3%	4.0	\$ 460,008	\$ 6,037	\$ 466,045

<sup>(1)</sup> At December 31, 2017, there were 28 mortgages on 62 properties, while at December 31, 2016, there were 36 mortgages on 127 properties. The mortgages require monthly payments with principal payments due at maturity. The mortgages are at fixed interest rates, except for three mortgages on three properties with a principal balance totaling \$29.9 million at December 31, 2017, and six mortgages on 15 properties with a principal balance totaling \$76.3 million at December 31, 2016. After factoring in arrangements which limit our exposure to interest rate risk and effectively fix our per annum interest rates, our mortgage debt subject to variable rates totals \$22.4 million at December 31, 2017 and \$38.2 million at December 31, 2016.

<sup>(2)</sup> Stated interest rates ranged from 3.4% to 6.9% at December 31, 2017, while stated interest rates ranged from 2.4% to 6.9% at December 31, 2016.

<sup>(3)</sup> Effective interest rates ranged from 2.6% to 5.5% at December 31, 2017, while effective interest rates ranged from 2.5% to 8.8% at December 31, 2016.

The following table summarizes the maturity of mortgages payable, excluding net premiums of \$5.9 million and deferred financing costs of \$236,000, as of December 31, 2017 (dollars in millions):

Year of Maturity	Principal
2018	\$ 21.9
2019	20.7
2020	82.4
2021	67.0
2022	109.7
Thereafter	18.6
<b>Totals</b>	<b>\$ 320.3</b>

**8. Notes Payable**

**A. General**

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

	December 31, 2017	December 31, 2016
5.375% notes, issued in September 2005 and due in September 2017	\$ -	\$ 175
2.000% notes, issued in October 2012 and due in January 2018	350	350
6.750% notes, issued in September 2007 and due in August 2019	-	550
5.750% notes, issued in June 2010 and due in January 2021	250	250
3.250% notes, \$450 issued in October 2012 and \$500 issued in December 2017, both due in October 2022	950	450
4.650% notes, issued in July 2013 and due in August 2023	750	750
3.875% notes, issued in June 2014 and due in July 2024	350	350
4.125% notes, \$250 issued in September 2014 and \$400 issued in March 2017, both due in October 2026	650	250
3.000% notes, issued in October 2016 and due in January 2027	600	600
3.650% notes, issued in December 2017 and due in January 2028	550	-
5.875% bonds, \$100 issued in March 2005 and \$150 issued in June 2011, both due in March 2035	250	250
4.650% notes, \$300 issued in March 2017 and \$250 issued in December 2017, both due in March 2047	550	-
Total principal amount	5,250	3,975
Unamortized net original issuance premiums and deferred financing costs	(20)	(41)
	<u>\$ 5,230</u>	<u>\$ 3,934</u>

The following table summarizes the maturity of our notes and bonds payable as of December 31, 2017, excluding unamortized net original issuance premiums and deferred financing costs (dollars in millions):

Year of Maturity	Principal
2018	\$ 350 <sup>(1)</sup>
2019	-
2020	-
2021	250
2022	950
Thereafter	3,700
Totals	<u>\$ 5,250</u>

<sup>(1)</sup> In January 2018, we repaid all \$350 million of outstanding 2.000% notes, plus accrued and unpaid interest.

As of December 31, 2017, the weighted average interest rate on our notes and bonds payable was 3.9% and the weighted average remaining years until maturity was 9.3 years.

Interest incurred on all of the notes and bonds was \$197.1 million for 2017, \$171.5 million for 2016 and \$179.5 million for 2015. The interest rate on each of these notes and bonds is fixed.

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

All of these notes and bonds contain various covenants, including: (i) a limitation on incurrence of any debt which would cause our debt to total adjusted assets ratio to exceed 60%; (ii) a limitation on incurrence of any secured debt which would cause our secured debt to total adjusted assets ratio to exceed 40%; (iii) a limitation on incurrence of any debt which would cause our debt service coverage ratio to be less than 1.5 times; and (iv) the maintenance at all times of total unencumbered assets not less than 150% of our outstanding unsecured debt. At December 31, 2017, we were in compliance with these covenants.

**B. Note Issuances**

During the three year period ended December 31, 2017 we issued the following notes and bonds (dollars in millions):

<b>2017 Issuances</b>	<b>Date of Issuance</b>	<b>Maturity date</b>		<b>Principal amount issued</b>	<b>Public offering price</b>	<b>Effective yield to maturity</b>
4.125% notes	March 2017	October 2026 <sup>(1)</sup>	\$	400	102.98%	3.75%
4.650% notes	March 2017	March 2047		300	99.97%	4.65%
3.250% notes	December 2017	October 2022 <sup>(2)</sup>		500	101.77%	2.84%
3.650% notes	December 2017	January 2028		550	99.78%	3.68%
4.650% notes	December 2017	March 2047 <sup>(3)</sup>		250	105.43%	4.32%
<b>2016 Issuances</b>						
3.000% notes	October 2016	January 2027	\$	600	98.67%	3.15%

<sup>(1)</sup> This issuance constitutes a further issuance of, and formed a single series with the senior notes due 2026 issued in September 2014.

<sup>(2)</sup> This issuance constituted a further issuance of, and formed a single series with the senior notes due 2022 issued in October 2012.

<sup>(3)</sup> This issuance constituted a further issuance of, and formed a single series with the senior notes due 2047 issued in March 2017.

The net proceeds of \$1.3 billion from the December 2017 note offerings were used to redeem all \$550.0 million aggregate principal amount of our outstanding 2019 notes, including accrued and unpaid interest, and to repay borrowings outstanding under our \$2.0 billion revolving credit facility and, to the extent not used for those purposes, to fund the development and acquisitions of additional properties and for other general corporate purposes. The net proceeds of \$705.2 million from the March 2017 note offerings were used to repay borrowings outstanding under our credit facility to fund investment opportunities and for other general corporate purposes.

The net proceeds of approximately \$586.7 million from the October 2016 offering were used to repay borrowings outstanding under our credit facility.

**C. Note Repayment**

In December 2017, we completed the early redemption on all \$550.0 million of outstanding 6.75% notes due August 2019, plus accrued and unpaid interest. As a result of the early redemption, we recognized a \$42.4 million loss on extinguishment of debt, which represents \$0.15 on a diluted per common share basis.

In September 2017, we repaid our \$175.0 million of outstanding 5.375% notes, plus accrued and unpaid interest.

In September 2016, we repaid all \$275.0 million of outstanding 5.950% notes, plus accrued and unpaid interest.

In November 2015, we repaid \$150.0 million of outstanding 5.500% notes, plus accrued and unpaid interest.

**9. Equity****A. Issuance of Common Stock**

In March 2017, we issued 11,850,000 shares of common stock. After underwriting discounts and other offering costs of \$29.8 million, the net proceeds of \$704.9 million were used to repay borrowings under our credit facility.

In May 2016, we issued 6,500,000 shares of common stock. After underwriting discounts and other offering costs of \$12.1 million, the net proceeds of \$383.6 million were used to repay borrowings under our credit facility.

In October 2015, we issued 11,500,000 shares of common stock. After underwriting discounts and other offering costs of \$22.0 million, a portion of the net proceeds of \$517.1 million was used to repay borrowings under our credit facility and the remaining portion was used for other general corporate purposes, including acquisitions. In April 2015, we issued 5,500,000 shares of common stock. After underwriting discounts and other offering costs of \$1.4 million, the net proceeds of \$276.4 million were used to repay borrowings under our credit facility.



**B. Redemption of Preferred Stock**

In April 2017, we redeemed all of the 16,350,000 shares of our 6.625% Monthly Income Class F Preferred Stock for \$25 per share, plus accrued dividends. During 2017, we incurred a non-cash charge of \$13.4 million, representing the 6.625% Monthly Income Class F Preferred Stock original issuance costs that we paid in 2012.

**C. Dividend Reinvestment and Stock Purchase Plan**

Our Dividend Reinvestment and Stock Purchase Plan, or our DRSP, provides our common stockholders, as well as new investors, with a convenient and economical method of purchasing our common stock and reinvesting their distributions. Our DRSP also allows our current stockholders to buy additional shares of common stock by reinvesting all or a portion of their distributions. Our DRSP authorizes up to 26,000,000 common shares to be issued. During 2017, we issued 1,193,653 shares and raised approximately \$69.9 million under our DRSP. During 2016, we issued 170,027 shares and raised approximately \$10.3 million under our DRSP. From the inception of our DRSP through December 31, 2017, we have issued 14,063,542 shares and raised \$661.8 million.

Our DRSP includes a waiver approval process, allowing larger investors or institutions, per a formal approval process, to purchase shares at a small discount, if approved by us. During 2017, we issued 927,695 shares and raised \$54.7 million under the waiver approval process. These shares are included in the total activity for 2017 noted in the preceding paragraph. During 2016, we did not issue shares under the waiver approval process.

**D. At-the-Market (ATM) Programs**

In September 2015, we established an “at-the-market” equity distribution program, or our prior ATM program, pursuant to which we were permitted to offer and sell up to 12,000,000 shares of common stock to, or through, a consortium of banks acting as our sales agents by means of ordinary brokers’ transactions on the NYSE at prevailing market prices or at negotiated prices. In October 2017, following the issuance and sale of the remaining shares under our prior ATM program, we established a new “at-the-market” equity distribution plan, or our new ATM program and, together with our prior ATM program, our ATM programs, pursuant to which we are permitted to offer and sell up to 17,000,000 additional shares of common stock. During 2017, we issued 10,914,088 shares and raised gross proceeds of \$621.7 million under our ATM programs. During 2016, we issued 2,779,140 shares and raised \$166.8 million under the ATM program. From the inception of our ATM programs through December 31, 2017, we have issued 14,407,529 shares authorized by our ATM programs and raised \$824.8 million.

**10. Noncontrolling Interests**

In January 2013, we completed our acquisition of ARCT. Equity issued as consideration for this transaction included common and preferred partnership units issued by Tau Operating Partnership, L.P., or Tau Operating Partnership, the consolidated subsidiary which owns properties acquired through the ARCT acquisition. We and our subsidiaries hold a 99.4% interest in Tau Operating Partnership, and consolidate the entity.

In June 2013, we completed the acquisition of a portfolio of properties by issuing common partnership units in Realty Income, L.P. The units were issued as consideration for the acquisition. At December 31, 2017, the remaining units from this issuance represent a 0.4% ownership in Realty Income, L.P. We hold the remaining 99.6% interests in this entity and consolidate the entity.

Neither of the common partnership units have voting rights. Both common partnership units are entitled to monthly distributions equal to the amount paid to common stockholders of Realty Income, and are redeemable in cash or Realty Income common stock, at our option, and at a conversion ratio of one to one, subject to certain exceptions. Noncontrolling interests with redemption provisions that permit the issuer to settle in either cash or common stock, at the option of the issuer, were evaluated to determine whether temporary or permanent equity classification on the balance sheet was appropriate. We determined that the units meet the requirements to qualify for presentation as permanent equity.

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In 2016, we completed the acquisition of two properties by acquiring a controlling interest in two separate joint ventures. We are the managing member of each of these joint ventures, and possess the ability to control the business and manage the affairs of these entities. At December 31, 2017, we and our subsidiaries held 95.0% and 74.0% interests, respectively, and fully consolidated these entities in our consolidated financial statements.

The following table represents the change in the carrying value of all noncontrolling interests through December 31, 2017 (dollars in thousands):

		<b>Tau Operating Partnership units <sup>(1)</sup></b>		<b>Realty Income, L.P. units <sup>(2)</sup></b>		<b>Other Noncontrolling Interests</b>		<b>Total</b>
Carrying value at December 31, 2015	\$	13,410	\$	8,327	\$	-	\$	21,737
Reallocation of equity		491		52		-		543
Redemptions		-		(6,161)		-		(6,161)
Contributions		-		-		15,906		15,906
Distributions		(762)		(459)		(11,461)		(12,682)
Allocation of net income		266		457		183		906
Carrying value at December 31, 2016	\$	13,405	\$	2,216	\$	4,628	\$	20,249
Reallocation of equity		492		(26)		19		485
Redemptions		-		-		-		-
Distributions		(804)		(224)		(1,019)		(2,047)
Allocation of net income		229		194		97		520
Carrying value at December 31, 2017	\$	13,322	\$	2,160	\$	3,725	\$	19,207

<sup>(1)</sup> 317,022 Tau Operating Partnership units were issued on January 22, 2013 and remained outstanding as of December 31, 2017 and December 31, 2016.

<sup>(2)</sup> 534,546 Realty Income, L.P. units were issued on June 27, 2013, and 88,182 remain outstanding as of December 31, 2017 and December 31, 2016.

Both Tau Operating Partnership and Realty Income, L.P. are considered variable interest entities, or VIEs, in which we are deemed the primary beneficiary based on our controlling financial interests. Below is a summary of selected financial data of consolidated VIEs, including the joint ventures acquired during 2016, for which we are the primary beneficiary included in the consolidated balance sheets at December 31, 2017 and 2016 (in thousands):

		<b>December 31, 2017</b>		<b>December 31, 2016</b>
Net real estate	\$	2,936,397	\$	3,040,903
Total assets		3,342,443		3,499,481
Total debt		210,384		251,047
Total liabilities		313,295		364,797

**11. 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 2017, 2016 and 2015:

Month	2017	2016	2015
January	\$ 0.2025000	\$ 0.1910000	\$ 0.1834167
February	0.2105000	0.1985000	0.1890000
March	0.2105000	0.1985000	0.1890000
April	0.2110000	0.1990000	0.1895000
May	0.2110000	0.1990000	0.1895000
June	0.2110000	0.1990000	0.1895000
July	0.2115000	0.1995000	0.1900000
August	0.2115000	0.1995000	0.1900000
September	0.2115000	0.2015000	0.1900000
October	0.2120000	0.2020000	0.1905000
November	0.2120000	0.2020000	0.1905000
December	0.2120000	0.2020000	0.1905000
<b>Total</b>	<b>\$ 2.5270000</b>	<b>\$ 2.3915000</b>	<b>\$ 2.2714167</b>

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

	2017	2016	2015
Ordinary income	\$ 1.9402085	\$ 1.8771975	\$ 1.7307023
Nontaxable distributions	0.5478464	0.5143025	0.5407144
Total capital gain distribution	0.0389451	-	-
<b>Totals</b>	<b>\$ 2.5270000</b>	<b>\$ 2.3915000</b>	<b>\$ 2.2714167</b>

At December 31, 2017, a distribution of \$0.2125 per common share was payable and was paid in January 2018. At December 31, 2016, a distribution of \$0.2025 per common share was payable and was paid in January 2017.

**B. Class F Preferred Stock**

In April 2017, we redeemed all 16,350,000 shares of our Class F preferred stock. During the first three months of 2017, we paid three monthly dividends to holders of our Class F preferred stock totaling \$0.414063 per share, or \$3.9 million. In April 2017, we paid a final monthly dividend of \$0.101215 per share, or \$1.7 million, which was recorded as interest expense. For 2017, dividends per share of \$0.5073368 were characterized as ordinary income and dividends per share of \$0.0079412 were characterized as total capital gain distribution for federal income tax purposes. During 2016 and 2015, we paid twelve monthly dividends to holders of our Class F preferred stock totaling \$1.656252 per share, or \$27.1 million, which were characterized as ordinary income for federal income tax purposes.

**12. Operating Leases**

A. At December 31, 2017, we owned 5,172 properties in 49 states and Puerto Rico. Of the 5,172 properties, 5,144, or 99.5%, are single-tenant properties, and the remaining are multi-tenant properties. At December 31, 2017, 83 properties were available for lease or sale.

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

Rent based on a percentage of a tenants' gross sales (percentage rents) was \$6.1 million for 2017, \$5.3 million for 2016 and \$4.5 million for 2015.

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At December 31, 2017, minimum future annual rents to be received on the operating leases for the next five years and thereafter are as follows (dollars in thousands):

2018	\$	1,196,996
2019		1,157,394
2020		1,108,319
2021		1,058,806
2022		990,585
Thereafter		6,319,359
<b>Total</b>	<b>\$</b>	<b>11,831,459</b>

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, 2017, 2016 or 2015.

**13. Gain on Sales of Real Estate**

During 2017, we sold 59 properties for \$167.0 million, which resulted in a gain of \$40.9 million.

During 2016, we sold 77 properties for \$90.5 million, which resulted in a gain of \$22.0 million. Additionally, during 2016 we sold our former corporate headquarters building for \$8.6 million.

During 2015, we sold 38 properties for \$65.8 million, which resulted in a gain of \$22.2 million.

These property sales do not represent a strategic shift that will have a major effect on our operations and financial results, and therefore do not require presentation as discontinued operations.

**14. Fair Value of Financial Instruments**

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

We believe that the carrying values reflected in our consolidated balance sheets reasonably approximate the fair values for cash and cash equivalents, accounts receivable, escrow deposits, loans receivable, line of credit payable, term loans and all other liabilities, due to their short-term nature or interest rates and terms that are consistent with market, except for our notes receivable issued in connection with property sales, mortgages payable and our senior notes and bonds payable, which are disclosed as follows (dollars in millions):

<b>At December 31, 2017</b>	<b>Carrying value</b>		<b>Estimated fair value</b>
Notes receivable issued in connection with property sales	\$	5.3	\$ 5.3
Mortgages payable assumed in connection with acquisitions <sup>(1)</sup>		320.3	334.2
Notes and bonds payable <sup>(2)</sup>		5,250.0	5,475.3
<b>At December 31, 2016</b>	<b>Carrying value</b>		<b>Estimated fair value</b>
Notes receivable issued in connection with property sales	\$	5.4	\$ 5.5
Mortgages payable assumed in connection with acquisitions <sup>(1)</sup>		460.0	468.7
Notes and bonds payable <sup>(2)</sup>		3,975.0	4,143.3

<sup>(1)</sup> Excludes non-cash net premiums recorded on the mortgages payable. The unamortized balance of these net premiums is \$5.9 million at December 31, 2017, and \$6.4 million at December 31, 2016. Also excludes deferred financing costs of \$236,000 at December 31, 2017, and \$324,000 at December 31, 2016.

<sup>(2)</sup> Excludes non-cash net original issuance premiums and discounts recorded on notes payable. The unamortized balance of the net original issuance premiums is \$14.3 million at December 31, 2017, and the unamortized balance of the net original issuance discounts of \$19.8 million at December 31, 2016. Also excludes deferred financing costs of \$34.1 million at December 31, 2017 and \$20.8 million at December 31, 2016.

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

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

We record interest rate swaps on the consolidated balance sheet at fair value. At December 31, 2017, interest rate swaps in a liability position valued at \$473,000 were included in accounts payable and accrued expenses and interest rate swaps in an asset position valued at \$1.7 million were included in other assets, net on the consolidated balance sheet. The fair value of our interest rate swaps are based on valuation techniques including discounted cash flow analysis on the expected cash flows of each swap, using both observable and unobservable market-based inputs, including interest rate curves. Because this methodology uses observable and unobservable inputs, and the unobservable inputs are not significant to the fair value measurement, the measurement of interest rate swaps is categorized as level two on the three-level valuation hierarchy.

#### **15. Supplemental Disclosures of Cash Flow Information**

Cash paid for interest was \$240.4 million in 2017, \$ 214.3 million in 2016, and \$ 229.5 million in 2015.

Interest capitalized to properties under development was \$461,000 in 2017, \$ 469 ,000 in 2016, and \$594,000 in 2015.

Cash paid for income taxes was \$3.8 million in 2017, \$3.6 million in 2016, and \$3.1 million in 2015.

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

- A. See note 9 for a discussion of the \$13.4 million excess of redemption value over carrying value of preferred shares subject to redemption charge recorded in 2017.
- B. During 2017, we completed the acquisition of a portfolio of properties by entering into a note payable in the amount of \$125.9 million with the seller, maturing in January 2018. This note was paid in full at maturity.
- C. During 2016, we assumed mortgages payable to third-party lenders of \$44.1 million and recorded a premium of \$692,000.
- D. During 2016, consolidated joint venture members made real estate contributions of \$15.9 million, net of contributed mortgages payable included in the figures disclosed above in note 15.C.
- E. Accrued costs on properties under development resulted in an increase in buildings and improvements and accounts payable of \$2.6 million at December 31, 2016.

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Per the requirements of ASU 2016-18, the following table provides a reconciliation of cash and cash equivalents reported within the consolidated balance sheets to the total of the cash, cash equivalents and restricted cash reported within the consolidated statements of cash flows.

	December 31, 2017		December 31, 2016	
Cash and cash equivalents shown in the consolidated balance sheets	\$	6,898	\$	9,420
Impounds related to mortgages payable <sup>(1)</sup>		4,565		2,015
Restricted escrow deposits <sup>(1)</sup>		679		4,246
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	\$	<u>12,142</u>	\$	<u>15,681</u>

<sup>(1)</sup> Included within other assets, net on the consolidated balance sheets (See note 3). These amounts consist of cash we are legally entitled to that is not immediately available to us, hence, they were considered restricted as of the dates presented.

**16. Employee Benefit Plan**

We have a 401(k) plan covering substantially all of our employees. Under our 401(k) plan, employees may elect to make contributions to the plan up to a maximum of 60% of their compensation, subject to limits under the Code. We match 50% of each of our employee's salary deferrals up to the first 6% of the employee's eligible compensation. Our aggregate matching contributions each year have been immaterial to our results of operations.

**17. Common Stock Incentive Plan**

In 2012, our Board of Directors adopted and stockholders approved the Realty Income Corporation 2012 Incentive Award Plan, or the 2012 Plan, to enable us to motivate, attract and retain the services of directors and employees considered essential to our long-term success. The 2012 Plan offers our directors and employees an opportunity to own our stock or rights that will reflect our growth, development and financial success. Under the terms of the 2012 plan, the aggregate number of shares of our common stock subject to options, restricted stock, stock appreciation rights, restricted stock units and other awards, will be no more than 3,985,734 shares. The 2012 Plan has a term of ten years from the date it was adopted by our Board of Directors.

The amount of share-based compensation costs recognized in general and administrative expense on our consolidated statements of income was \$13.9 million during 2017, \$12.0 million during 2016, and \$10.4 million during 2015.

**A. Restricted Stock**

The following table summarizes our common stock grant activity under our 2012 Plan. Our outstanding restricted stock vests over periods ranging from immediately to five years.

	2017		2016		2015	
	Number of shares	Weighted average price <sup>(1)</sup>	Number of shares	Weighted average price <sup>(1)</sup>	Number of shares	Weighted average price <sup>(1)</sup>
Outstanding nonvested shares, beginning of year	513,523	\$ 48.33	456,282	\$ 30.46	527,176	\$ 29.02
Shares granted	149,264	\$ 59.21	260,171	\$ 54.14	161,949	\$ 50.87
Shares vested	(183,381)	\$ 46.65	(200,066)	\$ 43.26	(205,248)	\$ 37.70
Shares forfeited	(3,638)	\$ 56.57	(2,864)	\$ 48.15	(27,595)	\$ 45.58
Outstanding nonvested shares, end of each period	<u>475,768</u>	\$ 52.32	<u>513,523</u>	\$ 48.33	<u>456,282</u>	\$ 30.46

<sup>(1)</sup> Grant date fair value.

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

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

During 2017, 28,000 shares were granted to our Board of Directors, of which 20,000 vested immediately and 8,000 shares vest annually in equal parts over a three-year service period.

Shares granted to employees typically vest annually in equal parts over a four-year or five-year service period. During 2017, 121,264 shares were granted to our employees, of which 48,338 will vest over a five-year service period and 72,926 will vest over a four-year service period.

As of December 31, 2017, the remaining unamortized share-based compensation expense related to restricted stock totaled \$18.0 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.

### *B. Performance Shares*

During 2017, 2016 and 2015, we granted performance share awards, as well as dividend equivalent rights, to our executive officers. The number of performance shares that vest is based on the achievement of the following performance goals:

<u>2017 Performance Awards Metrics</u>	<u>Weighting</u>
Total shareholder return ("TSR") relative to RMS Index	45%
TSR relative to JP Morgan Net Lease Peers	26%
Dividend per share growth rate	16%
Debt-to-EBITDA ratio	13%

<u>2016 &amp; 2015 Performance Awards Metrics</u>	<u>Weighting</u>
Total shareholder return ("TSR") relative to MSCI US REIT Index	50%
TSR relative to NAREIT Freestanding Index	20%
Dividend per share growth rate	20%
Debt-to-EBITDA ratio	10%

The performance shares are earned based on our performance, and vest 50% on the first and second January 1 after the end of the three year performance period, subject to continued service. The performance period for the 2015 performance awards began on January 1, 2015 and ended on December 31, 2017. The performance period for the 2016 performance awards began on January 1, 2016 and will end on December 31, 2018. The performance period for the 2017 performance awards began on January 1, 2017 and will end on December 31, 2019.

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The fair value of the performance shares was estimated on the date of grant using a Monte Carlo Simulation model. The following table summarizes our performance share grant activity:

	2017		2016		2015	
	Number of performance shares	Weighted average price <sup>(1)</sup>	Number of performance shares	Weighted average price <sup>(1)</sup>	Number of performance shares	Weighted average price <sup>(1)</sup>
Outstanding nonvested shares, beginning of year	159,751	\$ 49.95	115,121	\$ 46.94	59,405	\$ 41.46
Shares granted	124,681	\$ 71.79	58,575	\$ 55.07	55,716	\$ 52.78
Shares vested	(39,123)	\$ 41.60	(10,454)	\$ 44.54	-	\$ -
Shares forfeited	-	\$ -	(3,491)	\$ 52.55	-	\$ -
Outstanding nonvested shares, end of each period	<u>245,309</u>	\$ 62.49	<u>159,751</u>	\$ 49.95	<u>115,121</u>	\$ 46.94

<sup>(1)</sup> Grant date fair value.

As of December 31, 2017, the remaining share-based compensation expense related to the performance shares totaled \$7.9 million and is being recognized on a tranche-by-tranche basis over the service period.

**C. Restricted Stock Units**

During 2017 and 2016 we also granted restricted stock units that vest over a four-year or a five-year service period and have the same economic rights as shares of restricted stock:

	2017		2016		2015	
	Number of restricted stock units	Weighted average price <sup>(1)</sup>	Number of restricted stock units	Weighted average price <sup>(1)</sup>	Number of restricted stock units	Weighted average price <sup>(1)</sup>
Outstanding nonvested shares, beginning of year	18,460	\$ 52.65	10,136	\$ 52.21	-	\$ -
Shares granted	10,467	\$ 60.56	14,783	\$ 52.76	10,136	\$ 52.21
Shares vested	(4,058)	\$ 52.70	(6,459)	\$ 52.21	-	\$ -
Outstanding nonvested shares, end of each period	<u>24,869</u>	\$ 55.97	<u>18,460</u>	\$ 52.65	<u>10,136</u>	\$ 52.21

<sup>(1)</sup> Grant date fair value.

As of December 31, 2017, the remaining share-based compensation expense related to the restricted stock units totaled \$935,000 and is being recognized on a straight-line basis over the service period.

**18. Segment Information**

We evaluate performance and make resource allocation decisions on an industry by industry basis. For financial reporting purposes, we have grouped our tenants into 47 activity segments. All of the properties are incorporated into one of the applicable segments. Because almost all of our leases require the tenant to pay operating expenses, rental revenue is the only component of segment profit and loss we measure.



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

<b>Assets, as of December 31:</b>	<b>2017</b>	<b>2016</b>
Segment net real estate:		
Apparel	\$ 164,919	\$ 175,418
Automotive service	213,156	152,220
Automotive tire services	247,557	238,151
Beverages	289,170	293,447
Child care	61,527	49,584
Convenience stores	997,170	1,050,285
Dollar stores	1,105,097	1,120,896
Drug stores	1,518,443	1,541,846
Financial services	384,867	408,228
General merchandise	313,181	248,040
Grocery stores	793,286	464,359
Health and fitness	896,430	823,697
Home improvement	407,002	311,459
Motor vehicle dealerships	204,651	197,713
Restaurants-casual dining	494,977	511,863
Restaurants-quick service	681,763	574,532
Theaters	566,585	370,732
Transportation services	776,068	796,717
Wholesale club	426,551	439,557
Other non-reportable segments	2,134,099	2,135,047
<b>Total segment net real estate</b>	<b>12,676,499</b>	<b>11,903,791</b>
Intangible assets:		
Apparel	36,600	43,786
Automotive service	64,388	33,160
Automotive tire services	10,383	11,533
Beverages	2,022	2,280
Convenience stores	45,445	14,372
Dollar stores	47,905	51,249
Drug stores	173,893	182,981
Financial services	24,867	29,749
General merchandise	50,184	43,248
Grocery stores	140,780	65,412
Health and fitness	76,276	63,574
Home improvement	61,045	49,932
Motor vehicle dealerships	31,720	25,032
Restaurants-casual dining	20,079	22,058
Restaurants-quick service	51,711	43,356
Theaters	26,448	13,822
Transportation services	87,162	101,664
Wholesale club	29,596	32,723
Other non-reportable segments	214,426	252,389
Goodwill:		
Automotive service	437	440
Automotive tire services	862	862
Child care	4,924	4,945
Convenience stores	2,004	2,008
Restaurants-casual dining	2,062	2,107
Restaurants-quick service	1,064	1,068
Other non-reportable segments	3,617	3,637
Other corporate assets	171,767	151,693
<b>Total assets</b>	<b>\$ 14,058,166</b>	<b>\$ 13,152,871</b>

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Revenue for the years ended December 31,	2017	2016	2015
Segment rental revenue:			
Apparel	\$ 19,190	\$ 19,975	\$ 19,819
Automotive service	25,291	20,212	18,632
Automotive tire services	29,560	28,754	28,627
Beverages	31,174	27,587	25,451
Child care	20,775	19,712	19,949
Convenience stores	111,023	91,784	90,093
Dollar stores	91,076	90,746	88,126
Drug stores	126,555	117,758	103,324
Financial services	28,744	18,769	17,044
General merchandise	23,752	18,976	16,411
Grocery stores	50,731	32,815	29,506
Health and fitness	88,146	85,901	75,881
Home improvement	30,324	25,695	23,112
Motor vehicle dealerships	23,989	20,329	15,332
Restaurants-casual dining	43,876	42,312	37,645
Restaurants-quick service	59,638	52,674	41,407
Theaters	58,443	51,926	49,456
Transportation services	62,337	57,694	51,745
Wholesale club	37,646	37,531	37,391
Other non-reportable segments	203,954	196,263	187,914
Total rental revenue	1,166,224	1,057,413	976,865
Tenant reimbursements	46,082	43,104	42,015
Other revenue	3,462	2,655	4,405
Total revenue	\$ 1,215,768	\$ 1,103,172	\$ 1,023,285

**19. Commitments and Contingencies**

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

At December 31, 2017, we had commitments of \$13.8 million for re-leasing costs, recurring capital expenditures, and non-recurring building improvements. In addition, as of December 31, 2017, we had committed \$64.4 million under construction contracts, which is expected to be paid in the next twelve months.

We have certain properties that are subject to ground leases which are accounted for as operating leases. At December 31, 2017, minimum future rental payment for the next five years and thereafter are as follows (dollars in millions):

	Ground Leases Paid by Realty Income <sup>(1)</sup>	Ground Leases Paid by Our Tenants <sup>(2)</sup>	Total
2018	\$ 1.7	\$ 13.5	\$ 15.2
2019	1.5	13.4	14.9
2020	1.4	13.2	14.6
2021	1.2	12.9	14.1
2022	1.2	12.8	14.0
Thereafter	20.9	94.1	115.0
Total	\$ 27.9	\$ 159.9	\$ 187.8

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

<sup>(2)</sup> 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.

**20. Subsequent Events**

- In January and February 2018, we declared a dividend of \$0.219, which will be paid in February 2018 and March 2018, respectively.
- In January 2018, we repaid all \$350.0 million of outstanding 2.000% notes, plus accrued and unpaid interest.
- In January 2018, we repaid all \$125.9 million of outstanding 1.520% notes, plus accrued and unpaid interest.

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 Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year <sup>(1)</sup>
<b>2017</b>					
Total revenue	\$ 298,025	\$ 300,170	\$ 306,920	\$ 310,654	\$ 1,215,768
Depreciation and amortization expense	121,097	123,089	127,569	127,033	498,788
Interest expense	59,305	63,679	62,951	61,477	247,413
Other expenses	39,120	34,982	32,646	41,974	148,721
Net income	89,035	81,259	88,073	60,952	319,318
Net income available to common stockholders	71,586	81,136	87,940	60,852	301,514
Net income per common share					
Basic and diluted	0.27	0.30	0.32	0.22	1.10
Dividends paid per common share	0.6235	0.6330	0.6345	0.6360	2.5270
<b>2016</b>					
Total revenue	\$ 267,116	\$ 271,039	\$ 277,174	\$ 287,843	\$ 1,103,172
Depreciation and amortization expense	107,933	110,342	113,917	117,752	449,943
Interest expense	60,678	57,409	52,952	48,935	219,974
Other expenses	30,310	35,878	37,438	35,128	138,757
Net income	70,484	76,068	77,202	92,724	316,477
Net income available to common stockholders	63,473	69,045	70,302	85,671	288,491
Net income per common share					
Basic and diluted	0.25	0.27	0.27	0.33	1.13
Dividends paid per common share	0.5880	0.5970	0.6005	0.6060	2.3915

<sup>(1)</sup> Amounts for each period are calculated independently. The sum of the quarters may differ from the annual amount.

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

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

**Item 9A: Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes 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, 2017, 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 (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's internal control over financial reporting. Management has concluded that the Company's internal control over financial reporting was effective as of the end of the most recent fiscal year. KPMG LLP has issued an attestation report on the effectiveness of the Company's internal control over financial reporting.

Submitted on February 22, 2018 by,

John P. Case, Chief Executive Officer

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

### **Changes in Internal Controls**

There were no changes to our internal control over financial reporting that occurred during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As of December 31, 2017, 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 2018 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 18, 2018.

**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 2018 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 2018 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 2018 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 2018 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference.

**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, 2017 and 2016
  - c. Consolidated Statements of Income, Years ended December 31, 2017, 2016 and 2015
  - d. Consolidated Statements of Equity, Years ended December 31, 2017, 2016 and 2015
  - e. Consolidated Statements of Cash Flows, Years ended December 31, 2017, 2016 and 2015
  - f. Notes to Consolidated Financial Statements
  - g. Consolidated Quarterly Financial Data, (unaudited) for 2017 and 2016
2. Financial Statement Schedule. Reference is made to page F-1 of this report for Schedule III Real Estate and Accumulated Depreciation (electronically filed with the Securities and Exchange Commission).

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

3. Exhibits

**Articles of Incorporation and By-Laws**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
2.1	<a href="#">Agreement and Plan of Merger, dated as of September 6, 2012, by and among Realty Income Corporation, Tau Acquisition LLC and American Realty Capital Trust, Inc. (filed as exhibit 2.1 to the Company's Form 8-K, filed on September 6, 2012 and incorporated herein by reference).</a>
2.2	<a href="#">First Amendment to Agreement and Plan of Merger, dated as of January 6, 2013, by and among Realty Income Corporation, Tau Acquisition LLC and American Realty Capital Trust, Inc. (filed as exhibit 2.1 to the Company's Form 8-K, filed on January 7, 2013 and incorporated herein by reference).</a>
3.1	<a href="#">Articles of Incorporation of the Company, as amended by amendment No. 1 dated May 10, 2005 and amendment No. 2 dated May 10, 2005 (filed as exhibit 3.1 to the Company's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference), amendment No. 3 dated July 29, 2011 (filed as exhibit 3.1 to the Company's Form 8-K, filed on August 2, 2011 and incorporated herein by reference); and amendment No. 4 dated June 21, 2012 (filed as exhibit 3.1 to the Company's Form 8-K, filed on June 21, 2012 and incorporated herein by reference).</a>

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- 3.2 [Amended and Restated Bylaws of the Company dated June 16, 2015 \(filed as exhibit 3.1 to the Company's Form 8-K filed on June 17, 2015 and incorporated herein by reference\)](#)
- 3.3 [Articles Supplementary to the Articles of Incorporation of the Company classifying and designating the 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock, dated February 3, 2012 \(the "First Class F Articles Supplementary"\) \(filed as exhibit 3.1 to the Company's Form 8-K, filed on February 3, 2012 and incorporated herein by reference\).](#)
- 3.4 [Certificate of Correction to the First Class F Articles Supplementary, dated April 11, 2012 \(filed as exhibit 3.2 to the Company's Form 8-K, filed on April 17, 2012 and incorporated herein by reference\).](#)
- 3.5 [Articles Supplementary to the Articles of Incorporation of the Company classifying and designating additional shares of the 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock, dated April 17, 2012 \(filed as exhibit 3.3 to the Company's Form 8-K, filed on April 17, 2012 and incorporated herein by reference\).](#)

**Instruments defining the rights of security holders, including indentures**

- 4.1 [Indenture dated as of October 28, 1998 between the Company and The Bank of New York \(filed as exhibit 4.1 to the Company's Form 8-K, filed on October 28, 1998 and incorporated herein by reference\).](#)
- 4.2 [Form of 5.875% Senior Notes due 2035 \(filed as exhibit 4.2 to the Company's Form 8-K, filed on March 11, 2005 and incorporated herein by reference\).](#)
- 4.3 [Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.875% Senior Debentures due 2035 \(filed as exhibit 4.3 to the Company's Form 8-K, filed on March 11, 2005 and incorporated herein by reference\).](#)
- 4.4 [Form of 5.750% Notes due 2021 \(filed as exhibit 4.2 to Company's Form 8-K, filed on June 29, 2010 and incorporated herein by reference\).](#)
- 4.5 [Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Mellon Trust Company, N.A., as Successor Trustee, establishing a series of securities entitled 5.750% Notes due 2021 \(filed as exhibit 4.3 to the Company's Form 8-K, filed on June 29, 2010 and incorporated herein by reference\).](#)
- 4.6 [Form of Common Stock Certificate \(filed as exhibit 4.16 to the Company's Form 10-Q for the quarter ended September 30, 2011 and incorporated herein by reference\).](#)
- 4.7 [Form of Preferred Stock Certificate representing the 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock \(filed as exhibit 4.1 to the Company's Form 8-K, filed on February 3, 2012 and incorporated herein by reference\).](#)
- 4.8 [Form of 2.000% Note due 2018 \(filed as exhibit 4.2 to Company's Form 8-K, filed on October 10, 2012 and incorporated herein by reference\).](#)
- 4.9 [Form of 3.250% Note due 2022 \(filed as exhibit 4.3 to Company's Form 8-K, filed on October 10, 2012 and incorporated herein by reference\).](#)
- 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 Mellon Trust Company, N.A., as successor trustee, establishing a series of securities entitled "2.000% Notes due 2018" and establishing a series of securities entitled "3.250% Notes due 2022" \(filed as exhibit 4.4 to the Company's Form 8-K, filed on October 10, 2012 and incorporated herein by reference\).](#)

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- 4.11 [Form of 4.650% Note due 2023 \(filed as exhibit 4.2 to Company's Form 8-K, filed on July 16, 2013 and incorporated herein by reference\).](#)
- 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 Mellon Trust Company, N.A., as successor trustee, establishing a series of securities entitled "4.650% Notes due 2023" \(filed as exhibit 4.3 to the Company's Form 8-K, filed on July 16, 2013 and incorporated herein by reference\).](#)
- 4.13 [Form of 3.875% Note due 2024 \(filed as exhibit 4.2 to Company's Form 8-K, filed on June 25, 2014 and incorporated herein by reference\).](#)
- 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 Mellon Trust Company, N.A., as successor trustee, establishing a series of securities entitled "3.875% Notes due 2024" \(filed as exhibit 4.3 to the Company's Form 8-K, filed on June 25, 2014 and incorporated herein by reference\).](#)
- 4.15 [Form of 4.125% Note due 2026 \(filed as exhibit 4.2 to Company's Form 8-K, filed on September 23, 2014 and incorporated herein by reference\).](#)
- 4.16 [Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee, establishing a series of securities entitled "4.125% Notes due 2026" \(filed as exhibit 4.3 to the Company's Form 8-K, filed on September 23, 2014 and incorporated herein by reference\).](#)
- 4.17 [Form of 3.000% Note due 2027 \(filed as exhibit 4.2 to Company's Form 8-K, filed on October 12, 2016 and incorporated herein by reference\).](#)
- 4.18 [Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee, establishing a series of securities entitled "3.000% Notes due 2027" \(filed as exhibit 4.3 to the Company's Form 8-K, filed on October 12, 2016 and incorporated herein by reference\).](#)
- 4.19 [Form of 4.650% Note due 2047 \(filed as exhibit 4.2 to Company's Form 8-K, filed on March 15, 2017 and incorporated herein by reference\).](#)
- 4.20 [Form of 4.125% Note due 2026 \(filed as exhibit 4.3 to Company's Form 8-K, filed on March 15, 2017 and incorporated herein by reference\).](#)
- 4.21 [Officers' Certificate pursuant to Sections 201, 301, and 303 of the Indenture dated October 28, 1998 between the Company and The bank of New York Mellon Trust Company, N.A. as successor trustee, establishing a series of securities entitled "4.650% Notes due 2047" and re-opening a series of securities entitled "4.125% Notes due 2026" \(filed as exhibit 4.4 to Company's Form 8-K, filed on March 15, 2017 and incorporated herein by reference\).](#)
- 4.22 [Form of 3.650% Note due 2028 \(filed as exhibit 4.2 to Company's Form 8-K, filed on December 6, 2017 and incorporated herein by reference\).](#)
- 4.23 [Form of 3.250% Note due 2022 \(filed as exhibit 4.3 to Company's Form 8-K, filed on December 6, 2017 and incorporated herein by reference\).](#)



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- 4.24 [Form of 4.650% Note due 2047 \(filed as exhibit 4.4 to Company's Form 8-K, filed on December 6, 2017 and incorporated herein by reference\).](#)
- 4.25 [Officers' Certificate pursuant to Sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee, establishing a series of securities entitled "3.650% Notes due 2028" and re-opening a series of securities entitled "3.250% Notes due 2022" and "4.650% Notes due 2047." \(filed as exhibit 4.5 to the Company's Form 8-K, filed on December 6, 2017 and incorporated herein by reference\).](#)

**Material Contracts**

- 10.1 [Management Incentive Plan \(filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference\).](#)
- 10.2 [Form of Nonqualified Stock Option Agreement for Independent Directors \(filed as Exhibit 10.11 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference\).](#)
- 10.3 [Form of Restricted Stock Agreement between the Company and Executive Officers under the 2003 Stock Incentive Award Plan of Realty Income Corporation \(filed as exhibit 10.11 to the Company's Form 8-K, filed on January 6, 2005 and dated January 1, 2005 and incorporated herein by reference\).](#)
- 10.4 [2003 Stock Incentive Award Plan of Realty Income Corporation, as amended and restated February 21, 2006 \(filed as exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2005 and incorporated herein by reference\).](#)
- 10.5 [Amendment dated May 15, 2007 to the Amended and Restated 2003 Stock Incentive Award Plan of Realty Income Corporation \(filed as exhibit 10.1 to the Company's Form 10-Q, for the quarter ended June 30, 2007 and incorporated herein by reference\).](#)
- 10.6 [Form of Restricted Stock Agreement under the 2003 Stock Incentive Award Plan of Realty Income Corporation \(filed as exhibit 10.2 to the Company's Form 10-Q, for the quarter ended June 30, 2007 and incorporated herein by reference\).](#)
- 10.7 [Amended and Restated Form of Employment Agreement between the Company and its Executive Officers \(filed as exhibit 10.1 to the Company's Form 8-K, filed on January 7, 2010 and dated January 5, 2010 and incorporated herein by reference\).](#)
- 10.8 [Form of Restricted Stock Agreement for John P. Case \(filed as exhibit 10.1 to the Company's Form 10-Q, for the quarter ended March 31, 2010 and incorporated herein by reference\).](#)
- 10.9 [Realty Income Corporation 2012 Incentive Award Plan \(filed as Appendix B to the Company's Proxy Statement on Schedule 14A filed on March 30, 2012 and incorporated herein by reference\).](#)
- 10.10 [Amended and Restated Credit Agreement dated May 10, 2012 \(filed as exhibit 10.1 to the Company's Form 8-K, filed on May 11, 2012 and incorporated herein by reference\).](#)
- 10.11 [Form of Restricted Stock Agreement for Employees under the Realty Income Corporation 2012 Incentive Award Plan \(filed as exhibit 10.1 to the Company's Form 8-K, filed on January 8, 2013 and incorporated herein by reference\).](#)
- 10.12 [Form of Restricted Stock Agreement for Non-Employee Directors under the Realty Income Corporation 2012 Incentive Award Plan \(filed as exhibit 10.2 to the Company's Form 8-K, filed on January 8, 2013 and incorporated herein by reference\).](#)

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- 10.13 [Term Loan Agreement, dated as of January 22, 2013, by and among Tau Operating Partnership, L.P. and Lenders \(as defined therein\) \(filed as exhibit 10.1 to the Company's Form 8-K, filed on January 23, 2013 and incorporated herein by reference\).](#)
- 10.14 [The First Amendment to Amended and Restated Credit Agreement among the Company, as Borrower, each of the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent \(filed as exhibit 10.1 to the Company's Form 8-K, filed on June 3, 2013 and incorporated herein by reference\).](#)
- 10.15 [Form of Amendment to Employment Agreement \(filed as exhibit 10.1 to the Company's Form 8-K, filed on June 19, 2013 and incorporated herein by reference\).](#)
- 10.16 [Form of Addendum to Restricted Stock Agreement \(filed as exhibit 10.2 to the Company's Form 8-K, filed on June 19, 2013 and incorporated herein by reference\).](#)
- 10.17 [The Second Amendment to Amended and Restated Credit Agreement among the Company, as Borrower, each of the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent \(filed as exhibit 10.1 to the Company's Form 8-K, filed on August 28, 2013 and incorporated herein by reference\).](#)
- 10.18 [Form of Time-Based Restricted Stock Agreement for John P. Case dated September 3, 2013 \(filed as exhibit 10.7 to the Company's Form 10-Q, for the quarter ended September 30, 2013 and incorporated herein by reference\).](#)
- 10.19 [Form of Performance-Based Restricted Stock Agreement for John P. Case dated September 26, 2013 \(filed as exhibit 10.8 to the Company's Form 10-Q, for the quarter ended September 30, 2013 and incorporated herein by reference\).](#)
- 10.20 [The Third Amendment to Amended and Restated Credit Agreement among the Company, as Borrower, each of the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent \(filed as exhibit 10.1 to the Company's Form 8-K, filed on October 29, 2013 and incorporated herein by reference\).](#)
- 10.21 [Form of Performance Share Award Agreement \(filed as exhibit 99.1 to the Company's Form 8-K, filed on April 11, 2014 and incorporated herein by reference\).](#)
- 10.22 [Severance Agreement for Gary M. Malino \(filed as exhibit 10.2 to the Company's Form 10-Q, filed on October 30, 2014 and incorporated herein by reference\).](#)
- 10.23 [Amended and Restated Form Indemnification Agreement, between the Company and each executive officer and each director of the Board of Directors of the Company \(filed as exhibit 10.1 to the Company's Form 8-K, filed on October 30, 2014 and incorporated herein by reference\).](#)
- 10.24 [Form of Performance Share Award Agreement \(filed as exhibit 10.1 to the Company's Form 10-Q, filed on April 30, 2015 and incorporated herein by reference\).](#)
- 10.25 [Dividend Reinvestment and Stock Purchase Plan \(filed pursuant to Rule 424\(b\)\(5\) under the Securities Act of 1933, as amended, on February 23, 2015, as a prospectus supplement to the Company's prospectus dated February 22, 2013 \(File No. 333-186788\) and incorporated herein by reference\).](#)
- 10.26 [Credit Agreement dated June 30, 2015 \(filed as exhibit 10.1 to the Company's Form 8-K, filed on July 2, 2015 and incorporated herein by reference\).](#)
- 10.27 [Dividend Reinvestment and Stock Purchase Plan \(filed pursuant to Rule 424\(b\)\(5\) under the Securities Act of 1933, as amended, on July 30, 2015, as a prospectus supplement to the Company's prospectus dated February 22, 2013 \(File No. 333-186788\) and incorporated herein by reference\).](#)

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- 10.28 [Form of Restricted Stock Agreement \(filed as exhibit 10.30 to the Company's Form 10-K for the year ended December 31, 2015 and incorporated herein by reference\).](#)
- 10.29 [Form of Restricted Stock Unit Award Agreement \(filed as exhibit 10.31 to the Company's Form 10-K for the year ended December 31, 2015 and incorporated herein by reference\).](#)
- 10.30 [Form of Second Amendment to Employment Agreement \(filed as exhibit 10.32 to the Company's Form 10-K for the year ended December 31, 2015 and incorporated herein by reference\).](#)
- 10.31 [First Amendment to Realty Income Corporation 2012 Incentive Award Plan. \(filed as exhibit 10.33 to the Company's Form 10-K, filed on February 23, 2017 and incorporated herein by reference\).](#)
- 10.32 [Second Amendment to Realty Income Corporation 2012 Incentive Award Plan \(filed as exhibit 10.1 to the Company's Form 8-K, filed on February 17, 2017 and incorporated herein by reference\).](#)
- 10.33 [Amended and Restated Employment Agreement dated February 14, 2017 between the Company and John P. Case \(filed as exhibit 10.2 to the Company's Form 10-Q for the period ended March 31, 2017 and incorporated herein by reference\).](#)
- 10.34 [Form of Performance Share Award Agreement \(filed as exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2017 and incorporated herein by reference\).](#)

## **Statement of Ratios**

- \*12.1 [Statements re computation of ratios.](#)

## **Subsidiaries of the Registrant**

- \*21.1 [Subsidiaries of the Company as of February 22, 2018.](#)

## **Consents of Experts and Counsel**

- \*23.1 [Consent of Independent Registered Public Accounting Firm.](#)

## **Certifications**

- \*31.1 [Rule 13a-14\(a\) Certifications as filed by the Chief Executive Officer pursuant to SEC release No. 33-8212 and 34-47551.](#)
- \*31.2 [Rule 13a-14\(a\) Certifications as filed by the Chief Financial Officer pursuant to SEC release No. 33-8212 and 34-47551.](#)
- \*32 [Section 1350 Certifications as furnished by the Chief Executive Officer and the Chief Financial Officer pursuant to SEC release No. 33-8212 and 34-47551.](#)

## **Interactive Data Files**

- \*101 The following materials from Realty Income Corporation's Annual Report on Form 10-K for the year ended December 31, 2017, formatted in Extensible Business Reporting Language: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, (v) Notes to Consolidated Financial Statements, and (vi) Schedule III Real Estate and Accumulated Depreciation.
- \* Filed herewith.

**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/JOHN P. CASE Date: February 22, 2018  
John P. Case  
Chief Executive Officer

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

By: /s/MICHAEL D. MCKEE Date: February 22, 2018  
Michael D. McKee  
Non-Executive Chairman of the Board of Directors

By: /s/KATHLEEN R. ALLEN, Ph.D. Date: February 22, 2018  
Kathleen R. Allen, Ph.D.  
Director

By: /s/JOHN P. CASE Date: February 22, 2018  
John P. Case  
Director, Chief Executive Officer  
(Principal Executive Officer)

By: /s/A. LARRY CHAPMAN Date: February 22, 2018  
A. Larry Chapman  
Director

By: /s/PRIYA CHERIAN HUSKINS Date: February 22, 2018  
Priya Cherian Huskins  
Director

By: /s/GREGORY T. MCLAUGHLIN Date: February 22, 2018  
Gregory T. McLaughlin  
Director

By: /s/RONALD L. MERRIMAN Date: February 22, 2018  
Ronald L. Merriman  
Director

By: /s/STEPHEN E. STERRETT Date: February 22, 2018  
Stephen E. Sterrett  
Director

By: /s/PAUL M. MEURER Date: February 22, 2018  
Paul M. Meurer  
Executive Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

By: /s/SEAN P. NUGENT Date: February 22, 2018  
Sean P. Nugent  
Senior Vice President, Controller  
(Principal Accounting Officer)



Tucson	AZ	194,250	431,434	None	None	194,250	431,434	625,684	431,434	10/30/1987	300
Grass Valley	CA	325,000	384,955	None	None	325,000	384,955	709,955	384,955	5/20/1988	300
Sacramento	CA	210,000	466,419	None	None	210,000	466,419	676,419	466,419	11/25/1987	300
Colorado Springs	CO	520,000	922,073	None	None	520,000	922,073	1,442,073	50,714	8/30/2016	300
Denver	CO	141,400	314,056	None	82	141,400	314,138	455,538	314,138	11/18/1987	300

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Lebanon	PA		360,751	802,338	14,764	None	360,751	817,102	1,177,853	106,054		11/21/2014	300
New Castle	PA		180,009	525,774	91,802	None	180,009	617,576	797,585	469,775		6/30/1998	300
Reading	PA		379,000	658,722	43,750	None	379,000	702,472	1,081,472	508,600	6/9/1999	12/4/1998	300
Guayama	PR	956,494	874,937	1,806,689		None	874,937	1,806,689	2,681,626	358,327		1/22/2013	300
Humacao	PR	1,458,653	1,161,891	2,399,229		None	1,161,891	2,399,229	3,561,120	475,847		1/22/2013	300

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Michigan City	IN	392,638	297,650	(3,065)	None	389,573	297,650	687,223	186,030	5/14/2002	300
Warsaw	IN	140,893	228,116	None	None	140,893	228,116	369,009	142,571	5/14/2002	300
Topeka	KS	32,022	60,368	None	None	32,022	60,368	92,390	24,851	9/4/2007	300
Wichita	KS	787,377	1,463,936	78,745	70,913	787,377	1,613,594	2,400,971	699,499	11/1/2006	300
Wichita	KS	550,000	1,103,825	None	None	550,000	1,103,825	1,653,825	12,878	9/21/2017	300

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Portland	OR	251,499	345,952	None	58	251,499	346,010	597,509	211,081	9/26/2002	300
Salem	OR	337,711	253,855	None	58	337,711	253,913	591,624	158,709	5/14/2002	300
Bethel Park	PA	299,595	331,264	None	114	299,595	331,378	630,973	265,684	12/19/1997	300
Bethlehem	PA	275,328	389,067	None	172	275,328	389,239	664,567	312,080	12/19/1997	300
Bethlehem	PA	229,162	310,526	None	172	229,162	310,698	539,860	249,106	12/24/1997	300

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Decatur	AL	635,111	1,181,499	None	None	635,111	1,181,499	1,816,610	525,763		11/22/2006	300
Decatur	AL	1,100,000	1,336,744	None	None	1,100,000	1,336,744	2,436,744	42,330		3/29/2017	300
Dothan	AL	455,651	565,343	None	None	455,651	565,343	1,020,994	206,910	10/17/2008	6/10/2008	300
Foley	AL	870,031	1,617,357	None	None	870,031	1,617,357	2,487,388	719,720		11/22/2006	300
Gardendale	AL	610,055	1,134,554	None	None	610,055	1,134,554	1,744,609	504,538		11/22/2006	300

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Cleveland	OH	582,107	1,081,848	None	None	582,107	1,081,848	1,663,955	611,240		11/29/2003	300
Columbus	OH	385,878	717,422	None	None	385,878	717,422	1,103,300	405,340		11/29/2003	300
Edmond	OK	1,240,403	2,561,350	None	None	1,240,403	2,561,350	3,801,753	508,001		1/22/2013	300
Oklahoma City	OK	509,370	752,691	None	None	509,370	752,691	1,262,061	558,417	4/14/1999	9/24/1998	300
Oklahoma City	OK	1,127,056	2,327,297	15,950	None	1,127,056	2,343,247	3,470,303	462,528		1/22/2013	300

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Chino	CA	155,000	634,071	None	32,148	155,000	666,219	821,219	653,262	10/6/1983	180
Chula Vista	CA	350,563	778,614	None	43,353	350,563	821,967	1,172,530	821,967	10/30/1987	300
El Cajon	CA	157,804	731,621	2,540	44,802	157,804	778,963	936,767	778,000	12/19/1985	300
Escondido	CA	276,286	613,638	5,000	44,375	276,286	663,013	939,299	662,120	12/31/1987	300
Folsom	CA	281,563	625,363	None	None	281,563	625,363	906,926	625,363	10/23/1987	300

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Beavercreek	OH	179,552	398,786	None	None	179,552	398,786	578,338	398,786	6/30/1987	300
Centerville	OH	174,519	387,613	79,900	3,249	174,519	470,762	645,281	395,852	7/23/1987	300
Cincinnati	OH	170,778	379,305	None	85	170,778	379,390	550,168	379,389	9/28/1987	300
Dublin	OH	84,000	389,446	None	None	84,000	389,446	473,446	389,446	10/8/1985	300
Englewood	OH	74,000	343,083	None	85	74,000	343,168	417,168	343,168	10/23/1985	300

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Mesa	AZ	890,000	1,081,637	None	None	890,000	1,081,637	1,971,637	596,700	3/18/2004	300
Mesa	AZ	780,000	1,071,637	None	None	780,000	1,071,637	1,851,637	591,184	3/18/2004	300
Mesa	AZ	900,000	1,191,637	None	None	900,000	1,191,637	2,091,637	657,384	3/18/2004	300
Payson	AZ	210,000	351,637	None	None	210,000	351,637	561,637	193,984	3/18/2004	300
Payson	AZ	260,000	311,637	None	None	260,000	311,637	571,637	171,917	3/18/2004	300

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Naples	FL	620,000	381,637	None	None	620,000	381,637	1,001,637	210,534	3/18/2004	300
Naples	FL	1,372,465	1,715,927	None	None	1,372,465	1,715,927	3,088,392	71,055	12/21/2016	300
Naples	FL	3,600,000	1,536,146	None	None	3,600,000	1,536,146	5,136,146	63,696	12/21/2016	300
New Port Richey	FL	190,000	601,637	None	None	190,000	601,637	791,637	331,900	3/18/2004	300
North Fort Myers	FL	140,000	281,637	None	None	140,000	281,637	421,637	155,367	3/18/2004	300

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Michigan City	IN	227,500	422,249	1,500	None	227,500	423,749	651,249	173,918	10/9/2007	300
Mishawaka	IN	123,983	231,743	2,000	None	123,983	233,743	357,726	100,487	5/25/2007	300
Morristown	IN	366,590	682,082	2,000	None	366,590	684,082	1,050,672	291,881	5/25/2007	300
Muncie	IN	103,950	193,870	None	None	103,950	193,870	297,820	82,391	5/25/2007	300
Muncie	IN	184,237	342,974	2,000	None	184,237	344,974	529,211	147,761	5/25/2007	300

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Ham Lake	MN	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	513,363	12/1/2010	300
Hastings	MN	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	513,363	12/1/2010	300
Inver Grove Heigh	MN	134,705	248,666	1,500	None	134,705	250,166	384,871	71,103	12/1/2010	300
Inver Grove Heigh	MN	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	513,363	12/1/2010	300
Lakeville	MN	631,855	1,171,446	2,000	None	631,855	1,173,446	1,805,301	331,374	12/1/2010	300

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Pearl	MS	544,488	1,011,733	None	None	544,488	1,011,733	1,556,221	507,553	6/30/2005	300
Philadelphia	MS	472,960	878,735	None	None	472,960	878,735	1,351,695	440,832	6/30/2005	300
Southaven	MS	310,000	641,637	None	None	310,000	641,637	951,637	353,967	3/18/2004	300
Terry	MS	583,901	1,084,930	None	None	583,901	1,084,930	1,668,831	544,273	6/30/2005	300
Waveland	MS	180,000	331,637	None	None	180,000	331,637	511,637	182,950	3/18/2004	300

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Tulsa	OK	126,545	508,266	None	None	126,545	508,266	634,811	417,584	6/27/1997	300
Yukon	OK	618,155	1,211,121	2,000	None	618,155	1,213,121	1,831,276	220,920	6/27/2013	300
Yukon	OK	390,000	696,726	1,500	None	390,000	698,226	1,088,226	127,247	6/27/2013	300
Yukon	OK	713,299	1,398,650	1,000	None	713,299	1,399,650	2,112,949	254,538	6/27/2013	300
Yukon	OK	813,732	1,594,318	1,000	None	813,732	1,595,318	2,409,050	290,084	6/27/2013	300

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Chattanooga	TN	283,209	527,201	None	None	283,209	527,201	810,410	299,620	10/16/2003	300
Chattanooga	TN	542,500	1,008,742	None	None	542,500	1,008,742	1,551,242	573,295	10/16/2003	300
Chattanooga	TN	332,500	618,742	None	None	332,500	618,742	951,242	351,645	10/16/2003	300
Chattanooga	TN	300,373	559,077	(39,679)	None	260,694	559,077	819,771	317,736	10/16/2003	300
Chattanooga	TN	175,000	326,242	(24,664)	None	150,336	326,242	476,578	185,408	10/16/2003	300

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Gordonsville	VA	2,190,000	2,286,653	3,000	None	2,190,000	2,289,653	4,479,653	363,228	1/31/2014	300
Highland Springs	VA	396,720	598,547	None	None	396,720	598,547	995,267	354,133	3/19/2003	300
Honaker	VA	492,303	915,307	None	None	492,303	915,307	1,407,610	370,698	11/29/2007	300
Martinsville	VA	246,820	373,653	None	None	246,820	373,653	620,473	221,071	3/19/2003	300
Martinsville	VA	83,521	128,706	None	None	83,521	128,706	212,227	76,144	3/19/2003	300

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Jasper	AL	276,246	897,800	None	None	276,246	897,800	1,174,046	178,064	1/22/2013	300
Jasper	AL	282,574	918,366	None	None	282,574	918,366	1,200,940	182,143	1/22/2013	300
Jasper	AL	280,753	912,446	None	None	280,753	912,446	1,193,199	180,968	1/22/2013	300
Lillian	AL	203,832	985,500	None	None	203,832	985,500	1,189,332	156,038	1/31/2014	300
Livingston	AL	239,319	941,481	None	None	239,319	941,481	1,180,800	164,759	8/22/2013	300

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Fort Myers	FL	282,549	1,111,551	None	None	282,549	1,111,551	1,394,100	194,521	8/22/2013	300
Ft White	FL	200,000	947,109	61,239	None	200,000	1,008,348	1,208,348	153,843	1/15/2014	300
Ft. Walton Beach	FL	294,345	1,157,955	None	None	294,345	1,157,955	1,452,300	202,642	8/22/2013	300
Ft. White	FL	204,195	803,305	None	None	204,195	803,305	1,007,500	140,578	8/22/2013	300
Gainesville	FL	491,957	913,635	None	None	491,957	913,635	1,405,592	184,250	12/14/2012	300

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Carrollton	GA	184,110	724,290	None	None	184,110	724,290	908,400	126,751	8/22/2013	300
Carrollton	GA	266,882	1,049,918	None	None	266,882	1,049,918	1,316,800	183,736	8/22/2013	300
Collins	GA	120,219	876,179	None	None	120,219	876,179	996,398	138,728	1/31/2014	300
Conyers	GA	737,753	1,370,114	None	None	737,753	1,370,114	2,107,867	303,708	6/1/2012	300
Dalton	GA	401,120	748,837	None	None	401,120	748,837	1,149,957	118,566	1/24/2014	300

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Wichita	KS	533,216	825,154	None	None	533,216	825,154	1,358,370	171,907	10/31/2012	300
Wichita	KS	530,000	901,373	None	None	530,000	901,373	1,431,373	187,786	10/31/2012	300
Wichita	KS	625,585	968,095	None	None	625,585	968,095	1,593,680	201,687	10/31/2012	300
Wichita	KS	541,521	838,007	None	None	541,521	838,007	1,379,528	174,585	10/31/2012	300
Wichita	KS	498,745	771,810	None	None	498,745	771,810	1,270,555	160,794	10/31/2012	300

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Kansas City	MO	277,016	995,336	None	None	277,016	995,336	1,272,352	96,264	10/9/2015	274
Louisiana	MO	186,741	734,640	None	None	186,741	734,640	921,381	133,460	6/28/2013	300
Mansfield	MO	152,932	1,019,125	None	None	152,932	1,019,125	1,172,057	161,362	1/24/2014	300
Oronogo	MO	327,756	1,065,207	None	None	327,756	1,065,207	1,392,963	211,266	1/22/2013	300
Queen City	MO	309,915	1,007,222	None	None	309,915	1,007,222	1,317,137	199,766	1/22/2013	300

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Tularosa	NM	233,037	432,782	None	None	233,037	432,782	665,819	87,278	12/14/2012	300
Tularosa	NM	192,325	1,004,841	None	None	192,325	1,004,841	1,197,166	159,100	1/24/2014	300
Vanderwagon	NM	667,383	1,239,426	None	None	667,383	1,239,426	1,906,809	274,739	6/1/2012	300
Mesquite	NV	225,609	418,988	None	None	225,609	418,988	644,597	92,876	6/1/2012	300
Mesquite	NV	231,028	1,116,987	None	None	231,028	1,116,987	1,348,015	180,580	12/10/2013	300

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
 SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
 AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition	Carrying Costs	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)	
		Land	Buildings Improvements and Acquisition Fees			Improvements	Land	Buildings Improvements and Acquisition Fees					Total
Sun Valley	NV	364,207	1,432,793	None	None	364,207	1,432,793	1,797,000	250,739		8/22/2013	300	
Bath	NY	145,625	760,850	None	None	145,625	760,850	906,475	120,468		1/24/2014	300	
Binghamton	NY	256,309	728,197	None	None	256,309	728,197	984,506	103,161		6/30/2014	300	
Buffalo	NY	356,992	1,014,248	None	None	356,992	1,014,248	1,371,240	160,589		1/31/2014	300	
Chaumont	NY	137,438	915,872	None	None	137,438	915,872	1,053,310	145,013		1/24/2014	300	
Falconer	NY	541,451	1,340,506	None	None	541,451	1,340,506	1,881,957	212,247		1/24/2014	300	
Gouverneur	NY	485,614	901,855	None	None	485,614	901,855	1,387,469	181,874		12/14/2012	300	
Gowanda	NY	503,722	935,484	None	None	503,722	935,484	1,439,206	207,366		6/1/2012	300	
Malone	NY	119,467	577,603	70,380	None	119,467	647,983	767,450	98,586		12/20/2013	300	
Rochester	NY	307,714	890,061	73,108	None	307,714	963,169	1,270,883	93,366		10/9/2015	267	
Schenectady	NY	468,077	869,287	None	None	468,077	869,287	1,337,364	175,306		12/14/2012	300	
Schroon Lake	NY	106,612	777,013	22,967	None	106,612	799,980	906,592	126,909		12/20/2013	300	
Syracuse	NY	376,119	619,343	None	None	376,119	619,343	995,462	61,702		10/9/2015	266	
Andover	OH	469,209	871,388	None	None	469,209	871,388	1,340,597	175,730		12/14/2012	300	
Arcanum	OH	290,000	1,023,516	None	None	290,000	1,023,516	1,313,516	83,587		12/15/2015	300	
Bettsville	OH	60,000	1,088,485	None	None	60,000	1,088,485	1,148,485	88,893		12/15/2015	300	
Blanchester	OH	359,899	668,383	None	None	359,899	668,383	1,028,282	134,791		12/14/2012	300	
Bradford	OH	172,945	836,166	None	None	172,945	836,166	1,009,111	140,755		10/22/2013	300	
Bremen	OH	354,866	1,153,316	None	None	354,866	1,153,316	1,508,182	228,741		1/22/2013	300	
Cardington	OH	364,843	1,185,739	None	None	364,843	1,185,739	1,550,582	235,172		1/22/2013	300	
Chillicothe	OH	322,923	1,049,499	74,779	None	322,923	1,124,278	1,447,201	220,740		1/22/2013	300	
Cincinnati	OH	263,944	1,038,356	None	None	263,944	1,038,356	1,302,300	181,712		8/22/2013	300	
Columbus	OH	574,968	1,067,799	None	None	574,968	1,067,799	1,642,767	236,695		6/1/2012	300	
Columbus	OH	359,083	666,868	None	None	359,083	666,868	1,025,951	147,822		6/1/2012	300	
Columbus	OH	361,678	895,430	None	None	361,678	895,430	1,257,108	141,776		1/24/2014	300	
Conneaut	OH	166,644	805,700	None	None	166,644	805,700	972,344	135,626		10/22/2013	300	
Dayton	OH	315,477	1,025,302	None	None	315,477	1,025,302	1,340,779	203,351		1/22/2013	300	
Elyria	OH	251,256	988,444	None	None	251,256	988,444	1,239,700	172,978		8/22/2013	300	
Fairfield	OH	219,943	865,257	None	None	219,943	865,257	1,085,200	151,420		8/22/2013	300	
Fayette	OH	316,318	1,028,034	None	None	316,318	1,028,034	1,344,352	203,894		1/22/2013	300	
Findlay	OH	238,609	938,689	None	None	238,609	938,689	1,177,298	170,529		6/21/2013	300	
Fostoria	OH	262,910	1,034,290	None	None	262,910	1,034,290	1,297,200	181,001		8/22/2013	300	
Georgetown	OH	381,051	707,665	None	None	381,051	707,665	1,088,716	142,713		12/14/2012	300	
Grand Rapids	OH	80,000	1,072,480	None	None	80,000	1,072,480	1,152,480	87,586		12/15/2015	300	
Greenwich	OH	146,371	975,399	None	None	146,371	975,399	1,121,770	154,438		1/24/2014	300	
Howard	OH	169,394	885,037	None	None	169,394	885,037	1,054,431	140,131		1/24/2014	300	
Huber Heights	OH	230,867	908,233	None	None	230,867	908,233	1,139,100	158,941		8/22/2013	300	
Kenton	OH	400,787	744,320	None	None	400,787	744,320	1,145,107	164,991		6/1/2012	300	
Kingston	OH	373,121	1,212,643	None	None	373,121	1,212,643	1,585,764	240,508		1/22/2013	300	
LaGrange	OH	127,580	722,266	None	None	127,580	722,266	849,846	1,204		12/28/2017	300	
Litchfield	OH	110,000	1,077,669	None	None	110,000	1,077,669	1,187,669	88,010		12/15/2015	300	
Lorain	OH	248,933	979,305	None	None	248,933	979,305	1,228,238	177,907		6/21/2013	300	
Manchester	OH	371,453	689,842	None	None	371,453	689,842	1,061,295	139,118		12/14/2012	300	
Marengo	OH	213,500	839,910	None	None	213,500	839,910	1,053,410	144,185		9/26/2013	300	
Mechanicsburg	OH	350,151	650,280	None	None	350,151	650,280	1,000,431	144,145		6/1/2012	300	
Nashport	OH	319,015	1,036,799	None	None	319,015	1,036,799	1,355,814	205,632		1/22/2013	300	
New Miami	OH	212,241	834,959	None	None	212,241	834,959	1,047,200	146,118		8/22/2013	300	
Niles	OH	260,000	1,164,294	None	None	260,000	1,164,294	1,424,294	95,084		12/15/2015	300	
Oak Harbor	OH	373,483	1,213,820	None	None	373,483	1,213,820	1,587,303	240,741		1/22/2013	300	
Orwell	OH	293,628	545,309	None	None	293,628	545,309	838,937	120,877		6/1/2012	300	
Peebles	OH	436,054	809,815	None	None	436,054	809,815	1,245,869	163,313		12/14/2012	300	
Perry	OH	70,000	1,114,353	None	None	70,000	1,114,353	1,184,353	91,005		12/15/2015	300	
Plymouth	OH	103,562	586,293	None	None	103,562	586,293	689,855	977		12/28/2017	300	
Racine	OH	183,196	957,149	None	None	183,196	957,149	1,140,345	151,549		1/24/2014	300	
Richwood	OH	157,044	1,046,524	None	None	157,044	1,046,524	1,203,568	165,700		1/24/2014	300	
Ripley	OH	359,515	667,671	None	None	359,515	667,671	1,027,186	148,000		6/1/2012	300	
Rockford	OH	117,012	852,812	None	None	117,012	852,812	969,824	140,714		1/15/2013	300	
Seville	OH	335,945	1,091,822	None	None	335,945	1,091,822	1,427,767	216,545		1/22/2013	300	
Springfield	OH	246,216	968,616	None	None	246,216	968,616	1,214,832	175,965		6/21/2013	300	
Tariton	OH	190,000	1,123,464	None	None	190,000	1,123,464	1,313,464	91,750		12/15/2015	300	
Thornville	OH	285,644	928,344	64,412	None	285,644	992,756	1,278,400	194,904		1/22/2013	300	
Toronto	OH	356,055	1,011,585	None	None	356,055	1,011,585	1,367,640	163,540		12/17/2013	300	
Trenton	OH	439,388	707,205	None	None	439,388	707,205	1,146,593	172,359		10/9/2015	259	
Warren	OH	505,805	939,353	None	None	505,805	939,353	1,445,158	208,223		6/1/2012	300	
West Carrollton	OH	440,000	1,072,193	None	None	440,000	1,072,193	1,512,193	87,562		12/15/2015	300	
Withamsville	OH	276,510	1,087,790	None	None	276,510	1,087,790	1,364,300	190,363		8/22/2013	300	
Attica	OH	95,485	526,457	None	None	95,485	526,457	621,942	877		12/28/2017	300	
Rising Sun	OH	88,739	502,376	None	None	88,739	502,376	591,115	837		12/28/2017	300	
Wakeman	OH	88,749	502,430	None	None	88,749	502,430	591,179	837		12/28/2017	300	
West Unity	OH	113,978	628,418	None	None	113,978	628,418	742,396	1,047		12/28/2017	300	
Afton	OK	113,611	757,094	None	None	113,611	757,094	870,705	119,873		1/24/2014	300	
Antlers	OK	149,985	1,093,124	None	None	149,985	1,093,124	1,243,109	169,434		2/27/2014	300	
Ardmore	OK	347,932	646,160	None	None	347,932	646,160	994,092	143,232		6/1/2012	300	
Broken Arrow	OK	356,064	881,533	None	None	356,064	881,533	1,237,597	139,576		1/24/2014	300	
Claremore	OK	231,355	774,203	None	None	231,355	774,203	1,005,558	166,454		8/30/2012	300	
Clayton	OK	533,789	826,041	None	None	533,789	826,041	1,359,830	172,092		10/31/2012	300	
Cleveland	OK	196,277	1,307,968	None	None	196,277	1,307,968	1,504,245	207,095		1/24/2014	300	
Collinsville	OK	289,014	715,532	None	None	289,014	715,532	1,004,546	113,293		1/24/2014	300	
Davis	OK	569,738	881,672	None	None	569,738	881,672	1,451,410	183,682		10/31/2012	300	
Drumright	OK	169,840	315,418	None	None	169,840	315,418	485,258	63,609		12/14/2012	300	
Duncan	OK	430,448	799,403	None	None	430,448	799,403	1,229,851	161,213		12/14/2012	300	
Elgin	OK	194,959	942,597	None	None	194,959	942,597	1,137,556	155,529		11/15/2013	300	
Eufaula	OK	195,573	769,386	None	None	195,573	769,386	964,959	137,207		7/9/2013	300	
Grove	OK	424,722	657,258	None	None	424,722	657,258	1,081,980	136,929		10/31/2012	300	
Haskell	OK	228,333	424,047	None	None	228,333	424,047	652,380	93,997		6/1/2012	300	
Haskell	OK	270,000	829,885	None	None	270,000	829,885	1,099,885	131,398		1/24/2014	300	
Hollis	OK	61,713	880,041	None	None	61,713	880,041	941,754	189,209		8/30/2012	300	
Hulbert	OK	395,384	611,858	None	None	395,384	611,858	1,007,242	127,470		10/31/2012	300	
Kansas	OK	398,387	616,506	None	None	398,387	616,506	1,014,893	128,439		10/31/2012	300	
Kellyville	OK	422,292	653,499	None	None	422,292	653,499	1,075,791	136,146		10/31/2012	300	
Konawa	OK	390,916	604,945	None	None	390,916	604,945	995,861	126,03				

Somerset	PA	301,986	1,188,014	None	None	301,986	1,188,014	1,490,000	207,902	8/22/2013	300
Cayce	SC	207,965	818,135	None	None	207,965	818,135	1,026,100	143,174	8/22/2013	300
Denmark	SC	220,498	867,442	18,832	None	220,498	886,274	1,106,772	148,950	9/30/2013	300
Florence	SC	190,573	777,528	9,344	None	190,573	786,872	977,445	146,921	4/23/2013	300
Heath Springs	SC	158,107	826,065	None	None	158,107	826,065	984,172	130,794	1/24/2014	300

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees						
		Land	Acquisition Fees			Land	Acquisition Fees	Total				
Kingstree SC		198,491	780,866	None	None	198,491	780,866	979,357	134,049		9/18/2013	300
Longs SC		239,632	1,252,008	None	None	239,632	1,252,008	1,491,640	198,235		12/14/2012	300
Myrtle Beach SC		268,056	497,817	None	None	268,056	497,817	765,873	100,393		8/22/2013	300
N Myrtle Beach SC		155,168	610,432	None	None	155,168	610,432	765,600	106,826		12/14/2012	300
Newberry SC		383,286	711,817	None	None	383,286	711,817	1,095,103	143,550		8/22/2013	300
North Charleston SC		254,479	1,001,121	None	None	254,479	1,001,121	1,255,600	175,196		12/14/2012	300
Orangeburg SC		60,000	691,079	None	None	60,000	691,079	751,079	109,421		1/24/2014	300
Ridgeland SC		375,699	1,349,908	None	None	375,699	1,349,908	1,725,607	130,557		1/24/2015	274
Ridgeway SC		126,727	844,496	None	None	126,727	844,496	971,223	133,712		1/24/2014	300
Timmonsville SC		209,841	856,141	None	None	209,841	856,141	1,065,982	161,240		4/23/2013	300
Union SC		225,174	885,835	None	None	225,174	885,835	1,111,009	152,068		9/30/2013	300
Westminster SC		350,000	987,266	None	None	350,000	987,266	1,337,266	156,317		1/24/2014	300
Chamberlain SD		588,809	969,571	None	None	588,809	969,571	1,558,380	96,593		10/9/2015	266
Rapid City SD		330,000	912,615	None	None	330,000	912,615	1,242,615	74,530		12/15/2015	300
Adams TN		121,868	812,117	None	None	121,868	812,117	933,985	128,585		1/24/2014	300
Bethel Springs TN		134,530	702,880	None	None	134,530	702,880	837,410	111,289		1/24/2014	300
Bloomington Sprgs TN		173,585	906,933	None	None	173,585	906,933	1,080,518	143,598		1/24/2014	300
Caryville TN		218,883	861,087	None	None	218,883	861,087	1,079,970	147,820		9/24/2013	300
Celina TN		157,341	1,048,501	None	None	157,341	1,048,501	1,205,842	166,013		1/24/2014	300
Church Hill TN		220,676	868,141	None	None	220,676	868,141	1,088,817	151,925		8/1/2013	300
Cordova TN		362,262	896,875	None	None	362,262	896,875	1,259,137	142,005		1/24/2014	300
Covington TN		192,392	1,005,191	None	None	192,392	1,005,191	1,197,583	159,155		1/24/2014	300
Crossville TN		224,273	882,294	None	None	224,273	882,294	1,106,567	151,460		9/24/2013	300
Dresden TN		169,202	884,035	None	None	169,202	884,035	1,053,237	139,972		1/24/2014	300
Dyersburg TN		138,691	724,619	None	None	138,691	724,619	863,310	114,731		1/24/2014	300
Dyersburg TN		134,528	702,868	None	None	134,528	702,868	837,396	111,287		1/24/2014	300
Friendship TN		129,543	863,263	None	None	129,543	863,263	992,806	136,683		1/24/2014	300
Grand Junction TN		119,405	795,703	None	None	119,405	795,703	915,108	125,986		1/24/2014	300
Grimsley TN		190,000	832,058	None	None	190,000	832,058	1,022,058	142,837		9/24/2013	300
Halls TN		224,485	1,172,868	None	None	224,485	1,172,868	1,397,353	185,704		1/24/2014	300
Harriman TN		260,000	975,515	None	None	260,000	975,515	1,235,515	151,205		2/5/2014	300
Humboldt TN		163,042	665,204	None	None	163,042	665,204	828,246	127,497		3/19/2013	300
Madisonville TN		185,976	731,631	41,687	None	185,976	773,318	959,294	131,104		8/30/2013	300
Martin TN		160,410	838,094	None	None	160,410	838,094	998,504	132,698		1/24/2014	300
Mascot TN		428,927	663,766	None	None	428,927	663,766	1,092,693	138,285		10/31/2012	300
Memphis TN		225,548	418,876	None	None	225,548	418,876	644,424	92,851		6/1/2012	300
Memphis TN		493,000	915,572	None	None	493,000	915,572	1,408,572	202,952		6/1/2012	300
Memphis TN		369,950	687,049	None	None	369,950	687,049	1,056,999	152,296		6/1/2012	300
Memphis TN		563,795	1,047,048	None	None	563,795	1,047,048	1,610,843	232,096		6/1/2012	300
Memphis TN		552,777	1,026,586	None	None	552,777	1,026,586	1,579,363	227,560		6/1/2012	300
Memphis TN		253,148	626,736	None	None	253,148	626,736	879,884	99,233		1/24/2014	300
Memphis TN		332,829	824,006	None	None	332,829	824,006	1,156,835	130,468		1/24/2014	300
Memphis TN		299,794	742,220	None	None	299,794	742,220	1,042,014	117,518		1/24/2014	300
Memphis TN		315,786	781,812	None	None	315,786	781,812	1,097,598	123,787		1/24/2014	300
Memphis TN		312,958	774,812	None	None	312,958	774,812	1,087,770	122,878		1/24/2014	300
Memphis TN		330,000	1,049,568	None	None	330,000	1,049,568	1,379,568	166,182		1/24/2014	300
Memphis TN		327,861	811,707	None	None	327,861	811,707	1,139,568	128,520		1/24/2014	300
Memphis TN		312,275	773,121	None	None	312,275	773,121	1,085,396	122,411		1/24/2014	300
Memphis TN		390,000	772,302	None	None	390,000	772,302	1,162,302	122,281		1/24/2014	300
Memphis TN		352,417	872,503	None	None	352,417	872,503	1,224,920	138,146		1/24/2014	300
Memphis TN		409,578	1,014,019	None	None	409,578	1,014,019	1,423,597	160,553		1/24/2014	300
Memphis TN		405,442	1,003,781	None	None	405,442	1,003,781	1,409,223	158,932		1/24/2014	300
Michie TN		123,911	825,729	None	None	123,911	825,729	949,640	130,741		1/24/2014	300
Milledgeville TN		270,000	731,439	None	None	270,000	731,439	1,001,439	115,811		1/24/2014	300
Nashville TN		589,570	948,928	None	None	589,570	948,928	1,538,498	97,091		10/9/2015	259
Niota TN		152,948	799,110	None	None	152,948	799,110	952,058	126,526		1/24/2014	300
Rogersville TN		206,436	812,120	None	None	206,436	812,120	1,018,556	142,121		8/14/2013	300
Sharon TN		130,332	868,517	None	None	130,332	868,517	998,849	137,515		1/24/2014	300
Sunbright TN		355,282	1,154,668	None	None	355,282	1,154,668	1,509,950	229,009		1/22/2013	300
Tennessee Ridge TN		120,926	805,837	None	None	120,926	805,837	926,763	127,591		1/24/2014	300
Trezevant TN		170,247	805,149	None	None	170,247	805,149	975,396	127,482		1/24/2014	300
Alpine TX		248,256	1,297,068	None	None	248,256	1,297,068	1,545,324	205,369		1/24/2014	300
Alton TX		345,945	642,468	None	None	345,945	642,468	988,413	142,414		6/1/2012	300
Amarillo TX		191,492	811,497	None	None	191,492	811,497	1,002,989	174,472		8/30/2012	300
Amarillo TX		260,864	712,639	None	None	260,864	712,639	973,503	153,217		8/30/2012	300
Anahuac TX		531,601	987,259	None	None	531,601	987,259	1,518,860	199,097		12/14/2012	300
Anson TX	608,000	139,586	1,017,331	None	None	139,586	1,017,331	1,156,917	150,904		4/30/2014	300
Arcola TX		309,969	961,069	None	None	309,969	961,069	1,271,038	206,630		8/30/2012	300
Atlanta TX		427,591	661,699	None	None	427,591	661,699	1,089,290	137,854		10/31/2012	300
Austin TX		590,000	812,479	None	None	590,000	812,479	1,402,479	169,266		10/31/2012	300
Austin TX		333,480	947,447	None	None	333,480	947,447	1,280,927	159,487		10/24/2013	300
Bacliff TX		557,574	1,035,495	None	None	557,574	1,035,495	1,593,069	229,535		6/1/2012	300
Baytown TX		486,394	903,304	None	None	486,394	903,304	1,389,698	200,232		6/1/2012	300
Baytown TX		447,005	830,152	None	None	447,005	830,152	1,277,157	184,017		6/1/2012	300
Beaumont TX		526,746	978,243	None	None	526,746	978,243	1,504,989	216,844		6/1/2012	300
Beaumont TX		186,877	1,007,961	None	None	186,877	1,007,961	1,194,838	216,712		8/30/2012	300
Beeville TX		382,613	710,566	None	None	382,613	710,566	1,093,179	157,509		6/1/2012	300
Bloomington TX		330,656	1,074,634	None	None	330,656	1,074,634	1,405,290	213,136		1/22/2013	300
Blossom TX		82,320	825,297	None	None	82,320	825,297	907,617	177,439		8/30/2012	300
Borger TX	589,000	166,456	804,791	None	None	166,456	804,791	971,247	119,377		4/30/2014	300
Brookshire TX	863,000	281,120	1,359,173	None	None	281,120	1,359,173	1,640,293	201,611		4/30/2014	300
Brownsville TX		287,319	533,592	None	None	287,319	533,592	820,911	118,280		6/1/2012	300
Bullard TX	600,000	183,822	888,752	None	None	183,822	888,752	1,072,574	131,832		4/30/2014	300
Canton TX		165,267	1,358,083	None	None	165,267	1,358,083	1,523,350	291,988		8/30/2012	300
Canyon Lake TX		424,566	788,481	None	None	424,566	788,481	1,213,047	174,780		6/1/2012	300
Canyon Lake TX		183,707	1,170,581	None	None	183,707	1,170,581	1,354,288	251,675		8/30/2012	300
Cedar Creek TX		183,296	933,294	None	None	183,296	933,294	1,116,590	200,658		8/30/2012	300
Cisco TX	531,000	139,059	1,013,495	None	None	139,059	1,013,495	1,152,554	150,335		4/30/2014	300
Corpus Christi TX		460,501	855,215	None	None	460,501	855,215	1,315,716	189,573		6/1/2012	300
Corpus Christi TX		577,037	1,071,640	None	None	577,037	1,071,640	1,648,677	237,547		6/1/2012	300
Corpus Christi TX		291,106	540,626	None	None	291,106	540,626	831,732	119,839		6/1/2012	300
Corpus Christi TX		408,524	1,327,703	None	None	408,524	1,32					

Elsa	TX	379,998	1,234,994	None	None	379,998	1,234,994	1,614,992	244,941	1/22/2013	300
Fort Stockton	TX	465,636	864,752	None	None	465,636	864,752	1,330,388	174,392	12/14/2012	300
Fort Worth	TX	547,855	1,019,204	None	None	547,855	1,019,204	1,567,059	219,129	8/30/2012	300
Fort Worth	TX	213,683	848,314	None	None	213,683	848,314	1,061,997	182,388	8/30/2012	300
Fort Worth	TX	600,746	1,115,672	None	None	600,746	1,115,672	1,716,418	224,994	12/14/2012	300

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees						
		Land	Acquisition Fees			Land	Acquisition Fees	Total				
Fort Worth TX		160,563	631,657	70,358	None	160,563	702,015	862,578	112,800	8/15/2013	300	
Freer TX		269,137	499,827	None	None	269,137	499,827	768,964	100,798	12/14/2012	300	
Carland TX		228,333	424,047	None	None	228,333	424,047	652,380	93,997	6/1/2012	300	
Carland TX		298,055	737,916	None	None	298,055	737,916	1,035,971	116,837	1/24/2014	300	
Glen Rose TX	903,000	269,359	1,302,309	None	None	269,359	1,302,309	1,571,668	193,176	4/30/2014	300	
Glenn Heights TX		297,559	736,686	None	None	297,559	736,686	1,034,245	116,642	1/24/2014	300	
Granite Shoals TX		371,795	1,208,334	None	None	371,795	1,208,334	1,580,129	239,653	1/22/2013	300	
Grape Creek TX		232,999	710,940	None	None	232,999	710,940	943,939	152,852	8/30/2012	300	
Hamilton TX	626,000	140,174	1,021,615	None	None	140,174	1,021,615	1,161,789	151,540	4/30/2014	300	
Hardin TX		143,336	805,614	None	None	143,336	805,614	948,950	173,207	8/30/2012	300	
Harker Heights TX		488,753	907,685	None	None	488,753	907,685	1,396,438	201,203	6/1/2012	300	
Harker Heights TX		469,370	726,352	None	None	469,370	726,352	1,195,722	151,323	10/31/2012	300	
Hebbronville TX		481,250	893,750	None	None	481,250	893,750	1,375,000	180,240	12/14/2012	300	
Hebbronville TX		240,000	1,014,676	None	None	240,000	1,014,676	1,254,676	160,657	1/24/2014	300	
Hewitt TX		493,299	763,382	None	None	493,299	763,382	1,256,681	159,038	10/31/2012	300	
Hidalgo TX		450,411	1,115,114	None	None	450,411	1,115,114	1,565,525	176,560	1/24/2014	300	
Houston TX		279,181	518,479	None	None	279,181	518,479	797,660	114,930	6/1/2012	300	
Houston TX		434,980	807,819	None	None	434,980	807,819	1,242,799	179,067	6/1/2012	300	
Houston TX		429,081	796,866	None	None	429,081	796,866	1,225,947	176,639	6/1/2012	300	
Houston TX		490,377	910,700	None	None	490,377	910,700	1,401,077	201,872	6/1/2012	300	
Houston TX		565,402	874,961	None	None	565,402	874,961	1,440,363	182,284	10/31/2012	300	
Houston TX		650,000	866,899	None	None	650,000	866,899	1,516,899	180,604	10/31/2012	300	
Houston TX		562,086	869,831	None	None	562,086	869,831	1,431,917	181,215	10/31/2012	300	
Houston TX		467,805	868,780	None	None	467,805	868,780	1,336,585	175,204	12/14/2012	300	
Houston TX		610,149	1,133,135	None	None	610,149	1,133,135	1,743,284	228,515	12/14/2012	300	
Houston TX		474,480	881,178	None	None	474,480	881,178	1,355,658	177,704	12/14/2012	300	
Houston TX		310,255	1,220,545	None	None	310,255	1,220,545	1,530,800	213,595	8/22/2013	300	
Houston TX		283,623	1,115,777	None	None	283,623	1,115,777	1,399,400	195,261	8/22/2013	300	
Houston TX		440,874	1,091,500	None	None	440,874	1,091,500	1,532,374	172,821	1/24/2014	300	
Houston TX		347,071	986,059	None	None	347,071	986,059	1,333,130	149,552	3/28/2014	300	
Houston TX		410,616	1,023,849	None	None	410,616	1,023,849	1,434,465	1,706	12/28/2017	300	
Houston TX		448,422	1,118,118	None	None	448,422	1,118,118	1,566,540	1,864	12/28/2017	300	
Hubbard TX		128,604	857,007	None	None	128,604	857,007	985,611	135,693	1/24/2014	300	
Itasca TX	543,000	118,010	860,081	None	None	118,010	860,081	978,091	127,579	4/1/2014	300	
Jefferson TX		339,075	1,333,925	None	None	339,075	1,333,925	1,673,000	233,437	8/22/2013	300	
Joaquin TX	656,000	135,219	985,502	None	None	135,219	985,502	1,120,721	146,183	4/1/2014	300	
Katy TX		554,109	857,486	None	None	554,109	857,486	1,411,595	178,643	10/31/2012	300	
Katy TX		346,827	985,367	None	None	346,827	985,367	1,332,194	165,870	10/11/2013	300	
Kaufman TX		488,687	907,561	None	None	488,687	907,561	1,396,248	201,176	6/1/2012	300	
Kermit TX		234,478	922,439	None	None	234,478	922,439	1,156,917	167,576	6/21/2013	300	
Killeen TX		480,758	892,837	None	None	480,758	892,837	1,373,595	197,912	6/1/2012	300	
Killeen TX		471,572	729,760	None	None	471,572	729,760	1,201,332	152,033	10/31/2012	300	
Killeen TX		380,000	881,852	None	None	380,000	881,852	1,261,852	72,018	12/15/2015	300	
Killeen TX		440,000	830,465	None	None	440,000	830,465	1,270,465	67,821	12/15/2015	300	
Lacy Lakeview TX		429,768	798,141	None	None	429,768	798,141	1,227,909	176,821	6/1/2012	300	
Lakehills TX		183,968	795,341	None	None	183,968	795,341	979,309	170,998	8/30/2012	300	
Lamesa TX		450,012	835,736	None	None	450,012	835,736	1,285,748	185,255	6/1/2012	300	
Leonard TX		277,575	515,496	None	None	277,575	515,496	793,071	114,268	6/1/2012	300	
Llano TX	804,000	179,332	1,307,011	None	None	179,332	1,307,011	1,486,343	193,873	4/1/2014	300	
Longview TX		435,985	809,687	None	None	435,985	809,687	1,245,672	163,287	12/14/2012	300	
Longview TX		473,119	878,650	None	None	473,119	878,650	1,351,769	177,194	12/14/2012	300	
Longview TX		150,012	278,594	None	None	150,012	278,594	428,606	56,183	12/14/2012	300	
Los Fresnos TX		533,059	989,968	None	None	533,059	989,968	1,523,027	219,443	6/1/2012	300	
Lufkin TX		267,700	497,158	None	None	267,700	497,158	764,858	100,260	12/14/2012	300	
Marfa TX		310,000	1,325,712	None	None	310,000	1,325,712	1,635,712	209,904	1/24/2014	300	
Marshall TX		665,113	1,235,211	None	None	665,113	1,235,211	1,900,324	273,805	6/1/2012	300	
Memphis TX	461,000	102,312	745,672	None	None	102,312	745,672	847,984	110,608	4/1/2014	300	
Midland TX		544,075	1,322,431	None	None	544,075	1,322,431	1,866,506	1,051,220	2/3/1998	300	
Midland TX		194,594	790,843	None	None	194,594	790,843	985,437	170,031	8/30/2012	300	
Monahans TX		473,723	879,770	None	None	473,723	879,770	1,353,493	177,420	12/14/2012	300	
Monte Alto TX		370,770	1,205,004	None	None	370,770	1,205,004	1,575,774	238,993	1/22/2013	300	
Morton TX		190,918	751,074	None	None	190,918	751,074	941,992	136,445	6/21/2013	300	
Mount Enterprise TX		510,030	947,198	None	None	510,030	947,198	1,457,228	191,018	12/14/2012	300	
Mt Vernon TX	641,000	132,850	968,238	None	None	132,850	968,238	1,101,088	143,622	4/1/2014	300	
Nacogdoches TX		585,075	1,086,567	None	None	585,075	1,086,567	1,671,642	219,124	12/14/2012	300	
New Boston TX		226,547	420,730	None	None	226,547	420,730	647,277	93,262	6/1/2012	300	
Odessa TX		200,900	874,978	None	None	200,900	874,978	1,075,878	188,120	8/30/2012	300	
Odessa TX		393,275	795,622	None	None	393,275	795,622	1,188,897	171,059	8/30/2012	300	
Odessa TX		299,235	687,360	None	None	299,235	687,360	986,595	147,782	8/30/2012	300	
Onalaska TX		455,522	845,970	None	None	455,522	845,970	1,301,492	170,604	12/14/2012	300	
Orange TX		359,323	1,413,577	None	None	359,323	1,413,577	1,772,900	247,376	8/22/2013	300	
Orange TX		267,166	1,051,034	None	None	267,166	1,051,034	1,318,200	183,931	8/22/2013	300	
Paris TX		194,054	844,235	None	None	194,054	844,235	1,038,289	181,511	8/30/2012	300	
Pasadena TX		274,400	1,079,491	None	None	274,400	1,079,491	1,353,891	196,107	6/21/2013	300	
Pearsall TX		314,465	584,006	None	None	314,465	584,006	898,471	129,455	6/1/2012	300	
Pearsall TX		179,547	938,079	None	None	179,547	938,079	1,117,626	148,529	1/24/2014	300	
Perryton TX		534,489	992,623	None	None	534,489	992,623	1,527,112	200,179	12/14/2012	300	
Pharr TX		506,911	941,407	None	None	506,911	941,407	1,448,318	208,679	6/1/2012	300	
Pinehurst TX		556,823	861,686	None	None	556,823	861,686	1,418,509	179,518	10/31/2012	300	
Pineland TX	703,000	149,928	1,092,708	None	None	149,928	1,092,708	1,242,636	162,085	4/1/2014	300	
Pittsburg TX		469,724	872,344	None	None	469,724	872,344	1,342,068	193,370	6/1/2012	300	
Port Acres TX		268,899	499,384	None	None	268,899	499,384	768,283	110,697	6/1/2012	300	
Port Arthur TX		253,535	828,487	None	None	253,535	828,487	1,082,022	178,125	8/30/2012	300	
Port Neches TX		498,469	925,729	None	None	498,469	925,729	1,424,198	186,689	12/14/2012	300	
Porter TX		559,462	1,039,001	None	None	559,462	1,039,001	1,598,46				

Sullivan City	TX	496,544	922,154	None	None	496,544	922,154	1,418,698	185,968	12/14/2012	300
Taft	TX	177,408	926,908	None	None	177,408	926,908	1,104,316	146,760	1/24/2014	300
Temple	TX	248,015	805,588	None	None	248,015	805,588	1,053,603	173,201	8/30/2012	300
Temple	TX	580,869	1,078,758	None	None	580,869	1,078,758	1,659,627	217,549	12/14/2012	300
Texas City	TX	238,472	973,286	None	None	238,472	973,286	1,211,758	209,256	8/30/2012	300

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
 SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
 AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees		Total				
		Land				Land						
Three Rivers TX		225,995	1,068,797	None	None	225,995	1,068,797	1,294,792	169,226		1/24/2014	300
Valley View TX		185,843	878,905	None	None	185,843	878,905	1,064,748	139,160		1/24/2014	300
Van Horn TX	707,000	147,318	1,073,686	None	None	147,318	1,073,686	1,221,004	159,263		4/1/2014	300
Waco TX		527,779	980,161	None	None	527,779	980,161	1,507,940	217,269		6/1/2012	300
Wells TX		141,780	840,639	None	None	141,780	840,639	982,419	180,737		8/30/2012	300
Wichita Falls TX		297,454	552,415	None	None	297,454	552,415	849,869	122,452		6/1/2012	300
Willis TX		664,432	1,233,946	None	None	664,432	1,233,946	1,898,378	273,525		6/1/2012	300
Wills Point TX		417,304	774,994	None	None	417,304	774,994	1,192,298	156,290		12/14/2012	300
Wilmer TX		489,576	909,212	None	None	489,576	909,212	1,398,788	183,358		12/14/2012	300
Winnsboro TX		446,940	830,031	None	None	446,940	830,031	1,276,971	167,389		12/14/2012	300
Winters TX		50,842	811,377	None	None	50,842	811,377	862,219	174,446		8/30/2012	300
Zapata TX		249,421	1,303,154	None	None	249,421	1,303,154	1,552,575	206,333		1/24/2014	300
Asherton TX		167,546	923,762	None	None	167,546	923,762	1,091,308	1,540		12/28/2017	300
Iraan TX		159,749	880,777	None	None	159,749	880,777	1,040,526	1,468		12/28/2017	300
Kanab UT		563,114	1,045,783	None	None	563,114	1,045,783	1,608,897	231,815		6/1/2012	300
Mt Pleasant UT		573,530	1,065,126	None	None	573,530	1,065,126	1,638,656	236,103		6/1/2012	300
Charlotte Ct Hous VA		154,295	1,028,208	None	None	154,295	1,028,208	1,182,503	162,800		1/24/2014	300
Colonial Heights VA		337,535	1,327,865	None	None	337,535	1,327,865	1,665,400	232,376		8/22/2013	300
Colonial Heights VA		283,623	1,115,777	None	None	283,623	1,115,777	1,399,400	195,261		8/22/2013	300
Concord VA		259,997	906,036	None	None	259,997	906,036	1,166,033	194,798		8/30/2012	300
Craigsville VA		141,713	944,359	None	None	141,713	944,359	1,086,072	149,524		1/24/2014	300
Danville VA		223,469	879,131	None	None	223,469	879,131	1,102,600	153,848		8/22/2013	300
Fancy Gap VA		153,509	1,022,966	None	None	153,509	1,022,966	1,176,475	161,970		1/24/2014	300
Fork Union VA		159,295	1,061,525	None	None	159,295	1,061,525	1,220,820	168,075		1/24/2014	300
Goshen VA		80,157	831,602	None	None	80,157	831,602	911,759	178,794		8/30/2012	300
Madison Heights VA		276,413	936,546	None	None	276,413	936,546	1,212,959	201,357		8/30/2012	300
Mineral VA		202,879	1,059,984	None	None	202,879	1,059,984	1,262,863	167,831		1/24/2014	300
Onley VA		313,433	582,089	None	None	313,433	582,089	895,522	117,388		12/14/2012	300
Portsmouth VA		524,294	973,688	None	None	524,294	973,688	1,497,982	215,834		6/1/2012	300
Rich Creek VA		194,447	940,122	7,500	None	194,447	947,622	1,142,069	142,913		3/25/2014	300
Richmond VA		709,379	1,317,417	None	None	709,379	1,317,417	2,026,796	292,028		6/1/2012	300
Richmond VA		344,912	1,356,888	None	None	344,912	1,356,888	1,701,800	237,455		8/22/2013	300
Roanoke VA		591,344	1,098,210	None	None	591,344	1,098,210	1,689,554	243,437		6/1/2012	300
Roanoke VA		655,795	1,217,906	None	None	655,795	1,217,906	1,873,701	245,611		12/14/2012	300
Roanoke VA		478,904	889,394	None	None	478,904	889,394	1,368,298	179,361		12/14/2012	300
Shawsville VA		334,624	1,066,596	None	None	334,624	1,066,596	1,401,220	229,318		8/30/2012	300
Shenandoah VA		192,613	1,006,351	None	None	192,613	1,006,351	1,198,964	159,339		1/24/2014	300
Spotsylvania VA		300,324	1,181,476	None	None	300,324	1,181,476	1,481,800	206,758		8/22/2013	300
Stanleytown VA		359,846	668,286	None	None	359,846	668,286	1,028,132	134,771		12/14/2012	300
Stony Creek VA		237,764	935,366	None	None	237,764	935,366	1,173,130	169,925		6/21/2013	300
Victoria VA		194,099	914,642	None	None	194,099	914,642	1,108,741	196,648		8/30/2012	300
Eagle River WI		208,955	388,060	None	None	208,955	388,060	597,015	78,259		12/14/2012	300
Milwaukee WI		538,419	999,922	None	None	538,419	999,922	1,538,341	221,649		6/1/2012	300
Milwaukee WI		120,000	664,289	32,249	None	120,000	666,538	816,538	111,903		3/14/2014	300
Milwaukee WI		359,110	591,334	None	None	359,110	591,334	950,444	58,811		10/9/2015	266
Spooner WI		564,022	1,047,470	None	None	564,022	1,047,470	1,611,492	232,189		6/1/2012	300
French Creek WV		270,000	1,162,377	None	None	270,000	1,162,377	1,432,377	94,827		12/15/2015	300
Lewisburg WV		290,000	1,063,577	None	None	290,000	1,063,577	1,353,577	66,859		12/15/2015	300
Mount Hope WV		186,300	732,905	None	None	186,300	732,905	919,205	130,701		7/23/2013	300
Princeton WV		280,344	911,119	8,500	None	280,344	919,619	1,199,963	186,492		1/22/2013	300
Rock WV		332,222	1,079,721	None	None	332,222	1,079,721	1,411,943	214,145		1/22/2013	300
Shady Spring WV		204,338	833,689	None	None	204,338	833,689	1,038,027	159,790		3/27/2013	300
Cheyenne WY		521,603	968,690	None	None	521,603	968,690	1,490,293	214,726		6/1/2012	300
Cheyenne WY		564,022	1,047,470	None	None	564,022	1,047,470	1,611,492	232,189		6/1/2012	300
<b>Drug stores</b>												
Atmore AL		1,689,229	4,025,584	None	None	1,689,229	4,025,584	5,714,813	436,105		4/29/2015	300
Auburn AL		1,696,833	3,901,754	None	None	1,696,833	3,901,754	5,598,587	773,848		1/22/2013	300
Bessemer AL		913,349	2,269,571	None	None	913,349	2,269,571	3,182,920	298,827		9/30/2014	300
Chelsea AL		1,157,579	3,575,632	None	None	1,157,579	3,575,632	4,733,211	709,167		1/22/2013	300
Huntsville AL		1,971,282	3,528,526	None	None	1,971,282	3,528,526	5,499,808	182,307		9/29/2016	300
Montgomery AL		1,150,000	1,479,627	250	None	1,150,000	1,479,877	2,629,877	762,020		2/9/2005	300
Northport AL		1,650,000	4,829,538	None	None	1,650,000	4,829,538	6,479,538	523,200		4/29/2015	300
Tuscaloosa AL		2,000,550	4,371,497	None	None	2,000,550	4,371,497	6,372,047	473,579		4/29/2015	300
Monticello AR		1,990,000	3,710,723	None	None	1,990,000	3,710,723	5,700,723	401,995		4/29/2015	300
Van Buren AR		1,328,049	3,008,245	None	None	1,328,049	3,008,245	4,336,294	516,415		9/25/2013	300
Apache Junction AZ		2,147,586	3,844,103	None	None	2,147,586	3,844,103	5,991,689	198,612		9/29/2016	300
Chandler AZ		-	3,540,215	None	None	-	3,540,215	3,540,215	702,143		1/22/2013	300
Chandler AZ		1,086,262	2,460,559	None	None	1,086,262	2,460,559	3,546,821	422,396		9/25/2013	300
El Mirage AZ		1,179,770	2,672,369	None	None	1,179,770	2,672,369	3,852,139	458,757		9/25/2013	300
Mesa AZ		1,347,649	3,790,620	None	None	1,347,649	3,790,620	5,138,269	688,629		6/14/2013	300
Mesa AZ		1,545,555	4,347,285	None	None	1,545,555	4,347,285	5,892,840	789,757		6/14/2013	300
Phoenix AZ		-	3,381,632	None	None	-	3,381,632	3,381,632	670,690		1/22/2013	300
Phoenix AZ		1,562,759	4,395,676	None	None	1,562,759	4,395,676	5,958,435	798,548		6/14/2013	300
Surprise AZ		1,358,528	3,821,220	None	None	1,358,528	3,821,220	5,179,748	694,188		6/14/2013	300
Tucson AZ		959,875	2,350,208	138,093	None	959,875	2,488,301	3,448,176	506,814		8/10/2012	300
Bakersfield CA		-	3,501,678	None	None	-	3,501,678	3,501,678	1,383,162		2/26/2008	300
Blythe CA		-	3,762,216	None	None	-	3,762,216	3,762,216	307,248		12/4/2015	300
Clearlake CA	780,000	-	4,571,338	None	None	780,000	4,571,338	5,351,338	373,326		12/4/2015	300
Encinitas CA		-	3,751,713	None	None	-	3,751,713	3,751,713	1,481,926		2/26/2008	300
Indio CA	2,205,539	-	4,096,524	None	None	2,205,539	4,096,524	6,302,063	1,618,126		2/21/2008	300
Pico Rivera CA		-	4,633,063	None	None	-	4,633,063	4,633,063	918,891		1/22/2013	300
Sacramento CA	1,490,000	-	3,473,583	None	None	1,490,000	3,473,583	4,963,583	1,001,550		10/22/2010	300
Salinas CA	1,764,791	-	3,186,409	None	None	1,764,791	3,186,409	4,951,200	5,311		12/21/2017	300
Seal Beach CA		-	4,448,814	None	None	-	4,448,814	4,448,814	363,320		12/4/2015	300
Tracy CA	2,467,993	-	4,584,246	None	None	2,467,993	4,584,246	7,052,239	1,841,339		12/20/2007	300
Visalia CA		-	4,333,023	None	None	-	4,333,023	4,333,023	859,383		1/22/2013	300
Colorado Springs CO	1,025,000	-	1,645,371	36,980	79	1,025,000	1,682,430	2,707,430	883,769		2/9/2005	300
Colorado Springs CO	1,547,023	-	3,504,257	151,037	None	1,547,023	3,655,294	5,202,317	622,370		8/29/2013	300
Fort Collins CO	1,100,000	-	1,385,014	None	79	1,100,000	1,385,093	2,485,093	713,352		2/9/2005	300
Littleton CO	1,498,300	-	3,393,892	306,173	None	1,498,300	3,700,065	5,198,365	617,799		8/29/2013	300
Montrose CO	1,958,248	-	3,505,195	None	None	1,958,248	3,505,195	5,463,443	181,102			

Cairo	GA	330,000	1,152,243	54,608	None	330,000	1,206,851	1,536,851	591,076	4/29/2005	300
Columbus	GA	1,740,000	5,024,581	1,175	None	1,740,000	5,025,756	6,765,756	913,412	6/14/2013	300
Decatur	GA	1,546,047	3,555,032	64,645	None	1,546,047	3,619,677	5,165,724	725,132	1/22/2013	300
East Ellijay	GA	1,317,709	3,029,984	None	None	1,317,709	3,029,984	4,347,693	600,947	1/22/2013	300
Lawrenceville	GA	1,109,742	3,121,445	71,737	None	1,109,742	3,193,182	4,302,924	579,633	6/28/2013	300

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
 SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
 AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Cost Capitalized					Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Initial Cost to Company		Subsequent		at Close of Period (Notes 3, 4, 6 and 7)							
		Land	Buildings Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings Improvements and Acquisition Fees	Total					
Lithia Springs	GA	1,543,512	3,549,202	None	None	1,543,512	3,549,202	5,092,714	703,925		1/22/2013	300	
Quitman	GA	730,000	856,586	None	None	730,000	856,586	1,586,586	441,133		2/29/2005	300	
Rome	GA	-	3,389,465	None	None	-	3,389,465	3,389,465	672,244		1/22/2013	300	
Rome	GA	1,293,890	3,639,408	None	None	1,293,890	3,639,408	4,933,298	661,159		6/12/2013	300	
Altoona	IA	1,440,000	3,440,755	None	None	1,440,000	3,440,755	4,880,755	177,772		9/29/2016	300	
Iowa City	IA	1,892,972	3,388,354	None	None	1,892,972	3,388,354	5,281,326	175,065		9/29/2016	300	
Ottumwa	IA	1,687,561	3,880,433	None	None	1,687,561	3,880,433	5,567,994	769,619		1/22/2013	300	
Waterloo	IA	1,760,000	4,023,600	None	None	1,760,000	4,023,600	5,783,600	435,890		4/29/2015	300	
Blackfoot	ID	560,000	1,932,186	60,641	None	560,000	1,992,827	2,552,827	998,984		2/9/2005	300	
Burley	ID	700,000	2,011,543	62,154	None	700,000	2,073,697	2,773,697	1,039,950		2/9/2005	300	
Chubbuck	ID	890,000	1,267,183	52,044	None	890,000	1,319,227	2,209,227	655,735		2/9/2005	300	
Calumet City	IL	874,998	1,579,848	None	None	874,998	1,579,848	2,454,846	2,633		12/27/2017	300	
Chicago	IL	1,589,068	2,841,507	171,423	None	1,589,068	3,012,930	4,601,998	670,991		6/29/2012	300	
Chicago	IL	1,462,870	3,735,267	None	None	1,462,870	3,735,267	5,198,137	740,828		1/22/2013	300	
Chicago	IL	1,744,950	3,952,594	54,218	None	1,744,950	4,006,812	5,751,762	681,564		9/3/2013	300	
Chicago	IL	1,584,794	4,502,544	None	None	1,584,794	4,502,544	6,087,338	742,920		11/12/2013	300	
Chicago Heights	IL	1,272,921	3,580,429	40,798	None	1,272,921	3,621,227	4,894,148	652,725		6/4/2013	300	
Darien	IL	1,198,099	3,369,971	34,303	None	1,198,099	3,404,274	4,602,373	625,345		5/31/2013	300	
Deerfield	IL	4,092,687	11,511,770	None	None	4,092,687	11,511,770	15,604,457	1,438,971		8/27/2013	420	
Deerfield	IL	4,261,874	11,987,653	None	None	4,261,874	11,987,653	16,249,527	1,498,457		8/27/2013	420	
Deerfield	IL	4,082,432	11,482,923	None	None	4,082,432	11,482,923	15,565,355	1,435,365		8/27/2013	420	
Deerfield	IL	4,089,453	11,502,673	None	None	4,089,453	11,502,673	15,592,126	1,437,834		8/27/2013	420	
Deerfield	IL	2,586,157	7,274,253	None	None	2,586,157	7,274,253	9,860,410	909,282		8/27/2013	420	
Deerfield	IL	3,180,926	8,947,200	None	None	3,180,926	8,947,200	12,128,126	1,118,400		8/27/2013	420	
Dolton	IL	1,860,000	4,204,975	None	None	1,860,000	4,204,975	6,064,975	259,307		6/30/2016	300	
East Peoria	IL	1,217,434	2,532,652	None	None	1,217,434	2,532,652	3,750,086	156,180		6/30/2016	300	
Maryville	IL	780,685	2,344,436	None	None	780,685	2,344,436	3,125,121	636,905		3/16/2011	300	
Moline	IL	1,104,813	3,748,707	None	None	1,104,813	3,748,707	4,853,520	743,494		1/22/2013	300	
Oak Forest	IL	1,562,490	4,394,918	None	None	1,562,490	4,394,918	5,957,408	798,410		6/6/2013	300	
Pekin	IL	897,200	1,866,462	None	None	897,200	1,866,462	2,763,662	115,098		6/30/2016	300	
Peoria	IL	867,025	1,803,689	None	None	867,025	1,803,689	2,670,714	111,227		6/30/2016	300	
Plainfield	IL	1,463,785	3,365,876	None	None	1,463,785	3,365,876	4,829,661	667,565		1/22/2013	300	
Springfield	IL	1,343,188	3,778,072	82,178	None	1,343,188	3,860,250	5,203,438	695,081		6/7/2013	300	
Springfield	IL	1,227,859	3,453,680	None	None	1,227,859	3,453,680	4,681,539	627,418		6/11/2013	300	
Troy	IL	768,515	1,991,358	None	None	768,515	1,991,358	2,759,873	540,986		3/16/2011	300	
Rolling Meadows	IL	1,444,292	2,607,733	None	None	1,444,292	2,607,733	4,052,025	4,346		12/27/2017	300	
Anderson	IN	937,591	2,123,795	375	None	937,591	2,124,170	3,061,761	364,591		9/11/2013	300	
Aurora	IN	980,000	2,521,122	375	None	980,000	2,521,497	3,501,497	197,493		1/5/2016	300	
Chesterton	IN	616,498	4,930,886	None	None	616,498	4,930,886	5,547,384	977,959		1/22/2013	300	
Elkhart	IN	1,772,161	4,074,966	None	None	1,772,161	4,074,966	5,847,127	808,202		1/22/2013	300	
Fort Wayne	IN	1,814,885	3,965,792	None	None	1,814,885	3,965,792	5,780,677	429,627		4/29/2015	300	
Fort Wayne	IN	1,163,111	2,419,644	375	None	1,163,111	2,420,019	3,583,130	149,218		6/30/2016	300	
Fort Wayne	IN	1,319,890	2,745,793	None	None	1,319,890	2,745,793	4,065,683	169,324		6/30/2016	300	
Fort Wayne	IN	1,710,000	3,014,685	None	None	1,710,000	3,014,685	4,724,685	155,759		9/29/2016	300	
Hammond	IN	667,821	2,656,839	375	50	667,821	2,657,264	3,325,085	606,674		4/12/2012	300	
Indianapolis	IN	1,630,000	5,235,915	None	None	1,630,000	5,235,915	6,865,915	951,191		6/4/2013	300	
Indianapolis	IN	1,123,685	3,160,662	None	None	1,123,685	3,160,662	4,284,347	574,187		6/28/2013	300	
Kokomo	IN	978,592	2,216,668	128,344	None	978,592	2,345,012	3,323,604	395,583		9/11/2013	300	
La Porte	IN	1,765,195	3,959,682	None	None	1,765,195	3,959,682	5,724,877	428,966		4/29/2015	300	
Logansport	IN	903,696	2,245,585	76,549	None	903,696	2,322,134	3,225,830	283,762		12/30/2014	300	
Marion	IN	1,247,236	3,508,184	None	None	1,247,236	3,508,184	4,755,420	367,320		6/27/2013	300	
Monticello	IN	694,032	1,952,148	175,768	None	694,032	2,127,916	2,821,948	396,745		6/7/2013	300	
Monticello	IN	1,430,000	4,425,257	None	None	1,430,000	4,425,257	5,855,257	479,403		4/29/2015	300	
New Haven	IN	1,140,000	2,764,616	None	None	1,140,000	2,764,616	3,904,616	170,485		6/30/2016	300	
Princeton	IN	2,033,742	4,676,454	None	None	2,033,742	4,676,454	6,710,196	1,227,497		1/22/2013	300	
Salem	IN	-	2,351,296	None	None	-	2,351,296	2,351,296	1,069,840		8/16/2006	300	
South Bend	IN	1,665,544	4,684,786	None	14	1,665,544	4,684,800	6,350,344	851,076		6/4/2013	300	
Emporia	KS	2,035,321	4,447,479	None	None	2,035,321	4,447,479	6,482,800	481,810		4/29/2015	300	
Hutchinson	KS	1,456,992	3,620,465	None	None	1,456,992	3,620,465	5,077,457	440,490		12/23/2014	300	
Kansas City	KS	1,290,000	5,192,800	None	None	1,290,000	5,192,800	6,482,800	562,553		4/29/2015	300	
Liberal	KS	2,000,000	3,595,400	None	None	2,000,000	3,595,400	5,595,400	185,762		9/29/2016	300	
Merriam	KS	1,441,117	4,053,526	None	None	1,441,117	4,053,526	5,494,643	736,390		6/4/2013	300	
Newton	KS	1,340,000	3,335,460	None	None	1,340,000	3,335,460	4,675,460	405,814		12/23/2014	300	
Parsons	KS	2,090,000	4,248,446	None	None	2,090,000	4,248,446	6,338,446	460,248		4/29/2015	300	
Lebanon	KY	1,718,716	4,095,853	None	None	1,718,716	4,095,853	5,814,569	443,717		4/29/2015	300	
Louisville	KY	2,386,891	4,017,753	None	None	2,386,891	4,017,753	6,404,644	796,854		1/22/2013	300	
Louisville	KY	1,785,691	4,106,077	None	None	1,785,691	4,106,077	5,891,768	814,372		1/22/2013	300	
Louisville	KY	1,565,241	3,947,885	None	None	1,565,241	3,947,885	5,513,126	782,997		1/22/2013	300	
Louisville	KY	2,540,000	3,918,593	None	None	2,540,000	3,918,593	6,458,593	424,514		4/29/2015	300	
Mayfield	KY	1,782,381	4,098,467	None	None	1,782,381	4,098,467	5,880,848	812,863		1/22/2013	300	
Paducah	KY	1,792,850	4,021,718	None	None	1,792,850	4,021,718	5,814,568	435,686		4/29/2015	300	
Radcliff	KY	1,305,607	3,960,699	None	None	1,305,607	3,960,699	5,266,306	785,539		1/22/2013	300	
Amite	LA	1,633,328	3,755,728	None	None	1,633,328	3,755,728	5,389,056	744,886		1/22/2013	300	
Gretna	LA	3,570,000	5,037,780	None	None	3,570,000	5,037,780	8,607,780	663,308		9/30/2014	300	
Morgan City	LA	1,378,894	3,170,675	None	None	1,378,894	3,170,675	4,549,569	628,851		1/22/2013	300	
Pineville	LA	1,527,708	3,593,739	None	None	1,527,708	3,593,739	5,121,447	425,259		1/7/2015	300	
Brockton	MA	1,420,000	5,586,439	None	None	1,420,000	5,586,439	7,006,439	847,277		3/31/2014	300	
Melrose	MA	2,450,000	5,344,307	None	None	2,450,000	5,344,307	7,794,307	810,553		3/31/2014	300	
Baltimore	MD	-	3,545,162	None	None	-	3,545,162	3,545,162	289,522		12/4/2015	300	
Elkton	MD	1,751,013	3,252,546	None	None	1,751,013	3,252,546	5,003,559	1,284,754		2/21/2008	300	
Laurel	MD	-	2,400,696	None	None	-	2,400,696	2,400,696	1,092,317		8/16/2006	300	
Biddeford	ME	-	3,587,125	None	None	-	3,587,125	3,587,125	711,447		1/22/2013	300	
Brewer	ME	2,030,000	4,935,503	None	None	2,030,000	4,935,503	6,965,503	896,616		6/6/2013	300	
Farmington	ME	1,310,995	3,687,522	None	None	1,310,995	3,687,522	4,998,517	669,900		6/12/2013	300	
Lisbon	ME	1,403,949	3,948,979	None	None	1,403,949	3,948,979	5,352,928	717,398		6/13/2013	300	
Machias	ME	1,250,032	3,516,047	None	None	1,250,032	3,516,047	4,766,079	638,748		6/5/2013	300	
Portland	ME	2,100,849	3,902,402	None	None	2,100,849	3,902,402	6,003,251					

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Farmington	MO	1,580,000	5,184,052	None	None	1,580,000	5,184,052	6,764,052	941,769	6/27/2013	300
Harrisonville	MO	1,473,335	3,387,834	None	None	1,473,335	3,387,834	4,861,169	671,921	1/22/2013	300
Kansas City	MO	1,875,478	4,207,068	None	None	1,875,478	4,207,068	6,082,546	455,766	4/29/2015	300
Lees Summit	MO	2,005,545	3,589,855	None	None	2,005,545	3,589,855	5,595,400	185,476	9/29/2016	300
Rolla	MO	1,893,125	3,388,626	None	None	1,893,125	3,388,626	5,281,751	175,079	9/29/2016	300

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**REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2017**

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)	
		Buildings Improvements and		Improvements	Carrying Costs	Land	Buildings Improvements and						Total
		Land	Acquisition Fees				Acquisition Fees						
Saint Louis MO		2,270,000	4,066,675	None	None	2,270,000	4,066,675	6,336,675	210,112		9/29/2016	300	
St. John MO		2,300,000	3,824,235	None	None	2,300,000	3,824,235	6,124,235	144,292		4/29/2015	300	
St. Joseph MO		1,293,855	3,639,311	None	None	1,293,855	3,639,311	4,933,166	661,141		6/7/2013	300	
St. Louis MO		744,817	2,300,087	None	None	744,817	2,300,087	3,044,904	624,857		3/16/2011	300	
St. Louis MO		1,117,749	3,143,966	None	None	1,117,749	3,143,966	4,261,715	571,154		6/14/2013	300	
St. Louis MO		2,190,000	5,109,166	None	None	2,190,000	5,109,166	7,299,166	928,165		6/27/2013	300	
Wildwood MO		681,200	2,649,759	12,946	None	681,200	2,662,705	3,343,905	720,687		3/16/2011	300	
Byram MS		1,243,088	3,425,993	None	None	1,243,088	3,425,993	4,669,081	679,489		1/22/2013	300	
Flowood MS		1,828,528	3,995,605	None	None	1,828,528	3,995,605	5,824,133	432,857		4/29/2015	300	
Forest MS		-	2,991,069	None	None	-	2,991,069	2,991,069	593,229		1/22/2013	300	
Greenwood MS		520,000	3,480,407	None	None	520,000	3,480,407	4,000,407	249,429		3/29/2016	300	
Jackson MS		1,749,695	4,347,797	None	None	1,749,695	4,347,797	6,097,492	572,460		9/30/2014	300	
Philadelphia MS		1,390,000	3,636,895	None	None	1,390,000	3,636,895	5,026,895	187,906		9/29/2016	300	
Picayune MS		1,721,543	4,102,591	None	None	1,721,543	4,102,591	5,824,134	444,447		4/29/2015	300	
Kalispell MT		1,890,000	3,629,051	None	None	1,890,000	3,629,051	5,519,051	393,147		4/29/2015	300	
Asheville NC		-	3,118,366	None	None	-	3,118,366	3,118,366	618,476		1/22/2013	300	
Charlotte NC		923,616	2,092,139	36,891	None	923,616	2,129,030	3,052,646	375,710		9/27/2013	300	
Creedmoor NC		1,280,821	2,945,163	None	None	1,280,821	2,945,163	4,225,984	584,124		6/27/2013	300	
High Point NC		1,573,851	4,426,874	None	None	1,573,851	4,426,874	6,000,725	804,215		6/11/2013	300	
Holly Springs NC		1,451,019	3,336,520	None	None	1,451,019	3,336,520	4,787,539	661,743		1/22/2013	300	
Roanoke Rapids NC		1,103,934	2,538,422	None	None	1,103,934	2,538,422	3,642,356	503,454		1/22/2013	300	
Walkertown NC		1,351,535	3,107,765	None	None	1,351,535	3,107,765	4,459,300	616,373		1/22/2013	300	
Whiteville NC		630,049	2,183,384	None	None	630,049	2,183,384	2,813,433	90,974		12/13/2016	300	
Grand Island NE		1,730,000	3,792,128	None	None	1,730,000	3,792,128	5,522,128	410,814		4/29/2015	300	
Omaha NE		1,782,721	3,895,510	None	None	1,782,721	3,895,510	5,678,231	422,014		4/29/2015	300	
Omaha NE		1,651,643	3,229,112	None	None	1,651,643	3,229,112	4,880,755	166,837		9/29/2016	300	
South Sioux City NE		1,789,238	3,202,672	None	None	1,789,238	3,202,672	4,991,910	165,471		9/29/2016	300	
Derry NH		1,210,000	4,443,660	None	None	1,210,000	4,443,660	5,653,660	673,955		3/31/2014	300	
Dover NH		1,844,188	4,556,875	None	None	1,844,188	4,556,875	6,401,063	691,126		3/31/2014	300	
Plaistow NH		940,000	4,421,512	None	None	940,000	4,421,512	5,361,512	803,241		6/14/2013	300	
Carlstadt NJ		2,630,000	4,733,522	None	None	2,630,000	4,733,522	7,363,522	623,247		9/30/2014	300	
Jackson NJ		1,060,000	3,040,000	None	None	1,060,000	3,040,000	4,100,000	248,267		12/4/2015	300	
Ledgewood NJ		2,060,000	5,490,100	None	None	2,060,000	5,490,100	7,550,100	832,665		3/31/2014	300	
Mount Ephraim NJ		2,410,000	5,039,976	None	None	2,410,000	5,039,976	7,449,976	764,396		3/31/2014	300	
Sewell NJ		1,510,000	4,969,996	None	None	1,510,000	4,969,996	6,479,996	753,783		3/31/2014	300	
Hamilton Township NJ		1,079,464	1,949,021	None	None	1,079,464	1,949,021	3,028,485	3,248		12/27/2017	300	
Farrington NM		1,652,630	4,106,603	None	None	1,652,630	4,106,603	5,759,233	540,703		9/30/2014	300	
Carson City NV		800,000	2,770,950	94,862	None	800,000	2,865,812	3,665,812	1,431,972		2/9/2005	300	
Reno NV		1,100,000	2,602,911	74,159	175	1,100,000	2,677,245	3,777,245	1,341,742		2/9/2005	300	
Reno NV		850,000	2,306,647	74,159	None	850,000	2,380,806	3,230,806	1,188,992		2/9/2005	300	
Reno NV		-	3,951,105	None	None	-	3,951,105	3,951,105	783,636		1/22/2013	300	
Sparks NV		1,000,000	2,271,513	None	None	1,000,000	2,271,513	3,271,513	1,169,820		2/9/2005	300	
Sun Valley NV		550,000	2,678,380	82,500	None	550,000	2,760,880	3,310,880	1,380,556		2/9/2005	300	
Angola NY		1,644,457	3,781,320	None	None	1,644,457	3,781,320	5,425,777	749,982		1/22/2013	300	
Auburn NY		1,319,171	4,557,735	None	None	1,319,171	4,557,735	5,876,906	903,951		1/22/2013	300	
Brooklyn NY		-	3,189,829	None	None	-	3,189,829	3,189,829	628,683		1/22/2013	300	
Brooklyn NY		6,286,888	3,091,053	None	None	6,286,888	3,091,053	9,377,941	613,059		1/22/2013	300	
Cohoes NY		993,687	2,284,916	48,650	None	993,687	2,333,566	3,327,253	454,493		1/22/2013	300	
Flushing NY		-	2,844,843	None	None	-	2,844,843	2,844,843	564,227		1/22/2013	300	
Greece NY		1,530,625	4,305,290	None	None	1,530,625	4,305,290	5,835,915	782,128		6/12/2013	300	
Jamaica NY		-	3,265,890	None	None	-	3,265,890	3,265,890	647,735		1/22/2013	300	
Le Roy NY		664,571	4,160,651	None	None	664,571	4,160,651	4,825,222	825,196		1/22/2013	300	
Macedon NY		1,010,000	2,650,110	None	None	1,010,000	2,650,110	3,660,110	216,426		12/29/2015	300	
Olean NY		940,000	2,626,150	None	None	940,000	2,626,150	3,566,150	188,207		3/30/2016	300	
Ontario NY		650,000	4,099,160	None	None	650,000	4,099,160	4,749,160	334,765		12/4/2015	300	
Orchard Park NY		715,690	4,719,148	None	None	715,690	4,719,148	5,434,838	935,964		1/22/2013	300	
Patchogue NY		1,717,702	5,188,982	None	None	1,717,702	5,188,982	6,906,684	1,029,148		1/22/2013	300	
Penn Yan NY		843,439	3,784,664	None	None	843,439	3,784,664	4,628,103	750,625		1/22/2013	300	
Plattsburgh NY		2,122,505	4,610,552	None	None	2,122,505	4,610,552	6,733,057	914,426		1/22/2013	300	
Ridgewood NY		6,872,644	3,221,483	None	None	6,872,644	3,221,483	10,094,127	638,928		1/22/2013	300	
Rochester NY		495,551	3,585,587	None	None	495,551	3,585,587	4,081,138	711,142		1/22/2013	300	
Rochester NY		-	4,562,079	None	None	-	4,562,079	4,562,079	904,812		1/22/2013	300	
Saint Albans NY		6,550,000	4,455,729	None	None	6,550,000	4,455,729	11,005,729	809,457		6/26/2013	300	
Stony Point NY		2,340,671	4,770,714	None	None	2,340,671	4,770,714	7,111,385	946,192		1/22/2013	300	
Syracuse NY		1,474,646	4,898,244	None	None	1,474,646	4,898,244	6,372,890	971,485		1/22/2013	300	
Wilton NY		1,763,372	4,054,756	None	None	1,763,372	4,054,756	5,818,128	804,193		1/22/2013	300	
Cadiz OH		904,795	2,080,515	47,152	None	904,795	2,127,667	3,032,462	418,120		1/22/2013	300	
Carrollton OH		1,001,306	2,302,436	375	None	1,001,306	2,302,811	3,304,117	456,657		1/22/2013	300	
Centerville OH		1,971,631	4,308,306	None	None	1,971,631	4,308,306	6,279,937	466,733		4/29/2015	300	
Columbus OH		1,153,997	3,245,924	None	None	1,153,997	3,245,924	4,399,921	589,676		6/13/2013	300	
Columbus OH		2,580,000	4,383,667	None	None	2,580,000	4,383,667	6,963,667	474,897		4/29/2015	300	
Cortland OH		1,440,000	1,364,725	1,250	None	1,440,000	1,365,975	2,805,975	703,986		2/9/2005	300	
East Liverpool OH		958,357	2,203,679	55,758	None	958,357	2,259,437	3,217,794	443,735		1/22/2013	300	
Franklin OH		1,320,000	4,322,403	None	None	1,320,000	4,322,403	5,642,403	468,260		4/29/2015	300	
Lakewood OH		1,873,535	4,202,711	None	None	1,873,535	4,202,711	6,076,246	455,294		4/29/2015	300	
Liberty Township OH		1,892,611	4,135,636	None	None	1,892,611	4,135,636	6,028,247	448,027		4/29/2015	300	
Lisbon OH		706,599	1,624,777	45,482	None	706,599	1,670,259	2,376,858	327,710		1/22/2013	300	
Madison OH		580,000	1,272,742	375	None	580,000	1,273,117	1,853,117	646,978		4/29/2005	300	
Mansfield OH		1,653,932	3,803,106	None	None	1,653,932	3,803,106	5,457,038	754,283		1/22/2013	300	
Marysville OH		1,654,400	3,804,182	None	None	1,654,400	3,804,182	5,458,582	754,496		1/22/2013	300	
Mayfield Heights OH		-	2,703,730	None	None	-	2,703,730	2,703,730	1,067,973		2/21/2008	300	
Reynoldsburg OH		1,286,721	3,619,244	284,151	None	1,286,721	3,903,395	5,190,116	673,977		6/7/2013	300	
Reynoldsburg OH		1,844,354	3,605,879	None	None	1,844,354	3,605,879	5,450,233	186,304		9/29/2016	300	
Sidney OH		1,359,676	3,198,465	26,300	None	1,359,676	3,224,765	4,584,441	378,540		1/7/2015	300	
Upper Arlington OH		3,010,646	5,513,043	None	None	3,010,646	5,513,043	8,523,689	1,093,420		1/22/2013	300	
Warren OH		960,000	1,326,083	None	None	960,000	1,326,083	2,286,083	682,924		2/9/2005	300	
Warren OH		800,000	1,241,503	None	None	800,000	1,241,503	2,041,503	639,365		2/9/2005	300	
Willowick OH		530,000	1,241,308	375	None	530,000	1,241,683	1,771,683					

Norristown	PA	-	3,603,611	None	None	-	3,603,611	3,603,611	1,423,425	2/21/2008	300
Philadelphia	PA	-	3,803,732	None	None	-	3,803,732	3,803,732	1,502,473	2/26/2008	300
Phoenixville	PA	3,510,000	5,123,285	None	None	3,510,000	5,123,285	8,633,285	930,730	6/5/2013	300
Pittsburgh	PA	2,784,426	5,002,215	None	None	2,784,426	5,002,215	7,786,641	992,106	1/22/2013	300
Reading	PA	1,400,000	3,304,996	None	None	1,400,000	3,304,996	4,704,996	1,305,472	2/21/2008	300

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
 SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
 AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition	Carrying Costs	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)	
		Land	Buildings Improvements and Acquisition Fees			Improvements	Land	Buildings Improvements and Acquisition Fees					Total
Saint Marys PA		1,663,632	3,090,403	None	None	1,663,632	3,090,403	4,754,035	1,241,312		12/20/2007	300	
Slippery Rock PA		-	1,295,495	205,797	None	-	1,501,292	1,501,292	1,369,267		2/9/2005	183	
Uniontown PA		1,617,507	4,549,669	None	None	1,617,507	4,549,669	6,167,176	826,523		6/11/2013	300	
Wexford PA		2,300,000	2,606,080	None	None	2,300,000	2,606,080	4,906,080	1,029,401		2/21/2008	300	
Yeaton PA		-	3,253,285	None	None	-	3,253,285	3,253,285	1,306,736		12/20/2007	300	
Prospect Park PA		1,132,811	2,045,340	None	None	1,132,811	2,045,340	3,178,151	3,409		12/27/2017	300	
Woonsocket RI		1,297,497	2,939,041	None	None	1,297,497	2,939,041	4,236,538	514,332		8/1/2013	300	
Columbia SC		1,430,093	3,288,404	None	None	1,430,093	3,288,404	4,718,497	652,200		1/22/2013	300	
Conway SC		-	3,451,662	None	None	-	3,451,662	3,451,662	684,580		1/22/2013	300	
Rapid City SD		1,699,906	3,323,470	None	None	1,699,906	3,323,470	5,023,376	171,713		9/29/2016	300	
Athens TN		1,650,000	3,842,297	None	None	1,650,000	3,842,297	5,492,297	416,249		4/29/2015	300	
Bartlett TN		1,563,355	3,677,593	None	None	1,563,355	3,677,593	5,240,948	435,182		1/7/2015	300	
Brownsville TN		1,490,000	3,683,903	None	None	1,490,000	3,683,903	5,173,903	399,089		4/29/2015	300	
Chattanooga TN		1,090,783	2,695,258	96,674	None	1,090,783	2,791,932	3,882,715	427,143		1/9/2014	300	
Chattanooga TN		844,737	1,757,323	375	None	844,737	1,757,698	2,602,435	102,517		7/19/2016	300	
Colonial Heights TN		1,837,294	4,014,760	None	None	1,837,294	4,014,760	5,852,054	434,932		4/29/2015	300	
Fayetteville TN		1,490,000	4,127,381	None	None	1,490,000	4,127,381	5,617,381	447,133		4/29/2015	300	
Franklin TN		1,754,510	2,122,261	59,286	None	1,754,510	2,181,547	2,936,057	391,808		6/6/2013	300	
Hixson TN		973,733	2,406,034	14,220	None	973,733	2,420,254	3,393,987	382,259		1/9/2014	300	
Lawrenceburg TN		1,633,403	3,892,546	None	None	1,633,403	3,892,546	5,525,949	421,692		4/29/2015	300	
Madisonville TN		1,160,000	3,656,303	None	None	1,160,000	3,656,303	4,816,303	188,909		9/29/2016	300	
Memphis TN		350,000	2,783,909	27,134	None	350,000	2,811,043	3,161,043	454,973		1/9/2014	300	
Soddy Daisy TN		1,726,295	3,090,008	None	None	1,726,295	3,090,008	4,816,303	159,560		9/29/2016	300	
White House TN		1,649,422	3,930,720	None	None	1,649,422	3,930,720	5,580,142	425,828		4/29/2015	300	
Austin TX		1,623,904	3,734,059	None	None	1,623,904	3,734,059	5,357,963	740,588		1/22/2013	300	
Coppell TX		1,076,551	3,097,830	None	None	1,076,551	3,097,830	4,174,381	614,403		1/22/2013	300	
Houston TX		1,268,978	3,569,338	86,512	None	1,268,978	3,655,850	4,924,828	652,938		6/11/2013	300	
Houston TX		2,860,000	3,490,686	None	None	2,860,000	3,490,686	6,350,686	413,065		1/7/2015	300	
Houston TX		1,481,177	2,450,082	None	None	1,481,177	2,450,082	3,931,259	53,085		6/27/2017	300	
Lubbock TX		973,713	2,738,827	3,293	None	973,713	2,742,120	3,715,833	498,002		6/5/2013	300	
Odessa TX		2,670,000	4,437,377	None	None	2,670,000	4,437,377	7,107,377	229,264		9/29/2016	300	
Saginaw TX		1,727,698	3,851,409	None	None	1,727,698	3,851,409	5,579,107	276,018		3/30/2016	300	
Sealy TX		1,514,567	3,482,644	None	None	1,514,567	3,482,644	4,997,211	690,724		1/22/2013	300	
Victoria TX		1,969,399	3,850,355	None	None	1,969,399	3,850,355	5,819,754	198,935		9/29/2016	300	
Wichita Falls TX		1,331,410	3,131,974	None	None	1,331,410	3,131,974	4,463,384	370,617		1/16/2015	300	
Fredericksburg VA		-	2,901,815	None	None	-	2,901,815	2,901,815	1,146,215		2/21/2008	300	
King George VA		1,772,216	4,075,092	None	None	1,772,216	4,075,092	5,847,308	808,226		1/22/2013	300	
Martinsville VA		560,565	3,290,085	None	None	560,565	3,290,085	3,850,650	652,534		1/22/2013	300	
Richmond VA		1,255,931	3,103,326	92,118	None	1,255,931	3,195,444	4,451,375	501,118		1/16/2014	300	
Richmond VA		1,388,198	3,255,705	91,059	None	1,388,198	3,346,764	4,734,962	335,475		6/30/2015	300	
Burlington VT		2,049,745	4,643,003	None	None	2,049,745	4,643,003	6,692,748	828,002		7/19/2013	300	
Graham WA		1,396,502	3,928,032	None	None	1,396,502	3,928,032	5,324,534	713,592		6/4/2013	300	
Lynnwood WA		1,410,480	3,967,350	None	None	1,410,480	3,967,350	5,377,830	720,735		6/28/2013	300	
Mount Vernon WA		-	3,785,303	None	None	-	3,785,303	3,785,303	309,133		12/4/2015	300	
Puyallup WA		1,835,489	4,535,379	None	None	1,835,489	4,535,379	6,370,868	733,220		12/11/2013	300	
Antigo WI		1,540,000	4,754,008	None	None	1,540,000	4,754,008	6,294,008	515,018		4/29/2015	300	
Burlington WI		1,330,000	3,994,665	None	None	1,330,000	3,994,665	5,324,665	206,391		9/29/2016	300	
Glendale WI		1,690,491	3,305,064	None	None	1,690,491	3,305,064	4,995,555	170,762		9/29/2016	300	
Kaukauna WI		1,893,714	4,138,045	None	None	1,893,714	4,138,045	6,031,759	448,288		4/29/2015	300	
Marshfield WI		1,010,000	4,175,525	None	None	1,010,000	4,175,525	5,185,525	215,735		9/29/2016	300	
Mauston WI		1,505,223	3,819,442	None	None	1,505,223	3,819,442	5,324,665	197,338		9/29/2016	300	
Menomonee Falls WI		2,180,000	4,235,106	None	None	2,180,000	4,235,106	6,415,106	458,803		4/29/2015	300	
Menomonie WI		2,200,000	3,831,758	None	None	2,200,000	3,831,758	6,031,758	415,107		4/29/2015	300	
Milwaukee WI		1,830,000	4,128,507	None	None	1,830,000	4,128,507	5,958,507	447,255		4/29/2015	300	
Milwaukee WI		1,801,861	3,522,803	None	None	1,801,861	3,522,803	5,324,664	182,011		9/29/2016	300	
Monona WI		1,135,636	2,806,085	None	None	1,135,636	2,806,085	3,941,721	453,560		12/17/2013	300	
Racine WI		1,976,049	4,317,960	None	None	1,976,049	4,317,960	6,294,009	467,779		4/29/2015	300	
Two Rivers WI		1,280,000	4,776,734	None	None	1,280,000	4,776,734	6,056,734	517,480		4/29/2015	300	
Wisconsin Rapids WI		1,893,714	4,138,045	None	None	1,893,714	4,138,045	6,031,759	448,288		4/29/2015	300	
Buckhannon WV		1,716,898	3,189,190	None	None	1,716,898	3,189,190	4,906,088	1,259,728		2/21/2008	300	
Huntington WV		1,085,818	3,802,536	None	None	1,085,818	3,802,536	4,888,354	574,170		1/22/2013	300	
Rock Springs WY		1,970,000	4,644,222	None	None	1,970,000	4,644,222	6,614,222	503,124		4/29/2015	300	
<b>Education</b>													
Peoria AZ		281,750	625,779	69,854	18,665	281,750	714,298	996,048	698,188		3/30/1988	300	
Corona CA		144,856	671,584	None	26,846	144,856	698,430	843,286	698,430		12/19/1984	300	
Santee CA		248,418	551,748	37,230	29,831	248,418	618,809	867,227	581,261		7/23/1987	300	
Cocunut Creek FL		310,111	1,243,682	None	None	310,111	1,243,682	1,553,793	914,393	8/2/1999	12/1/1998	300	
Las Vegas NV		1,080,444	3,346,772	None	73	1,080,444	3,346,845	4,427,289	2,649,504		3/4/1998	300	
Beaverton OR		135,148	626,647	None	26,949	135,148	653,596	788,744	653,590		12/17/1986	300	
Memphis TN		238,263	504,897	183,216	5,352	238,263	693,465	931,728	515,529		9/29/1988	300	
Arlington TX		195,650	387,355	9,289	104	195,650	396,748	592,988	391,429		2/7/1991	300	
Austin TX		238,000	528,604	90,133	22,315	238,000	641,052	879,052	607,371		4/6/1989	300	
Mesquite TX		1,049,287	1,949,085	233,921	63,743	1,049,287	2,246,749	3,296,036	1,452,473		3/28/2002	300	
Southlake TX		228,279	511,755	None	25,283	228,279	537,033	765,312	534,156		3/10/1993	300	
Sugar Land TX		1,600,000	6,300,995	None	None	1,600,000	6,300,995	7,900,995	2,908,956		6/28/2006	300	
Chantilly VA		688,917	3,208,607	None	None	688,917	3,208,607	3,897,524	2,322,046	5/7/1999	9/30/1998	300	
Kingslowne VA		300,000	1,191,396	None	None	300,000	1,191,396	1,491,396	836,264	8/22/2000	11/8/1999	300	
<b>Electric utilities</b>													
Fairfield CA		1,450,000	9,207,989	2,000	None	1,450,000	9,209,989	10,659,989	1,151,865		8/30/2013	420	
<b>Entertainment</b>													
Riverside CA		7,800,000	130	(416,985)	None	7,383,015	130	7,383,145	78		7/5/2002	300	
Vista CA		2,300,000	22	None	None	2,300,000	22	2,300,022	16		3/31/1999	300	
Marietta GA		1,500,000	768	None	None	1,500,000	768	1,500,768	493		6/29/2001	300	
Norcross GA		1,600,000	768	None	None	1,600,000	768	1,600,768	493		6/29/2001	300	
Greensboro NC		4,000,000	463	None	None	4,000,000	463	4,000,463	278		7/5/2002	300	
Omaha NE		1,956,296	3,949,402	208,052	140,128	1,956,296	4,297,582	6,253,878	3,452,948		4/4/1997	300	
Calverton NY		6,200,000	744	None	None	6,200,000	744	6,200,744	549		7/23/1999	300	
Medford NY		1,500,000	745	None	None	1,500,000	745	1,500,745	550		7/23/1999	300	
Arlington TX		1,330,000	2,776,647	None	None	1,330,000	2,776,647	4,106,647	365,592		9/11/2014	300	
San Antonio TX		1,310,000	1,920,140	None	None	1,310,000	1,920,140	3,230,140	259,219		8/6/2014	300	
Sandy UT													

Orlando	FL	532,556	940,177	None	None	532,556	940,177	1,472,733	430,882	6/9/2006	12/15/2005	300
Palm Coast	FL	713,370	2,421,133	None	None	713,370	2,421,133	3,134,503	480,191		1/22/2013	300
Plantation	FL	1,160,000	1,049,443	None	None	1,160,000	1,049,443	2,209,443	166,162		1/31/2014	300
Pompano Beach	FL	1,563,202	2,354,641	None	None	1,563,202	2,354,641	3,917,843	467,004		1/22/2013	300
Acworth	GA	650,000	992,950	None	None	650,000	992,950	1,642,950	157,217		1/31/2014	300

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees		Total				
		Land				Land	Acquisition Fees					
Alpharetta	GA	940,000	1,305,410	None	None	940,000	1,305,410	2,245,410	206,690		1/31/2014	300
Hinesville	GA	172,611	383,376	48,800	3,796	172,611	435,972	608,583	405,356		12/22/1987	300
Coeur D Alene	ID	165,900	368,468	None	None	165,900	368,468	534,368	368,468		9/21/1987	300
Addison	IL	205,794	1,138,488	None	None	205,794	1,138,488	1,344,282	51,232		11/9/2016	300
Addison	IL	206,518	1,142,496	None	None	206,518	1,142,496	1,349,014	51,412		11/9/2016	300
Aurora	IL	255,961	1,416,021	None	None	255,961	1,416,021	1,671,982	63,721		11/9/2016	300
Aurora	IL	345,808	1,913,072	None	None	345,808	1,913,072	2,258,880	86,088		11/9/2016	300
Aurora	IL	276,403	1,529,109	None	None	276,403	1,529,109	1,805,512	68,810		11/9/2016	300
Bensenville	IL	295,732	1,636,044	None	None	295,732	1,636,044	1,931,776	73,622		11/9/2016	300
Bolingbrook	IL	201,048	1,112,232	None	None	201,048	1,112,232	1,313,280	50,050		11/9/2016	300
Buffalo Grove	IL	204,350	1,130,501	None	None	204,350	1,130,501	1,334,851	50,873		11/9/2016	300
Calumet City	IL	158,237	875,395	None	None	158,237	875,395	1,033,632	39,393		11/9/2016	300
Carpentersville	IL	1,752,080	-	None	None	1,752,080	-	1,752,080	-		1/22/2013	N/A
Carpentersville	IL	289,337	1,600,663	None	None	289,337	1,600,663	1,890,000	72,030		11/9/2016	300
Cary	IL	478,057	1,623,383	None	None	478,057	1,623,383	2,101,440	73,052		11/9/2016	300
Chicago	IL	1,110,000	816,582	None	None	1,110,000	816,582	1,926,582	36,746		11/9/2016	300
Chicago Heights	IL	155,048	857,752	None	None	155,048	857,752	1,012,800	38,599		11/9/2016	300
Crete	IL	430,000	1,224,782	None	None	430,000	1,224,782	1,654,782	55,115		11/9/2016	300
Des Plaines	IL	278,273	1,539,455	None	None	278,273	1,539,455	1,817,728	69,275		11/9/2016	300
Fox Lake	IL	178,690	988,542	None	None	178,690	988,542	1,167,232	44,484		11/9/2016	300
Frankfort	IL	335,057	1,853,591	None	None	335,057	1,853,591	2,188,648	83,412		11/9/2016	300
Frankfort	IL	200,460	1,108,980	None	None	200,460	1,108,980	1,309,440	49,904		11/9/2016	300
Hoffman Estates	IL	171,507	948,808	None	None	171,507	948,808	1,120,315	42,696		11/9/2016	300
Hoffman Estates	IL	173,804	961,511	None	None	173,804	961,511	1,135,315	43,268		11/9/2016	300
Homers Glen	IL	335,399	1,855,483	None	None	335,399	1,855,483	2,190,882	83,497		11/9/2016	300
Homewood	IL	262,700	1,453,300	None	None	262,700	1,453,300	1,716,000	65,399		11/9/2016	300
Huntley	IL	229,618	1,270,286	None	None	229,618	1,270,286	1,499,904	57,163		11/9/2016	300
Huntley	IL	254,359	1,407,161	None	None	254,359	1,407,161	1,661,520	63,322		11/9/2016	300
La Grange	IL	210,000	1,117,079	None	None	210,000	1,117,079	1,327,079	50,269		11/9/2016	300
Machesney Park	IL	279,211	1,544,642	None	None	279,211	1,544,642	1,823,853	69,509		11/9/2016	300
Montgomery	IL	1,636,238	-	None	None	1,636,238	-	1,636,238	-		1/22/2013	N/A
Mount Prospect	IL	236,444	1,308,052	None	None	236,444	1,308,052	1,544,496	58,862		11/9/2016	300
Mundelein	IL	212,178	1,173,804	None	None	212,178	1,173,804	1,385,982	52,821		11/9/2016	300
Naperville	IL	321,687	1,779,628	None	None	321,687	1,779,628	2,101,315	80,083		11/9/2016	300
Naperville	IL	87,533	484,246	None	None	87,533	484,246	571,779	21,791		11/9/2016	300
New Lenox	IL	226,751	1,254,429	None	None	226,751	1,254,429	1,481,180	56,449		11/9/2016	300
Niles	IL	285,484	1,579,348	None	None	285,484	1,579,348	1,864,832	71,071		11/9/2016	300
North Riverside	IL	346,333	1,176,076	None	None	346,333	1,176,076	1,522,409	52,923		11/9/2016	300
Northlake	IL	1,461,799	-	None	None	1,461,799	-	1,461,799	-		1/22/2013	N/A
Oak Lawn	IL	2,052,944	-	21,000	41,052	2,052,944	2,446,047	4,498,991	491,946		1/22/2013	300
Oak Lawn	IL	503,500	1,709,780	None	None	503,500	1,709,780	2,213,280	76,940		11/9/2016	300
Orland Park	IL	208,095	1,151,220	None	None	208,095	1,151,220	1,359,315	51,805		11/9/2016	300
Orland Park	IL	173,038	957,277	None	None	173,038	957,277	1,130,315	43,077		11/9/2016	300
Oswego	IL	224,272	1,240,710	None	None	224,272	1,240,710	1,464,982	55,832		11/9/2016	300
Palos Heights	IL	276,603	1,530,213	None	None	276,603	1,530,213	1,806,816	68,860		11/9/2016	300
Plainfield	IL	254,604	1,408,511	None	None	254,604	1,408,511	1,663,115	63,383		11/9/2016	300
Plainfield	IL	98,242	543,491	None	None	98,242	543,491	641,733	24,457		11/9/2016	300
Romeoville	IL	82,070	454,026	None	None	82,070	454,026	536,096	20,431		11/9/2016	300
Round Lake Hghts	IL	301,660	1,668,836	None	None	301,660	1,668,836	1,970,496	75,098		11/9/2016	300
Schaumburg	IL	3,252,143	-	None	None	3,252,143	-	3,252,143	-		1/22/2013	N/A
Schaumburg	IL	410,019	2,268,296	None	None	410,019	2,268,296	2,678,315	102,073		11/9/2016	300
Schaumburg	IL	298,389	1,650,743	None	None	298,389	1,650,743	1,949,132	74,283		11/9/2016	300
Shorewood	IL	60,000	466,592	None	None	60,000	466,592	526,592	20,997		11/9/2016	300
South Elgin	IL	250,348	1,384,967	None	None	250,348	1,384,967	1,635,315	62,324		11/9/2016	300
Stickney	IL	743,660	1,363,377	None	None	743,660	1,363,377	2,107,037	270,403		1/22/2013	300
Summit	IL	238,157	1,317,523	None	None	238,157	1,317,523	1,555,680	59,289		11/9/2016	300
Villa Park	IL	231,531	1,280,869	None	None	231,531	1,280,869	1,512,400	57,639		11/9/2016	300
West Dundee	IL	279,836	1,548,100	None	None	279,836	1,548,100	1,827,936	69,665		11/9/2016	300
Woodstock	IL	160,000	1,480,600	None	None	160,000	1,480,600	1,640,600	61,692		12/2/2016	300
Brockton	MA	229,846	741,196	None	None	229,846	741,196	971,042	147,004		1/22/2013	300
Centerville	MA	378,555	1,220,743	None	None	378,555	1,220,743	1,599,298	242,114		1/22/2013	300
Chatham	MA	513,702	1,656,556	None	None	513,702	1,656,556	2,170,258	328,550		1/22/2013	300
Duxbury	MA	411,113	1,325,735	None	None	411,113	1,325,735	1,736,848	262,938		1/22/2013	300
Hanover	MA	434,396	1,400,817	None	None	434,396	1,400,817	1,835,213	277,829		1/22/2013	300
Hull	MA	242,499	781,996	None	None	242,499	781,996	1,024,495	155,096		1/22/2013	300
Hyannis	MA	830,700	2,678,796	None	None	830,700	2,678,796	3,509,496	531,295		1/22/2013	300
Middleborough	MA	1,225,841	3,953,025	None	None	1,225,841	3,953,025	5,178,866	784,017		1/22/2013	300
Middleborough	MA	625,848	724,941	None	None	625,848	724,941	1,350,789	143,780		1/22/2013	300
Orleans	MA	496,997	1,602,690	None	None	496,997	1,602,690	2,099,687	137,867		1/22/2013	300
Pembroke	MA	520,463	1,678,359	None	None	520,463	1,678,359	2,198,822	332,874		1/22/2013	300
Plymouth	MA	555,446	7,109,710	None	None	555,446	7,109,710	7,665,156	1,410,093		1/22/2013	300
Quincy	MA	289,121	539,719	50,595	15,595	289,121	605,909	895,030	259,619		8/30/2007	300
Randolph	MA	530,316	1,710,132	None	None	530,316	1,710,132	2,240,448	339,176		1/22/2013	300
Rockland	MA	1,341,048	6,112,682	None	None	1,341,048	6,112,682	7,453,730	1,212,349		1/22/2013	300
Scituate	MA	403,299	1,300,535	None	None	403,299	1,300,535	1,703,834	257,940		1/22/2013	300
South Yarmouth	MA	477,020	1,538,269	None	None	477,020	1,538,269	2,015,289	305,090		1/22/2013	300
West Dennis	MA	1,065,353	898,827	None	None	1,065,353	898,827	1,964,180	178,267		1/22/2013	300
Blue Springs	MO	222,569	494,333	None	None	222,569	494,333	716,902	494,333		7/31/1989	300
Wilmington	NC	470,000	995,035	None	None	470,000	995,035	1,465,035	157,547		1/31/2014	300
Bloomfield	NJ	392,983	1,267,269	None	None	392,983	1,267,269	1,660,252	251,342		1/22/2013	300
Cedar Grove	NJ	409,890	1,321,792	None	None	409,890	1,321,792	1,731,682	262,155		1/22/2013	300
Clementon	NJ	424,795	1,369,857	None	None	424,795	1,369,857	1,794,652	271,688		1/22/2013	300
Dayton	NJ	376,731	1,214,861	None	None	376,731	1,214,861	1,591,592	240,947		1/22/2013	300
Deptford	NJ	308,425	994,592	None	None	308,425	994,592	1,303,017	197,261		1/22/2013	300
East Brunswick	NJ	445,430	1,436,398	None	None	445,430	1,436,398	1,881,828	284,886		1/22/2013	300
Fairfield	NJ	612,188	1,974,149	None	None	612,188	1,974,149	2,586,337	391,540		1/22/2013	300
Fanwood	NJ	376,731	1,214,861	None	None	376,731	1,214,861	1,591,592	240,947		1/22/2013	300
Garfield	NJ	372,910	1,202,541	None	None	372,910	1,202,541	1,575,451	238,504		1/22/2013	300
Green Brook	NJ	319,003	1,028,702	None	None	319,003	1,028,702	1,347,705	204,026		1/22/2013	300
Haddonfield	NJ	312,763	1,008,581	None	None	312,763	1,008,581	1,321,344	200,035		1/22/2013	300

Branchburg	NJ	376,597	1,214,429	None	None	376,597	1,214,429	1,591,026	240,862	1/22/2013	300
Albuquerque	NM	80,500	178,794	8,003	None	80,500	186,797	267,297	186,697	10/29/1987	300
Santa Fe	NM	70,000	155,473	None	None	70,000	155,473	225,473	155,473	10/29/1987	300
Stony Point	NY	950,455	2,963,243	None	None	950,455	2,963,243	3,913,698	587,710	1/22/2013	300
Beachwood	OH	980,000	1,062,628	None	None	980,000	1,062,628	2,042,628	168,249	1/31/2014	300

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**REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2017**

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees						
		Land				Land		Total				
Columbus OH		214,737	85,425	25,900	5,330	214,737	116,655	331,392	68,298		9/17/2004	300
Dublin OH		2,399,969	17,044,099	None	None	2,399,969	17,044,099	19,444,068	4,630,314		3/31/2011	300
Euclid OH		130,000	1,027,248	None	None	130,000	1,027,248	1,157,248	162,648		1/31/2014	300
Groveport OH		277,198	445,497	53,191	11,520	277,198	510,208	787,406	415,901		12/21/1995	300
Mentor OH		350,000	1,276,241	None	None	350,000	1,276,241	1,626,241	202,072		1/31/2014	300
Milford OH		353,324	269,997	(15,631)	8,576	314,484	301,782	616,266	232,460		9/18/1997	300
Pepper Pike OH		530,000	865,808	None	None	530,000	865,808	1,395,808	137,086		1/31/2014	300
Shaker Heights OH		650,000	792,759	None	None	650,000	792,759	1,442,759	125,520		1/31/2014	300
West Chester OH		618,270	1,055,888	None	None	618,270	1,055,888	1,674,158	209,418		1/22/2013	300
Ambler PA		1,374,943	4,862,810	None	None	1,374,943	4,862,810	6,237,753	964,457		1/22/2013	300
Blairsville PA		297,140	958,202	(727,020)	None	297,140	231,182	528,322	190,860		1/22/2013	300
Clarks Summit PA		165,407	533,394	None	None	165,407	533,394	698,801	105,790		1/22/2013	300
Dillsburg PA		157,114	506,653	None	None	157,114	506,653	663,767	100,486		1/22/2013	300
Harleysville PA		1,486,141	16,590,526	None	None	1,486,141	16,590,526	18,076,667	3,290,454		1/22/2013	300
Lansdale PA		582,679	1,878,990	None	None	582,679	1,878,990	2,461,669	372,666		1/22/2013	300
Lansford PA		724,643	2,336,788	None	None	724,643	2,336,788	3,061,431	463,463		1/22/2013	300
Lehighton PA		353,743	1,140,729	None	None	353,743	1,140,729	1,494,472	226,245		1/22/2013	300
Limerick PA		1,198,208	1,141,397	None	None	1,198,208	1,141,397	2,339,605	226,377		1/22/2013	300
Media PA		93,870	302,705	None	None	93,870	302,705	396,575	60,037		1/22/2013	300
Media PA		312,084	1,006,391	None	None	312,084	1,006,391	1,318,475	199,601		1/22/2013	300
North Wales PA		658,040	2,122,012	None	None	658,040	2,122,012	2,780,052	420,866		1/22/2013	300
Palmerton PA		1,152,944	3,717,949	None	None	1,152,944	3,717,949	4,870,893	737,393		1/22/2013	300
Philadelphia PA		680,814	938,913	None	None	680,814	938,913	1,619,727	186,218		1/22/2013	300
Philadelphia PA		287,110	925,857	None	None	287,110	925,857	1,212,967	183,628		1/22/2013	300
Philadelphia PA		300,032	967,528	None	None	300,032	967,528	1,267,560	191,893		1/22/2013	300
Philadelphia PA		200,022	645,020	None	None	200,022	645,020	845,042	127,929		1/22/2013	300
Philadelphia PA		130,580	421,086	None	None	130,580	421,086	551,666	83,515		1/22/2013	300
Philadelphia PA		270,560	872,488	None	None	270,560	872,488	1,143,048	173,043		1/22/2013	300
Pittsburgh PA		203,808	657,230	None	None	203,808	657,230	861,038	130,351		1/22/2013	300
Sellersville PA		436,843	1,408,706	None	None	436,843	1,408,706	1,845,549	279,393		1/22/2013	300
Skippack PA		484,437	1,562,185	None	None	484,437	1,562,185	2,046,622	309,833		1/22/2013	300
Slatington PA		467,608	1,507,917	None	None	467,608	1,507,917	1,975,525	299,070		1/22/2013	300
Slatington PA		1,331,882	4,294,979	None	None	1,331,882	4,294,979	5,626,861	851,838		1/22/2013	300
Somerset PA		369,856	1,192,691	None	None	369,856	1,192,691	1,562,547	236,550		1/22/2013	300
Summit Hill PA		94,816	2,266,101	None	None	94,816	2,266,101	2,360,917	449,443		1/22/2013	300
Swarthmore PA		165,423	533,447	None	None	165,423	533,447	698,870	105,800		1/22/2013	300
Tannersville PA		277,284	894,170	None	None	277,284	894,170	1,171,454	177,344		1/22/2013	300
Walnutport PA		1,068,012	1,437,132	None	None	1,068,012	1,437,132	2,505,144	285,031		1/22/2013	300
Warren PA		253,725	818,198	None	None	253,725	818,198	1,071,923	162,276		1/22/2013	300
Wyomissing PA		553,724	1,785,618	None	None	553,724	1,785,618	2,339,342	354,147		1/22/2013	300
Mount Pleasant SC	13,800,000	10,803,051	25,511,279	None	None	10,803,051	25,511,279	36,314,330	3,614,098		1/22/2013	420
Lubbock TX		49,000	108,831	57,941	6,264	49,000	173,036	222,036	152,038		10/29/1987	300
Pasadena TX		385,199	716,468	None	None	385,199	716,468	1,101,667	283,005		2/1/2008	300
Appleton WI		265,289	1,467,513	None	None	265,289	1,467,513	1,732,782	66,038		11/9/2016	300
Ashland WI		400,000	1,490,432	None	None	400,000	1,490,432	1,890,432	67,069		11/9/2016	300
Brookfield WI		275,556	1,524,426	None	None	275,556	1,524,426	1,799,982	68,599		11/9/2016	300
Burlington WI		290,000	1,805,776	None	None	290,000	1,805,776	2,095,776	81,260		11/9/2016	300
Cedarburg WI		275,657	1,524,983	None	None	275,657	1,524,983	1,800,640	68,624		11/9/2016	300
Delafield WI		581,097	1,973,285	None	None	581,097	1,973,285	2,554,382	88,798		11/9/2016	300
Delavan WI		350,000	731,920	None	None	350,000	731,920	1,081,920	32,936		11/9/2016	300
DePere WI		152,366	842,914	None	None	152,366	842,914	995,280	37,931		11/9/2016	300
Eagle River WI		450,000	1,471,232	None	None	450,000	1,471,232	1,921,232	66,205		11/9/2016	300
Fitchburg WI		211,507	1,170,093	None	None	211,507	1,170,093	1,381,600	52,654		11/9/2016	300
Fond du Lac WI		193,288	1,069,304	None	None	193,288	1,069,304	1,262,592	48,119		11/9/2016	300
Fox Point WI		274,237	1,517,128	None	None	274,237	1,517,128	1,791,365	68,271		11/9/2016	300
Green Bay WI		293,789	1,625,293	None	None	293,789	1,625,293	1,919,082	73,138		11/9/2016	300
Green Bay WI		339,237	1,876,720	None	None	339,237	1,876,720	2,215,957	84,452		11/9/2016	300
Greendale WI		1,270,000	2,936,482	None	None	1,270,000	2,936,482	4,206,482	132,142		11/9/2016	300
Janesville WI		130,000	564,880	None	None	130,000	564,880	694,880	25,420		11/9/2016	300
La Crosse WI		194,725	1,077,254	None	None	194,725	1,077,254	1,271,979	48,476		11/9/2016	300
Marshfield WI		420,000	792,148	None	None	420,000	792,148	1,212,148	35,647		11/9/2016	300
Mequon WI		533,480	2,951,302	None	None	533,480	2,951,302	3,484,782	132,809		11/9/2016	300
Milwaukee WI		265,985	495,071	None	None	265,985	495,071	761,056	195,553		2/1/2008	300
Muskego WI		224,464	1,241,776	None	None	224,464	1,241,776	1,466,240	55,880		11/9/2016	300
Oak Creek WI		273,122	1,510,960	None	None	273,122	1,510,960	1,784,082	67,993		11/9/2016	300
Oregon WI		393,490	1,066,830	None	None	393,490	1,066,830	1,460,320	48,007		11/9/2016	300
Pleasant Prairie WI		172,510	954,353	None	None	172,510	954,353	1,126,863	42,946		11/9/2016	300
Racine WI		217,944	1,205,704	None	None	217,944	1,205,704	1,423,648	54,257		11/9/2016	300
Salem WI		312,895	848,321	None	None	312,895	848,321	1,161,216	38,174		11/9/2016	300
Saukville WI		163,312	903,470	None	None	163,312	903,470	1,066,782	49,691		11/9/2016	300
Sussex WI		201,136	1,112,720	None	None	201,136	1,112,720	1,313,856	50,072		11/9/2016	300
Thiensville WI		321,236	1,777,132	None	None	321,236	1,777,132	2,098,368	79,971		11/9/2016	300
Verona WI		180,000	1,394,112	None	None	180,000	1,394,112	1,574,112	62,735		11/9/2016	300
Waukesha WI		307,638	1,701,910	None	None	307,638	1,701,910	2,009,548	76,586		11/9/2016	300
Waukesha WI		246,467	1,363,501	None	None	246,467	1,363,501	1,609,968	61,358		11/9/2016	300
West Allis WI		303,615	1,679,650	None	None	303,615	1,679,650	1,983,265	75,584		11/9/2016	300
<b>Food processing</b>												
Cedar Rapids IA	29,307,500	1,784,980	36,815,951	None	None	1,784,980	36,815,951	38,600,931	7,792,710		9/26/2012	300
Weldon Springs MO		3,675,034	13,827,581	None	None	3,675,034	13,827,581	17,502,615	3,710,401		4/1/2011	300
York NE		450,000	7,442,416	None	None	450,000	7,442,416	7,892,416	859,615		12/13/2013	420
Oklahoma City OK		201,507	1,828,803	None	None	201,507	1,828,803	2,030,310	259,080		1/22/2013	420
Memphis TN		1,568,476	13,510,652	42,601	None	1,568,476	13,553,253	15,121,729	1,930,180		12/20/2012	420
Weslaco TX		207,384	1,882,135	None	None	207,384	1,882,135	2,089,519	266,636		1/22/2013	420
<b>General merchandise</b>												
Demopolis AL		658,601	2,140,452	14,135	None	658,601	2,154,587	2,813,188	438,099		1/22/2013	300
Batesville AR		360,000	1,839,677	None	None	360,000	1,839,677	2,199,677	340,340		5/23/2013	300
Blytheville AR		772,319	15,370,177	None	None	772,319	15,370,177	16,142,496	3,048,419		1/22/2013	300
Hot Springs AR		413,337	1,865,839	143,935	None	413,337	2,009,774	2,423,111	153,403		11/5/2016	300
Coolidge AZ		380,000	1,865,375	134,700	None	380,000	2,000,075	2,380,075	235,541		12/11/2014	300
Douglas AZ		320,000	2,812,308	None	None	320,000	2,812,308	3,132,308	370,287		9/24/2014	300
Sonora CA		1,199,554	3,898,549	18,956	None	1,199,554	3,917,505	5,117,059	777,396		1/22/2013	300

Maysville	KY	1,030,000	1,440,622	None	None	1,030,000	1,440,622	2,470,622	266,515	5/28/2013	300
Mansura	LA	557,316	1,811,276	11,163	None	557,316	1,822,439	2,379,755	370,399	1/22/2013	300
Oakland	MD	990,000	2,555,782	None	None	990,000	2,555,782	3,545,782	310,953	12/4/2014	300
Pocomoke City	MD	1,093,923	9,777,743	None	None	1,093,923	9,777,743	10,871,666	48,889	11/27/2017	300
Calais	ME	440,000	2,236,794	None	None	440,000	2,236,794	2,676,794	294,511	9/26/2014	300

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees		Total				
		Land				Land	Acquisition Fees					
Coldwater MI		380,000	2,589,000	None	None	380,000	2,589,000	2,969,000	211,435		12/16/2015	300
Kalamazoo MI		-	2,547,854	71,591	None	-	2,619,445	2,619,445	522,323		1/22/2013	300
St John's MI		350,000	2,292,729	None	None	350,000	2,292,729	2,642,729	278,949		12/12/2014	300
Stevensville MI		404,904	2,547,727	900	None	404,904	2,548,627	2,953,531	335,929		9/26/2014	300
Faribault MN		1,270,000	16,730,000	None	None	1,270,000	16,730,000	18,000,000	736,917		6/29/2016	420
Paynesville MN		49,483	525,406	35,306	38	49,483	560,750	602,233	406,202		12/23/1998	300
Rogers MN		1,230,000	2,049,498	None	None	1,230,000	2,049,498	3,279,498	51,237		5/10/2017	300
Warroad MN		70,000	580,000	None	46	70,000	580,046	650,046	441,795		12/23/1998	300
Independence MO		210,643	467,844	None	127	210,643	467,971	678,614	467,956		7/13/1989	300
Kansas City MO		210,070	466,571	None	None	210,070	466,571	676,641	466,571		5/13/1988	300
Kansas City MO		168,350	373,910	None	None	168,350	373,910	542,260	373,910		5/26/1988	300
Corinth MS		387,489	1,749,157	176,639	None	387,489	1,925,796	2,313,285	285,869		12/4/2013	300
Billings MT		617,235	2,786,247	None	None	617,235	2,786,247	3,403,482	283,268		6/24/2015	300
Glendive MT		567,581	2,529,794	None	None	567,581	2,529,794	3,097,375	257,196		6/4/2015	300
Greensboro NC		676,201	3,052,428	None	None	676,201	3,052,428	3,728,629	381,553		11/17/2014	300
Raleigh NC		484,913	2,188,937	None	None	484,913	2,188,937	2,673,850	331,989		3/11/2014	300
Winston-Salem NC		8,414,599	9,299,785	None	None	8,414,599	9,299,785	17,714,384	15,500		12/21/2017	300
Mayville ND		59,333	565,562	160,301	5,087	59,333	730,950	790,283	439,557		12/23/1998	300
Ainsworth NE		362,675	673,768	None	94	362,675	673,862	1,036,537	313,360		5/25/2006	300
Imperial NE		388,599	721,914	146,288	38	388,599	868,240	1,256,839	354,333		6/28/2006	300
Bloomfield NM		59,559	616,252	14,805	84	59,559	631,141	690,700	478,540		12/23/1998	300
Clovis NM		50,000	918,965	33,894	None	50,000	952,659	1,002,659	143,945		6/30/2014	300
Alliance OH		4,140,000	10,084,855	None	None	4,140,000	10,084,855	14,224,855	218,505		6/29/2017	300
Pickerington OH		317,010	1,431,011	None	None	317,010	1,431,011	1,748,021	202,727		6/12/2014	300
Edmond OK		1,390,000	3,009,650	284,935	None	1,390,000	3,294,585	4,684,585	931,561		10/22/2010	300
Milwaukie OR		180,250	400,336	49,088	58	180,250	449,482	629,732	441,993		8/6/1987	300
Dubois PA	1,363,003	682,202	2,217,155	10,440	None	682,202	2,227,595	2,909,797	444,303		1/22/2013	300
Ebensburg PA		581,699	16,421,564	None	None	581,699	16,421,564	17,003,263	3,256,943		1/22/2013	300
Elizabethville PA	1,267,354	691,197	2,246,390	5,000	None	691,197	2,251,390	2,942,587	450,534		1/22/2013	300
Mansfield PA	1,267,354	759,190	2,467,367	3,651	None	759,190	2,471,018	3,230,208	492,044		1/22/2013	300
Milford PA		438,715	1,955,421	104,700	None	438,715	2,060,121	2,498,836	204,690		6/9/2015	300
Providence RI		2,550,000	21,717,123	24,938	None	2,550,000	21,742,061	24,292,061	2,460,721		1/31/2014	420
Florence SC		712,114	2,314,371	13,000	None	712,114	2,327,371	3,039,485	471,081		1/22/2013	300
Greenville SC		4,622,653	12,451,202	None	None	4,622,653	12,451,202	17,073,855	62,256		1/29/2017	300
Athens TN		290,000	1,948,179	None	None	290,000	1,948,179	2,238,179	263,004		8/18/2014	300
Carthage TN		555,547	2,476,158	128,226	None	555,547	2,604,384	3,159,931	210,261		12/17/2015	300
Johnson City TN		1,460,000	1,608,119	None	None	1,460,000	1,608,119	3,068,119	61,645		11/11/2017	300
Memphis TN		197,708	507,647	17,670	23,118	197,708	548,435	746,143	430,685		9/30/1998	300
Murfreesboro TN		1,010,000	2,797,770	None	None	1,010,000	2,797,770	3,807,770	172,529		6/20/2016	300
Coleman TX		243,060	451,661	14,375	41,385	243,060	507,421	750,481	215,439		5/25/2006	300
Colorado City TX		92,535	505,276	63,890	84	92,535	569,050	661,585	391,417		12/23/1998	300
Devine TX		212,408	394,735	39,377	101	212,408	434,213	646,621	192,742		5/25/2006	300
New Boston TX		564,285	1,833,926	51,100	None	564,285	1,885,026	2,449,311	387,724		1/22/2013	300
Orange TX		492,842	2,224,730	None	None	492,842	2,224,730	2,717,572	399,665		12/20/2013	300
Fresno TX		407,657	757,362	None	15,300	407,657	772,662	1,180,319	355,257		5/25/2006	300
Winnabow TX		94,380	1,299,056	8,500	41,151	94,380	1,348,707	1,443,087	584,283	10/19/2006	9/7/2006	300
Yoakum TX		390,147	724,821	35,515	87	390,147	760,423	1,150,570	340,356		5/25/2006	300
Salem UT		439,889	1,985,696	152,529	None	439,889	2,138,225	2,578,114	212,941		5/21/2015	300
Salem VA		670,000	1,870,698	None	None	670,000	1,870,698	2,540,698	115,360		6/29/2016	300
Puyallup WA		173,250	384,795	None	22,814	173,250	407,609	580,859	407,609		9/15/1987	300
Redmond WA		196,000	435,317	42,356	29,168	196,000	506,841	702,841	480,810		9/17/1987	300
Tacoma WA		189,000	419,777	None	19,146	189,000	438,923	627,923	438,922		8/25/1987	300
Green Bay WI		1,510,000	5,852,883	None	None	1,510,000	5,852,883	7,362,883	1,063,274		6/25/2013	300
Sussex WI		650,000	7,106,415	33,439	None	650,000	7,139,854	7,789,854	1,291,347		1/22/2013	300
Ronceverte WV	1,363,003	772,945	2,512,071	5,445	None	772,945	2,517,516	3,290,461	499,465		1/22/2013	300
Douglas WY		571,162	2,545,759	1,850	None	571,162	2,547,409	3,118,571	259,352		6/4/2015	300
<b>Government services</b>												
Sierra Vista AZ		368,655	9,028,151	275,775	None	368,655	9,303,926	9,672,581	1,362,514		1/22/2013	420
El Centro CA		520,000	2,185,899	None	None	520,000	2,185,899	2,705,899	724,990		9/17/2009	300
Redding CA		675,805	20,005,327	292,149	None	675,805	20,297,476	20,973,281	2,966,684		1/22/2013	420
Colorado Springs CO		672,578	9,520,731	370,394	None	672,578	9,891,125	10,563,703	1,491,853		1/22/2013	420
New Port Richey FL		779,626	9,708,313	150,459	None	779,626	9,858,772	10,638,398	1,412,310		1/22/2013	420
Sioux City IA		77,340	4,538,558	175,759	None	77,340	4,714,317	4,791,657	663,701		1/22/2013	420
Caldwell ID		666,412	2,891,593	29,913	None	666,412	2,921,506	3,587,918	420,607		1/22/2013	420
Minneapolis MN		1,045,866	8,587,804	None	None	1,045,866	8,587,804	9,633,670	1,216,606		1/22/2013	420
Malone NY		823,630	9,270,887	115,299	None	823,630	9,386,186	10,209,816	1,332,722		1/22/2013	420
Knoxville TN		760,745	8,994,542	17,310	None	760,745	9,011,852	9,772,597	1,282,333		1/22/2013	420
Brownsville TX		320,661	6,564,200	21,941	None	320,661	6,586,141	6,906,802	931,074		1/22/2013	420
Dallas TX		399,222	9,540,572	4,139	None	399,222	9,544,711	9,943,933	1,354,941		1/22/2013	420
Eagle Pass TX		146,259	1,880,444	187,465	None	146,259	2,067,909	2,214,168	324,465		1/22/2013	420
Eagle Pass TX		68,097	708,427	92,549	None	68,097	800,976	869,073	128,136		1/22/2013	420
Paris TX		274,223	5,385,490	1,750	None	274,223	5,387,240	5,661,463	764,009		1/22/2013	420
Parkersburg WV		494,436	12,703,842	26,020	None	494,436	12,729,862	13,224,298	1,810,808		1/22/2013	420
<b>Grocery stores</b>												
Montgomery AL		1,620,000	7,788,810	1,000	None	1,620,000	7,789,810	9,409,810	246,721		3/22/2017	300
Phenix City AL		2,451,765	8,591,273	None	None	2,451,765	8,591,273	11,043,038	14,319		12/28/2017	300
Mesa AZ		807,252	1,499,183	None	None	807,252	1,499,183	2,306,435	362,303		12/21/2011	300
Phoenix AZ		664,796	1,234,621	None	None	664,796	1,234,621	1,899,417	298,367		12/21/2011	300
Phoenix AZ		546,083	1,014,153	None	None	546,083	1,014,153	1,560,236	245,087		12/21/2011	300
Yuma AZ		783,510	1,455,089	None	None	783,510	1,455,089	2,238,599	351,647		12/21/2011	300
Buena Park CA		2,136,844	3,968,425	None	None	2,136,844	3,968,425	6,105,269	959,036		12/21/2011	300
Burbank CA		2,193,827	4,074,250	None	None	2,193,827	4,074,250	6,268,077	984,610		12/21/2011	300
Carson CA		949,709	1,763,744	None	None	949,709	1,763,744	2,713,453	426,238		12/21/2011	300
Chula Vista CA		1,044,679	1,940,119	None	None	1,044,679	1,940,119	2,984,798	468,862		12/21/2011	300
Cloverdale CA		1,505,000	2,795,321	None	None	1,505,000	2,795,321	4,300,321	1,597,992		9/30/2003	300
El Centro CA		394,903	733,392	None	None	394,903	733,392	1,128,295	177,236		12/21/2011	300
Fortuna CA		1,190,000	2,210,308	None	None	1,190,000	2,210,308	3,400,308	1,263,559		9/30/2003	300
Glendale CA		3,270,797	6,074,336	None	None	3,270,797	6,074,336	9,345,133	1,467,965		12/21/2	

Salinas	CA	1,044,679	1,940,119	None	None	1,044,679	1,940,119	2,984,798	468,862	12/21/2011	300
San Diego	CA	1,633,333	3,033,334	None	None	1,633,333	3,033,334	4,666,667	733,056	12/21/2011	300
Stockton	CA	1,424,563	2,645,617	None	None	1,424,563	2,645,617	4,070,180	639,357	12/21/2011	300
Thousand Oaks	CA	2,018,131	3,747,957	None	None	2,018,131	3,747,957	5,766,088	905,756	12/21/2011	300
Boulder	CO	426,675	1,199,508	None	600	426,675	1,200,108	1,626,783	1,112,480	1/5/1984	300

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REALTY INCOME CORPORATION AND SUBSIDIARIES
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION
AS OF DECEMBER 31, 2017

Table with columns: Description (Note 1), Encumbrances (Note 2), Initial Cost to Company (Land, Buildings Improvements and Acquisition Fees), Cost Capitalized Subsequent to Acquisition (Improvements, Carrying Costs), Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7) (Land, Buildings Improvements and Acquisition Fees, Total), Accumulated Depreciation (Note 5), Date of Construction, Date Acquired, Life on which depreciation in latest Income Statement is Computed (in Months).

Hialeah	FL	2,104,393	3,910,500	None	None	2,104,393	3,910,500	6,014,893	1,688,016		3/26/2007	300
Miami	FL	3,115,101	5,670,715	None	106	3,115,101	5,670,821	8,785,922	3,404,278	5/19/2000	6/7/1999	300
Oakland Park	FL	2,800,000	2,196,480	None	None	2,800,000	2,196,480	4,996,480	1,354,687	7/6/2001	3/27/2001	300
Orlando	FL	2,144,778	3,755,905	None	None	2,144,778	3,755,905	5,900,683	2,125,321	8/7/2003	11/26/2002	300
Pembroke Pines	FL	1,714,388	4,387,824	None	None	1,714,388	4,387,824	6,102,212	2,999,617	12/11/2000	10/1/1999	300

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### REALTY INCOME CORPORATION AND SUBSIDIARIES SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Cost Capitalized Subsequent to Acquisition				Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Initial Cost to Company		Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total				
		Land	Buildings, Improvements and Acquisition Fees									
Stuart	FL	1,150,000	8,258,878	None	None	1,150,000	8,258,878	9,408,878	1,500,363		6/28/2013	300
Sunrise	FL	2,850,000	3,601,884	None	None	2,850,000	3,601,884	6,451,884	1,038,543		10/22/2010	300
Winter Park	FL	1,979,598	8,256,394	51,788	167,804	1,979,598	8,475,986	10,455,584	5,754,879	12/30/2003	5/31/1995	300
Conyers	GA	1,200,000	7,835,546	None	None	1,200,000	7,847,053	9,047,053	1,215,564		2/27/2014	300
Morrow	GA	1,680,000	5,108,661	74,158	None	1,680,000	5,182,819	6,862,819	675,510		9/30/2014	300
Urbandale	IA	4,720,000	27,389,120	None	None	4,720,000	27,389,120	32,109,120	2,784,561		6/10/2015	300
Alsip	IL	2,944,221	5,467,839	375	None	2,944,221	5,468,214	8,412,435	1,758,829		12/30/2009	300
Bolingbrook	IL	3,010,512	8,161,186	None	None	3,010,512	8,161,186	11,171,698	3,286,755	10/26/2007	1/24/2007	300
Glendale Heights	IL	1,963,770	10,038,516	None	None	1,963,770	10,038,516	12,002,286	2,101,729		3/26/2007	300
Lansing	IL	460,000	6,648,839	375	None	460,000	6,649,214	7,109,214	1,074,903		12/12/2013	300
Waukegan	IL	2,961,951	5,500,766	375	None	2,961,951	5,501,141	8,463,092	1,769,420		12/30/2009	300
Elmhurst	IL	3,410,000	8,185,617	None	None	3,410,000	8,185,617	11,595,617	231,926		4/14/2017	300
Carmel	IN	3,675,000	6,825,000	None	None	3,675,000	6,825,000	10,500,000	2,127,125		3/29/2010	300
Indianapolis	IN	3,008,186	6,999,881	None	None	3,008,186	6,999,881	10,008,067	2,977,565	3/20/2007	8/3/2006	300
Southport	IN	2,121,873	7,522,735	None	None	2,121,873	7,522,735	9,644,608	2,981,472	12/20/2007	6/8/2007	300
Lenexa	KS	1,410,000	25,283,643	None	None	1,410,000	25,283,643	26,693,643	2,570,504		6/10/2015	300
Florence	KY	2,560,000	8,523,096	None	None	2,560,000	8,523,096	11,083,096	1,747,235		11/30/2012	300
Louisville	KY	1,480,000	13,081,657	525,498	None	1,480,000	13,607,155	15,087,155	2,588,141		2/1/2013	300
Nottingham	MD	3,055,453	5,675,230	None	None	3,055,453	5,675,230	8,730,683	2,449,807		3/26/2007	300
Rochester Hills	MI	1,980,000	31,441,153	None	None	1,980,000	31,441,153	33,421,153	3,196,517		6/10/2015	300
Roseville	MN	3,611,925	8,804,654	None	None	3,611,925	8,804,654	12,416,579	3,493,454	6/5/2008	4/18/2007	300
St. Louis Park	MN	1,160,000	36,979,042	None	None	1,160,000	36,979,042	38,139,042	3,759,536		6/10/2015	300
Charlotte	NC	2,420,000	7,649,004	59,780	None	2,420,000	7,708,784	10,128,784	1,211,238		1/29/2014	300
Raleigh	NC	4,890,000	21,252,496	None	None	4,890,000	21,252,496	26,142,496	2,160,770		6/10/2015	300
Omaha	NE	1,130,000	10,814,154	None	None	1,130,000	10,814,154	11,944,154	1,712,241		1/29/2014	300
East Brunswick	NJ	1,654,529	3,073,912	None	58	1,654,529	3,073,970	4,728,499	3,377,172		2/16/2007	300
Montvale	NJ	7,980,000	35,070,170	None	None	7,980,000	35,070,170	43,050,170	3,565,467		6/10/2015	300
Harrison	NY	16,710,000	50,611,800	None	None	16,710,000	50,611,800	67,321,800	5,145,533		6/10/2015	300
Patchogue	NY	2,540,000	9,285,822	None	None	2,540,000	9,285,822	11,825,822	201,193		6/16/2017	300
Yonkers	NY	1,488,894	2,765,894	None	None	1,488,894	2,765,894	4,254,788	1,193,943		3/26/2007	300
Brooklyn	OH	900,000	10,393,798	375	None	900,000	10,394,173	11,294,173	744,895		3/30/2016	300
Columbus	OH	-	6,891,202	111,587	None	-	7,002,789	7,002,789	1,350,936		11/30/2012	300
Columbus	OH	-	11,662,219	34,160	99	-	11,696,478	11,696,478	2,289,950		2/1/2013	300
Columbus	OH	-	7,517,501	None	None	-	7,517,501	7,517,501	1,365,679		6/28/2013	300
Hilliard	OH	1,010,000	10,307,569	375	None	1,010,000	10,307,944	11,317,944	2,009,982		2/1/2013	300
Maumee	OH	1,390,000	10,042,422	None	None	1,390,000	10,042,422	11,432,422	1,590,050		1/29/2014	300
Toledo	OH	620,000	10,933,936	None	None	620,000	10,933,936	11,553,936	1,731,207		1/29/2014	300
West Chester	OH	1,670,000	7,738,611	375	None	1,670,000	7,738,986	9,408,986	1,509,036		2/22/2013	300
Allentown	PA	2,340,000	8,863,815	None	None	2,340,000	8,863,815	11,203,815	2,215,595		5/1/2017	300
Philadelphia	PA	2,254,830	4,188,725	None	None	2,254,830	4,188,725	6,443,555	1,822,095		2/16/2007	300
Pittsburgh	PA	4,420,799	5,543,009	None	None	4,420,799	5,543,009	9,963,808	1,338,461	9/1/2011	1/12/2011	300
Bartlett	TN	2,475,000	7,147,610	None	None	2,475,000	7,147,610	9,622,610	15	In-progress	10/18/2016	N/A
Franklin	TN	4,493,168	22,850,645	None	None	4,493,168	22,850,645	27,343,813	38,084		12/29/2017	300
Cypress	TX	1,417,377	5,696,789	None	None	1,417,377	5,696,789	7,114,166	2,629,936	5/15/2006	9/14/2005	300
Fort Worth	TX	1,445,901	5,277,886	None	None	1,445,901	5,277,886	6,723,787	3,709,210	6/2/2000	6/30/1999	300
Keller	TX	1,478,222	5,679,604	None	None	1,478,222	5,679,604	7,157,826	2,769,184	9/8/2005	12/16/2004	300
Plano	TX	3,178,115	5,832,224	None	None	3,178,115	5,832,224	9,010,339	2,790,891	12/6/2005	4/22/2005	300
Sachse	TX	540,000	8,144,846	3,902	None	540,000	8,148,748	8,688,748	448,170		8/16/2016	300
San Antonio	TX	1,120,000	2,075,196	None	None	1,120,000	2,075,196	3,195,196	702,108		7/29/2009	300
San Antonio	TX	1,200,000	2,489,568	12,965	None	1,200,000	2,502,533	3,702,533	842,331		7/29/2009	300
San Antonio	TX	1,200,000	6,552,188	None	None	1,200,000	6,552,188	7,752,188	141,964		6/22/2017	300
South Jordan	UT	6,260,000	19,565,376	None	None	6,260,000	19,565,376	25,825,376	1,989,147		6/10/2015	300
Federal Way	WA	2,650,000	8,480,517	None	None	2,650,000	8,480,517	11,130,517	749,112		10/14/2015	300
Kent	WA	4,086,250	7,588,750	None	None	4,086,250	7,588,750	11,675,000	2,441,048		12/21/2009	300
<b>Health care</b>												
Enterprise	AL	697,210	2,265,932	None	None	697,210	2,265,932	2,963,142	449,410		1/22/2013	300
Hot Springs	AR	210,979	2,003,689	None	None	210,979	2,003,689	2,214,668	283,856		1/22/2013	420
Hot Springs	AR	956,494	2,234,659	None	None	956,494	2,234,659	2,469,958	316,577		1/22/2013	420
Hot Springs	AR	2,415,146	5,821,180	None	None	2,415,146	5,821,180	6,725,777	824,667		1/22/2013	420
Apple Valley	CA	486,371	15,383,518	None	None	486,371	15,383,518	15,869,889	1,033,203		1/22/2013	420
Shasta Lake	CA	390,906	9,754,092	None	None	390,906	9,754,092	10,144,998	1,381,830		1/22/2013	420
Augusta	GA	526,247	1,710,304	None	None	526,247	1,710,304	2,236,551	339,210		1/22/2013	300
Brunswick	GA	290,369	788,880	83,729	31,059	290,369	903,668	1,194,037	686,969		12/31/1997	300
Valdosta	GA	432,035	1,404,115	None	None	432,035	1,404,115	1,836,150	278,483		1/22/2013	300
Valdosta	GA	413,489	1,343,840	None	None	413,489	1,343,840	1,757,329	266,528		1/22/2013	300
Blackfoot	ID	494,854	1,608,277	None	None	494,854	1,608,277	2,103,131	318,975		1/22/2013	300
Chicago	IL	250,000	1,307,607	30,997	None	250,000	1,338,604	1,588,604	95,455		3/25/2016	300
New Castle	IN	564,055	1,833,180	None	None	564,055	1,833,180	2,397,235	363,581		1/22/2013	300
Kansas City	KS	521,988	1,696,460	None	None	521,988	1,696,460	2,218,448	336,465		1/22/2013	300
Shreveport	LA	423,234	1,375,511	None	None	423,234	1,375,511	1,798,745	272,810		1/22/2013	300
Billerica	MA	398,292	740,107	21,044	15,024	398,292	776,175	1,174,467	329,830		11/14/2007	300
Kansas City	MO	340,000	1,523,155	None	None	340,000	1,523,155	1,863,155	246,243		12/20/2013	300
St. Louis	MO	2,852,903	38,694,147	71,714	None	2,852,903	38,765,861	41,618,764	5,480,535		1/22/2013	420
St. Louis	MO	4,278,685	19,900,592	None	None	4,278,685	19,900,592	24,179,277	1,990,250		1/22/2013	420
Gulfpport	MS	299,464	502,326	224,556	46,809	299,464	773,691	1,073,155	516,661		11/26/1996	300
Wilmington	NC	811,533	5,498,659	None	None	811,533	5,498,659	6,310,192	1,090,567		1/22/2013	300
Lincoln	NE	707,636	2,299,818	None	None	707,636	2,299,818	3,007,454	456,131		1/22/2013	300
Mount Vernon	OH	726,626	1,351,151	None	22,995	726,626	1,374,146	2,100,772	612,345		11/1/2006	300
Okmulgee	OK	397,605	1,292,216	None	None	397,605	1,292,216	1,689,821	256,290		1/22/2013	300
Sellersville	PA	763,355	2,480,903	None	None	763,355	2,480,903	3,244,258	492,046		1/22/2013	300
Abbeville	SC	446,204	1,450,164	None	None	446,204	1,450,164	1,896,368	287,616		1/22/2013	300
North Augusta	SC	498,284	1,619,423	None	None	498,284	1,619,423	2,117,707	321,186		1/22/2013	300
Dickson	TN	531,717	1,728,079	None	None	531,717	1,728,079	2,259,796	342,736		1/22/2013	300
Memphis	TN	602,208	1,957,176	None	None	602,208	1,957,176	2,559,384	388,173		1/22/2013	300
Memphis	TN	822,791	2,674,071	None	None	822,791	2,674,071	3,496,862	530,357		1/22/2013	300
Bedford	TX	1,607,524	56,219,108	None	None	1,607,524	56,219,108	57				

Mishawaka	IN		1,070,000	4,321,944	375	None	1,070,000	4,322,319	5,392,319	554,656	10/28/2014	300
Kansas City	KS		185,955	413,014	31,870	8,583	185,955	453,467	639,422	448,505	5/13/1988	300
Overland Park	KS	6,310,177	2,600,000	4,566,981	59,948	None	2,600,000	4,626,929	7,226,929	332,177	3/31/2016	300
Overland Park	KS	3,389,823	1,480,000	2,672,995	32,001	None	1,480,000	2,704,996	4,184,996	194,317	3/31/2016	300
Alexandria	LA		400,000	810,608		None	400,000	810,776	1,210,776	633,791	6/26/1998	300

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		Land	Buildings Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings Improvements and Acquisition Fees	Total				
Monroe	LA	450,000	835,608	None	None	450,000	835,608	1,285,608	653,165	6/26/1998	300	
Battle Creek	MI	485,000	895,689	None	266	485,000	895,955	1,380,955	700,310	6/26/1998	300	
Bay City	MI	397,531	1,291,976	None	None	397,531	1,291,976	1,689,507	256,242	1/22/2013	300	
Eden Prairie	MN	500,502	1,055,244	None	None	500,502	1,055,244	1,555,746	796,673	3/1/1999	300	
Hattiesburg	MS	300,000	660,608	None	168	300,000	660,776	960,776	516,541	6/26/1998	300	
Ridgeland	MS	306,460	995,995	None	None	306,460	995,995	1,302,455	197,539	1/22/2013	300	
Asheboro	NC	373,128	1,212,666	None	None	373,128	1,212,666	1,585,794	240,512	1/22/2013	300	
Matthews	NC	768,222	843,401	46,414	37,821	768,222	927,636	1,695,858	719,294	12/31/1998	300	
Grand Island	NE	455,921	1,481,742	None	None	455,921	1,481,742	1,937,663	293,879	1/22/2013	300	
Cortland	NY	448,156	1,456,507	None	None	448,156	1,456,507	1,904,663	288,874	1/22/2013	300	
Green Island	NY	1,181,947	20,808,780	84,849	None	1,181,947	20,893,629	22,075,576	2,958,411	1/22/2013	420	
Middletown	NY	2,700,000	14,093,893	None	None	2,700,000	14,093,893	16,793,893	587,246	12/8/2016	300	
Oneonta	NY	354,283	1,151,419	None	None	354,283	1,151,419	1,505,702	228,365	1/22/2013	300	
Rotterdam	NY	390,926	1,270,510	None	None	390,926	1,270,510	1,661,436	251,985	1/22/2013	300	
Ashtabula	OH	359,857	1,169,537	None	None	359,857	1,169,537	1,529,394	231,958	1/22/2013	300	
Dayton	OH	401,723	698,872	48,970	206	401,723	748,048	1,149,771	564,760	6/29/1998	300	
Kettering	OH	316,341	1,028,109	None	None	316,341	1,028,109	1,344,450	203,908	1/22/2013	300	
Lancaster	OH	250,000	830,689	None	None	250,000	830,689	1,080,689	649,320	6/26/1998	300	
Piqua	OH	375,833	1,221,457	None	None	375,833	1,221,457	1,597,290	242,256	1/22/2013	300	
Altoona	PA	455,000	745,694	None	None	455,000	745,694	1,200,694	582,882	6/26/1998	300	
Cranberry	PA	369,761	1,201,723	None	None	369,761	1,201,723	1,571,484	238,342	1/22/2013	300	
Erie	PA	510,000	900,689	None	None	510,000	900,689	1,410,689	704,036	6/26/1998	300	
Pennsdale	PA	315,000	835,648	None	None	315,000	835,648	1,150,648	653,196	6/26/1998	300	
Whitehall	PA	515,525	1,146,868	375	None	515,525	1,147,243	1,662,768	896,473	6/30/1998	300	
Columbia	SC	600,000	900,725	None	296	600,000	901,021	1,501,021	704,361	6/26/1998	300	
Murrells Inlet	SC	296,236	962,766	None	None	296,236	962,766	1,259,002	190,949	1/22/2013	300	
Abilene	TX	400,000	680,616	None	None	400,000	680,616	1,080,616	532,012	6/26/1998	300	
Amarillo	TX	140,000	419,734	None	None	140,000	419,734	559,734	420,865	9/12/1998	300	
Plainview	TX	125,000	734,558	40,000	49	125,000	774,607	899,607	587,816	1/24/1984	300	
San Antonio	TX	323,451	637,991	47,914	None	323,451	685,905	1,009,356	533,835	12/31/1998	300	
Victoria	TX	291,380	946,984	None	None	291,380	946,984	1,238,364	187,819	1/22/2013	300	
Webster	TX	283,604	538,002	107,359	186	283,604	645,547	929,151	444,860	6/13/1997	300	
Pasco	WA	161,700	359,142	56,707	None	161,700	415,849	577,549	405,990	8/18/1987	300	
Eau Claire	WI	260,000	820,689	None	211	260,000	820,900	1,080,900	641,714	6/26/1998	300	
La Crosse	WI	372,883	877,812	None	250	372,883	878,062	1,250,945	686,404	6/26/1998	300	
<b>Home improvement</b>												
Kenai	AK	2,350,000	5,400,025	None	None	2,350,000	5,400,025	7,750,025	729,003	8/19/2014	300	
Birmingham	AL	717,675	1,774,814	3,700	None	717,675	1,778,514	2,496,189	198,424	3/31/2015	300	
Enterprise	AL	850,000	5,757,559	None	None	850,000	5,757,559	6,607,559	67,172	9/28/2017	300	
Phoenix	AZ	10,901,934	-	None	None	10,901,934	-	10,901,934	-	9/29/2017	N/A	
Tucson	AZ	4,170,000	14,213,818	None	None	4,170,000	14,213,818	18,383,818	2,013,624	6/19/2014	300	
Tucson	AZ	6,571,041	4,280,000	None	None	4,280,000	15,094,661	19,374,661	2,037,779	8/7/2014	300	
Lawndale	CA	667,007	1,238,841	None	49	667,007	1,238,890	1,905,897	943,625	12/31/1998	300	
Los Angeles	CA	163,668	304,097	None	49	163,668	304,146	467,814	231,661	12/31/1998	300	
Morgan Hill	CA	5,100,000	7,219,244	None	None	5,100,000	7,219,244	12,319,244	1,022,726	6/19/2014	300	
Van Nuys	CA	750,293	1,393,545	None	49	750,293	1,393,594	2,143,887	1,061,458	12/31/1998	300	
Greenwood Village	CO	9,700,000	13,352,870	None	None	9,700,000	13,352,870	23,052,870	1,891,657	6/19/2014	300	
Augusta	GA	2,701,584	18,072,555	171,032	None	2,701,584	18,243,587	20,945,171	3,695,089	1/22/2013	300	
Austell	GA	9,161,124	-	None	None	9,161,124	-	9,161,124	-	1/22/2013	N/A	
Conley	GA	727,106	904,138	29,754	None	727,106	933,892	1,660,998	131,357	8/7/2014	300	
Valdosta	GA	2,550,000	11,989,018	None	800	2,550,000	11,989,818	14,539,818	1,658,513	7/15/2014	300	
Cedar Rapids	IA	294,195	732,929	None	None	294,195	732,929	1,027,124	67,185	9/24/2015	300	
Kansas City	KS	854,158	1,810,915	375	None	854,158	1,811,290	2,665,448	220,335	12/22/2014	300	
Lenexa	KS	1,051,077	1,952,233	None	None	1,051,077	1,952,233	3,003,310	933,818	1/6/2006	300	
Overland Park	KS	3,400,000	12,372,646	None	None	3,400,000	12,372,646	15,772,646	762,980	6/29/2016	300	
Topeka	KS	11,800,100	2,189,122	35,657,677	None	2,189,122	35,657,677	37,846,799	5,100,410	1/22/2013	420	
Winchester	KY	590,000	5,879,333	None	None	590,000	5,879,333	6,469,333	68,592	9/26/2017	300	
Gretna	LA	4,260,000	8,738,059	None	None	4,260,000	8,738,059	12,998,059	393,213	11/30/2016	300	
Jefferson	LA	610,004	1,293,280	None	None	610,004	1,293,280	1,903,284	157,349	12/31/2014	300	
Midland	MI	3,408,134	2,684,505	None	None	3,408,134	2,684,505	6,092,639	13,423	11/20/2017	300	
Forest Lake	MN	1,952,135	4,757,481	None	None	1,952,135	4,757,481	6,709,616	23,787	1/27/2017	300	
Chillicothe	MO	804,948	1,495,138	None	None	804,948	1,495,138	2,300,086	715,174	1/6/2006	300	
Columbia	MO	2,039,436	3,787,757	None	None	2,039,436	3,787,757	5,827,193	1,811,810	1/6/2006	300	
Columbia	MO	1,080,521	2,006,915	None	None	1,080,521	2,006,915	3,087,436	959,974	1/6/2006	300	
Fulton	MO	791,603	1,470,353	None	None	791,603	1,470,353	2,261,956	703,319	1/6/2006	300	
Jefferson City	MO	1,481,299	2,751,217	250,000	34,933	1,481,299	3,036,150	4,517,449	1,336,318	1/6/2006	300	
Kirksville	MO	1,421,788	2,640,696	None	None	1,421,788	2,640,696	4,062,484	1,263,133	1/6/2006	300	
Macon	MO	493,394	916,537	None	None	493,394	916,537	1,409,931	438,410	1/6/2006	300	
Moberly	MO	1,293,387	2,402,283	None	None	1,293,387	2,402,283	3,695,670	1,149,091	1/6/2006	300	
Charlotte	NC	2,880,000	5,771,974	None	None	2,880,000	5,771,974	8,651,974	125,059	6/23/2017	300	
Matthews	NC	610,177	1,394,743	86,087	68,013	610,177	1,548,843	2,159,020	1,145,319	7/17/1998	300	
Omaha	NE	1,515,773	2,816,678	32	None	1,515,773	2,816,710	4,332,483	1,347,344	1/6/2006	300	
Haddon Heights	NJ	80,000	534,400	124,945	None	80,000	659,345	739,345	64,330	5/21/2015	300	
Voorhees Township	NJ	11,002,336	4,280,000	None	None	11,002,336	4,280,000	15,282,336	192,600	11/30/2016	300	
Reno	NV	1,300,428	23,765,102	None	None	1,300,428	23,765,102	25,065,530	84,875	11/30/2017	420	
Rochester	NY	158,168	294,456	None	None	158,168	294,456	452,624	224,288	12/31/1998	300	
Akron	OH	359,775	762,765	None	None	359,775	762,765	1,122,540	92,803	12/31/2014	300	
Canton	OH	70,000	908,666	None	None	70,000	908,666	978,666	110,554	12/31/2014	300	
Columbus	OH	230,000	538,088	None	None	230,000	538,088	768,088	65,467	12/18/2014	300	
Massillon	OH	6,523,018	939,016	None	None	6,523,018	939,016	7,462,034	57,906	6/30/2016	300	
Youngstown	OH	2,260,000	10,662,835	None	None	2,260,000	10,662,835	12,922,835	231,028	6/27/2017	300	
Wheelersburg	OH	1,765,883	9,211,996	None	None	1,765,883	9,211,996	10,977,879	15,353	12/22/2017	300	
Edmond	OK	1,030,000	1,317,842	None	None	1,030,000	1,317,842	2,347,842	147,159	3/11/2015	300	
Columbia	TN	610,000	985,954	375	None	610,000	986,329	1,596,329	129,824	9/9/2014	300	
Johnson City	TN	467,167	580,911	None	None	467,167	580,911	1,048,078	78,423	8/7/2014	300	
Knoxville	TN	6,486,801	-	None	None	6,486,801	-	6,486,801	-	1/22/2013	N/A	
Nashville	TN	9,928,019	-	None	None	9,928,019	-	9,928,019	-	5/24/2017	N/A	
Amarillo	TX	1,140,000	1,082,966	None	None	1,140,000	1,082,966	2,222,966	117,321	3/28/2014	420	
Carrollton	TX	201,569	374,342	None	102	201,569	374,444	576,013	210,357	12/5/2003	300	
Cedar Park	TX	253,591	827,237	126,892	41,396	253,591	995,525	1,249,116	794,552	3/26/1997	300	
Longview	TX	300,000	980,898	None	None	300,000	980,898	1,280,898	102,994	5/15/2015	300	
Midland	TX	1,590,052	2,953,473	None	None	1,590,052	2,953,473	4,543,525	1,412,745	1/6/2006	300	
Odessa												

<u>Jewelry</u>											
Plymouth	MA	-	1,809,315	None	None	-	1,809,315	1,809,315	358,847	1/22/2013	300
Watchung	NJ	-	2,446,115	None	None	-	2,446,115	2,446,115	485,146	1/22/2013	300
Amherst	NY	-	1,841,863	None	None	-	1,841,863	1,841,863	365,303	1/22/2013	300
Lake Grove	NY	-	2,171,696	None	None	-	2,171,696	2,171,696	430,720	1/22/2013	300

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		Land	Buildings Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total				
<b>Machinery</b>												
Tomah	WI	1,630,917	12,938,430	None	None	1,630,917	12,938,430	14,569,347	2,824,891		7/31/2012	300
<b>Motor vehicle dealerships</b>												
Robertsdale	AL	3,026,015	6,117,490	None	None	3,026,015	6,117,490	9,143,505	2,694,558	1/29/2007	4/7/2006	300
West Covina	CA	311,040	577,733	305,294	45,714	311,040	928,741	1,239,781	529,255		12/31/1998	300
Longmont	CO	2,502,092	6,906,609	None	115	2,502,092	6,906,724	9,408,816	3,695,150		8/25/2004	300
Clearwater	FL	9,110,000	8,215,668	500	None	9,110,000	8,216,168	17,326,168	588,833		3/23/2016	300
Gulf Breeze	FL	3,518,413	905,480	None	None	3,518,413	905,480	4,423,893	424,066		4/7/2006	300
Sanford	FL	5,380,000	4,387,546	None	None	5,380,000	4,387,546	9,767,546	314,441		3/23/2016	300
Stockbridge	GA	2,470,000	8,693,515	None	None	2,470,000	8,693,515	11,163,515	1,550,344		7/18/2013	300
Woodstock	GA	2,509,102	2,509,993	None	None	2,509,102	2,509,993	5,019,095	1,225,713		10/25/2005	300
Island Lake	IL	2,107,134	6,383,412	None	None	2,107,134	6,383,412	8,490,546	3,211,216		12/31/2004	300
Louisville	KY	4,070,000	11,863,002	500	None	4,070,000	11,863,502	15,933,502	1,087,554		9/29/2015	300
Danvers	MA	15,602,817	-	None	None	15,602,817	-	15,602,817	-		2/1/2017	N/A
South Portland	ME	5,415,622	-	None	None	5,415,622	-	5,415,622	-		12/22/2016	N/A
Charlotte	NC	3,560,000	5,847,436	None	None	3,560,000	5,847,436	9,407,436	964,827		11/26/2013	300
Colfax	NC	1,125,979	2,196,033	None	None	1,125,979	2,196,033	3,322,012	1,143,183		12/31/2004	300
Statesville	NC	2,353,825	4,159,653	None	None	2,353,825	4,159,653	6,513,478	2,141,702		5/13/2004	300
Chichester	NH	578,314	4,546,307	None	None	578,314	4,546,307	5,124,621	2,354,692		10/1/2004	300
Churchville	NY	1,000,000	5,755,166	None	None	1,000,000	5,755,166	6,755,166	2,662,742	6/6/2006	3/23/2006	300
Akron	OH	715,953	554,589	None	None	715,953	1,270,542	1,986,495	723,105	2/13/2006	1/19/2005	300
Hillsboro	OR	1,611,084	1,936,755	None	58	1,611,084	1,936,813	3,547,897	874,819		9/1/2006	300
Wood Village	OR	3,822,277	5,687,110	None	58	3,822,277	5,687,168	9,509,445	2,504,174		9/1/2006	300
Myrtille Beach	SC	4,099,824	2,081,997	(1,800,804)	None	2,299,020	2,081,997	4,381,017	1,065,173	7/28/2000	3/3/2005	300
Fort Worth	TX	5,210,000	10,504,651	500	None	5,210,000	10,505,151	15,715,151	647,862		6/30/2016	300
Garland	TX	3,233,329	12,064,417	500	None	3,233,329	12,064,917	15,298,246	2,473,460		11/19/2012	300
Houston	TX	3,630,000	9,733,649	500	None	3,630,000	9,734,149	13,364,149	892,307		9/21/2015	300
Houston	TX	3,850,000	2,884,228	None	None	3,850,000	2,884,228	6,734,228	177,861		6/24/2016	300
Katy	TX	1,347,454	8,564,135	None	None	1,347,454	8,564,135	9,911,589	4,160,646	10/28/2005	1/25/2005	300
Plano	TX	5,040,000	3,520,851	None	None	5,040,000	3,520,851	8,560,851	217,119		6/24/2016	300
San Antonio	TX	4,337,454	7,312,625	500	None	4,337,454	7,313,125	11,650,579	1,474,967		12/13/2012	300
<b>Office supplies</b>												
Lakewood	CA	1,398,387	3,098,607	181,351	10,284	1,398,387	3,290,242	4,688,629	2,610,347		1/29/1997	300
Riverside	CA	1,410,177	1,659,850	None	80	1,410,177	1,659,930	3,070,107	1,347,216		9/17/1997	300
Casselberry	FL	-	1,277,112	123,718	268	-	1,401,098	1,401,098	661,890	7/14/2005	1/25/2005	300
Hutchinson	KS	269,964	1,704,013	103,877	None	269,964	1,807,890	2,077,854	1,461,198		6/25/1997	300
Salina	KS	240,423	1,829,837	111,873	None	240,423	1,941,710	2,182,133	1,562,736		6/25/1997	300
Asheboro	NC	465,557	2,176,416	21,418	153	465,557	2,197,987	2,663,544	1,744,435		3/27/1998	300
Westbury	NY	3,808,076	2,377,932	221,028	338,968	3,808,076	2,937,928	6,746,004	2,201,112		9/29/1997	300
New Philadelphia	OH	726,636	1,650,672	29,715	114	726,636	1,680,501	2,407,137	1,390,316		5/30/1997	300
<b>Other manufacturing</b>												
Prescott	AR	-	593,604	None	None	593,604	11,944,641	12,538,245	1,692,157		1/22/2013	420
Tucson	AZ	14,707,325	3,799,899	32,101,539	249,227	468	3,799,899	32,351,234	36,151,133	4,640,950	1/22/2013	420
East Windsor	NJ	9,625,000	240,000	13,307,041	22,563	None	240,000	13,329,604	13,569,604	1,417,669	4/30/2014	420
Marysville	OH	-	540,000	14,900,974	None	None	540,000	14,900,974	15,440,974	918,893	12/3/2015	420
Duncan	SC	-	490,000	2,292,068	114,521	None	490,000	2,406,589	291,320		8/29/2013	420
El Paso	TX	-	1,769,633	17,892,956	633,600	239,723	1,769,633	18,766,279	20,535,912	2,836,619	1/22/2013	420
McAllen	TX	6,012,467	1,460,000	11,847,054	None	None	1,460,000	11,847,054	13,307,054	352,591	12/21/2016	420
<b>Packaging</b>												
Denver	CO	2,680,000	5,645,000	None	None	2,680,000	5,645,000	8,325,000	87,363		6/20/2017	420
Mundelein	IL	1,900,000	12,899,000	1,000	None	1,900,000	12,900,000	14,800,000	383,999		12/22/2016	420
Nicholasville	KY	1,000,000	15,932,000	None	None	1,000,000	15,932,000	16,932,000	625,900		8/22/2016	420
Nicholasville	KY	3,451,710	6,343,890	None	None	3,451,710	6,343,890	9,795,600	7,552		12/1/2017	420
Asheville	NC	2,482,832	9,955,668	None	None	2,482,832	9,955,668	12,438,500	11,852		12/20/2017	420
Lewisburg	OH	2,829,379	641,174	None	None	641,174	11,787,510	12,428,684	2,455,731		10/19/2012	300
Chester	VA	1,770,000	14,922,913	None	None	1,770,000	14,922,913	16,692,913	1,296,872		12/17/2014	420
Raphine	VA	2,679,884	21,236,904	None	None	2,679,884	21,236,904	23,916,788	5,556,990		6/3/2011	300
Wytheville	VA	2,175,524	33,138,859	2,255,121	None	2,175,524	35,393,980	37,569,504	7,034,732		11/29/2012	300
Madison	WI	1,500,000	14,719,500	None	None	1,500,000	14,719,500	16,219,500	227,802		6/23/2017	420
<b>Paper</b>												
Marianna	FL	1,473,182	6,930,359	None	None	1,473,182	6,930,359	8,403,541	1,836,545		5/2/2011	300
Columbia	SC	989,232	5,004,326	None	None	989,232	5,004,326	5,993,558	720,861		12/21/2012	420
<b>Pet supplies and services</b>												
Los Angeles	CA	902,494	1,676,204	437,070	182,667	902,494	2,295,941	3,198,435	1,378,744		12/31/1998	300
Duluth	GA	361,058	1,591,629	None	None	361,058	1,591,629	1,952,687	1,147,743	1/27/1999	9/29/1998	300
Marietta	GA	495,412	1,526,370	None	None	495,412	1,526,370	2,021,782	1,084,030	5/28/1999	9/29/1998	300
Ottawa	IL	2,351,842	52,407,677	237,848	None	2,351,842	52,645,525	54,997,367	7,571,396		1/22/2013	420
Indianapolis	IN	427,000	1,296,901	None	None	427,000	1,296,901	1,723,901	915,122	3/10/2000	1/19/1999	300
Sudbury	MA	543,038	2,477,213	None	None	543,038	2,477,213	3,020,251	1,728,988	11/12/1999	9/30/1998	300
Tyngsboro	MA	312,204	1,222,522	None	None	312,204	1,222,522	1,534,726	955,598		6/12/1998	300
Warren	MI	356,348	903,351	155,408	31,687	356,348	1,090,446	1,446,794	860,541		1/9/1998	300
Lee's Summit	MO	330,000	993,787	40,769	20,450	330,000	1,055,006	1,385,006	734,966	7/26/1999	6/17/1999	300
North Plainfield	NJ	985,430	1,590,447	None	None	985,430	1,590,447	2,575,877	1,159,287		9/24/1998	300
Albuquerque	NM	684,036	874,914	309,469	None	684,036	1,184,383	1,868,419	900,500		12/31/1998	300
Middletown	OH	337,572	777,943	41,328	22,683	337,572	841,954	1,179,526	675,043		10/30/1997	300
Mount Pleasant	SC	40,700	180,400	111,572	6,545	40,700	298,517	339,217	236,407		12/22/1981	180
<b>Restaurants - casual dining</b>												
Boaz	AL	829,001	1,541,245	480	14,413	829,001	1,556,138	2,385,139	699,943		11/1/2006	300
Gadsden	AL	242,194	449,977	6,042	12,255	242,194	468,274	710,468	205,994		9/14/2006	300
Gadsden	AL	851,124	1,582,332	83,171	25,239	851,124	1,690,742	2,541,866	746,084		11/1/2006	300
Sylacauga	AL	801,413	1,490,012	71,434	19,187	801,413	1,580,633	2,382,046	696,337		11/1/2006	300
El Dorado	AR	907,534	1,687,608	117,309	20,759	907,534	1,825,676	2,733,210	795,791		11/1/2006	300
Jacksonville	AR	267,376	497,124	29,762	11,529	267,376	538,415	805,791				

New Milford	CT	-	705,127	24,437	26,125	-	755,689	755,689	326,502	8/30/2007	300
Plainville	CT	-	1,452,933	None	None	-	1,452,933	1,452,933	602,945	8/30/2007	300
Tewksbury	CT	392,079	730,927	19,598	14,701	392,079	765,226	1,157,305	313,076	8/30/2007	300
Torrington	CT	504,167	939,051	75,434	10,000	504,167	1,024,485	1,528,652	439,447	8/30/2007	300

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### REALTY INCOME CORPORATION AND SUBSIDIARIES SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)	
		Land	Buildings Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings Improvements and Acquisition Fees						Total
							Land	Acquisition Fees					
Windsor Locks	CT		844,967	1,571,965		None	844,967	1,571,965	2,416,932	652,348		8/30/2007	300
Jacksonville	FL		1,451,180	658,461	59,396	13	1,451,180	717,870	2,169,050	329,110	8/4/2006	5/9/2006	300
Lakeland	FL		1,018,551	1,273,189	None	None	1,018,551	1,273,189	2,291,740	252,516		1/22/2013	300
Land O' Lakes	FL		770,136	1,190,937	None	None	770,136	1,190,937	1,961,073	566,384	10/21/2005	3/24/2005	300
Melbourne	FL		-	790,083	18,074	285	-	808,442	808,442	808,442		8/30/2007	124
New Port Richey	FL		929,402	1,459,392	56,969	32,400	929,402	1,548,761	2,478,163	718,792	11/13/2006	8/1/2006	300
Orange City	FL		1,290,082	1,612,603	None	None	1,290,082	1,612,603	2,902,685	319,833		1/22/2013	300
Orlando	FL		230,000	1,066,339	None	None	230,000	1,066,339	1,296,339	1,066,339		11/18/1985	300
Orlando	FL		1,135,310	1,306,940	78,395	18,309	1,135,310	1,403,644	2,538,954	587,516	11/0/2007	6/30/2006	300
Orlando	FL		735,000	1,367,891	None	None	735,000	1,367,891	2,102,891	567,658		8/30/2007	300
Orlando	FL		-	790,583	24,415	38,527	-	853,525	853,525	371,225		8/30/2007	300
Sebring	FL		737,465	921,832	None	None	737,465	921,832	1,659,297	182,830		1/22/2013	300
Spring Hill	FL		1,100,000	2,128,182	None	None	1,100,000	2,128,182	3,228,182	46,111		6/28/2017	300
Vero Beach	FL		1,381,247	1,726,559	None	None	1,381,247	1,726,559	3,107,806	342,434		1/22/2013	300
Winter Haven	FL		2,040,000	1,830,126	None	None	2,040,000	1,830,126	3,870,126	39,653		6/28/2017	300
Leesburg	FL		1,060,000	1,914,025	None	None	1,060,000	1,914,025	2,974,025	41,471		6/28/2017	300
Americus	GA		709,624	1,319,578	146,843	6,036	709,624	1,472,457	2,182,081	642,309		11/1/2006	300
Buford	GA		1,229,933	1,537,417	2,000	None	1,229,933	1,539,417	2,769,350	305,067		1/22/2013	300
Conyers	GA		1,047,499	2,451,936	None	None	1,047,499	2,451,936	3,499,435	175,722		3/30/2016	300
Douglasville	GA		1,345,928	2,324,166	None	None	1,345,928	2,324,166	3,670,094	166,565		3/30/2016	300
Gainesville	GA		922,954	2,160,409	None	None	922,954	2,160,409	3,083,363	154,829		3/30/2016	300
Garden City	GA		197,225	438,043	142,590	3,257	197,225	583,890	781,115	501,609		4/20/1989	300
Lithonia	GA		89,220	-	None	246	89,220	246	89,466	168		1/4/1985	60
Norcross	GA		827,707	1,538,875	115,596	16,522	827,707	1,670,993	2,498,700	763,448		11/1/2006	300
Savannah	GA		719,188	1,337,352	93,855	23,190	719,188	1,454,397	2,173,585	644,783		11/1/2006	300
Savannah	GA		1,204,088	2,079,235	None	None	1,204,088	2,079,235	3,283,323	149,012		3/30/2016	300
Statesboro	GA		926,462	1,722,290	None	19,800	926,462	1,742,090	2,668,552	772,152		11/1/2006	300
Suwanee	GA		1,490,000	2,065,314	None	None	1,490,000	2,065,314	3,555,314	148,014		3/30/2016	300
Thomastown	GA		894,504	1,662,939	87,387	26,155	894,504	1,776,481	2,670,985	809,545		11/1/2006	300
Valdosta	GA		901,658	1,676,225	4,820	30,696	901,658	1,711,741	2,613,399	779,206		11/1/2006	300
Warner Robins	GA		896,841	1,667,267	(1,259,913)	349	896,841	407,703	1,304,544	194,865		11/1/2006	300
Warner Robins	GA		1,286,698	2,221,885	None	None	1,286,698	2,221,885	3,508,583	159,253		3/30/2016	300
Waycross	GA		956,765	1,778,566	None	None	956,765	1,778,566	2,735,331	791,461		11/1/2006	300
Ankeny	IA		100,000	349,218	25,075	642	100,000	374,935	474,935	374,442		7/28/1983	180
Burlington	IA		653,057	1,214,571	(578,090)	757	653,057	637,238	1,290,295	547,405		11/1/2006	300
Cedar Rapids	IA		822,331	1,528,939	None	202	822,331	1,529,141	2,351,472	680,397		11/1/2006	300
Clive	IA		840,697	1,563,046	(861,900)	558	840,697	701,704	1,542,401	680,671		11/1/2006	300
Sioux City	IA		979,171	1,690,845	None	None	979,171	1,690,845	2,670,016	121,177		3/30/2016	300
Nampa	ID		74,156	343,820	28,206	None	74,156	372,026	446,182	358,783		12/31/1986	300
Rexburg	ID		90,760	420,787	59,798	None	90,760	480,585	571,345	450,740		11/25/1985	300
Alton	IL		225,785	419,315	75,320	23,817	225,785	518,452	744,237	437,104		10/18/1988	300
Champaign	IL		805,888	1,498,402	3,419	None	805,888	1,501,821	2,307,709	667,101		11/1/2006	300
Champaign	IL		590,000	2,081,355	None	None	590,000	2,081,355	2,671,355	149,164		3/30/2016	300
Effingham	IL		783,528	1,456,874	None	None	783,528	1,456,874	2,240,402	648,308		11/1/2006	300
Mount Vernon	IL		883,110	1,641,741	None	None	883,110	1,641,741	2,524,851	730,574		11/1/2006	300
Oswego	IL		953,394	1,208,677	1,988	32,467	953,394	1,243,132	2,196,526	160,367	6/15/2005	6/24/2005	300
Peoria	IL		662,460	1,060,577	14,851	12,085	662,460	1,087,313	1,749,773	571,864	10/13/2004	6/15/2004	300
Swansea	IL		890,625	1,655,743	288,559	21,851	890,625	1,966,153	2,856,778	915,122		11/1/2006	300
Waukegan	IL		1,330,000	2,470,909	None	150	1,330,000	2,471,059	3,801,059	992,509		12/21/2007	300
Anderson	IN		831,077	1,545,131	16,655	30,694	831,077	1,592,480	2,423,557	719,881		11/1/2006	300
Evansville	IN		999,824	1,726,507	None	None	999,824	1,726,507	2,726,331	123,733		3/30/2016	300
Lafayette	IN		1,273,149	2,198,489	None	None	1,273,149	2,198,489	3,471,638	157,558		3/30/2016	300
Marion	IN		685,194	1,274,206	45,372	19,275	685,194	1,338,853	2,024,407	606,938		11/1/2006	300
El Dorado	KS		87,400	405,206	50,518	None	87,400	455,724	543,124	427,250		4/10/1986	300
Salina	KS		683,265	1,647,429	None	None	683,265	1,647,429	2,330,694	160,129	7/27/2015	12/17/2014	300
Shawnee	KS		953,916	1,773,245	None	None	953,916	1,773,245	2,727,161	789,093		11/1/2006	300
Shawnee	KS		-	1,573,049	None	None	-	1,573,049	1,573,049	311,988		1/22/2013	300
Topeka	KS		1,005,484	1,256,855	None	None	1,005,484	1,256,855	2,262,339	249,276		1/22/2013	300
Wichita	KS		900,768	2,108,474	None	None	900,768	2,108,474	3,009,242	151,107		3/30/2016	300
Murray	KY		831,246	1,545,422	111,189	None	831,246	1,656,611	2,487,857	723,884		11/1/2006	300
Richmond	KY		913,770	1,698,726	183	None	913,770	1,698,909	2,612,679	755,996		11/1/2006	300
Alexandria	LA		-	1,118,270	None	None	-	1,118,270	1,118,270	221,790		1/22/2013	300
Alexandria	LA		740,000	1,800,869	None	None	740,000	1,800,869	2,540,869	129,062		3/30/2016	300
Baton Rouge	LA		-	1,748,499	None	None	-	1,748,499	1,748,499	346,786		1/22/2013	300
Covington	LA		1,250,677	2,159,685	None	None	1,250,677	2,159,685	3,410,362	154,777		3/30/2016	300
Houma	LA		1,061,671	1,973,864	12,063	48,189	1,061,671	2,034,116	3,095,787	907,646		11/1/2006	300
Lafayette	LA		980,000	2,171,859	None	None	980,000	2,171,859	3,151,859	47,057		6/28/2017	300
Lake Charles	LA		790,398	1,850,125	None	None	790,398	1,850,125	2,640,523	132,592		3/30/2016	300
New Iberia	LA		917,582	1,706,269	80,944	30,339	917,582	1,817,552	2,735,134	822,758		11/1/2006	300
Opelousas	LA		949,157	1,764,908	(1,243,612)	567	949,157	521,863	1,471,020	829,225		11/1/2006	300
Ruston	LA		982,427	1,826,696	None	None	982,427	1,826,696	2,809,123	812,878		11/1/2006	300
Shreveport	LA		269,130	500,382	None	10,357	269,130	510,739	779,869	227,671		9/14/2006	300
Slidell	LA		1,340,000	2,019,213	None	None	1,340,000	2,019,213	3,359,213	124,518		6/29/2016	300
West Monroe	LA		839,404	1,964,836	None	None	839,404	1,964,836	2,804,240	140,813		3/30/2016	300
Zachary	LA		898,306	1,670,527	51,691	28,442	898,306	1,750,660	2,648,966	767,324		11/1/2006	300
Amesbury	MA		-	790,494	None	None	-	790,494	790,494	546,361		8/30/2007	180
Attleboro	MA		369,815	693,655	None	None	369,815	693,655	1,063,470	445,094		12/19/2001	300
Auburn	MA		418,250	779,623	500	None	418,250	780,123	1,198,373	324,026		8/30/2007	300
Chicopee	MA		761,606	1,417,624	None	None	761,606	1,417,624	2,179,230	588,297		8/30/2007	300
Chicopee Falls	MA		302,982	565,894	65,789	7,544	302,982	639,227	942,209	272,486		8/30/2007	300
East Longmeadow	MA		614,319	1,144,128	None	None	614,319	1,144,128	1,758,447	474,796		8/30/2007	300
Gardner	MA		625,000	828,564	None	None	625,000	828,564	1,453,564	523,320		8/30/2007	197
Great Barrington	MA		422,625	788,089	91,875	10,347	422,625	890,311	1,312,936	369,990		8/30/2007	300
Greenfield	MA		761,417	1,417,273	None	None	761,417	1,417,273	2,178,690	588,151		8/30/2007	300
H													

Lansing	MI	873,536	1,623,973	None	55,078	873,536	1,679,051	2,552,587	728,207	11/1/2006	300
Saginaw	MI	766,531	1,425,263	14,030	23,051	766,531	1,462,344	2,228,875	662,836	11/1/2006	300
Saginaw	MI	1,153,595	1,992,043	None	None	1,153,595	1,992,043	3,145,638	142,763	3/30/2016	300
Champlin	MN	583,515	729,394	None	None	583,515	729,394	1,312,909	144,663	1/22/2013	300
Inver Grove Hghts	MN	1,010,000	2,344,614	None	None	1,010,000	2,344,614	3,354,614	168,031	3/30/2016	300

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
 SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
 AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees						
		Land				Land		Total				
Roseville MN		281,600	1,305,560	None	288	281,600	1,305,848	1,587,448	1,305,736		12/18/1984	300
Bridgeton MO		743,559	1,585,207	295,301	21,240	743,559	1,901,748	2,645,307	796,049		11/11/2006	300
Farmington MO		780,812	1,451,767	214,865	25,259	780,812	1,691,891	2,472,703	732,928		11/1/2006	300
Festus MO		808,595	1,503,364	(664,610)	2,875	808,595	841,629	1,650,224	632,386		11/1/2006	300
Hazelwood MO		157,117	725,327	(104,329)	None	157,117	620,998	778,115	620,998		8/28/1985	480
Jefferson City MO		713,088	1,325,993	98,612	22,035	713,088	1,446,640	2,159,728	621,507		11/1/2006	300
Kansas City MO		715,640	894,550	None	None	715,640	894,550	1,610,190	177,419		1/22/2013	300
Kansas City MO		872,364	1,090,455	None	None	872,364	1,090,455	1,962,819	216,274		1/22/2013	300
Ozark MO		140,000	292,482	None	None	140,000	292,482	432,482	235,438		11/20/1997	300
Poplar Bluff MO		774,256	1,439,603	None	None	774,256	1,439,603	2,213,859	640,622		11/1/2006	300
Raymore MO		726,583	1,351,055	12,549	23,779	726,583	1,387,383	2,113,966	606,038		11/1/2006	300
Sedalia MO		269,798	599,231	11,556	None	269,798	610,787	880,585	610,787		7/31/1989	300
Springfield MO		-	1,390,167	None	None	-	1,390,167	1,390,167	275,716		1/22/2013	300
St. Charles MO		175,413	809,791	None	81	175,413	809,872	985,285	809,839		8/28/1985	300
St. Charles MO		695,121	1,001,878	None	1,149	695,121	1,003,027	1,698,148	883,751	12/22/1995	3/16/1995	300
St. Robert MO		744,158	1,383,694	None	31,455	744,158	1,415,149	2,159,307	638,711		11/1/2006	300
Sullivan MO		85,500	396,400	(40,743)	13,500	85,500	369,157	454,657	367,128		12/27/1984	480
Columbus MS		720,310	1,339,963	None	None	720,310	1,339,963	2,060,273	596,282		11/1/2006	300
Corinth MS		867,086	1,612,029	None	81	867,086	1,612,110	2,479,196	177,400		11/1/2006	300
Hattiesburg MS		856,070	1,592,088	None	None	856,070	1,592,088	2,448,158	708,478		11/1/2006	300
Meridian MS		-	2,481,172	234,694	19,128	-	2,734,994	2,734,994	1,113,062		11/1/2006	300
Vicksburg MS		698,189	1,298,881	(736,106)	690	698,189	563,465	1,261,654	637,524		11/1/2006	300
Durham NC		1,034,787	2,422,182	None	None	1,034,787	2,422,182	3,456,969	173,590		3/30/2016	300
Forest City NC		872,424	1,621,940	(1,305,000)	183	872,424	317,123	1,189,547	721,826		11/1/2006	300
Gastonia NC		1,340,000	2,655,512	None	None	1,340,000	2,655,512	3,995,512	57,536		6/28/2017	300
Goldsboro NC		811,502	1,509,029	72,109	35,050	811,502	1,616,188	2,427,690	736,887		11/1/2006	300
Greenville NC		760,000	1,837,890	None	None	760,000	1,837,890	2,597,890	131,715		3/30/2016	300
Highpoint NC		1,170,000	2,301,150	None	None	1,170,000	2,301,150	3,471,150	141,904		6/29/2016	300
Lumberton NC		1,560,000	2,521,795	None	None	1,560,000	2,521,795	4,081,795	180,729		3/30/2016	300
Rocky Mount NC		996,506	2,332,575	None	None	996,506	2,332,575	3,329,081	167,168		3/30/2016	300
Salisbury NC		777,412	1,445,863	(821,200)	None	777,412	624,663	1,402,075	615,584		11/1/2006	300
Salisbury NC		650,000	2,103,127	None	None	650,000	2,103,127	2,753,127	129,693		6/29/2016	300
Southern Pines NC		1,444,847	2,494,980	None	None	1,444,847	2,494,980	3,939,827	178,807		3/30/2016	300
Sylva NC		919,724	1,709,783	None	131	919,724	1,709,914	2,629,638	760,983		11/1/2006	300
Winston-Salem NC		1,093,829	2,560,382	None	None	1,093,829	2,560,382	3,654,211	183,494		3/30/2016	300
Bellevue NE		656,061	1,004,384	None	None	656,061	1,004,384	1,680,445	488,353	9/20/2005	2/24/2005	300
Omaha NE		592,716	1,009,253	None	32	592,716	1,009,285	1,602,001	502,301	5/5/2005	12/21/2004	300
Papillion NE		654,788	908,685	None	None	654,788	908,685	1,563,473	456,561	3/9/2005	1/12/2005	300
Concord NH		577,667	1,075,628	None	None	577,667	1,075,628	1,653,295	446,369		8/30/2007	300
Concord NH		849,884	1,581,175	None	None	849,884	1,581,175	2,431,059	656,171		8/30/2007	300
Dover NH		687,917	1,280,378	None	None	687,917	1,280,378	1,968,295	531,340		8/30/2007	300
Laconia NH		330,520	467,594	None	None	330,520	467,594	798,114	300,038		12/19/2001	300
Manchester NH		266,337	486,676	None	None	266,337	486,676	753,013	312,282		12/19/2001	300
Portsmouth NH		391,650	730,167	37,475	18,167	391,650	785,809	1,177,459	339,020		8/30/2007	300
Rochester NH		262,059	695,771	None	None	262,059	695,771	957,830	446,451		12/19/2001	300
Clark NJ		541,792	1,009,085	None	None	541,792	1,009,085	1,550,877	418,753		8/30/2007	300
Hackettstown NJ		307,186	525,142	None	None	307,186	525,142	832,328	336,964		12/19/2001	300
Midletown NJ		-	640,403	31,043	7	-	671,453	671,453	671,453		8/30/2007	124
Mount Holly NJ		-	1,092,178	None	None	-	1,092,178	1,092,178	438,688		12/17/2007	300
Pompton Plains NJ		455,700	849,125	88,127	17,448	455,700	954,700	1,410,400	367,511		8/30/2007	300
Toms River NJ		826,449	1,537,659	None	None	826,449	1,537,659	2,364,108	638,111		8/30/2007	300
Albuquerque NM		-	1,307,933	None	None	-	1,307,933	1,307,933	259,407		1/22/2013	300
Albany NY		457,538	852,510	42,302	13,692	457,538	908,504	1,366,042	387,799		8/30/2007	300
Cifton Park NY		1,040,997	1,936,100	None	None	1,040,997	1,936,100	2,977,097	803,464		8/30/2007	300
Deimar NY		316,382	590,387	24,178	14,789	316,382	629,354	945,736	276,860		8/30/2007	300
East Greenbush NY		623,313	1,160,389	None	None	623,313	1,160,389	1,783,702	481,544		8/30/2007	300
New Hartford NY		226,041	422,563	None	None	226,041	422,563	648,604	175,346		8/30/2007	300
Plattsburgh NY		977,012	1,817,269	None	None	977,012	1,817,269	2,794,281	754,150		8/30/2007	300
Rochester NY		-	1,911,958	None	None	-	1,911,958	1,911,958	379,205		1/22/2013	300
Akron OH		723,347	17	249,106	23,690	723,347	272,813	996,160	56,360		12/22/1994	180
Akron OH		318,182	593,654	39,113	None	318,182	632,767	950,949	250,134		8/30/2007	300
Dayton OH		1,284,902	2,218,783	None	None	1,284,902	2,218,783	3,503,685	159,013		3/30/2016	300
Defiance OH		71,273	135,109	None	None	71,273	135,109	206,382	56,053		8/30/2007	300
Elyria OH		79,545	150,491	None	None	79,545	150,491	230,036	62,436		8/30/2007	300
Marion OH		739,651	1,375,358	186,367	21,626	739,651	1,583,351	2,323,002	618,581		11/1/2006	300
Mason OH		770,000	2,246,001	None	None	770,000	2,246,001	3,016,001	138,503		6/29/2016	300
Maumee OH		296,970	555,134	None	None	296,970	555,134	852,104	230,360		8/30/2007	300
Mount Vernon OH		147,212	276,407	None	4,600	147,212	281,007	428,219	114,744		8/30/2007	300
Parma Heights OH		275,758	514,866	None	None	275,758	514,866	790,624	213,652		8/30/2007	300
Sandusky OH		824,270	1,532,494	None	None	824,270	1,532,494	2,356,764	681,958		11/1/2006	300
Sandusky OH		128,158	240,761	None	None	128,158	240,761	368,919	99,898		8/30/2007	300
Springdale OH		1,895,200	2,369,000	None	None	1,895,200	2,369,000	4,264,200	469,852		1/22/2013	300
Stow OH		317,546	712,455	None	114	317,546	712,569	1,030,115	172,569		12/31/1987	300
Westlake OH		922,871	2,160,212	None	None	922,871	2,160,212	3,083,083	154,815		3/30/2016	300
Norman OK		734,335	335,097	None	78,164	734,335	413,261	1,147,996	209,095	9/29/1995	6/5/1995	300
Norman OK		1,260,559	2,176,748	None	None	1,260,559	2,176,748	3,437,307	156,000		3/30/2016	300
Oklahoma City OK		759,826	-	235,726	34,874	759,826	270,600	1,030,426	33,710		7/6/1995	240
Oklahoma City OK		1,165,405	2,165,989	None	45,131	1,165,405	2,211,120	3,376,525	984,666		11/1/2006	300
Ponca City OK		625,000	1,454,300	None	None	625,000	1,454,300	2,079,300	127,657	10/7/2015	1/20/2015	300
Tulsa OK		490,000	910,004	None	None	490,000	910,004	1,400,004	435,285		1/24/2006	300
Tulsa OK		360,500	669,605	14,520	None	360,500	684,125	1,044,625	314,714		5/10/2006	300
Tulsa OK		1,021,904	1,899,486	29,140	21,989	1,021,904	1,950,615	2,972,519	866,406		11/1/2006	300
Beaverton OR		-	1,689,352	None	None	-	1,689,352	1,689,352	335,055		1/22/2013	300
Hermiston OR		85,560	396,675	73,725	None	85,560	470,400	555,960	424,589		12/18/1984	300
Lake Oswego OR		175,899	815,508	181,383	41,962	175,899	1,038,853	1,214,752	894,009		5/16/1994	300
Salem OR		-	865,668	None	None	-	865,668	865,668	171,691		1/22/2013	300
Feasterville Trev PA		236,303	441,673	None	None	236,303	441,673	677,976	183,277		8/30/2007	300
Gap PA		-	1,012,812	1,000	None	-	1,013,812	1,013,812	421,295		8/30/2007	300
Gettysburg PA		289,040	809,676	None	None	289,040	809,676	1,098,716	519,540		12/1	

Dyersburg	TN	695,135	1,292,644	222,368	None	695,135	1,515,012	2,210,147	654,303	11/1/2006	300
Greeneville	TN	936,669	1,741,253	None	131	936,669	1,741,384	2,678,053	774,988	11/1/2006	300
Johnson City	TN	881,225	1,638,285	167,447	16,066	881,225	1,821,798	2,703,023	784,505	11/1/2006	300
Kingsport	TN	786,332	1,462,055	(1,002,020)	476	786,332	460,511	1,246,843	738,370	11/1/2006	300
Memphis	TN	871,951	1,621,017	349,106	10	871,951	1,970,133	2,842,084	787,032	11/1/2006	300

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**REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2017**

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees						
		Land	Acquisition Fees			Land	Improvements	Total				
Memphis	TN	1,217,412	1,521,765	None	None	1,217,412	1,521,765	2,739,177	301,817		1/22/2013	300
Memphis	TN	-	1,336,687	None	None	-	1,336,687	1,336,687	265,110		1/22/2013	300
Morristown	TN	182,935	340,274	None	10,826	182,935	351,100	534,035	166,605		12/22/2005	300
Murfreesboro	TN	1,428,122	2,466,098	None	None	1,428,122	2,466,098	3,894,220	176,737		3/30/2016	300
Newport	TN	640,841	1,191,858	71,563	None	640,841	1,263,421	1,904,262	563,757		11/1/2006	300
Amarillo	TX	763,283	1,995,460	None	None	763,283	1,995,460	2,758,743	726,616	9/12/2008	3/3/2008	300
Amarillo	TX	609,000	1,486,302	None	None	609,000	1,486,302	2,095,302	145,298	7/13/2015	10/3/2014	300
Austin	TX	699,395	1,167,223	None	144	699,395	1,167,367	1,866,762	545,784	2/15/2006	9/15/2005	300
Austin	TX	976,803	1,361,281	36,880	30,504	976,803	1,428,665	2,405,468	659,707	10/23/2006	6/19/2006	300
Bedford	TX	919,303	98,231	23,966	258	919,303	122,455	1,041,758	112,955		12/27/1994	180
Cedar Park	TX	634,489	1,472,504	None	266	634,489	1,472,770	2,107,259	673,141	6/19/2006	1/13/2006	300
El Campo	TX	98,060	454,631	None	None	98,060	454,631	552,691	454,631		11/25/1985	300
El Paso	TX	-	1,399,487	None	None	-	1,399,487	1,399,487	277,565		1/22/2013	300
El Paso	TX	-	1,591,758	None	None	-	1,591,758	1,591,758	315,699		1/22/2013	300
Georgetown	TX	870,981	1,177,824	205,817	56,236	870,981	1,439,877	2,310,858	681,274	6/2/2006	1/13/2006	300
Greenville	TX	909,311	1,690,848	34,606	27,914	909,311	1,753,368	2,662,679	808,229		11/1/2006	300
Harker Heights	TX	943,812	1,897,644	None	None	943,812	1,897,644	2,841,456	697,372	8/28/2008	3/20/2008	300
Hillsboro	TX	75,992	352,316	158,254	9,364	75,992	519,934	595,256	438,132		8/1/1984	300
Houston	TX	194,994	386,056	None	9,044	194,994	395,100	590,094	386,634		6/25/1991	300
Houston	TX	1,096,376	2,300,690	235,500	102,443	1,096,376	2,638,633	3,735,009	2,178,521		9/15/1997	300
Houston	TX	989,152	1,838,713	None	25,823	989,152	1,864,536	2,853,688	842,724		11/1/2006	300
Irving	TX	1,500,411	2,156	None	None	1,500,411	2,156	1,502,567	1,283		2/5/2003	300
Killeen	TX	1,327,348	2,467,204	17,494	28,845	1,327,348	2,513,543	3,840,891	1,120,227		11/1/2006	300
Live Oak	TX	727,956	1,214,835	181,920	42,902	727,956	1,439,657	2,167,613	739,652	9/27/2005	6/1/2005	300
Longview	TX	1,231,857	2,289,864	None	113	1,231,857	2,289,977	3,521,834	1,019,013		11/1/2006	300
Lufkin	TX	105,904	490,998	None	None	105,904	490,998	596,902	490,998		10/8/1985	300
Mesquite	TX	729,596	120,820	None	91	729,596	120,911	850,507	120,895		12/23/1994	180
Mexia	TX	93,620	434,046	50,273	11,861	93,620	496,180	589,800	474,585		12/18/1985	300
New Braunfels	TX	860,262	1,169,016	250,000	56,399	860,262	1,475,415	2,335,677	819,227	2/14/2006	10/12/2005	300
Palestine	TX	825,066	1,534,394	59,064	26,449	825,066	1,619,907	2,444,973	712,893		11/1/2006	300
Plano	TX	2,420,222	769	None	None	2,420,222	769	2,420,991	477	3/12/2003	6/27/2002	300
San Antonio	TX	835,431	1,185,257	None	49,500	835,431	1,234,757	2,070,188	611,394	12/2/2005	6/24/2005	300
San Antonio	TX	690,443	1,109,136	None	40,500	690,443	1,149,636	1,840,079	569,441	10/24/2005	6/27/2005	300
San Antonio	TX	835,586	1,227,220	None	45,000	835,586	1,272,220	2,107,806	591,004	9/14/2006	5/9/2006	300
Sugar Land	TX	1,376,186	1,720,233	None	None	1,376,186	1,720,233	3,096,419	341,180		1/22/2013	300
Temple	TX	797,574	1,193,813	1,350	144	797,574	1,195,307	1,992,881	542,451	9/14/2006	4/7/2006	300
Waxahachie	TX	326,935	726,137	65,992	20,790	326,935	812,919	1,139,584	767,640		12/29/1987	300
Waxahachie	TX	1,035,794	1,925,746	None	165	1,035,794	1,925,911	2,961,705	857,121		11/1/2006	300
College Station	TX	530,000	1,583,306	None	None	530,000	1,583,306	2,113,306	34,305		6/28/2017	300
Centerville	UT	1,056,314	1,320,393	None	None	1,056,314	1,320,393	2,376,707	261,878		1/22/2013	300
Charlottesville	VA	-	1,283,010	None	None	-	1,283,010	1,283,010	254,464		1/22/2013	300
Chester	VA	541,628	1,008,771	None	None	541,628	1,008,771	1,550,399	418,623		8/30/2007	300
Christiansburg	VA	1,335,724	2,306,544	None	None	1,335,724	2,306,544	3,642,268	165,302		3/30/2016	300
Danville	VA	751,055	1,396,772	66,062	18,130	751,055	1,480,964	2,232,019	678,363		11/1/2006	300
Martinsville	VA	853,114	1,549,167	71,660	13,084	853,114	1,633,911	2,467,025	415,478		11/1/2006	300
Midlothian	VA	421,479	785,639	248,110	27,205	421,479	1,060,954	1,482,433	471,566		8/30/2007	300
Roanoke	VA	-	1,660,095	None	None	-	1,660,095	1,660,095	329,252		1/22/2013	300
Staunton	VA	867,684	1,613,368	39,262	None	867,684	1,652,630	2,520,314	745,043		11/1/2006	300
Williamsburg	VA	651,167	1,212,201	16,985	105	651,167	1,229,291	1,880,458	507,082		8/30/2007	300
Williamsburg	VA	1,550,000	1,836,709	None	None	1,550,000	1,836,709	3,386,709	113,264		6/29/2016	300
Chesterfield	VA	740,000	2,258,709	None	None	740,000	2,258,709	2,998,709	48,939		6/28/2017	300
Bennington	VT	118,823	673,551	None	None	118,823	673,551	792,374	432,193		12/19/2001	300
Rutland	VT	812,197	1,511,184	None	None	812,197	1,511,184	2,323,381	627,124		8/30/2007	300
Williston	VT	-	1,197,659	None	None	-	1,197,659	1,197,659	618,548		8/30/2007	241
Madison	WI	770,000	2,243,040	None	None	770,000	2,243,040	3,013,040	160,751		3/30/2016	300
Martinsburg	WV	1,169,275	2,019,119	None	None	1,169,275	2,019,119	3,188,394	144,704		3/30/2016	300
Parkersburg	WV	722,732	1,343,920	63,217	33,305	722,732	1,440,442	2,163,174	677,897		11/1/2006	300
<b>Restaurants - quick service</b>												
Alabaster	AL	335,197	622,697	17,519	None	335,197	640,216	975,413	282,164		9/14/2006	300
Alabaster	AL	550,000	1,588,482	None	None	550,000	1,588,482	2,138,482	129,726		12/16/2015	300
Aliceville	AL	950,000	1,215,379	None	None	950,000	1,215,379	2,165,379	99,256		12/16/2015	300
Andalusia	AL	252,403	468,949	None	None	252,403	468,949	721,352	211,809		9/14/2006	300
Athens	AL	560,000	1,324,359	None	None	560,000	1,324,359	1,884,359	103,741		1/5/2016	300
Atmore	AL	272,044	505,636	None	None	272,044	505,636	777,680	331,186		8/31/2001	300
Attalla	AL	148,993	276,890	None	None	148,993	276,890	425,883	125,062		9/14/2006	300
Bessemer	AL	172,438	320,429	None	None	172,438	320,429	492,867	144,727		9/14/2006	300
Birmingham	AL	251,434	467,185	None	None	251,434	467,185	718,619	306,003		8/31/2001	300
Birmingham	AL	650,000	1,426,647	None	None	650,000	1,426,647	2,076,647	111,754		1/5/2016	300
Brent	AL	134,432	249,846	None	None	134,432	249,846	384,278	112,847		9/14/2006	300
Chelsea	AL	490,000	1,347,268	None	None	490,000	1,347,268	1,837,268	136,972		6/26/2015	300
Clanton	AL	230,036	427,391	None	None	230,036	427,391	657,427	279,939		8/31/2001	300
Clanton	AL	570,000	1,308,215	None	None	570,000	1,308,215	1,878,215	106,838		12/16/2015	300
Clanton	AL	770,000	1,594,248	None	None	770,000	1,594,248	2,364,248	124,883		1/5/2016	300
Demopolis	AL	251,349	466,972	None	None	251,349	466,972	718,321	305,865		8/31/2001	300
Evergreen	AL	148,982	276,881	None	None	148,982	276,881	425,863	125,058		9/14/2006	300
Fayette	AL	1,160,000	1,208,911	None	None	1,160,000	1,208,911	2,368,911	86,639		3/18/2016	300
Fort Payne	AL	303,056	563,001	None	None	303,056	563,001	866,057	368,763		8/31/2001	300
Fort Payne	AL	814,113	-	None	36,593	814,113	36,593	850,706	1,575		11/1/2006	119
Gardendale	AL	398,669	740,568	None	None	398,669	740,568	1,139,237	485,070		8/31/2001	300
Greenville	AL	226,108	420,117	None	None	226,108	420,117	646,225	189,753		9/14/2006	300
Haleyville	AL	262,500	488,357	None	None	262,500	488,357	750,857	196,156		12/21/2007	300
Hamilton	AL	214,198	397,991	None	None	214,198	397,991	612,189	179,759		9/14/2006	300
Hanceville	AL	290,000	1,426,914	None	None	290,000	1,426,914	1,716,914	116,531		12/16/2015	300
Hartselle	AL	820,000	1,232,323	None	None	820,000	1,232,323	2,052,323	100,640		12/16/2015	300
Henagar	AL	530,000	1,688,777	None	None	530,000	1,688,777	2,218,777	121,029		3/18/2016	300
Hokes Bluff	AL	720,000	1,748,671	None	None	720,000	1,748,671	2,468,671	142,808		12/16/2015	300
Jacksonville	AL	680,000	1,270,736	None	None	680,000	1,270,736	1,950,736	129,191		6/26/2015	300
Jasper	AL	850,000	1,219,115	None	None	850,000	1,219,115	2,069,115	99,561		12/16/2015	300
Leeds	AL	171,145	3									

Vernon	AL	680,000	1,125,994	None	None	680,000	1,125,994	1,805,994	91,956	12/16/2015	300
Warrior	AL	159,109	295,676	None	None	159,109	295,676	454,785	133,547	9/14/2006	300
Warrior	AL	1,070,000	932,540	None	None	1,070,000	932,540	2,002,540	73,049	1/5/2016	300
Winfield	AL	770,000	1,237,048	None	None	770,000	1,237,048	2,007,048	88,655	3/18/2016	300
Arkadelphia	AR	248,868	462,744	None	None	248,868	462,744	711,612	207,464	10/12/2006	300
Arkadelphia	AR	190,760	924,125	None	None	190,760	924,125	1,114,885	4,621	11/15/2017	300

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees						
		Land	Acquisition Fees			Land	Improvements and Acquisition Fees	Total				
Bentonville	AR	377,086	700,582	None	None	377,086	700,582	1,077,668	458,878		8/31/2001	300
Camden	AR	290,938	871,737	None	None	290,938	871,737	1,162,675	4,359		11/15/2017	300
Clarksville	AR	274,497	615,506	None	None	274,497	615,506	890,003	3,078		11/15/2017	300
Conway	AR	537,470	949,473	None	None	537,470	949,473	1,486,943	4,747		11/15/2017	300
Greenwood	AR	676,398	812,768	None	None	676,398	812,768	1,489,166	4,064		11/15/2017	300
Hope	AR	288,643	536,715	None	None	288,643	536,715	825,358	351,539		8/31/2001	300
Hope	AR	416,893	753,699	None	None	416,893	753,699	1,170,592	3,768		11/15/2017	300
Hot Springs	AR	547,820	967,757	None	None	547,820	967,757	1,515,577	4,839		11/15/2017	300
Jacksonville	AR	512,872	906,018	None	None	512,872	906,018	1,418,890	4,530		11/15/2017	300
Jonesboro	AR	173,984	323,371	99,392	11,807	173,984	434,570	608,554	153,069		11/16/2007	300
Malvern	AR	219,703	408,588	None	None	219,703	408,588	628,291	184,546		9/14/2006	300
Malvern	AR	476,533	786,860	None	None	476,533	786,860	1,263,393	3,934		11/15/2017	300
North Little Rock	AR	317,000	589,377	None	None	317,000	589,377	906,377	386,033		8/31/2001	300
Ozark	AR	253,674	941,638	None	None	253,674	941,638	1,195,312	4,708		11/15/2017	300
Pine Bluff	AR	408,243	721,186	None	None	408,243	721,186	1,129,429	3,606		11/15/2017	300
Pine Bluff	AR	396,670	700,741	None	None	396,670	700,741	1,097,411	1,168		12/20/2017	300
Pocahontas	AR	241,128	447,988	None	None	241,128	447,988	689,116	200,848		10/12/2006	300
Sherwood	AR	395,899	699,380	None	None	395,899	699,380	1,095,279	3,497		11/15/2017	300
Siloam Springs	AR	190,000	352,808	None	None	190,000	352,808	542,808	284,000		11/20/1997	300
Springdale	AR	540,216	954,323	None	None	540,216	954,323	1,494,539	4,772		11/15/2017	300
Van Buren	AR	578,726	1,022,354	None	None	578,726	1,022,354	1,601,080	5,112		11/15/2017	300
Heber Springs	AR	564,804	465,697	None	None	564,804	465,697	1,030,501	2,328		11/15/2017	300
Stuttgart	AR	337,334	761,109	None	None	337,334	761,109	1,098,443	3,806		11/15/2017	300
Phoenix	AZ	704,014	1,307,998	(145,542)	None	558,472	1,307,998	1,866,470	542,817		8/28/2007	300
Tucson	AZ	107,393	500,154	None	None	107,393	500,154	607,547	498,882		1/17/1986	300
Tucson	AZ	463,231	860,982	None	None	463,231	860,982	1,324,213	357,305		8/28/2007	300
Yuma	AZ	236,121	541,651	None	None	236,121	541,651	777,772	425,192		5/28/1998	300
Fresno	CA	561,502	1,043,688	None	None	561,502	1,043,688	1,605,190	433,127		8/28/2007	300
Livermore	CA	662,161	823,242	None	None	662,161	823,242	1,485,403	635,272		9/23/1998	300
Riverside	CA	90,000	170,394	135,301	None	90,000	305,695	395,695	256,142		12/9/1976	300
Sacramento	CA	386,793	417,290	None	None	386,793	417,290	804,083	324,790		7/31/1998	300
San Ramon	CA	406,000	1,126,930	None	None	406,000	1,126,930	1,532,930	1,126,930		12/8/1983	180
Aurora	CO	288,558	537,322	None	None	288,558	537,322	825,880	222,984		8/28/2007	300
Aurora	CO	210,000	540,346	None	None	210,000	540,346	750,346	137,788		8/29/2011	300
Broomfield	CO	444,277	-	None	None	444,277	-	444,277	-		8/29/2011	N/A
Brush	CO	90,000	220,976	None	None	90,000	220,976	310,976	56,349		8/29/2011	300
Castle Rock	CO	670,000	744,760	None	77	670,000	744,837	1,414,837	73,264		7/21/2015	300
Colorado Springs	CO	152,000	704,736	None	None	152,000	704,736	856,736	704,736		9/30/1986	300
Fort Morgan	CO	80,000	350,452	None	None	80,000	350,452	430,452	89,365		8/29/2011	300
Greenwood Village	CO	1,681,038	-	None	None	1,681,038	-	1,681,038	-		6/19/2014	N/A
Lafayette	CO	450,000	59,281	None	None	450,000	59,281	509,281	15,117		8/29/2011	300
Lakewood	CO	510,000	124,971	None	None	510,000	124,971	634,971	31,868		8/29/2011	300
Littleton	CO	260,000	508,347	None	None	260,000	508,347	768,347	129,628		8/29/2011	300
Littleton	CO	470,000	207,744	None	None	470,000	207,744	677,744	52,975		8/29/2011	300
Westminster	CO	261,466	487,102	None	None	261,466	487,102	748,568	202,145		8/28/2007	300
Meriden	CT	369,482	687,116	None	None	369,482	687,116	1,056,598	285,151		8/28/2007	300
Bartow	FL	480,000	500,603	None	None	480,000	500,603	980,603	49,226		7/21/2015	300
Chipley	FL	270,439	502,655	None	None	270,439	502,655	773,094	329,234		8/31/2001	300
Clearwater	FL	484,090	899,658	None	None	484,090	899,658	1,383,748	373,356		8/28/2007	300
Clearwater	FL	370,000	512,393	None	None	370,000	512,393	882,393	130,660		8/29/2011	300
Dade City	FL	140,000	387,991	None	None	140,000	387,991	527,991	98,938		8/29/2011	300
Defuniak Springs	FL	269,554	501,010	None	None	269,554	501,010	770,564	328,156		8/31/2001	300
Dunedin	FL	440,000	100,727	None	None	440,000	100,727	540,727	25,685		8/29/2011	300
Jacksonville	FL	150,210	693,445	None	None	150,210	693,445	843,655	693,445		9/13/1985	300
Lake Placid	FL	220,000	206,076	None	None	220,000	206,076	426,076	52,549		8/29/2011	300
Lakeland	FL	310,000	519,387	None	None	310,000	519,387	829,387	132,444		8/29/2011	300
Lakeland	FL	530,000	556,704	None	None	530,000	556,704	1,086,704	141,960		8/29/2011	300
Lakeland	FL	170,000	288,777	None	None	170,000	288,777	458,777	73,638		8/29/2011	300
New Port Richey	FL	260,000	579,385	None	None	260,000	579,385	839,385	147,743		8/29/2011	300
Orlando	FL	600,000	949,489	None	None	600,000	949,489	1,549,489	707,591	5/27/1999	12/18/1998	300
Oviedo	FL	204,200	911,338	None	None	204,200	911,338	1,115,538	648,723	3/27/2000	8/24/1999	300
Oviedo	FL	456,108	847,515	None	None	456,108	847,515	1,303,623	411,045		11/21/2005	300
Oviedo	FL	465,993	866,048	None	None	465,993	866,048	1,332,041	359,408		8/28/2007	300
Palm Bay	FL	330,000	556,668	None	None	330,000	556,668	886,668	418,550	2/17/1999	12/29/1998	300
Panama City	FL	202,047	375,424	None	None	202,047	375,424	577,471	168,315		10/12/2006	300
Pensacola	FL	767,303	1,424,991	None	None	767,303	1,424,991	2,192,294	296,873		10/15/2012	300
Port Richey	FL	848,210	1,575,247	None	None	848,210	1,575,247	2,423,457	328,176		10/15/2012	300
Saint Petersburg	FL	379,455	705,487	None	None	379,455	705,487	1,084,942	292,775		8/28/2007	300
Saint Petersburg	FL	370,000	675,403	None	None	370,000	675,403	1,045,403	172,228		8/29/2011	300
Seffner	FL	200,000	209,679	None	None	200,000	209,679	409,679	53,468		8/29/2011	300
Tallahassee	FL	385,000	715,857	None	None	385,000	715,857	1,100,857	287,535		12/25/2007	300
Tallahassee	FL	175,000	325,857	None	None	175,000	325,857	500,857	130,885		12/25/2007	300
Tampa	FL	545,211	1,013,321	None	None	545,211	1,013,321	1,558,532	420,526		8/28/2007	300
Tampa	FL	470,000	208,666	None	None	470,000	208,666	678,666	53,210		8/29/2011	300
Tampa	FL	430,000	589,949	None	None	430,000	589,949	1,019,949	150,437		8/29/2011	300
Temple Terrace	FL	962,500	1,788,133	None	None	962,500	1,788,133	2,750,633	742,074		8/28/2007	300
Venice	FL	340,000	28,239	None	None	340,000	28,239	368,239	7,201		8/29/2011	300
Wauchula	FL	260,000	324,525	None	None	260,000	324,525	584,525	82,754		8/29/2011	300
Zephyrhills	FL	220,000	662,046	None	None	220,000	662,046	882,046	168,822		8/29/2011	300
Augusta	GA	410,000	722,093	None	None	410,000	722,093	1,132,093	71,006		7/27/2015	300
Bowdon	GA	760,000	1,388,891	None	None	760,000	1,388,891	2,148,891	113,426		12/16/2015	300
Bremen	GA	600,000	1,682,353	None	None	600,000	1,682,353	2,282,353	114,961		4/26/2016	300
Buford	GA	400,000	361,957	None	None	400,000	361,957	761,957	92,299		8/29/2011	300
Buford	GA	1,085,401	1,356,752	None	None	1,085,401	1,356,752	2,442,153	269,089		1/22/2013	300
Cairo	GA	210,000	390,566	None	None	210,000	390,566	600,566	156,877		12/25/2007	300
Cumming	GA	520,000	248,510	None	None	520,000	248,510	768,510	63,370		8/29/2011	300
Duluth	GA	536,205	996,521	None	None	536,205	996,521	1,532,726	413,555		8/28/2007	300
Evans	GA	416,474	849,080	None	None	416,474	849,080	1,265,554	83,493		7/27/2015	300
Grovetown	GA	540,000	1,223,410	None	None	540,000	1,223,410	1,763,410	120,302		7/27/2015	300
Hartwell	GA	869,716	1,087,145	None	None	869,716	1,087,145	1,956,861	215,617		1/22/2013	300
Lawrenceville	GA	220,000	384,908	None	None	220,000	384,908	604,908	98,152		8/29/2011	300
Lilburn	GA	237,822	442,409	None	None	237,822	442,409	680,23				

Ottumwa	IA	393,010	729,875	None	None	393,010	729,875	1,122,885	164,222	5/25/2012	300
Urbandale	IA	395,896	735,724	None	None	395,896	735,724	1,131,620	332,302	9/14/2006	300
Waterloo	IA	397,055	1,613,053	None	None	397,055	1,613,053	2,010,108	40,850	2/28/2006	300
Boise	ID	190,894	824,305	None	None	190,894	824,305	1,015,199	527,925	5/17/1988	300
Boise	ID	161,352	735,104	None	None	161,352	735,104	896,456	438,145	10/7/1988	300

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		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees						
		Land	Acquisition Fees			Land	Acquisition Fees	Total				
Antioch	IL	340,000	1,073,929	None	None	340,000	1,073,929	1,413,929	12,529		9/29/2017	300
Aurora	IL	240,000	1,223,861	None	None	240,000	1,223,861	1,463,861	14,278		9/29/2017	300
Bethalto	IL	180,000	166,596	None	None	180,000	166,596	346,596	42,482		8/29/2011	300
Buffalo Grove	IL	306,250	569,693	None	None	306,250	569,693	875,943	236,420		8/28/2007	300
Cahokia	IL	70,000	613,995	None	None	70,000	613,995	683,995	156,569		8/29/2011	300
Carlyle	IL	80,000	428,860	None	None	80,000	428,860	508,860	109,359		8/29/2011	300
Centralia	IL	225,966	420,573	None	None	225,966	420,573	646,539	202,575		12/22/2005	300
Chicago	IL	880,000	944,848	None	None	880,000	944,848	1,824,848	11,023		9/29/2017	300
Chicago	IL	523,427	764,020	None	None	523,427	764,020	1,287,447	1,273		12/12/2017	300
Chicago	IL	375,413	823,161	None	None	375,413	823,161	1,198,574	1,372		12/12/2017	300
Countryside	IL	301,000	559,824	None	None	301,000	559,824	860,824	232,323		8/28/2007	300
Countryside	IL	700,000	1,033,775	None	None	700,000	1,033,775	1,733,775	12,061		9/29/2017	300
Edwardsville	IL	360,000	328,978	None	None	360,000	328,978	688,978	83,889		8/29/2011	300
Effingham	IL	806,117	978,383	None	None	806,117	978,383	1,784,500	1,631		12/15/2017	300
Elgin	IL	700,000	1,300,943	None	None	700,000	1,300,943	2,000,943	539,889		8/28/2007	300
Fairview Heights	IL	660,652	1,227,321	None	None	660,652	1,227,321	1,887,973	595,251		11/21/2005	300
Godfrey	IL	200,000	282,701	None	None	200,000	282,701	482,701	72,089		8/29/2011	300
Gurnee	IL	735,000	1,365,747	None	None	735,000	1,365,747	2,100,747	566,783		8/28/2007	300
Harrisburg	IL	401,819	1,303,225	None	None	401,819	1,303,225	1,705,044	236,753		6/14/2013	300
Highland	IL	130,000	454,866	None	None	130,000	454,866	584,866	115,991		8/29/2011	300
Jerseyville	IL	150,000	420,481	None	None	150,000	420,481	570,481	107,223		8/29/2011	300
Joliet	IL	280,903	522,424	None	None	280,903	522,424	803,327	216,804		8/28/2007	300
Lake in the Hills	IL	360,000	1,057,839	None	None	360,000	1,057,839	1,417,839	12,341		9/29/2017	300
Lincoln	IL	206,532	383,970	None	None	206,532	383,970	590,502	251,495		8/31/2001	300
Litchfield	IL	130,000	363,760	None	None	130,000	363,760	493,760	92,759		8/29/2011	300
Marion	IL	423,340	1,373,026	None	None	423,340	1,373,026	1,796,366	249,433		6/14/2013	300
Mascoutah	IL	80,000	435,792	None	None	80,000	435,792	515,792	111,127		8/29/2011	300
Mount Vernon	IL	385,304	1,249,662	None	None	385,304	1,249,662	1,634,966	227,022		6/14/2013	300
Naperville	IL	540,000	981,648	None	None	540,000	981,648	1,521,648	11,453		9/29/2017	300
Red Bud	IL	180,000	251,200	None	None	180,000	251,200	431,200	64,056		8/29/2011	300
Rock Island	IL	138,463	258,066	None	None	138,463	258,066	396,529	124,301		12/22/2005	300
Romeoville	IL	460,000	1,209,137	None	None	460,000	1,209,137	1,669,137	14,107		9/29/2017	300
Sparta	IL	240,000	236,571	None	None	240,000	236,571	476,571	60,325		8/29/2011	300
Sparta	IL	228,687	741,703	None	None	228,687	741,703	970,390	134,743		6/14/2013	300
Troy	IL	230,000	281,230	None	None	230,000	281,230	511,230	71,714		8/29/2011	300
Waukegan	IL	496,908	923,576	None	None	496,908	923,576	1,420,484	383,282		8/28/2007	300
Westmont	IL	475,300	883,468	None	None	475,300	883,468	1,358,768	366,637		8/28/2007	300
Wood River	IL	180,000	369,377	None	None	180,000	369,377	549,377	94,191		8/29/2011	300
Woodridge	IL	660,000	859,196	None	None	660,000	859,196	1,519,196	10,024		9/29/2017	300
Downers Grove	IL	460,000	805,310	None	None	460,000	805,310	1,265,310	9,395		9/29/2017	300
Peru	IL	480,000	959,452	None	None	480,000	959,452	1,439,452	11,194		9/29/2017	300
Streamwood	IL	370,000	1,141,816	None	None	370,000	1,141,816	1,511,816	13,321		9/29/2017	300
Tinley Park	IL	580,000	1,131,450	None	None	580,000	1,131,450	1,711,450	13,200		9/29/2017	300
Angola	IN	510,000	1,120,000	None	None	510,000	1,120,000	1,630,000	136,267		12/31/2014	300
Angola	IN	390,000	1,170,039	None	None	390,000	1,170,039	1,560,039	138,455		1/22/2015	300
Auburn	IN	394,008	1,383,992	None	None	394,008	1,383,992	1,778,000	168,386		12/31/2014	300
Bluffton	IN	377,609	1,326,391	None	None	377,609	1,326,391	1,704,000	161,378		12/31/2014	300
Bluffton	IN	240,910	689,892	None	None	240,910	689,892	930,802	81,637		1/22/2015	300
Chesterton	IN	480,000	1,140,302	None	None	480,000	1,140,302	1,620,302	66,518		7/6/2016	300
Columbia City	IN	520,000	1,480,000	None	None	520,000	1,480,000	2,000,000	180,067		12/31/2014	300
Connersville	IN	360,000	1,286,631	None	None	360,000	1,286,631	1,646,631	66,476		9/30/2016	300
Crawfordsville	IN	300,000	1,552,000	None	None	300,000	1,552,000	1,852,000	188,827		12/31/2014	300
Crown Point	IN	230,000	1,275,660	None	None	230,000	1,275,660	1,505,660	74,414		7/6/2016	300
Decatur	IN	361,211	1,331,429	None	None	361,211	1,331,429	1,692,640	19,971		12/31/2014	300
Decatur	IN	270,000	876,597	None	None	270,000	876,597	1,146,597	103,731		1/22/2015	300
Elkhart	IN	496,306	922,168	None	None	496,306	922,168	1,418,474	447,251		11/21/2005	300
Elkhart	IN	420,000	1,261,274	None	None	420,000	1,261,274	1,681,274	27,328		6/20/2017	300
Evansville	IN	136,738	806,929	None	454	136,738	806,983	943,721	144,016		12/22/2005	300
Evansville	IN	490,000	1,267,188	None	None	490,000	1,267,188	1,757,188	52,800		12/8/2016	300
Fort Wayne	IN	270,000	1,211,000	None	None	270,000	1,211,000	1,481,000	147,338		12/31/2014	300
Fort Wayne	IN	390,000	973,000	None	None	390,000	973,000	1,363,000	118,382		12/31/2014	300
Fort Wayne	IN	377,668	1,326,332	None	None	377,668	1,326,332	1,704,000	161,370		12/31/2014	300
Fort Wayne	IN	476,075	1,671,925	None	None	476,075	1,671,925	2,148,000	203,418		12/31/2014	300
Fort Wayne	IN	328,243	1,152,757	None	None	328,243	1,152,757	1,481,000	140,252		12/31/2014	300
Fort Wayne	IN	860,000	1,436,000	None	None	860,000	1,436,000	2,296,000	174,713		12/31/2014	300
Fort Wayne	IN	328,243	1,152,757	None	None	328,243	1,152,757	1,481,000	140,252		12/31/2014	300
Fort Wayne	IN	330,000	1,579,222	None	None	330,000	1,579,222	1,909,222	186,875		1/22/2015	300
Fort Wayne	IN	600,000	764,942	None	None	600,000	764,942	1,364,942	59,920		1/14/2016	300
Fort Wayne	IN	730,000	778,621	None	None	730,000	778,621	1,508,621	60,992		1/14/2016	300
Fort Wayne	IN	460,000	1,127,460	None	None	460,000	1,127,460	1,587,460	46,978		12/8/2016	300
Fort Wayne	IN	290,000	786,867	None	None	290,000	786,867	1,076,867	32,786		12/8/2016	300
Fort Wayne	IN	560,000	1,073,587	None	None	560,000	1,073,587	1,633,587	44,733		12/8/2016	300
Frankfort	IN	140,000	897,000	None	None	140,000	897,000	1,037,000	109,135		12/31/2014	300
Hobart	IN	510,000	1,179,227	None	None	510,000	1,179,227	1,689,227	68,788		7/6/2016	300
Huntington	IN	377,609	1,326,391	None	None	377,609	1,326,391	1,704,000	161,378		12/31/2014	300
Indianapolis	IN	437,500	813,225	None	None	437,500	813,225	1,250,725	337,487		8/28/2007	300
Jasper	IN	129,919	242,199	None	None	129,919	242,199	372,118	116,658		12/22/2005	300
Kendallville	IN	630,000	1,889,000	None	None	630,000	1,889,000	2,519,000	229,828		12/31/2014	300
Kokomo	IN	417,330	775,555	None	None	417,330	775,555	1,192,885	365,803		3/28/2006	300
Lafayette	IN	344,866	1,211,134	None	None	344,866	1,211,134	1,556,000	147,355		12/31/2014	300
Lebanon	IN	350,000	1,131,000	None	None	350,000	1,131,000	1,481,000	137,605		12/31/2014	300
Logansport	IN	170,000	1,311,000	None	None	170,000	1,311,000	1,481,000	159,505		12/31/2014	300
Marion	IN	426,384	792,314	None	None	426,384	792,314	1,218,698	381,631		12/13/2005	300
Michigan City	IN	620,000	1,414,291	None	None	620,000	1,414,291	2,034,291	82,500		7/6/2016	300
Muncie	IN	136,400	632,380	8,000	None	136,400	640,380	776,780	632,380		3/18/1986	300
Muncie	IN	67,156	149,157	265	3,408	67,156	152,830	219,986	171,931		3/30/1988	300
Muncie	IN	644,177	1,196,786	None	None	644,177	1,196,786	1,840,963	580,441		11/21/2005	300
Munster	IN	560,000	1,040,943	None	None	560,000	1,040,943	1,600,943	431,989		8/28/2007	300
New Haven	IN	328,243	1,152,757	None	None	328,243	1,152,757	1,481,000	140,252		12/31/2014	300
Noblesville	IN	430,000	977,000	None	None	430,000	977,000	1,407,000	118,868		12/31/2014	300
North Manchester	IN	210,000	679,000	None</								

Lawrence	KS	410,000	338,788	None	None	410,000	338,788	748,788	86,391	8/29/2011	300
Overland Park	KS	754,020	1,401,069	None	None	754,020	1,401,069	2,155,089	581,441	8/28/2007	300
Overland Park	KS	570,000	2,432,143	None	None	570,000	2,432,143	3,002,143	44,589	7/12/2017	300
Parsons	KS	318,516	592,099	(518,185)	None	318,516	73,914	392,430	266,639	9/14/2006	300
Mission	KS	460,000	2,441,296	None	None	460,000	2,441,296	2,901,296	44,757	7/12/2017	300

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### REALTY INCOME CORPORATION AND SUBSIDIARIES SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total				
Bowling Green	KY	685,246	1,273,002	None	None	685,246	1,273,002	1,958,248	617,406		1/12/2005	300
Hazard	KY	243,836	453,025	None	8	243,836	453,033	696,869	204,625		9/14/2006	300
Lexington	KY	122,200	1,400	None	31,495	122,200	32,895	155,095	17,476		12/31/1986	240
Madisonville	KY	422,501	784,831	None	None	422,501	784,831	1,207,332	354,482		9/14/2006	300
Madisonville	KY	360,000	1,172,182	None	None	360,000	1,172,182	1,532,182	72,285		6/29/2016	300
Paducah	KY	673,551	1,251,276	None	None	673,551	1,251,276	1,924,827	606,869		1/12/2005	300
Deridder	LA	371,127	690,819	None	None	371,127	690,819	1,061,946	291,282		6/22/2007	300
Jonesboro	LA	163,651	304,492	None	None	163,651	304,492	468,143	137,529		9/14/2006	300
Natchitoches	LA	291,675	541,890	None	None	291,675	541,890	833,565	354,936		8/31/2001	300
Ruston	LA	170,274	316,792	None	None	170,274	316,792	487,066	143,085		9/14/2006	300
Shreveport	LA	359,268	667,417	None	None	359,268	667,417	1,026,685	637,156		8/31/2001	300
Shreveport	LA	154,671	287,815	None	None	154,671	287,815	442,486	129,996		9/14/2006	300
Shreveport	LA	200,033	372,059	None	None	200,033	372,059	572,092	168,047		9/14/2006	300
Shreveport	LA	259,987	790,739	None	None	259,987	790,739	1,050,726	38,219		9/14/2006	300
Vivian	LA	135,568	252,338	None	None	135,568	252,338	387,906	113,973		9/14/2006	300
Winnfield	LA	145,973	271,661	None	None	145,973	271,661	417,634	122,700		9/14/2006	300
Fall River	MA	962,500	1,787,831	None	None	962,500	1,787,831	2,750,331	741,949		8/28/2007	300
Hagerstown	MD	499,396	928,250	None	None	499,396	928,250	1,427,646	385,222		8/28/2007	300
Auburn	ME	330,000	1,011,206	None	None	330,000	1,011,206	1,341,206	42,134		12/8/2016	300
Bath	ME	370,000	909,934	None	None	370,000	909,934	1,279,934	37,914		12/8/2016	300
Lewiston	ME	560,000	993,437	None	None	560,000	993,437	1,553,437	41,393		12/8/2016	300
Lewiston	ME	370,000	1,015,482	None	None	370,000	1,015,482	1,385,482	42,312		12/8/2016	300
South Paris	ME	320,000	948,019	None	None	320,000	948,019	1,268,019	39,501		12/8/2016	300
Alma	MI	430,000	958,127	None	None	430,000	958,127	1,388,127	113,378		1/22/2015	300
Alma	MI	240,000	1,140,714	None	None	240,000	1,140,714	1,380,714	134,984		1/22/2015	300
Alpena	MI	630,000	773,434	None	None	630,000	773,434	1,403,434	91,523		1/22/2015	300
Bridgeport	MI	200,000	687,178	None	None	200,000	687,178	887,178	81,316		1/22/2015	300
Brownstown Twnshp	MI	380,000	1,072,130	None	None	380,000	1,072,130	1,452,130	66,115		6/29/2016	300
Cadillac	MI	180,000	1,372,789	None	None	180,000	1,372,789	1,552,789	162,447		1/22/2015	300
Canton	MI	279,923	521,223	None	None	279,923	521,223	801,146	216,305		8/28/2007	300
Clare	MI	360,000	1,544,858	None	None	360,000	1,544,858	1,904,858	182,808		1/22/2015	300
Commerce Township	MI	720,000	781,679	None	None	720,000	781,679	1,501,679	40,387		9/30/2016	300
Fraser	MI	470,000	1,061,927	None	None	470,000	1,061,927	1,531,927	69,025		5/18/2016	300
Gaylord	MI	680,000	1,344,159	None	None	680,000	1,344,159	2,024,159	159,059		1/22/2015	300
Grand Rapids	MI	600,000	969,204	None	None	600,000	969,204	1,569,204	114,689		1/22/2015	300
Grand Rapids	MI	490,000	1,090,246	None	None	490,000	1,090,246	1,580,246	129,012		1/22/2015	300
Grayling	MI	130,000	665,292	None	None	130,000	665,292	795,292	78,726		1/22/2015	300
Houghton Lake	MI	170,000	664,188	None	None	170,000	664,188	834,188	78,596		1/22/2015	300
Imlay City	MI	240,000	1,605,299	None	None	240,000	1,605,299	1,845,299	66,887		12/8/2016	300
Ithaca	MI	350,000	812,266	None	None	350,000	812,266	1,162,266	96,118		1/22/2015	300
Jackson	MI	1,420,000	1,162,384	None	None	1,420,000	1,162,384	2,582,384	83,304		3/23/2016	300
Kentwood	MI	480,000	1,025,674	None	None	480,000	1,025,674	1,505,674	100,858		7/21/2015	300
Lansing	MI	1,090,000	1,333,712	None	None	1,090,000	1,333,712	2,423,712	95,583		3/23/2016	300
Livonia	MI	350,000	651,446	None	None	350,000	651,446	1,001,446	270,348		8/28/2007	300
Ludington	MI	460,000	1,043,729	None	None	460,000	1,043,729	1,503,729	123,508		1/22/2015	300
Plymouth	MI	670,000	900,391	None	None	670,000	900,391	1,570,391	46,520		9/30/2016	300
Royal Oak	MI	380,000	911,591	None	None	380,000	911,591	1,291,591	37,983		12/8/2016	300
Saginaw	MI	200,000	897,681	None	None	200,000	897,681	1,097,681	106,226		1/22/2015	300
Sault St. Marie	MI	380,000	1,326,583	None	None	380,000	1,326,583	1,706,583	156,979		1/22/2015	300
Southfield	MI	520,000	1,482,762	None	None	520,000	1,482,762	2,002,762	91,437		6/29/2016	300
St John's	MI	670,000	1,154,736	None	None	670,000	1,154,736	1,824,736	82,756		3/23/2016	300
St. Clair Shores	MI	670,000	948,391	None	None	670,000	948,391	1,618,391	49,000		9/30/2016	300
Sterling Heights	MI	910,000	832,868	None	None	910,000	832,868	1,742,868	43,032		9/30/2016	300
Taylor	MI	250,000	925,883	None	None	250,000	925,883	1,175,883	57,096		6/29/2016	300
Traverse City	MI	280,000	1,092,232	None	None	280,000	1,092,232	1,372,232	129,247		1/22/2015	300
Walker	MI	590,000	1,132,002	None	None	590,000	1,132,002	1,722,002	133,954		1/22/2015	300
West Branch	MI	680,038	1,947,424	None	None	680,038	1,947,424	2,627,462	230,445		1/22/2015	300
Afton	MO	120,000	171,955	None	None	120,000	171,955	291,955	43,849		8/29/2011	300
Bolivar	MO	237,094	440,596	None	None	237,094	440,596	677,690	288,587		8/31/2001	300
Bolivar	MO	319,203	851,208	None	None	319,203	851,208	1,170,411	4,256		11/15/2017	300
Bridgeton	MO	570,000	228,347	None	None	570,000	228,347	798,347	58,228		8/29/2011	300
Buffalo	MO	159,346	296,519	None	None	159,346	296,519	455,865	133,928		9/14/2006	300
Cape Girardeau	MO	450,078	836,372	None	None	450,078	836,372	1,286,450	400,065		1/11/2006	300
Desloge	MO	1,020,010	1,275,012	None	None	1,020,010	1,275,012	2,295,022	252,877		1/22/2013	300
Dexter	MO	315,830	1,024,338	None	None	315,830	1,024,338	1,340,168	186,088		6/14/2013	300
Farmington	MO	340,042	1,102,863	None	None	340,042	1,102,863	1,442,905	200,354		6/14/2013	300
Florissant	MO	290,000	86,396	None	None	290,000	86,396	376,396	22,031		8/29/2011	300
Florissant	MO	250,000	239,221	None	None	250,000	239,221	489,221	61,001		8/29/2011	300
Grandview	MO	280,000	235,370	None	None	280,000	235,370	515,370	60,019		8/29/2011	300
Harrisonville	MO	590,192	899,293	None	None	590,192	899,293	1,489,485	4,496		11/15/2017	300
Independence	MO	1,090,000	2,257,513	None	None	1,090,000	2,257,513	3,347,513	41,388		7/12/2017	300
Jennings	MO	1,068,827	-	None	None	1,068,827	-	1,068,827	-		9/26/2017	N/A
Jennings	MO	546,307	823,044	None	None	546,307	823,044	1,369,351	9,602		9/26/2017	300
Joplin	MO	301,207	749,000	None	None	301,207	749,000	1,050,207	171,511		9/14/2006	300
Joplin	MO	281,001	522,428	None	None	281,001	522,428	803,429	235,963		9/14/2006	300
Kansas City	MO	230,000	484,010	None	None	230,000	484,010	714,010	123,422		8/29/2011	300
Kansas City	MO	200,000	339,994	None	None	200,000	339,994	539,994	86,698		8/29/2011	300
Kansas City	MO	390,000	2,177,667	None	None	390,000	2,177,667	2,567,667	39,924		7/12/2017	300
Lee's Summit	MO	500,000	450,156	None	None	500,000	450,156	950,156	114,790		8/29/2011	300
Monett	MO	296,578	1,115,517	None	None	296,578	1,115,517	1,412,095	5,578		11/15/2017	300
Mount Vernon	MO	160,000	282,586	None	None	160,000	282,586	442,586	227,472		11/20/1997	300
Mountain Grove	MO	219,704	408,591	None	None	219,704	408,591	628,295	184,547		9/14/2006	300
Nevada	MO	290,795	540,616	None	None	290,795	540,616	831,411	244,178		9/14/2006	300
Nixa	MO	251,387	467,430	None	None	251,387	467,430	718,817	211,123		9/14/2006	300
Olivette	MO	319,958	1,037,725	None	None	319,958	1,037,725	1,357,683	188,520		6/14/2013	300
Poplar Bluff	MO	362,265	1,174,938	None	None	362,265	1,174,938	1,537,203	213,447		6/14/2013	300
Poplar Bluff	MO	383,603	1,244,145	None	None	383,603	1,244,145	1,627,748	226,020		6/14/2013	300
Potosi	MO	242,154	785,383	None	None	242,154	785,383	1,027,537	142,678		6/14/2013	300
Raymore	MO	460,000	663,580	None	None	460,000	663,580	1,123,580	169,213		8/29/2011	300
Sedalia	MO	696,604	1,295,380	39,992	834	696,604	1,336,206	2,032,810	590,910		11/1/2006	300
Sikeston	MO	327,805	1,063,176	None	None	327,805	1,063,176	1,390,981	193,144		6/14/2013	300
Springfield	MO											

Flowood	MS	470,000	1,456,444	None	None	470,000	1,456,444	1,926,444	118,943	12/22/2015	300
Flowood	MS	330,000	845,175	None	None	330,000	845,175	1,175,175	21,129	5/9/2017	300
Forest	MS	106,457	198,007	None	None	106,457	198,007	304,464	95,373	12/22/2005	300

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees	Land	Improvements	Carrying Costs	Land	Buildings Improvements and Acquisition Fees	Total				
Fulton	MS	239,686	445,337	None	None	239,686	445,337	685,023	291,693		8/31/2001	300
Gautier	MS	241,995	449,607	None	None	241,995	449,607	691,602	203,073		9/14/2006	300
Greenville	MS	311,324	578,378	None	None	311,324	578,378	889,702	378,835		8/31/2001	300
Greenwood	MS	177,329	329,520	None	None	177,329	329,520	506,849	148,833		9/14/2006	300
Grenada	MS	450,000	922,929	None	None	450,000	922,929	1,372,929	75,373		12/22/2015	300
Hattiesburg	MS	210,000	408,549	None	None	210,000	408,549	618,549	10,214		5/9/2017	300
Hattiesburg	MS	330,000	695,614	None	None	330,000	695,614	1,025,614	17,390		5/9/2017	300
Houston	MS	226,962	421,695	None	None	226,962	421,695	648,657	190,466		9/14/2006	300
Indianola	MS	270,639	502,822	None	None	270,639	502,822	773,461	329,346		8/31/2001	300
Iuka	MS	139,243	258,779	None	None	139,243	258,779	398,022	116,882		9/14/2006	300
Jackson	MS	237,982	442,154	None	None	237,982	442,154	680,136	199,706		9/14/2006	300
Jackson	MS	352,003	653,900	None	None	352,003	653,900	1,005,903	293,165		10/12/2006	300
Jackson	MS	500,000	548,535	None	None	500,000	548,535	1,048,535	44,797		12/22/2015	300
Jackson	MS	440,000	1,139,753	None	None	440,000	1,139,753	1,579,753	93,080		12/22/2015	300
Jackson	MS	480,000	618,357	None	None	480,000	618,357	1,098,357	50,499		12/22/2015	300
Jackson	MS	500,000	754,718	None	None	500,000	754,718	1,254,718	18,868		5/9/2017	300
Kosciusko	MS	311,422	578,550	None	None	311,422	578,550	889,972	261,312		9/14/2006	300
Magee	MS	264,395	491,206	None	None	264,395	491,206	755,601	221,861		9/14/2006	300
Moss Point	MS	287,821	534,713	None	None	287,821	534,713	822,534	241,512		9/14/2006	300
Natchez	MS	402,589	747,934	None	None	402,589	747,934	1,150,523	330,338		12/21/2006	300
Newton	MS	284,350	528,311	None	None	284,350	528,311	812,661	346,040		8/31/2001	300
Olive Branch	MS	332,234	617,192	None	None	332,234	617,192	949,426	278,765		9/14/2006	300
Olive Branch	MS	362,276	673,055	None	None	362,276	673,055	1,035,331	272,587		11/16/2007	300
Oxford	MS	297,182	552,097	None	26	297,182	552,123	849,305	247,534		10/12/2006	300
Pearl	MS	265,646	722,221	None	None	265,646	722,221	987,867	58,981		12/22/2015	300
Pearl	MS	180,000	833,668	None	None	180,000	833,668	1,013,668	20,842		5/9/2017	300
Philadelphia	MS	292,868	543,912	None	None	292,868	543,912	836,780	245,667		9/14/2006	300
Pontotoc	MS	285,006	529,492	None	68	285,006	529,560	814,566	239,162		9/14/2006	300
Richland	MS	364,900	897,118	None	None	364,900	897,118	1,262,018	73,265		12/22/2015	300
Richland	MS	280,000	732,641	None	None	280,000	732,641	1,012,641	18,316		5/9/2017	300
Ridgeland	MS	460,000	1,021,885	None	None	460,000	1,021,885	1,481,885	73,235		3/11/2016	300
Ridgeland	MS	140,000	799,493	None	None	140,000	799,493	939,493	19,987		5/9/2017	300
Southaven	MS	498,426	925,905	None	None	498,426	925,905	1,424,331	374,991		11/16/2007	300
Southaven	MS	300,000	889,884	None	None	300,000	889,884	1,189,884	72,674		12/22/2015	300
Southaven	MS	468,858	1,152,703	None	None	468,858	1,152,703	1,621,561	94,137		12/22/2015	300
Starkville	MS	175,436	326,005	None	None	175,436	326,005	501,441	147,246		9/14/2006	300
Starkville	MS	490,000	771,939	None	None	490,000	771,939	1,261,939	19,298		5/9/2017	300
Tupelo	MS	166,869	310,095	None	None	166,869	310,095	476,964	140,059		9/14/2006	300
Tupelo	MS	225,934	419,857	None	None	225,934	419,857	645,791	189,635		9/28/2006	300
Tupelo	MS	340,000	921,939	None	None	340,000	921,939	1,261,939	23,048		5/9/2017	300
Vicksburg	MS	275,895	512,632	None	None	275,895	512,632	788,527	231,539		9/28/2006	300
Vicksburg	MS	410,000	608,682	None	None	410,000	608,682	1,018,682	49,709		12/22/2015	300
Vicksburg	MS	230,000	1,046,278	None	None	230,000	1,046,278	1,276,278	26,157		5/9/2017	300
Wiggins	MS	268,104	498,095	None	None	268,104	498,095	766,199	224,973		9/14/2006	300
Butte	MT	1,070,000	786,953	None	None	1,070,000	786,953	1,856,953	43,282		8/4/2016	300
Great Falls	MT	940,000	810,900	None	None	940,000	810,900	1,750,900	44,599		8/4/2016	300
Helena	MT	760,000	816,231	None	None	760,000	816,231	1,576,231	44,893		8/4/2016	300
Kalispell	MT	650,000	1,009,793	None	None	650,000	1,009,793	1,659,793	62,271		6/30/2016	300
Kalispell	MT	810,000	835,779	None	None	810,000	835,779	1,645,779	51,540		6/30/2016	300
Missoula	MT		837,402	None	None		837,402	837,402	51,640		6/30/2016	300
Missoula	MT	860,000	822,122	None	None	860,000	822,122	1,682,122	50,698		6/30/2016	300
Asheville	NC	264,226	491,419	None	None	264,226	491,419	755,645	203,937		8/28/2007	300
Charlotte	NC	468,859	955,879	None	None	468,859	955,879	1,424,738	93,995		7/27/2015	300
Charlotte	NC	210,000	662,231	None	None	210,000	662,231	872,231	65,119		7/27/2015	300
Charlotte	NC	460,000	988,464	None	None	460,000	988,464	1,448,464	97,199		7/27/2015	300
Charlotte	NC	458,612	934,988	None	None	458,612	934,988	1,393,600	91,940		7/27/2015	300
Clinton	NC	380,000	962,394	None	None	380,000	962,394	1,342,394	107,467		3/25/2015	300
Concord	NC	830,000	985,176	None	None	830,000	985,176	1,815,176	44,333		11/22/2016	300
Connelly Springs	NC	390,000	1,002,204	None	None	390,000	1,002,204	1,392,204	45,099		11/22/2016	300
Dallas	NC	500,000	1,003,642	None	None	500,000	1,003,642	1,503,642	45,164		11/22/2016	300
Erwin	NC	514,814	1,087,544	None	None	514,814	1,087,544	1,602,358	1,813		12/12/2017	300
Gastonia	NC	810,000	766,062	None	None	810,000	766,062	1,576,062	34,473		11/22/2016	300
Granite Falls	NC	1,412,026	1,765,032	None	None	1,412,026	1,765,032	3,177,058	350,065		1/22/2013	300
High Point	NC	872,587	1,090,734	None	None	872,587	1,090,734	1,963,321	216,329		1/22/2013	300
Hildebran	NC	966,417	1,208,021	None	None	966,417	1,208,021	2,174,438	239,591		1/22/2013	300
Kernersville	NC	836,896	1,556,334	None	None	836,896	1,556,334	2,393,230	692,568		11/1/2006	300
Kinston	NC	320,000	836,583	None	None	320,000	836,583	1,156,583	93,418		3/25/2015	300
Lincolnton	NC	1,811,063	2,263,829	None	None	1,811,063	2,263,829	4,074,892	448,993		1/22/2013	300
N Wilkesboro	NC	400,000	955,379	None	None	400,000	955,379	1,355,379	39,807		12/8/2016	300
Newton	NC	960,000	1,010,399	None	None	960,000	1,010,399	1,970,399	45,468		11/22/2016	300
Raeford	NC	773,505	966,881	None	None	773,505	966,881	1,740,386	191,765		1/22/2013	300
Salisbury	NC	570,000	1,205,415	None	None	570,000	1,205,415	1,775,415	54,244		11/22/2016	300
Southport	NC	460,000	1,214,095	None	None	460,000	1,214,095	1,674,095	135,574		3/11/2015	300
Stanley	NC	360,000	858,000	None	None	360,000	858,000	1,218,000	35,750		12/8/2016	300
Thomasville	NC	983,522	1,229,402	None	None	983,522	1,229,402	2,212,924	243,831		1/22/2013	300
Walkertown	NC	1,033,636	1,292,046	None	None	1,033,636	1,292,046	2,325,682	256,256		1/22/2013	300
Wallace	NC	230,000	905,484	None	None	230,000	905,484	1,135,484	101,112		3/25/2015	300
Winston Salem	NC	353,239	656,427	None	None	353,239	656,427	1,009,666	429,954		8/31/2001	300
Winston Salem	NC	126,423	235,323	None	None	126,423	235,323	361,746	113,347		12/22/2005	300
Devils Lake	ND	150,390	279,798	None	None	150,390	279,798	430,188	134,769		12/22/2005	300
Fargo	ND	217,057	403,609	None	None	217,057	403,609	620,666	194,405		12/22/2005	300
Minot	ND	153,870	286,260	None	None	153,870	286,260	440,130	137,882		12/22/2005	300
Omaha	NE	444,460	825,938	None	32	444,460	825,970	1,270,430	395,106		11/1/2006	300
Omaha	NE	350,000	650,877	None	32	350,000	650,909	1,000,909	270,144		8/28/2007	300
Amherst	NY	412,349	767,082	None	None	412,349	767,082	1,179,431	118,337		8/28/2007	300
Buffalo	NY	317,454	591,060	None	None	317,454	591,060	908,514	245,286		8/28/2007	300
Falconer	NY	350,000	751,481	None	None	350,000	751,481	1,101,481	31,312		12/8/2016	300
Syracuse	NY	190,000	1,407,444	None	None	190,000	1,407,444	1,597,444	58,644		12/16/2016	300
Bowling Green	OH	490,000	1,233,026	None	None	490,000	1,233,026	1,723,026	63,706		9/30/2016	300
Cincinnati	OH	299,187	556,978	None	None	299,187	556,978	856,165	231,122		8/28/2007	300
Delaware	OH	580,000	845,272	None	None	580,000	845,272	1,425,272	38,037		11/30/2016	300
Galion	OH	260,000	867,572	None	None	260,000	867,572	1,127,572	39,041	</		

Sand Springs	OK	457,598	808,373	None	None	457,598	808,373	1,265,971	4,042	11/15/2017	300
Salem	OR	198,540	689,507	None	None	198,540	689,507	888,047	517,145	5/23/1989	300
The Dalles	OR	1,034,805	1,293,506	None	None	1,034,805	1,293,506	2,328,311	256,545	1/22/2013	300
Allentown	PA	533,123	944,074	None	None	533,123	944,074	1,477,197	1,573	12/27/2017	300
Bethlehem	PA	740,000	1,362,228	None	None	740,000	1,362,228	2,102,228	38,596	4/19/2017	300

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees						
		Land				Land	Acquisition Fees	Total				
Camp Hill PA		1,090,000	923,201	None	None	1,090,000	923,201	2,013,201	26,157		4/19/2017	300
Carlisle PA		980,000	1,307,912	None	None	980,000	1,307,912	2,287,912	37,058		4/19/2017	300
Columbia PA		750,000	1,273,626	None	None	750,000	1,273,626	2,023,626	36,086		4/19/2017	300
Dillsburg PA		960,000	1,103,393	None	None	960,000	1,103,393	2,063,393	31,263		4/19/2017	300
Elizabethtown PA		930,000	867,819	None	None	930,000	867,819	1,797,819	24,588		4/19/2017	300
Greensburg PA		315,000	586,368	None	None	315,000	586,368	901,368	243,339		8/28/2007	300
Harrisburg PA		430,000	1,386,921	None	None	430,000	1,386,921	1,816,921	39,296		4/19/2017	300
Harrisburg PA		1,020,000	982,970	None	None	1,020,000	982,970	2,002,970	27,851		4/19/2017	300
Lebanon PA		450,000	1,150,660	None	None	450,000	1,150,660	1,600,660	32,602		4/19/2017	300
Lebanon PA		590,000	1,481,159	None	None	590,000	1,481,159	2,071,159	41,966		4/19/2017	300
Middletown PA		630,000	1,441,144	None	None	630,000	1,441,144	2,071,144	40,832		4/19/2017	300
Philadelphia PA		423,333	787,125	None	None	423,333	787,125	1,210,458	326,655		8/28/2007	300
York PA		780,000	1,216,767	None	None	780,000	1,216,767	1,996,767	34,475		4/19/2017	300
Hamburg PA		810,000	1,323,432	None	None	810,000	1,323,432	2,133,432	37,497		4/19/2017	300
Sinking Spring PA		380,000	973,135	None	None	380,000	973,135	1,353,135	27,572		4/19/2017	300
Ephrata PA		770,000	844,372	None	None	770,000	844,372	1,614,372	23,924		4/19/2017	300
Red Lion PA		1,050,000	1,005,451	None	None	1,050,000	1,005,451	2,055,451	28,488		4/19/2017	300
Jonestown PA		1,050,000	1,030,109	None	None	1,050,000	1,030,109	2,080,109	29,186		4/19/2017	300
Aiken SC		240,937	447,656	None	None	240,937	447,656	688,593	202,191		9/14/2006	300
Aiken SC		618,572	1,261,105	None	None	618,572	1,261,105	1,879,677	124,009		7/27/2015	300
Camden SC		450,000	986,046	None	None	450,000	986,046	1,436,046	96,961		7/27/2015	300
Columbia SC		952,423	1,190,529	None	None	952,423	1,190,529	2,142,952	236,122		1/22/2013	300
Columbia SC		812,611	1,015,764	None	None	812,611	1,015,764	1,828,375	201,460		1/22/2013	300
Columbia SC		710,000	1,137,369	None	None	710,000	1,137,369	1,847,369	111,841		7/27/2015	300
Columbia SC		344,602	702,552	None	None	344,602	702,552	1,047,154	69,084		7/27/2015	300
Columbia SC		350,000	982,465	None	None	350,000	982,465	1,332,465	96,609		7/27/2015	300
Greer SC		580,000	721,854	None	None	580,000	721,854	1,301,854	80,607		3/25/2015	300
Inman SC		809,987	1,012,483	None	None	809,987	1,012,483	1,822,470	200,809		1/22/2013	300
Irmo SC		330,000	1,008,769	None	None	330,000	1,008,769	1,338,769	99,196		7/27/2015	300
Leesville SC		899,686	1,124,607	None	None	899,686	1,124,607	2,024,293	223,047		1/22/2013	300
Lexington SC		530,000	1,278,314	None	None	530,000	1,278,314	1,808,314	125,701		7/27/2015	300
Lexington SC		720,000	978,176	None	None	720,000	978,176	1,698,176	40,757		12/6/2016	300
Newberry SC		708,489	885,611	None	None	708,489	885,611	1,594,100	175,646		1/22/2013	300
Piedmont SC		841,862	1,052,327	None	None	841,862	1,052,327	1,894,189	208,712		1/22/2013	300
Rock Hill SC		400,000	950,185	None	None	400,000	950,185	1,350,185	93,435		7/27/2015	300
Spartanburg SC		957,339	1,196,673	None	None	957,339	1,196,673	2,154,012	237,340		1/22/2013	300
Walterboro SC		240,000	779,500	None	None	240,000	779,500	1,019,500	94,839		12/8/2014	300
Chamberlain SD		139,587	259,627	None	None	139,587	259,627	399,214	125,053		12/22/2005	300
Madison SD		112,143	208,660	None	None	112,143	208,660	320,803	100,504		12/22/2005	300
Rapid City SD		197,967	368,047	None	None	197,967	368,047	566,014	177,275		12/22/2005	300
Sioux Falls SD		340,718	633,332	None	None	340,718	633,332	974,050	277,611		1/19/2007	300
Spearsville SD		142,114	264,320	None	None	142,114	264,320	406,434	127,314		12/22/2005	300
Winner SD		115,591	215,063	None	None	115,591	215,063	330,654	103,588		12/22/2005	300
Antioch TN		244,470	454,016	None	None	244,470	454,016	698,486	203,551		10/2/2006	300
Brownsville TN		289,379	538,081	None	None	289,379	538,081	827,460	352,435		8/31/2001	300
Chattanooga TN		490,000	740,474	2,640	None	490,000	743,114	1,233,114	105,753		6/30/2014	300
Collierville TN		433,503	805,339	None	None	433,503	805,339	1,238,842	326,162		11/16/2007	300
Columbia TN		410,242	761,878	None	None	410,242	761,878	1,172,120	341,575		10/2/2006	300
Germantown TN		356,774	662,837	None	None	356,774	662,837	1,019,611	268,449		11/16/2007	300
Henderson TN		155,954	289,815	None	None	155,954	289,815	445,769	130,900		9/14/2006	300
Hermitage TN		341,251	633,753	None	26	341,251	633,779	975,030	284,136		10/2/2006	300
Jackson TN		312,734	581,049	224,858	11,559	312,734	817,466	1,130,200	260,767		11/16/2007	300
Manchester TN		411,504	764,222	None	22,500	411,504	786,722	1,198,226	344,465		10/2/2006	300
Martin TN		173,616	322,616	None	None	173,616	322,616	496,232	145,715		9/14/2006	300
McMinnville TN		442,735	635,260	None	None	442,735	635,260	1,077,995	280,555		12/21/2006	300
Memphis TN		148,386	275,760	None	None	148,386	275,760	424,146	124,551		9/14/2006	300
Memphis TN		254,423	472,680	None	None	254,423	472,680	727,103	211,918		10/12/2006	300
Memphis TN		309,358	574,779	None	None	309,358	574,779	884,137	232,786		11/16/2007	300
Memphis TN		361,660	983,255	None	None	361,660	983,255	1,344,915	80,299		12/22/2015	300
Memphis TN		550,000	821,983	None	None	550,000	821,983	1,371,983	67,129		12/22/2015	300
Memphis TN		445,782	1,095,968	None	None	445,782	1,095,968	1,541,750	89,504		12/22/2015	300
Memphis TN		660,000	1,253,473	None	None	660,000	1,253,473	1,913,473	102,367		12/22/2015	300
Milan TN		138,159	256,766	None	None	138,159	256,766	394,925	115,973		9/14/2006	300
Millington TN		285,613	530,630	None	None	285,613	530,630	816,243	347,560		8/31/2001	300
Murfreesboro TN		376,568	699,340	None	None	376,568	699,340	1,075,908	313,538		10/2/2006	300
Murfreesboro TN		383,266	712,027	None	None	383,266	712,027	1,095,293	314,478		12/21/2006	300
Nashville TN		147,915	274,700	None	None	147,915	274,700	422,615	123,157		10/2/2006	300
Nashville TN		432,494	803,203	None	None	432,494	803,203	1,235,697	360,103		10/2/2006	300
Nashville TN		350,983	651,825	None	44,175	350,983	696,000	1,046,983	296,248		10/2/2006	300
Nashville TN		500,000	653,785	6,900	None	500,000	660,685	1,160,685	94,704		6/30/2014	300
Ripley TN		231,552	430,232	None	None	231,552	430,232	661,784	281,799		8/31/2001	300
Sevierville TN		423,790	787,301	None	None	423,790	787,301	1,211,091	355,598		9/28/2006	300
Shelbyville TN		245,370	455,687	None	None	245,370	455,687	701,057	204,300		10/2/2006	300
Trenton TN		174,379	324,032	None	None	174,379	324,032	498,411	146,354		9/14/2006	300
Allen TX		165,000	306,771	None	None	165,000	306,771	471,771	226,499	7/9/1999	5/28/1999	300
Arlington TX		560,000	1,040,667	None	None	560,000	1,040,667	1,600,667	431,875		8/28/2007	300
Arlington TX		269,284	500,766	None	None	269,284	500,766	770,050	207,816		8/28/2007	300
Aubrey TX		140,000	726,739	122,905	None	140,000	849,644	989,644	71,119		12/7/2015	300
Beaumont TX		1,175,014	1,468,768	None	None	1,175,014	1,468,768	2,643,782	291,306		1/22/2013	300
Centerville TX		340,000	873,035	None	None	340,000	873,035	1,213,035	85,848		7/21/2015	300
Coppell TX		212,875	396,007	None	None	212,875	396,007	608,882	164,341		8/28/2007	300
Corpus Christi TX		826,321	1,032,902	None	None	826,321	1,032,902	1,859,223	204,859		1/22/2013	300
Crossroads TX		310,000	706,609	114,605	None	310,000	821,214	1,131,214	68,680		12/21/2015	300
Dallas TX		386,451	718,361	None	None	386,451	718,361	1,104,812	298,118		8/28/2007	300
Denton TX		380,000	700,572	110,497	None	380,000	811,069	1,191,069	67,793		12/7/2015	300
Desoto TX		133,393	714,604	None	None	133,393	714,604	847,997	1,191		12/14/2017	300
Ennis TX		173,250	384,793	45,798	12,600	173,250	443,191	616,441	420,333		12/28/1987	300
Farmersville TX		190,000	677,920	117,515	None	190,000	795,435	985,435	66,617		12/21/2015	300
Ferris TX		922,690	1,153,363	None	None	922,690	1,153,363	2,076,053	228,750		1/22/2013	300
Forney TX		1,141,991	1,427,489	None	None	1,141,991	1,427,489	2,569,480	283,119		1/22/2013	300
Fort Worth TX		223,195	492,067	None	54	223,195	492,121	715,316	492,121		6/26/1991	300
Fort Worth TX												

Santa Fe	TX	304,414	623,331	None	None	304,414	623,331	927,745	493,412	3/23/1998	300
South Houston	TX	1,139,426	1,424,283	None	None	1,139,426	1,424,283	2,563,709	282,483	1/22/2013	300
Stafford	TX	214,024	423,733	None	128	214,024	423,861	637,885	423,861	6/26/1991	300
Temple	TX	302,505	291,414	None	None	302,505	291,414	593,919	266,643	2/9/1995	300
Texarkana	TX	311,263	578,266	None	None	311,263	578,266	889,529	378,761	8/31/2001	300

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**REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2017**

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees						
		Land	Acquisition Fees			Land	Acquisition Fees	Total				
Victoria TX		1,062,212	1,327,765	None	None	1,062,212	1,327,765	2,389,977	263,340		1/22/2013	300
Victoria TX		884,385	1,105,481	None	None	884,385	1,105,481	1,989,866	219,254		1/22/2013	300
Vidor TX		146,291	271,990	None	None	146,291	271,990	418,281	131,009		12/22/2005	300
Hampton VA		433,985	459,108	None	None	433,985	459,108	893,093	361,919		4/17/1998	300
Hampton VA		805,000	1,495,800	None	None	805,000	1,495,800	2,300,800	620,755		8/28/2007	300
Lynchburg VA		308,824	573,529	None	None	308,824	573,529	882,353	167,279		9/14/2010	300
Spokane WA		479,531	646,719	None	None	479,531	646,719	1,126,250	511,933		3/27/1998	300
Vancouver WA		1,302,457	1,628,071	None	None	1,302,457	1,628,071	2,930,528	322,901		1/22/2013	300
Appleton WI		340,126	631,662	None	None	340,126	631,662	971,788	144,230		4/17/2012	300
Beaver Dam WI		230,000	980,309	None	None	230,000	980,309	1,210,309	99,665		6/25/2015	300
Grafton WI		149,778	332,664	None	None	149,778	332,664	482,442	332,664		10/29/1987	300
Green Bay WI		308,131	572,756	None	None	308,131	572,756	880,887	273,968		1/11/2006	300
Kenosha WI		140,000	1,261,738	None	None	140,000	1,261,738	1,401,738	65,190		9/30/2016	300
Oshkosh WI		385,870	716,616	None	None	385,870	716,616	1,102,486	163,627		4/17/2012	300
Pewaukee WI		590,000	1,125,653	None	None	590,000	1,125,653	1,715,653	58,159		9/30/2016	300
Waukesha WI		380,000	1,430,547	None	None	380,000	1,430,547	1,810,547	73,912		9/30/2016	300
Cody WY		740,000	729,300	None	None	740,000	729,300	1,469,300	44,974		6/30/2016	300
Sheridan WY		680,000	835,246	None	None	680,000	835,246	1,515,246	51,507		6/30/2016	300
<b>Shoe stores</b>												
Lebec CA	8,818,869	2,357,234	30,943,343	None	None	2,357,234	30,943,343	33,300,577	4,383,640		1/22/2013	420
Staten Island NY		3,190,883	3,413,933	128,082	207,431	3,190,883	3,749,446	6,940,329	2,486,202		3/26/1998	300
Brookville OH	18,509,933	2,577,129	48,823,456	None	None	2,577,129	48,823,456	51,400,585	6,916,656		1/22/2013	420
McMinnville TN		703,355	1,432,903	29,784	7,275	703,355	1,469,962	2,173,317	614,771		11/1/2006	300
<b>Sporting goods</b>												
Anchorage AK		1,486,000	5,045,244	6,306	84,689	1,486,000	5,136,239	6,622,239	3,274,374		10/17/2001	300
Tuscaloosa AL		2,270,000	6,727,302	None	None	2,270,000	6,727,302	8,997,302	302,729		11/9/2016	300
Mesa AZ		984,890	1,536,269	None	None	984,890	1,536,269	2,521,159	668,259		2/12/2007	300
Fresno CA		1,650,000	3,321,244	1,961,816	92,395	1,650,000	5,375,455	7,025,455	2,333,499		10/17/2001	300
Augusta GA		1,460,000	5,953,083	None	None	1,460,000	5,953,083	7,413,083	754,569	9/17/2014	4/16/2014	300
Gainesville GA		1,830,000	6,944,636	None	None	1,830,000	6,944,636	8,774,636	289,360		12/7/2016	300
Pooler GA		1,339,957	1,831,350	None	None	1,339,957	1,831,350	3,171,307	857,347		3/1/2006	300
Algonquin IL		1,360,000	7,255,745	None	None	1,360,000	7,255,745	8,615,745	893,417	10/6/2014	4/22/2014	300
Marion IL		-	6,630,238	None	None	-	6,630,238	6,630,238	541,514	5/7/2015	11/13/2014	300
Avon IN		2,200,000	5,299,303	5,039	None	2,200,000	5,304,342	7,504,342	759,882	4/8/2014	10/11/2013	300
Greenwood IN		1,490,000	5,241,516	None	None	1,490,000	5,241,516	6,731,516	794,963		3/25/2014	300
Houma LA		1,598,298	4,493,174	None	None	1,598,298	4,493,174	6,091,472	322,011		3/30/2016	300
Thibodaux LA		930,000	9,470,000	None	None	930,000	9,470,000	10,400,000	394,583		12/6/2016	300
Winston Salem NC		2,390,000	3,416,323	None	None	2,390,000	3,416,323	5,806,323	643,408		4/12/2013	300
Kearney NE		173,950	344,393	None	None	173,950	344,393	518,343	344,393		5/1/1990	300
Glendale NY		5,559,686	4,447,566	3,100,000	85,811	5,559,686	7,633,377	13,193,063	2,519,083		12/29/2004	300
Huber Heights OH		2,280,000	5,814,036	None	None	2,280,000	5,814,036	8,094,036	687,994		1/27/2015	300
Reynoldsburg OH		850,000	2,770,492	250	None	850,000	2,770,742	3,620,742	392,491		6/19/2014	300
Owasso OK		2,140,000	6,780,084	None	None	2,140,000	6,780,084	8,920,084	372,905		8/1/2016	300
Eugene OR		720,000	7,434,760	49,978	None	720,000	7,484,738	8,204,738	1,455,158		3/22/2013	300
Mechanicsburg PA		2,101,415	3,902,912	None	125	2,101,415	3,903,037	6,004,452	2,517,400		11/8/2001	300
Columbia SC		1,145,120	2,770,957	None	None	1,145,120	2,770,957	3,916,077	1,130,162		3/3/2005	300
Spartanburg SC		1,234,815	3,111,921	(428,405)	None	806,410	3,111,921	3,918,331	1,591,035		3/3/2005	300
Baytown TX		1,750,000	7,070,132	None	None	1,750,000	7,070,132	8,820,132	247,455		2/28/2017	300
El Paso TX		700,000	2,501,244	1,478,677	103,253	700,000	4,083,174	4,783,174	1,776,913		10/17/2001	300
Houston TX		1,140,982	4,253,818	None	None	1,140,982	4,253,818	5,394,800	446,651		5/28/2015	300
Huntsville TX		580,000	5,720,000	None	None	580,000	5,720,000	6,300,000	753,133		9/29/2014	300
Port Arthur TX		1,609,120	4,523,600	None	None	1,609,120	4,523,600	6,132,720	324,191		3/30/2016	300
San Antonio TX		3,730,000	4,666,465	None	None	3,730,000	4,666,465	8,396,465	334,430		3/30/2016	300
Wichita Falls TX		1,100,000	5,556,669	None	None	1,100,000	5,556,669	6,656,669	805,717		5/13/2014	300
Fredericksburg VA		1,941,000	2,979,888	None	89	1,941,000	2,979,977	4,920,977	1,931,992		10/17/2001	300
<b>Telecommunications</b>												
Augusta GA		2,720,359	11,128,077	None	147	2,720,359	11,128,224	13,848,583	2,986,181		4/1/2011	300
Davenport IA		270,000	930,689	184,246	11,270	270,000	1,126,205	1,396,205	749,571		6/26/1998	300
Harmans MD		3,411,391	11,757,946	428,235	None	3,411,391	12,186,181	15,597,572	1,771,779		1/22/2014	420
East Syracuse NY	8,858,274	880,000	15,816,613	None	None	880,000	15,816,613	16,696,613	1,675,808		4/30/2014	420
Portland OR		1,246,233	7,769,297	None	None	1,246,233	7,769,297	9,015,530	279,629	9/12/2016	12/10/2015	420
Salem OR		1,721,686	9,387,216	2,750	58	1,721,686	9,390,024	11,111,710	2,458,057		6/22/2011	300
Brownsville TX		1,740,479	11,570,294	None	147	1,740,479	11,570,441	13,310,920	3,104,843		4/1/2011	300
<b>Theaters</b>												
Fairbanks AK		2,586,879	9,575	None	154	2,586,879	9,729	2,596,608	6,548		9/27/2000	300
Huntsville AL		2,810,868	14,308	None	None	2,810,868	14,308	2,825,176	9,753		9/27/2000	300
Chula Vista CA		2,060,287	8,914,162	None	None	2,060,287	8,914,162	10,974,449	2,273,111		8/8/2011	300
Norwalk CA		2,466,208	18,293,125	None	None	2,466,208	18,293,125	20,759,333	3,670,629		8/8/2011	300
Denver CO		5,150,000	9,056,647	602,403	None	5,150,000	9,659,050	14,809,050	1,347,143		6/27/2014	300
Englewood CO		2,009,483	6,027,241	None	None	2,009,483	6,027,241	8,036,724	24,849		11/30/2017	300
Naples FL		2,618,441	8,979,199	None	None	2,618,441	8,979,199	11,597,640	6,210,593		9/27/2000	300
Austell GA		2,497,504	10,148,237	None	None	2,497,504	10,148,237	12,645,741	2,587,800		8/8/2011	300
Chamblee GA		4,329,404	14,942	None	None	4,329,404	14,942	4,344,346	9,997		9/27/2000	300
Morrow GA		2,962,468	17,068,280	115,230	None	2,962,468	17,183,510	20,145,978	3,656,302		8/8/2011	300
Council Bluffs IA		4,924,553	14,207,916	None	None	4,924,553	14,207,916	19,132,469	4,944,575		1/31/2008	300
Dubuque IA		3,185,053	5,915,983	None	None	3,185,053	5,915,983	9,101,036	2,356,533		1/31/2008	300
Edwardsville IL		4,270,500	9,070,885	None	None	4,270,500	9,070,885	13,341,385	4,459,842		9/28/2005	300
Lake In The Hills IL		3,297,566	11,716,314	None	None	3,297,566	11,716,314	15,013,880	4,913,781		9/28/2005	300
Lombard IL		3,650,000	19,098,041	None	None	3,650,000	19,098,041	22,748,041	413,791		6/27/2017	300
Marion IL		832,500	3,499,885	None	None	832,500	3,499,885	4,332,385	1,720,767		9/28/2005	300
Mattoon IL		543,183	5,110,193	None	None	543,183	5,110,193	5,653,376	1,512,502		9/28/2005	300
North Pekin IL		1,575,231	9,183,100	None	None	1,575,231	9,183,100	10,758,331	4,515,015		9/28/2005	300
Rockford IL		4,270,500	16,675,954	(1,779)	None	4,268,721	16,675,954	20,944,675	8,199,001		9/28/2005	300
Springfield IL		3,151,838	10,404,452	None	None	3,151,838	10,404,452	13,556,290	5,115,612		9/28/2005	300
Woodridge IL		2,940,000	12,166,530	None	None	2,940,000	12,166,530	15,106,530	623,608		6/29/2017	300
Bloomington IN		2,498,642	7,934,745	None	None	2,498,642	7,934,745	10,433,387	3,901,240		9/28/2005	300
Columbus IN		1,999,812	7,234,361	None	None	1,999,812	7,234,361	9,234,173	3,556,885		9/28/2005	300
Indianapolis IN		2,700,395	17,672,980	2,592,447	None	2,700,395	20,265,427	22,965,822	8,652,542		9/28/2005	300
Terre Haute IN		1,249,321	9,835,885	None	None	1,249,321	9,835,885	11,085,206	4,835,967		9/28/2005	300
Schererville												

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Beavercreek	OH	2,062,545	8,467,551	620,044	None	2,062,545	9,087,595	11,150,140	2,388,378	8/8/2011	300
Columbus	OH	2,103,351	5,161,550	None	None	2,103,351	5,161,550	7,264,901	3,122,725	11/1/2002	300
Hillsboro	OR	4,915,032	16,377	None	58	4,915,032	16,435	4,931,467	11,215	9/27/2000	300
Portland	OR	2,793,001	9,942	None	58	2,793,001	10,000	2,803,001	6,829	9/27/2000	300
Spartanburg	SC	2,072,738	8,340,814	87,111	None	2,072,738	8,427,925	10,500,663	1,846,209	7/31/2012	300

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		Buildings Improvements and Acquisition Fees		Improvements	Carrying Costs	Buildings Improvements and Acquisition Fees						
		Land	Acquisition Fees			Land	Acquisition Fees	Total				
Burleson TX		2,280,000	6,195,734	421,144	None	2,280,000	6,616,878	8,896,878	1,461,438		7/26/2006	300
Dallas TX		1,483,281	7,029,956	None	None	1,483,281	7,029,956	8,513,237	11,717		12/27/2017	300
Fort Worth TX		1,483,281	7,029,956	None	None	1,483,281	7,029,956	8,513,237	11,717		12/27/2017	300
Laredo TX		2,161,477	5,561,558	None	None	2,161,477	5,561,558	7,723,035	2,476,450	10/11/2006	8/9/2005	300
Live Oak TX		2,910,035	12,674,850	None	None	2,910,035	12,674,850	15,584,885	3,232,087		8/8/2011	300
Longview TX		2,887,500	5,363,826	None	None	2,887,500	5,363,826	8,251,326	2,583,576		12/21/2005	300
Lubbock TX		1,642,533	6,984,372	None	None	1,642,533	6,984,372	8,626,905	1,781,015		8/8/2011	300
Waco TX		1,013,706	5,880,539	None	None	1,013,706	5,880,539	6,894,245	2,636,442		10/6/2006	300
Wichita Falls TX		660,000	8,940,000	None	None	660,000	8,940,000	9,600,000	104,300		9/29/2017	300
Glen Allen VA		1,314,065	9,748,457	None	None	1,314,065	9,748,457	11,062,522	6,742,647		9/27/2000	300
Roanoke VA		2,212,494	9,324,958	None	None	2,212,494	9,324,958	11,537,452	2,377,864		8/8/2011	300
Sterling VA		4,546,305	33,325	None	None	4,546,305	33,325	4,579,630	22,156		9/27/2000	300
Marysville WA		1,988,142	-	None	None	1,988,142	-	1,988,142	-		7/27/2000	N/A
Fitchburg WI		5,540,553	13,924,709	None	None	5,540,553	13,924,709	19,465,262	4,359,495		1/31/2008	300
<b>Transportation services</b>												
Phoenix AZ		4,106,903	23,819,301	None	None	4,106,903	23,819,301	27,926,204	3,374,401		1/22/2013	420
West Sacramento CA		12,277,918	29,165,650	17,616	None	12,277,918	29,183,266	41,461,184	4,136,053		1/22/2013	420
Palmetto FL		1,853,907	14,815,927	30,263	None	1,853,907	14,846,190	16,700,097	2,955,612		3/17/2011	300
Conley GA		420,000	780,000	None	None	420,000	780,000	1,200,000	217,100		1/10/2011	300
Chicago IL		612,500	1,137,500	None	None	612,500	1,137,500	1,750,000	316,604		1/10/2011	300
Grayslake IL		5,044,195	26,218,048	500	None	5,044,195	26,218,548	31,262,743	5,761,402		4/21/2011	300
Evansville IN		959,651	4,053,122	None	None	959,651	4,053,122	5,012,773	1,020,036		9/13/2011	300
Zionsville IN		2,450,000	29,831,530	500	None	2,450,000	29,832,030	32,282,030	1,100,992		9/6/2016	420
Dodge City KS		244,811	3,713,789	8,765	None	244,811	3,722,554	3,967,365	487,876		1/22/2013	420
Hays KS		171,304	2,701,222	10,568	None	171,304	2,711,790	2,883,094	332,551		1/22/2013	420
Wichita KS		2,840,499	7,375,302	1,000	None	2,840,499	7,376,302	10,216,801	2,004,299		3/16/2011	300
Louisville KY		472,500	877,500	None	None	472,500	877,500	1,350,000	244,238		1/10/2011	300
Louisville KY		5,732,055	30,841,995	None	None	5,732,055	30,841,995	36,574,050	4,369,283		1/22/2013	420
Saint Rose LA		3,147,428	8,283,048	21,892	None	3,147,428	8,304,940	11,452,368	2,007,312		12/20/2011	300
Baltimore MD		1,740,080	4,580,068	None	None	1,740,080	4,580,068	6,320,148	2,641,874	12/24/2003	4/1/2003	300
Baltimore MD		4,499,317	50,857,761	36,500	None	4,499,317	50,894,261	55,393,578	7,144,923		1/22/2013	420
Detroit MI		280,000	520,000	None	None	280,000	520,000	800,000	144,733		1/10/2011	300
Gibraltar MI		245,000	455,000	None	None	245,000	455,000	700,000	126,642		1/10/2011	300
Novi MI		210,000	677,324	None	None	210,000	677,324	887,324	75,635		3/31/2015	300
Saginaw MI		219,564	10,638,391	10,464	2,597	219,564	10,651,452	10,871,016	1,509,620		1/22/2013	420
Saline MI		1,275,995	17,421,877	5,127	None	1,275,995	17,427,004	18,702,999	2,271,007		1/22/2013	420
Rogers MN		5,330,000	32,179,760	500	None	5,330,000	32,180,260	37,510,260	1,417,517		6/30/2016	420
Saint Cloud MN		474,860	4,309,642	7,133	None	474,860	4,316,775	4,791,635	611,172		1/22/2013	420
Shakopee MN		2,451,948	12,666,361	None	98,424	2,451,948	12,764,785	15,216,733	2,622,780		3/17/2011	300
Springfield MO		2,669,300	19,440,332	102,840	None	2,669,300	19,542,972	22,212,272	2,769,068		1/22/2013	420
Petal MS		315,000	3,657,281	None	None	315,000	3,657,281	3,972,281	471,147	5/24/2013	7/12/2012	420
Charlotte NC		735,000	1,365,000	None	None	735,000	1,365,000	2,100,000	379,925		1/10/2011	300
Grand Forks ND		366,876	4,592,558	19,030	None	366,876	4,611,588	4,978,464	501,489		1/22/2013	420
Lincoln NE		792,802	9,619,413	12,500	None	792,802	9,631,913	10,424,715	1,239,854		1/22/2013	420
West Lebanon NH		996,755	10,367,090	None	None	996,755	10,367,090	11,363,845	1,144,232		1/22/2013	420
Bronx NY	11,185,995		19,785,973	123,919	None		19,889,892	19,889,892	2,877,173		1/22/2013	420
Rensselaer NY		5,393,842	67,289,268	None	142,250	5,393,842	67,431,518	72,825,360	8,963,094		1/22/2013	420
Columbus OH		245,000	455,000	None	None	245,000	455,000	700,000	126,642		1/10/2011	300
North Canton OH			10,641,063	None	None		10,641,063	10,641,063	1,507,484		1/22/2013	420
Uniontown OH		2,237,958	53,040,112	None	None	2,237,958	53,040,112	55,278,070	7,514,016		1/22/2013	420
Vandalia OH		719,985	10,102,113	8,352	None	719,985	10,110,465	10,830,450	2,307,189		4/10/2012	300
Walbridge OH		210,000	390,000	None	None	210,000	390,000	600,000	108,550		1/10/2011	300
Whitehall OH		1,400,000	24,053,357	15,694	None	1,400,000	24,069,051	25,469,051	1,632,552		8/26/2015	420
Corapolis PA		350,000	650,000	None	None	350,000	650,000	1,000,000	180,917		1/10/2011	300
Franklin PA		405,243	4,797,771	22,294	None	405,243	4,820,065	5,225,308	705,960		3/15/2011	420
Parker PA		210,000	390,000	None	None	210,000	390,000	600,000	108,550		1/10/2011	300
Snow Shoe PA		591,101	12,994,366	None	None	591,101	12,994,366	13,585,467	1,840,869		1/22/2013	420
Sioux Falls SD	1,554,302		416,023	3,775,664	None	416,023	3,775,664	4,191,687	531,686		1/22/2013	420
Chattanooga TN		2,024,239	8,974,591	11,169	106,018	2,024,239	9,091,778	11,116,017	2,443,362		3/17/2011	300
Memphis TN		3,570,000	16,398,303	202,533	None	3,570,000	16,600,836	20,170,836	2,350,154		2/27/2013	420
Mt Juliet TN	16,383,730		3,290,000	24,709,876	None	3,290,000	24,709,876	27,999,876	1,264,910		3/31/2016	420
Freepport TX		245,000	455,000	None	None	245,000	455,000	700,000	126,642		1/10/2011	300
Houston TX		5,802,459	45,111,656	None	None	5,802,459	45,111,656	50,914,115	6,390,818		1/22/2013	420
Houston TX		3,140,000	11,319,877	None	None	3,140,000	11,319,877	14,459,877	1,280,878		1/31/2014	420
Houston TX		3,910,000	16,504,232	None	None	3,910,000	16,504,232	20,414,232	1,867,434		1/31/2014	420
La Porte TX		875,000	1,625,000	None	None	875,000	1,625,000	2,500,000	452,292		1/10/2011	300
Missouri City TX		5,360,000	27,203,138	None	None	5,360,000	27,203,138	32,563,138	1,198,233	9/30/2016	6/30/2016	420
Sherman TX		439,127	9,850,580	None	None	439,127	9,850,580	10,289,707	1,395,496		1/22/2013	420
Vineyard UT		1,732,107	7,525,979	None	None	1,732,107	7,525,979	9,258,086	1,634,538		3/17/2011	300
Spokane Valley WA		805,923	13,722,626	None	12	805,923	13,722,638	14,528,561	1,524,215		1/22/2013	420
Beaver WV		497,198	6,060,449	13,245	None	497,198	6,073,694	6,570,892	784,381		1/22/2013	420
Charleston WV		2,251,894	6,527,770	None	None	2,251,894	6,527,770	8,779,664	790,275		12/28/2012	420
<b>Wholesale clubs</b>												
Colorado Springs CO		3,540,000	6,206,964	1,500	None	3,540,000	6,208,464	9,748,464	1,128,273		6/28/2013	300
Derby CT		5,699,931	10,584,586	1,000	None	5,699,931	10,585,586	16,285,517	2,240,929		9/20/2012	300
Waterford CT		11,841,797	21,990,910	1,000	None	11,841,797	21,991,910	33,833,707	4,655,268		9/20/2012	300
Sanford FL		5,788,032	10,748,203	1,000	None	5,788,032	10,749,203	16,537,235	2,275,561		9/20/2012	300
Augusta GA		4,673,148	9,903,758	2,072	None	4,673,148	9,905,830	14,578,978	1,965,264		1/22/2013	300
Louisville KY		2,760,000	4,164,146	1,500	None	2,760,000	4,165,646					

San Diego	CA	5,699,757	22,539,067	586,694	24	5,699,757	23,125,785	28,825,542	2,543,457	9/13/2013	420
San Diego	CA	5,810,243	15,603,737	1,448,858	68,181	5,810,243	17,120,776	22,931,019	2,087,165	9/13/2013	420
Venice	FL	259,686	362,562	59,435	154	259,686	422,151	681,837	329,656	11/26/1996	300
Jackson	MS	405,360	656,296	(124,313)	None	405,360	531,983	937,343	567,885	11/26/1996	300
Meridian	MS	181,156	515,598	131,997	602	181,156	648,197	829,353	542,960	11/26/1996	300

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
 SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
 AS OF DECEMBER 31, 2017

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	Life on which depreciation in latest Income Statement is Computed (in Months)
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total				
Clementon	NJ	279,851	554,060	78,768	11,821	279,851	644,649	924,500	580,514	9/9/1991	300	
Watertown	NY	139,199	-	None	None	139,199	-	139,199	-	8/18/1986	N/A	
Virginia Beach	VA	551,588	797,260	60,210	22	551,588	857,492	1,409,080	660,661	2/23/1998	300	
Tacoma	WA	198,857	-	None	None	198,857	-	198,857	-	5/29/1984	N/A	
Crest Net Lease		3,442,468	16,534,681	1,220	8	3,442,469	16,535,908	19,978,377	744,197	Various	300	
		320,282,759	4,086,800,791	10,887,309,413	44,803,561	8,129,650	4,083,622,819	10,943,420,596	15,027,043,415	2,350,544,126		

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

Note 1. Realty Income Corporation owns 5,124 single-tenant properties and one corporate headquarters property. Crest Net Lease, Inc. owns 20 properties.

Realty Income Corporation also owns 28 multi-tenant properties located in each of the following cities: Anchorage, AK; El Cajon, CA; Elk Grove, CA; Hanford, CA; Sacramento, CA; San Diego, CA; Danbury, CT; Brandon, FL; Cutler Bay, FL; Deerfield Beach, FL; Winter Park, FL; Columbus, GA; Valdosta, GA; Davenport, IA; Waterloo, IA; Elmhurst, IL; Columbia, MD; Fair Grove, MO; Jefferson City, MO; Columbus, OH; Edmond, OK; Jackson, TN; Memphis, TN; Cedar Park, TX; Dallas, TX; Fort Worth, TX; The Colony, TX; and Virginia Beach, VA.

Note 2. Includes mortgages payable secured by 62 properties, but excludes unamortized net debt premiums of \$5.9 million.

Note 3. The aggregate cost for federal income tax purposes for Realty Income Corporation is \$14,998,669,583 and for Crest Net Lease, Inc. is \$20,376,778.

Note 4. The following is a reconciliation of total real estate carrying value for the years ended December 31:

	2017	2016	2015
Balance at Beginning of Period	13,904,519,436	12,310,846,785	11,172,348,415
Additions During Period:			
Acquisitions	1,531,960,811	1,857,783,837	1,279,388,017
Less amounts allocated to acquired lease intangible assets and liabilities on our Consolidated Balance Sheets	(238,556,294)	(139,341,205)	(63,808,207)
Equipment	0	0	0
Improvements, Etc.	11,067,322	16,405,486	10,803,029
Other (Leasing Costs and Building Adjustments as a result of net debt premiums)	1,584,152	1,495,439	748,126
<b>Total Additions</b>	<b>1,306,055,991</b>	<b>1,736,343,557</b>	<b>1,227,130,965</b>
Deductions During Period:			
Cost of Real Estate sold or disposed of	150,394,756	118,792,948	76,659,381
Cost of Equipment sold	0	0	0
Releasing costs	109,986	418,772	592,815
Other (including Provisions for Impairment)	33,027,270	23,459,186	11,380,399
<b>Total Deductions</b>	<b>183,532,012</b>	<b>142,670,906</b>	<b>88,632,595</b>
<b>Balance at Close of Period</b>	<b>15,027,043,415</b>	<b>13,904,519,436</b>	<b>12,310,846,785</b>

Note 5. The following is a reconciliation of accumulated depreciation for the years ended:

Balance at Beginning of Period	2,000,728,517	1,691,963,148	1,390,808,700
Additions During Period - Provision for Depreciation	393,415,491	355,030,226	320,512,807
Deductions During Period:			
Accumulated depreciation of real estate and equipment sold or disposed of	43,599,882	46,264,857	19,358,359
<b>Balance at Close of Period</b>	<b>2,350,544,126</b>	<b>2,000,728,517</b>	<b>1,691,963,148</b>

Note 6. In 2017, provisions for impairment were recorded on twenty-six Realty Income properties. In 2016, provisions for impairment were recorded on thirty-nine Realty Income properties. In 2015, provisions for impairment were recorded on fifteen Realty Income properties.

Note 7. In accordance with Accounting Standards Codification 410, *Asset Retirement and Environmental Obligations*, we recorded in aggregate \$9,774 in 2017, \$6,525 in 2016, and negative \$820,166 in 2015 to two buildings for the fair value of legal obligations to perform asset-retirement activities that are conditional on future events. These two properties are reported in the drug store industry and are located in Girard, PA and Slippery Rock, PA.

**See report of independent registered public accounting firm.**

REALTY INCOME CORPORATION  
 STATEMENTS RE COMPUTATION OF RATIOS  
 ( dollars in thousands )

	Years ended December 31,				
	2017	2016	2015	2014	2013
Fixed charges:					
Interest	\$ 235,555	\$ 208,328	\$ 221,484	\$ 205,486	\$ 172,078
Amortization of fees	11,858	11,646	11,595	10,880	9,364
Interest capitalized	461	469	594	444	537
Fixed charges	\$ 247,874	\$ 220,443	\$ 233,673	\$ 216,810	\$ 181,979
Income from continuing operations	\$319,318	\$316,477	\$284,855	\$269,140	\$180,613
Plus fixed charges	247,874	220,443	233,673	216,810	181,979
Less interest capitalized	(461)	(469)	(594)	(444)	(537)
Earnings from continuing operations before fixed charges	\$ 566,731	\$ 536,451	\$ 517,934	\$ 485,506	\$ 362,055
Divided by fixed charges	\$ 247,874	\$ 220,443	\$ 233,673	\$ 216,810	\$ 181,979
Ratio of earnings from continuing operations to fixed charges	2.3	2.4	2.2	2.2	2.0
Ratio of earnings from continuing operations to combined fixed charges and preferred stock dividends	2.3	2.2	2.0	1.9	1.6
Preferred stock dividends	\$3,911	\$27,080	\$27,080	\$37,062	\$41,930

## Subsidiaries of the Company as of February 22, 2018

Entity	Type	State of Incorporation	Owner	Percentage Owned
11990 Eastgate Blvd, LLC	Limited Liability Company	DE	Terraza 14, LLC	94.97%
6901 South International Boulevard, LLC	Limited Liability Company	DE	MDC Coastal 5, LLC	74.00%
American Realty Capital Properties, LLC	Limited Liability Company	DE	ARCT TRS Corp.	100.00%
ARC AAHARAL001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC ATMTTPSC001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC AZGYAPR001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC AZHUMPR001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC AZPONPR001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC AZSNJPR001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC BBFTMFL001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC BSLBCCA001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC CAMBR BSPL, LLC	Limited Liability Company	DE	ARC CAMBR BSPL, LLC	100.00%
ARC CVCHILL001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC CVCHILL002, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC CVGNVFL001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC ESBKYMO001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC ESSTLMO001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC FEARMIO01, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC FEBKYWV001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC FEBNXY001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC FEDGCKS001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC FEGFKND001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC FEHAYKS001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC FELNCNE001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC FELSVKY001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC FESPFMO001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC FESXFD001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC HDAUSGA001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC HDTPAKS001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC IHLVRCO001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC IHMPHTN001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC IHMPHTN002, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC IHPKRCO001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC IHROCN001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC Income Properties II, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC Initial PE Member LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC JJPLYMA001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC KHCLNIL001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC KHGTNKY001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC LWKNXTN001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC ORJOLIL001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC PA-QRS Trust	Trust	VA	ARC PA-QRS Trust Member LLC	100.00%
ARC PA-QRS Trust Member LLC	Limited Liability Company	DE	Tau Acquisition LLC	100.00%
ARC PLBKVOH001, LLC	Limited Liability Company	DE	ARC CAMBR BSPL, LLC	100.00%
ARC RACARPA001 GP, LLC	Limited Liability Company	DE	ARC/Milestone Capital Ventures, LLC	100.00%
ARC RACARPA001 LP	Limited Partnership	DE	ARC RACARPA001 GP, LLC /	100.00%
ARC RAPITPA001 GP, LLC	Limited Liability Company	DE	ARC/Milestone Capital Ventures, LLC	100.00%
ARC RAPITPA001 LP	Limited Partnership	DE	ARC/Milestone Capital Ventures, LLC	100.00%
ARC SCAUGGA001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC SJHSPAR001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC SJHSPAR002, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC SJHSPAR003, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC SSCTRV001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC SSNANNY001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC SYGRINY001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC TITUCAZ001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC TMDKBIL001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC TSDUBPA001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC TSELBPA001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC TSLWBWV001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC TSMNFPA001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WGAUBNY001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WGCHEAL001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WGCNWSC001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WGGRCNY001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WGGRCNY002, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WGGRPMM001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WGMTPMI001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WGPKNY001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WGPLTNY001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WGSYRNY001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC WMBLYAR001, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
ARC/Milestone Capital Ventures, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%

Entity	Type	State of Incorporation	Owner	Percentage Owned
ARCT TRS Corp.	Corporation	DE	Tau Operating Partnership, L.P.	100.00%
Bulwark Berlin LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Bulwark Branford LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Bulwark Brockton LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Bulwark Derry LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Bulwark Melrose LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Bulwark Mount Ephraim LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Crest Net Lease, Inc.	Corporation	DE	Realty Income Corporation	100.00%
MDC Bell 1, LLC	Limited Liability Company	DE	Crest Net Lease, Inc.	100.00%
MDC Box 1, LLC	Limited Liability Company	DE	Crest Net Lease, Inc.	100.00%
MDC Coast 1, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coast 2, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coast 3, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coast 4, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coast 5, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coast 6, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coast 7, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coast 8, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coast 9, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coastal 1, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coastal 2, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coastal 3, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coastal 4, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coastal 5, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coastal 6, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Coastal 7, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC East College, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC East Hobson, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Holabird, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
MDC Seal Beach, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
O CHK, INC.	Corporation	DE	Realty Income Corporation	100.00%
O ICE, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Buffalo Genesee, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Buffalo Grove Deerfield, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Burlington Milwaukee, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Capitol Heights Ritchie Station, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income CK1, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
Realty Income Cumming Market Place, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Deer Park Deerwood Glen GP, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Deer Park Deerwood Glen Limited Partnership	Limited Partnership	TX	Realty Income Deer Park Deerwood Glen GP, LLC/	100.00%
Realty Income Deer Park Deerwood Glen LP, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income DG Texas Portfolio I, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income DG Texas Portfolio II, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income East Syracuse Fair Lakes, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income East Windsor SciPark, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Houston Orem, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Illinois Properties 1, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Illinois Properties 2, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Illinois Properties 3, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Illinois Properties 4, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Magellan, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Neenah Commercial, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Pennsylvania Properties Trust	Trust	MD	Realty Income Corporation	100.00%
Realty Income Pennsylvania Properties Trust 2	Trust	MD	Realty Income Corporation	100.00%
Realty Income Properties 1, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 10, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 11, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 12, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 13, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 14, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 15, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 16, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 17, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 18, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 19, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 2, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 20, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
Realty Income Properties 21, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 22, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 23, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 24, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
Realty Income Properties 25, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 26, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 27, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 28, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 29, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%

Entity	Type	State of Incorporation	Owner	Percentage Owned
Realty Income Properties 3, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 30, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 31, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 4, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 5, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 6, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Properties 7, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
Realty Income Properties 8, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
Realty Income Properties 9, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Providence LaSalle Square, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Raphine, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Regent Blvd LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Seaford Merrick, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Texas Properties 1, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
Realty Income Trust 1	Trust	MD	Realty Income Corporation	100.00%
Realty Income Trust 2	Trust	MD	Realty Income Corporation	100.00%
Realty Income Trust 3	Trust	MD	Realty Income Corporation	100.00%
Realty Income Trust 4	Trust	MD	Realty Income Corporation	100.00%
Realty Income Trust 5	Trust	MD	Realty Income Corporation	100.00%
Realty Income Trust 6	Trust	MD	Realty Income Corporation	100.00%
Realty Income Upper Darby 69th, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income Wilmington Lancaster, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Realty Income, L.P.	Limited Partnership	MD	Realty Income Corporation	99.88%
RI CS1, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
RI CS2, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
RI CS3, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
RI CS4, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
RI CS5, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
RI GA 1, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
RI SE, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
RI TN 1, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
RI TN 2, LLC	Limited Liability Company	DE	Realty Income, L.P.	100.00%
Tau Acquisition LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Tau Atlantic, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
Tau Central, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
TAU CVJKVFL, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
TAU FESSPA, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
Tau Midwest, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
Tau Northeast, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
Tau NY-NJ, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
Tau Operating Partnership, L.P.	Limited Partnership	DE	Tau Acquisition LLC	99.44%
Tau Pennsylvania General Partner, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
Tau Pennsylvania, L.P.	Limited Partnership	DE	Tau Operating Partnership, L.P./ Tau Pennsylvania General Partner, LLC	100.00%
Tau South, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
Tau West, LLC	Limited Liability Company	DE	Tau Operating Partnership, L.P.	100.00%
Terraza 1, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 10, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 11, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 12 Holding LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 12, LLC	Limited Liability Company	DE	Terraza 12 Holding LLC	100.00%
Terraza 13, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 14, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 17, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 2, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 3, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 4, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 5, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 6, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 7, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%
Terraza 8, LLC	Limited Liability Company	DE	Realty Income Corporation	100.00%

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
Realty Income Corporation:

We consent to the incorporation by reference in the registration statement No. 333-208652 on Form S-3 of Realty Income Corporation and to the incorporation by reference in Registration Statement No. 333-181227 on Form S-8 of Realty Income Corporation of our reports dated February 22, 2018, with respect to the consolidated balance sheets of Realty Income Corporation and subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of income, equity, and cash flows for each of the years in the three-year period ended December 31, 2017, the related notes, and financial statement schedule III (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2017, which reports appear in the December 31, 2017 annual report on Form 10-K of Realty Income Corporation.

(signed) KPMG LLP

San Diego, California  
February 22, 2018

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**Certification of Chief Executive Officer**

I, John P. Case, certify that:

1. I have reviewed this annual report on Form 10-K of Realty Income Corporation for the year ended December 31, 2017;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2018

/s/ JOHN P. CASE  
John P. Case  
Chief Executive Officer

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**Certification of Chief Financial Officer**

I, Paul M. Meurer, certify that:

1. I have reviewed this annual report on Form 10-K of Realty Income Corporation for the year ended December 31, 2017;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2018

/s/ PAUL M. MEURER  
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Paul M. Meurer  
Executive Vice President,  
Chief Financial Officer and Treasurer

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**Certification of Chief Executive Officer and Chief Financial Officer  
Pursuant to 18 U.S.C. SECTION 1350**

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Realty Income Corporation, a Maryland corporation (the "Company"), hereby certify, to his best knowledge, that:

- (i) the accompanying annual report on Form 10-K of the Company for the year ended December 31, 2017, (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Act"); and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOHN P. CASE

John P. Case  
Chief Executive Officer

/s/ PAUL M. MEURER

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

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Act, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing .

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