

REALTY INCOME CORP  
Form 10-K  
February 22, 2019

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, 2018

Commission File Number 1-13374

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

Maryland 33-0580106  
(State or Other Jurisdiction of (IRS Employer  
Incorporation or Organization) 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:

| Title of Each Class                       | Name of Each Exchange<br>On Which Registered |
|---|--|
| 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

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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, 2018, the aggregate market value of the Registrant's shares of common stock, \$0.01 par value, held by non-affiliates of the Registrant was \$15.6 billion based upon the last reported sale price of \$53.79 per share on the New York Stock Exchange on June 29, 2018, 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 13, 2019, the number of shares of common stock outstanding was 303,791,717.

#### 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 14, 2019, 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.

Realty Income was founded in 1969, and listed on the New York Stock Exchange (NYSE: O) in 1994. Over the past 50 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, 2018, we owned a diversified portfolio:

• Of 5,797 properties;

• With an occupancy rate of 98.6%, or 5,717 properties leased and 80 properties available for lease;

• Leased to 262 different commercial tenants doing business in 48 separate industries;

• Located in 49 states and Puerto Rico;

• With over 93.3 million square feet of leasable space; and

- With an average leasable space per property of approximately 16,110 square feet; approximately 11,260 square feet per retail property and 229,000 square feet per industrial property.

Of the 5,797 properties in the portfolio, 5,769, or 99.5%, are single-tenant properties, and the remaining are multi-tenant properties. At December 31, 2018, of the 5,769 single-tenant properties, 5,692 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 9.2 years.

Our seven senior officers owned 0.1% of our outstanding common stock with a market value of \$12.2 million at January 31, 2019. Our directors and seven senior officers, as a group, owned 0.2% of our outstanding common stock with a market value of \$34.9 million at January 31, 2019.

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 2019, we had 165 employees, as compared to 152 employees in January 2018.

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.



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## RECENT DEVELOPMENTS

## Increases in Monthly Dividends to Common Stockholders

We have continued our 50-year policy of paying monthly dividends. In addition, we increased the dividend five times during 2018 and twice during 2019. As of February 2019, we have paid 85 consecutive quarterly dividend increases and increased the dividend 100 times since our listing on the NYSE in 1994.

|                         | Month    | Month    | Dividend  | Increase  |
|-------------------------|----------|----------|-----------|-----------|
| 2018 Dividend increases | Declared | Paid     | per share | per share |
| 1st increase            | Dec 2017 | Jan 2018 | \$ 0.2125 | \$0.0005  |
| 2nd increase            | Jan 2018 | Feb 2018 | \$ 0.2190 | \$0.0065  |
| 3rd increase            | Mar 2018 | Apr 2018 | \$ 0.2195 | \$0.0005  |
| 4th increase            | Jun 2018 | Jul 2018 | \$ 0.2200 | \$0.0005  |
| 5th increase            | Sep 2018 | Oct 2018 | \$ 0.2205 | \$0.0005  |

## 2019 Dividend increases

|              |          |          |           |          |
|--------------|----------|----------|-----------|----------|
| 1st increase | Dec 2018 | Jan 2019 | \$ 0.2210 | \$0.0005 |
| 2nd increase | Jan 2019 | Feb 2019 | \$ 0.2255 | \$0.0045 |

The dividends paid per share during 2018 totaled approximately \$2.6305, as compared to approximately \$2.5270 during 2017, an increase of \$0.1035, or 4.1%.

The monthly dividend of \$0.2255 per share represents a current annualized dividend of \$2.706 per share, and an annualized dividend yield of approximately 4.3% based on the last reported sale price of our common stock on the NYSE of \$63.04 on December 31, 2018. 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 2018

During 2018, we invested \$1.8 billion in 764 new properties and properties under development or expansion, with an initial weighted average contractual lease rate of 6.4%. The 764 new properties and properties under development or expansion are located in 39 states, will contain approximately 5.2 million leasable square feet, and are 100% leased with a weighted average lease term of 14.8 years. The tenants occupying the new properties operate in 21 industries and the property types are 96.3% retail and 3.7% industrial, based on rental revenue. During 2018, none of our real estate investments caused any one tenant to be 10% or more of our total assets at December 31, 2018.

The initial weighted average contractual lease rate for a property is generally computed as estimated contractual first year cash net operating income, which, in the case of a net leased property, is equal to the aggregate cash 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 initial weighted average contractual lease rate is computed as follows: estimated cash 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 \$1.8 billion we invested during 2018, \$80.3 million was invested in 14 properties under development or expansion with an initial weighted average contractual lease rate of 6.9%. We may continue to pursue

development or expansion opportunities under similar arrangements in the future.

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### Portfolio Discussion

#### Leasing Results

At December 31, 2018, we had 80 properties available for lease out of 5,797 properties in our portfolio, which represents a 98.6% occupancy rate based on the number of properties in our portfolio. Since December 31, 2017, when we reported 83 properties available for lease out of 5,172 and a 98.4% occupancy rate, we:

Had 267 lease expirations;  
Re-leased 228 properties; and  
Sold 42 vacant properties.

Of the 228 properties re-leased during 2018, 215 properties were re-leased to existing tenants, three were re-leased to new tenants without vacancy, and ten were re-leased to new tenants after a period of vacancy. The annual rent on these 228 leases was \$46.15 million, as compared to the previous rent on these same properties of \$44.66 million, which represents a rent recapture rate of 103.3% on the properties re-leased during 2018.

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, 2018, our average annualized rental revenue was approximately \$14.24 per square foot on the 5,717 leased properties in our portfolio. At December 31, 2018, we classified 17 properties, with a carrying amount of \$16.6 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 2018, we capitalized costs of \$17.9 million on existing properties in our portfolio, consisting of \$3.9 million for re-leasing costs, \$1.1 million for recurring capital expenditures, and \$12.9 million for non-recurring building improvements. 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.

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 properties.

#### Sumit Roy Appointed Chief Executive Officer (CEO)

On October 16, 2018, we announced that our Board of Directors had appointed Sumit Roy to the position of our CEO and to our Board of Directors. Mr. Roy, who previously served as Chief Operating Officer, succeeds John P. Case, our previous CEO. Mr. Roy continues to serve as our President.

#### Tau Operating Partnership Buyout and Term Loan Payoff

In January 2019, we redeemed all of the outstanding 317,022 common units of Tau Operating Partnership, L.P., which reduced our total common units outstanding to 373,797 as of January 3, 2019. Additionally, in January 2019, we paid



off the outstanding balance and interest on the \$70.0 million senior unsecured term loan entered in January 2013 in conjunction with our acquisition of ARCT. Following the redemption, we hold 100% of the ownership interests of Tau Operating Partnership, L.P., and continue to consolidate the entity.

#### New, Expanded Credit Facility

In October 2018, we entered into a new \$3.25 billion unsecured credit facility to replace our previous \$2.25 billion unsecured credit facility, of which \$2.0 billion was due to expire in June 2019. This new credit facility includes a \$3.0 billion unsecured revolving credit facility and a new \$250.0 million unsecured term loan due March 2024. The new revolving credit facility matures in March 2023 and includes two six-month extensions that can be exercised at our

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option. The new revolving credit facility, or our revolving credit facility, also has a \$1.0 billion expansion feature. As of December 31, 2018, we had a balance of \$252.0 million on our credit facility. Under our revolving credit facility, our current investment grade credit ratings provide for financing at LIBOR plus 0.775% with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.90% over LIBOR. Our previous \$2.25 billion unsecured credit facility had all-in drawn pricing of 0.975% over LIBOR.

In conjunction with our new revolving credit facility, we entered into a new \$250.0 million senior unsecured term loan, which matures in March 2024. Borrowing under this term loan bears interest at the current one-month LIBOR plus 0.85%. In conjunction with this term loan, we also entered into an interest rate swap which effectively fixes our per annum interest on this term loan at 3.89%.

### S&P Upgrade to A-

In August 2018, S&P Global Ratings raised our credit rating to A- with a "stable" outlook from BBB+ with a "positive" outlook.

### Note Issuance

In April 2018, we issued \$500.0 million of 3.875% senior unsecured notes due 2025, or the 2025 Notes. The public offering price for the 2025 Notes was 99.50% of the principal amount, for an effective yield to maturity of 3.957%. The net proceeds of approximately \$493.1 million from this offering were used to repay borrowings outstanding under our credit facility, to fund investment opportunities, and for other general corporate purposes.

### Capital Raising

During 2018, we raised \$1.1 billion from the sale of common stock, primarily through the use of our at-the-market (ATM) programs, at a weighted average price of \$58.77 per share.

### Net Income Available to Common Stockholders

Net income available to common stockholders was \$363.6 million in 2018, as compared to \$301.5 million in 2017, an increase of \$62.1 million. On a diluted per common share basis, net income was \$1.26 in 2018, as compared to \$1.10 in 2017, an increase of \$0.16, or 14.5%.

Net income available to common stockholders in 2018 was impacted by a severance payment made to our former CEO in October 2018. The total value of cash, stock compensation and professional fees incurred as a result of this severance was \$28.3 million; however, the net amount, after incorporating accruals for CEO compensation previous to this severance, was \$18.7 million, equivalent to \$0.06 per share.

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 for 2017 were also impacted by a \$13.4 million non-cash redemption charge on the shares of Class F preferred stock that were redeemed in April 2017, which represented \$0.05 on a diluted per common share basis. This charge was based on the excess of redemption value over the carrying value of the Class F preferred stock that represents the original issuance cost that was paid in 2012.

The calculation to determine net income available to common stockholders includes impairments and gains from the sale of properties, which can vary from period to period based on the timing and significantly impact net income available to common stockholders.

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

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In 2018, our FFO increased by \$130.6 million, or 16.9%, to \$903.3 million, as compared to \$772.7 million in 2017. On a diluted per common share basis, FFO was \$3.12 in 2018, as compared to \$2.82 in 2017, an increase of \$0.30, or 10.6%.

Adjusted Funds from Operations Available to Common Stockholders (AFFO)

In 2018, our AFFO increased by \$86.0 million, or 10.3%, to \$924.6 million, as compared to \$838.6 million in 2017. On a diluted per common share basis, AFFO was \$3.19 in 2018, as compared to \$3.06 in 2017, an increase of \$0.13, or 4.2%.

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

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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 Realty Income, L.P., each on a per unit basis that is generally equal to the amount paid per share to our common stockholders. Prior to the redemption of our common units of Tau Operating Partnership, L.P. in January 2019, distributions were paid monthly to the limited partners holding common units of Tau Operating Partnership, L.P., each on a per unit basis that was 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 2018, our cash distributions to common stockholders totaled \$761.6 million, or approximately 133.5% of our estimated taxable income of \$570.4 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 2018 totaled \$761.6 million, representing 82.4% of our adjusted funds from operations available to common stockholders of \$924.6 million. In comparison, our 2017 cash distributions to common stockholders totaled \$689.3 million, representing 82.2% of our adjusted funds from operations available to common stockholders of \$838.6 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 up to 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 22.9% of the distributions to our common stockholders, made or deemed to have been made in 2018, were classified as a return of capital for federal income tax purposes. We estimate that in 2019, between 15% and 25% of the distributions may be classified as a return of capital.

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### 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, 2018, consisted of 5,797 properties located in 49 states and Puerto Rico, leased to 262 different commercial tenants doing business in 48 industries. Each of the 48 industries represented in our property portfolio accounted for no more than 12.4% of our rental revenue during either the quarter or year ended December 31, 2018.

#### Investment Strategy

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 our 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 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, approximately 95% of our annualized retail rental revenue at December 31, 2018 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 industry leaders that are primarily investment grade rated

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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. We will continue to evaluate all investments consistent with our objective of owning net lease assets.

### 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 51% of our annualized rental revenue comes from properties leased to investment grade rated companies or their subsidiaries. At December 31, 2018, our top 20 tenants represented approximately 54% of our annualized revenue and 12 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

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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, 2018, we classified 17 properties with a carrying amount of \$16.6 million as held for sale on our balance sheet. For 2019, 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 2019 at our estimated values or be able to invest the property sale proceeds in new properties.

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, property sales, 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, 2018, our total outstanding borrowings of senior unsecured notes and bonds, term loans, mortgages payable and credit facility borrowings were \$6.5 billion, or approximately 25.4% of our total market capitalization of \$25.7 billion.

We define our total market capitalization at December 31, 2018 as the sum of:

• Shares of our common stock outstanding of 303,742,090, plus total common units outstanding of 690,819, multiplied by the last reported sales price of our common stock on the NYSE of \$63.04 per share on December 31, 2018, or \$19.2 billion;

• Outstanding borrowings of \$252.0 million on our credit facility;

• Outstanding mortgages payable of \$298.4 million, excluding net mortgage premiums of \$4.4 million and deferred financing costs of \$183,000;

• Outstanding borrowings of \$570.0 million on our term loans, excluding deferred financing costs of \$1.4 million; and  
• Outstanding senior unsecured notes and bonds of \$5.4 billion, excluding unamortized net original issuance premiums of \$10.5 million and deferred financing costs of \$33.7 million.

In January 2019, we redeemed all of our outstanding 317,022 common units of Tau Operating Partnership, L.P., which reduced our total common units outstanding to 373,797 as of January 3, 2019.

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### 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 November 2018, we filed a shelf registration statement with the SEC, which is effective for a term of three years and will expire in November 2021. In accordance with SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific dollar limit. The securities covered by this registration statement include (1) common stock, (2) preferred stock, (3) debt securities, (4) depository shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock, or depository shares, and (6) any combination of these securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if 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.

### Revolving Credit Facility

In October 2018, we entered into a new \$3.25 billion unsecured credit facility to replace our previous \$2.25 billion unsecured credit facility, of which \$2.0 billion was due to expire in June 2019. This new credit facility includes a \$3.0 billion unsecured revolving credit facility and a new \$250.0 million unsecured term loan due March 2024. The new revolving credit facility, or our revolving credit facility, matures in March 2023 and includes two six-month extensions that can be exercised at our option. Our revolving credit facility also has a \$1.0 billion expansion feature. Under our new revolving credit facility, our current investment grade credit ratings provide for financing at LIBOR plus 0.775% with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.90% over LIBOR.

The borrowing rate under our revolving credit facility is subject to an interest rate floor and may change if our investment grade credit ratings change. We also have other interest rate options available to us under our credit facility. Our revolving credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation.

At December 31, 2018, we had a borrowing capacity of \$2.75 billion available on our revolving credit facility and an outstanding balance of \$252.0 million. The weighted average interest rate on borrowings outstanding under our revolving credit facility, at December 31, 2018, was 3.2% per annum. We must comply with various financial and other covenants in our credit facility. At December 31, 2018, 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.

### 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, 2018, we had cash and cash equivalents totaling \$10.4 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, 2018, 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,

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Standard & Poor's Ratings Group has assigned a rating of A- with a "stable" outlook, and Fitch Ratings has assigned a rating of BBB+ with a "stable" outlook.

Based on our ratings as of December 31, 2018, the facility interest rate was LIBOR, plus 0.775% with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.90% over LIBOR. Our credit facility provides that the interest rate can range between: (i) LIBOR, plus 1.45% if our credit rating is lower than BBB-/Baa3 or unrated and (ii) LIBOR, plus 0.75% if our credit rating is A/A2 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) 0.10% for a credit rating of A/A2 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 October 2018, in conjunction with our revolving credit facility, we entered into a new \$250.0 million senior unsecured term loan, which matures in March 2024. Borrowing under this term loan bears interest at the current one-month LIBOR plus 0.85%. In conjunction with this term loan, we also entered into an interest rate swap which effectively fixes our per annum interest on this term loan at 3.89%.

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

In June 2015, in conjunction with entering into our previous credit facility, we entered into a \$250.0 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 \$70.0 million senior unsecured term loan with an initial maturity date of January 2018. Borrowing under this term loan bore 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, until its termination in January 2018, effectively fixed our per annum interest rate on this term loan at 2.05%. In 2018, we entered into two separate six-month extensions of this loan, during which periods the interest was born at the current one-month LIBOR, plus 0.90%. In January 2019, we paid off the outstanding principal and interest on this term loan.

### Mortgage Debt

As of December 31, 2018, we had \$298.4 million of mortgages payable, all of which were assumed in connection with our property acquisitions. Additionally, at December 31, 2018, we had net premiums totaling \$4.4 million on these mortgages and deferred financing costs of \$183,000. 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 2018, we made \$21.9 million of principal payments, including the repayment of two mortgages in full for \$17.0 million.

### Notes Outstanding

As of December 31, 2018, we had \$5.4 billion of senior unsecured note and bond obligations, excluding unamortized net original issuance premiums of \$10.5 million and deferred financing costs of \$33.7 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.

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### Corporate Responsibility

Realty Income is committed to conducting our business according to the highest ethical standards. We are dedicated to providing an engaging, diverse, and safe work environment for our employees, operating our business in an environmentally conscious manner, and upholding our corporate responsibilities as a public company for the benefit of our shareholders. As The Monthly Dividend Company®, 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.

### Environmental Practices

Our focus on the environment 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 electronic approval systems;
- Encouraging employees to carpool to our headquarters; and
- Recycling paper waste.

With respect to 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 2018, we sent more than 28,500 pounds of paper to our offsite partner for recycling.

In addition, our headquarters was constructed 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, and drought-tolerant landscaping with recycled materials. We continue to evaluate our current operations, strive to improve our environmental performance, and implement sustainable business practices.

The properties in our portfolio are primarily net leased to our tenants who are responsible for maintaining the buildings and are in control of their energy usage and environmental sustainability practices. We work with our tenants to promote environmental responsibility at the properties we own, with some locations achieving LEED (Leadership in Energy and Environmental Design) certification.

Our Asset Management team has engaged with a renewable energy development company 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 to conserve our world’s finite resources.

Realty Income also has an internal "Green Team" that encourages our employees to focus on environmentally-smart choices to further reduce our environmental impact as a company. The Green Team, which includes executive and officer-level employees, works to positively impact the environment through education and engagement within the company and local communities, focusing on waste, energy, and water management.

### Company Culture and Employees

We put great effort into cultivating an inclusive company culture. We are one team, and together we are committed to a culture that provides an engaging work environment and encourages respect, collaboration, humility, transparency, and integrity. Regular open communication is central to how we work, and our employees take pride in our 50-year



history of providing monthly dividends to our stockholders. We hire talented employees with diverse backgrounds and perspectives, and work to provide an environment where capable team members have fulfilling careers in the real estate industry.

#### Social Responsibility

We are committed to providing a positive and engaging work environment for our employees and taking an active role in the betterment of the communities in which our employees and shareholders live and work. Our employees are awarded compensation that is in line with those of our peers and competitors, including generous healthcare benefits (medical, dental, vision) for all employees and their families, participation in a 401(k) plan with a matching contribution from Realty Income, restricted stock awards based on company performance, competitive paid time-off

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benefits, a well-being program, continued education and development opportunities, up to 16 weeks of paid parental leave, and an infant-at-work program for new parents. We also have a long-standing commitment to being an equal opportunity employer and adhere to all Equal Employer Opportunity Policy guidelines.

We believe that giving back to our community is an extension of our mission to improve the lives of our shareholders, our employees, and their families. Realty Income and its employees have taken an active role in supporting communities through civic involvement with non-profit organizations and corporate donations. Our non-profit activities resulted in approximately 810 company-sponsored employee volunteer hours in 2018, principally through our partnership with San Diego Habitat for Humanity. We are proud of the efforts we have made to date and look forward to continuing to strengthen our impact as part of the successful operations of The Monthly Dividend Company®.

Additional information on Realty Income's commitment to social responsibility may be found on our website.

### Corporate Governance

We believe that nothing is more important than a company's reputation for integrity and serving as a responsible fiduciary for its shareholders. We are committed to managing the company for the benefit of our stockholders and are focused on maintaining good corporate governance. Practices that illustrate this commitment include, but are not limited to:

• Our Board of Directors is currently comprised of ten directors, nine of whom are independent, non-employee directors;

• In accordance with our continued focus on board refreshment, in July 2018, we added two new independent, non-employee directors;

• Our Board of Directors is elected on an annual basis with a majority vote standard;

• Our directors conduct annual self-evaluations and participate in orientation and continuing education programs;

• An Enterprise Risk Management evaluation is conducted annually to identify and assess company risk;

• Each committee within our Board of Directors is comprised entirely of independent directors; and

We adhere to all other corporate governance principles outlined in our Corporate Governance Guidelines.

¶ These guidelines, as well as our bylaws, committee charters and other governance documents may be found on our website.

### Business Ethics

We are committed to conducting our business according to the highest ethical standards and upholding our corporate responsibilities as a public company operating for the benefit of our shareholders. Our Board of Directors has adopted a Code of Business Ethics that applies to our directors, officers, and other employees. The Code of Business Ethics includes our commitment to dealing fairly with all of our customers, service providers, suppliers, and competitors. We conduct an annual training with our employees regarding ethical behavior and require all employees to acknowledge the terms of, and abide by, our Code of Business Ethics, which is also available on our website. 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. Anonymous reporting is always available through the company's whistleblower hotline and reported to our Audit Committee quarterly.

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PROPERTY PORTFOLIO INFORMATION

At December 31, 2018, we owned a diversified portfolio:

Of 5,797 properties;

With an occupancy rate of 98.6%, or 5,717 properties leased and 80 properties available for lease;

Leased to 262 different commercial tenants doing business in 48 separate industries;

Located in 49 states and Puerto Rico;

With over 93.3 million square feet of leasable space; and

- With an average leasable space per property of approximately 16,110 square feet; approximately 11,260 square feet per retail property and 229,000 square feet per industrial property.

At December 31, 2018, of our 5,797 properties, 5,717 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, 2018, our 262 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 326 additional tenants, representing approximately 5% of our annualized revenue at December 31, 2018, which brings our total tenant count to 588 tenants.

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## 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 by Industry

|                               | For the       |   | For the Years Ended |         |         |         |         |   |
|-------------------------------|---------------|---|---------------------|---------|---------|---------|---------|---|
|                               | Quarter Ended |   | Dec 31,             | Dec 31, | Dec 31, | Dec 31, | Dec 31, |   |
|                               | December 31,  |   | 2018                | 2017    | 2016    | 2015    | 2014    |   |
|                               | 2018          |   |                     |         |         |         |         |   |
| Aerospace                     | 0.8           | % | 0.8                 | % 0.9   | % 1.0   | % 1.1   | % 1.2   | % |
| Apparel stores                | 1.2           | % | 1.3                 | % 1.6   | % 1.9   | % 2.0   | % 2.0   | % |
| Automotive collision services | 0.9           | % | 0.9                 | % 1.0   | % 1.0   | % 1.0   | % 0.8   | % |
| Automotive parts              | 1.7           | % | 1.7                 | % 1.3   | % 1.3   | % 1.4   | % 1.3   | % |
| Automotive service            | 2.2           | % | 2.2                 | % 2.2   | % 1.9   | % 1.9   | % 1.8   | % |
| Automotive tire services      | 2.3           | % | 2.4                 | % 2.6   | % 2.7   | % 2.9   | % 3.2   | % |
| Beverages                     | 2.4           | % | 2.5                 | % 2.7   | % 2.6   | % 2.7   | % 2.8   | % |
| Child care                    | 1.7           | % | 1.7                 | % 1.8   | % 1.9   | % 2.0   | % 2.2   | % |
| Consumer appliances           | 0.5           | % | 0.5                 | % 0.5   | % 0.5   | % 0.6   | % 0.5   | % |
| Consumer electronics          | 0.3           | % | 0.3                 | % 0.3   | % 0.3   | % 0.3   | % 0.3   | % |
| Consumer goods                | 0.7           | % | 0.7                 | % 0.8   | % 0.9   | % 0.9   | % 0.9   | % |
| Convenience stores            | 12.4          | % | 11.2                | % 9.6   | % 8.7   | % 9.2   | % 10.1  | % |
| Crafts and novelties          | 0.7           | % | 0.7                 | % 0.6   | % 0.6   | % 0.6   | % 0.6   | % |
| Diversified industrial        | 0.8           | % | 0.8                 | % 0.9   | % 0.9   | % 0.8   | % 0.5   | % |
| Dollar stores                 | 7.4           | % | 7.5                 | % 7.9   | % 8.6   | % 8.9   | % 9.6   | % |
| Drug stores                   | 9.8           | % | 10.2                | % 10.9  | % 11.2  | % 10.6  | % 9.5   | % |
| Education                     | 0.3           | % | 0.3                 | % 0.3   | % 0.3   | % 0.3   | % 0.4   | % |
| Electric utilities            | 0.1           | % | 0.1                 | % 0.1   | % 0.1   | % 0.1   | % 0.1   | % |
| Entertainment                 | 0.4           | % | 0.4                 | % 0.4   | % 0.5   | % 0.5   | % 0.5   | % |
| Equipment services            | 0.4           | % | 0.4                 | % 0.4   | % 0.6   | % 0.5   | % 0.6   | % |
| Financial services            | 2.3           | % | 2.3                 | % 2.4   | % 1.8   | % 1.7   | % 1.8   | % |
| Food processing               | 0.5           | % | 0.5                 | % 0.6   | % 1.1   | % 1.2   | % 1.4   | % |
| General merchandise           | 2.3           | % | 2.3                 | % 2.0   | % 1.8   | % 1.7   | % 1.5   | % |
| Government services           | 0.9           | % | 0.9                 | % 1.0   | % 1.1   | % 1.2   | % 1.3   | % |
| Grocery stores                | 4.9           | % | 5.0                 | % 4.4   | % 3.1   | % 3.0   | % 3.0   | % |
| Health and beauty             | 0.3           | % | 0.2                 | % *     | *       | *       | *       | % |
| Health and fitness            | 7.2           | % | 7.4                 | % 7.5   | % 8.1   | % 7.7   | % 7.0   | % |
| Health care                   | 1.5           | % | 1.5                 | % 1.4   | % 1.5   | % 1.7   | % 1.8   | % |
| Home furnishings              | 0.8           | % | 0.8                 | % 0.9   | % 0.8   | % 0.9   | % 0.9   | % |
| Home improvement              | 2.9           | % | 3.0                 | % 2.6   | % 2.5   | % 2.4   | % 1.7   | % |
| Insurance                     | 0.1           | % | 0.1                 | % 0.1   | % 0.1   | % 0.1   | % 0.1   | % |
| Jewelry                       | 0.1           | % | 0.1                 | % 0.1   | % 0.1   | % 0.1   | % 0.1   | % |
| Machinery                     | 0.1           | % | 0.1                 | % 0.1   | % 0.1   | % 0.1   | % 0.2   | % |
| Motor vehicle dealerships     | 1.7           | % | 1.9                 | % 2.1   | % 1.9   | % 1.6   | % 1.6   | % |
| Office supplies               | 0.2           | % | 0.2                 | % 0.2   | % 0.3   | % 0.3   | % 0.4   | % |
| Other manufacturing           | 0.7           | % | 0.7                 | % 0.8   | % 0.8   | % 0.7   | % 0.7   | % |
| Packaging                     | 1.1           | % | 1.1                 | % 1.0   | % 0.8   | % 0.8   | % 0.8   | % |
| Paper                         | 0.1           | % | 0.1                 | % 0.1   | % 0.1   | % 0.1   | % 0.1   | % |
| Pet supplies and services     | 0.5           | % | 0.5                 | % 0.6   | % 0.6   | % 0.7   | % 0.7   | % |
| Restaurants - casual dining   | 3.4           | % | 3.2                 | % 3.8   | % 3.9   | % 3.8   | % 4.3   | % |

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|                             |       |   |        |        |        |        |        |        |        |        |        |        |
|-----------------------------|-------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Restaurants - quick service | 6.2   | % | 5.7    | %      | 5.1    | %      | 4.9    | %      | 4.2    | %      | 3.7    | %      |
| Shoe stores                 | 0.5   | % | 0.5    | %      | 0.6    | %      | 0.7    | %      | 0.7    | %      | 0.9    | %      |
| Sporting goods              | 1.0   | % | 1.1    | %      | 1.4    | %      | 1.6    | %      | 1.8    | %      | 1.6    | %      |
| Telecommunications          | 0.6   | % | 0.6    | %      | 0.6    | %      | 0.6    | %      | 0.7    | %      | 0.7    | %      |
| Theaters                    | 5.4   | % | 5.5    | %      | 5.0    | %      | 4.9    | %      | 5.1    | %      | 5.3    | %      |
| Transportation services     | 4.8   | % | 5.0    | %      | 5.4    | %      | 5.5    | %      | 5.4    | %      | 5.2    | %      |
| Wholesale clubs             | 2.8   | % | 3.0    | %      | 3.3    | %      | 3.6    | %      | 3.8    | %      | 4.1    | %      |
| Other                       | 0.1   | % | 0.1    | %      | 0.1    | %      | 0.2    | %      | 0.2    | %      | 0.2    | %      |
| Totals                      | 100.0 | % | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

\* Less than 0.1%

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## Property Type Composition

The following table sets forth certain property type information regarding our property portfolio as of December 31, 2018 (dollars in thousands):

| Property Type | Number of Properties | Approximate Leasable Square Feet | Rental Revenue for the Quarter Ended December 31, 2018 <sup>(1)</sup> | Percentage of Rental Revenue |
|---------------|----------------------|----------------------------------|---|------------------------------|
| Retail        | 5,623                | 63,297,600                       | \$ 268,258  | 81.7 %                       |
| Industrial    | 117                  | 26,793,100                       | 39,922  | 12.1                         |
| Office        | 42                   | 3,104,200                        | 13,652  | 4.2                          |
| Agriculture   | 15                   | 184,500                          | 6,639   | 2.0                          |
| Totals        | 5,797                | 93,379,400                       | \$ 328,471  | 100.0 %                      |

<sup>(1)</sup> Includes rental revenue for all properties owned at December 31, 2018. Excludes revenue of \$934 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, 2018:

| Tenant                      | Number of Leases | % of Rental Revenue |
|-----------------------------|------------------|---------------------|
| Walgreens                   | 219              | 6.3 %               |
| 7-Eleven                    | 398              | 5.5 %               |
| FedEx                       | 42               | 4.8 %               |
| Dollar General              | 576              | 3.9 %               |
| LA Fitness                  | 54               | 3.7 %               |
| Dollar Tree / Family Dollar | 468              | 3.4 %               |
| AMC Theatres                | 32               | 3.3 %               |
| Walmart / Sam's Club        | 51               | 2.8 %               |
| Circle K (Couche-Tard)      | 297              | 2.3 %               |
| BJ's Wholesale Clubs        | 15               | 2.0 %               |
| Treasury Wine Estates       | 17               | 1.9 %               |
| CVS Pharmacy                | 85               | 1.9 %               |
| Life Time Fitness           | 11               | 1.9 %               |
| Regal Cinemas               | 24               | 1.7 %               |
| GPM Investments / Fas Mart  | 210              | 1.6 %               |
| Super America (Marathon)    | 132              | 1.6 %               |
| TBC Corporation (Sumitomo)  | 159              | 1.4 %               |
| Kroger                      | 17               | 1.4 %               |
| Rite Aid                    | 51               | 1.2 %               |
| Home Depot                  | 15               | 1.2 %               |
| Totals                      | 2,873            | 53.8 %              |

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## Service Category Diversification for our Retail Properties

The following table sets forth certain information regarding the properties owned at December 31, 2018, classified according to the business types and the level of services they provide (dollars in thousands):

|                                      | Retail Rental Revenue<br>for the Quarter Ended<br>December 31, 2018 <sup>(1)</sup> | Percentage of<br>Retail Rental<br>Revenue |   |
|--------------------------------------|--|---|---|
| Tenants Providing Services           |  |   |   |
| Automotive collision services        | \$ 2,936   | 1.1                                       | % |
| Automotive service                   | 7,153  | 2.7                                       |   |
| Child care                           | 5,696  | 2.1                                       |   |
| Education                            | 868  | 0.3                                       |   |
| Entertainment                        | 1,292  | 0.5                                       |   |
| Equipment services                   | 114  | *   |   |
| Financial services                   | 6,655  | 2.5                                       |   |
| Health and fitness                   | 23,729   | 8.9                                       |   |
| Health care                          | 2,009  | 0.8                                       |   |
| Telecommunications                   | 66   | *   |   |
| Theaters                             | 17,714   | 6.6                                       |   |
| Transportation services              | 250  | 0.1                                       |   |
| Other                                | 124  | *   |   |
|                                      | \$ 68,606  | 25.6                                      | % |
| Tenants Selling Goods and Services   |  |   |   |
| Automotive parts (with installation) | 1,653  | 0.6                                       |   |
| Automotive tire services             | 7,470  | 2.8                                       |   |
| Convenience stores                   | 40,711   | 15.2                                      |   |
| Health and beauty                    | 14   | *   |   |
| Motor vehicle dealerships            | 5,710  | 2.1                                       |   |
| Pet supplies and services            | 675  | 0.2                                       |   |
| Restaurants - casual dining          | 10,543   | 3.9                                       |   |
| Restaurants - quick service          | 20,317   | 7.6                                       |   |
|                                      | \$ 87,093  | 32.4                                      | % |
| Tenants Selling Goods                |  |   |   |
| Apparel stores                       | 3,960  | 1.5                                       |   |
| Automotive parts                     | 3,497  | 1.3                                       |   |
| Book stores                          | 113  | *   |   |
| Consumer electronics                 | 1,064  | 0.4                                       |   |
| Crafts and novelties                 | 1,999  | 0.8                                       |   |
| Dollar stores                        | 24,385   | 9.1                                       |   |
| Drug stores                          | 30,860   | 11.5                                      |   |
| General merchandise                  | 6,460  | 2.4                                       |   |
| Grocery stores                       | 16,167   | 6.0                                       |   |
| Home furnishings                     | 2,178  | 0.8                                       |   |
| Home improvement                     | 8,351  | 3.1                                       |   |
| Jewelry                              | 175  | 0.1                                       |   |
| Office supplies                      | 615  | 0.2                                       |   |
| Shoe stores                          | 185  | 0.1                                       |   |
| Sporting goods                       | 3,205  | 1.2                                       |   |
| Wholesale clubs                      | 9,345  | 3.5                                       |   |

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|        |            |       |   |
|--------|------------|-------|---|
|        | \$ 112,559 | 42.0  | % |
| Totals | \$ 268,258 | 100.0 | % |

\* Less than 0.1%

<sup>(1)</sup> Includes rental revenue for all retail properties owned at December 31, 2018. Excludes revenue of \$60,213 from non-retail properties and \$934 from sold properties.

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## Lease Expirations

The following table sets forth certain information regarding the timing of the lease term expirations in our portfolio (excluding rights to extend a lease at the option of the tenant) and their contribution to rental revenue for the quarter ended December 31, 2018 (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 |                           |                               |                     |   |
| 2019        | 244             | 10         | 3,012,700                 | \$ 11,279                     | 3.4                 | % |
| 2020        | 224             | 13         | 4,192,100                 | 12,848                        | 3.9                 |   |
| 2021        | 328             | 15         | 5,494,400                 | 15,395                        | 4.7                 |   |
| 2022        | 396             | 22         | 10,023,900                | 21,563                        | 6.6                 |   |
| 2023        | 544             | 23         | 9,590,100                 | 29,642                        | 9.0                 |   |
| 2024        | 284             | 13         | 5,194,300                 | 15,863                        | 4.8                 |   |
| 2025        | 338             | 13         | 5,246,500                 | 20,499                        | 6.2                 |   |
| 2026        | 313             | 4          | 4,631,100                 | 15,664                        | 4.8                 |   |
| 2027        | 536             | 5          | 6,224,300                 | 22,581                        | 6.9                 |   |
| 2028        | 336             | 13         | 8,825,300                 | 21,835                        | 6.6                 |   |
| 2029        | 413             | 7          | 7,596,400                 | 22,226                        | 6.8                 |   |
| 2030        | 164             | 14         | 3,512,900                 | 16,909                        | 5.2                 |   |
| 2031        | 304             | 25         | 5,973,600                 | 27,582                        | 8.4                 |   |
| 2032        | 92              | 4          | 3,113,500                 | 11,987                        | 3.7                 |   |
| 2033        | 260             | —          | 2,161,100                 | 14,842                        | 4.5                 |   |
| 2034 - 2044 | 828             | 4          | 7,422,400                 | 47,688                        | 14.5                |   |
| Totals      | 5,604           | 185        | 92,214,600                | \$ 328,403                    | 100.0               | % |

\*Less than 0.1%

The lease expirations for leases under construction are based on the estimated date of completion of those projects.

<sup>(1)</sup> Excludes revenue of \$68 from 99 expired leases, and \$934 from sold properties at December 31, 2018. Leases on our multi-tenant properties are counted separately in the table above.

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## Geographic Diversification

The following table sets forth certain state-by-state information regarding our property portfolio as of December 31, 2018 (dollars in thousands):

| State          | Number of Properties | Percent Leased | Approximate Leasable Square Feet | Rental Revenue for the Quarter Ended December 31, 2018 <sup>(1)</sup> | Percentage of Rental Revenue |
|----------------|----------------------|----------------|----------------------------------|---|------------------------------|
| Alabama        | 169                  | 98             | % 1,589,700                      | \$ 5,958  | 1.8                          |
| Alaska         | 3                    | 100            | 274,600                          | 523   | 0.2                          |
| Arizona        | 117                  | 100            | 1,821,000                        | 6,848   | 2.1                          |
| Arkansas       | 86                   | 100            | 922,300                          | 2,288   | 0.7                          |
| California     | 193                  | 100            | 6,031,800                        | 28,977  | 8.8                          |
| Colorado       | 95                   | 97             | 1,530,600                        | 5,300   | 1.6                          |
| Connecticut    | 19                   | 95             | 508,500                          | 2,022   | 0.6                          |
| Delaware       | 18                   | 100            | 93,000                           | 750   | 0.2                          |
| Florida        | 398                  | 98             | 4,196,800                        | 18,672  | 5.7                          |
| Georgia        | 268                  | 99             | 4,299,800                        | 13,397  | 4.1                          |
| Idaho          | 12                   | 100            | 87,000                           | 418   | 0.1                          |
| Illinois       | 265                  | 99             | 5,933,500                        | 19,674  | 6.0                          |
| Indiana        | 189                  | 98             | 2,220,400                        | 9,087   | 2.8                          |
| Iowa           | 40                   | 95             | 3,034,800                        | 4,403   | 1.3                          |
| Kansas         | 110                  | 96             | 1,931,800                        | 5,042   | 1.5                          |
| Kentucky       | 80                   | 100            | 1,695,300                        | 4,689   | 1.4                          |
| Louisiana      | 115                  | 97             | 1,588,000                        | 5,144   | 1.6                          |
| Maine          | 18                   | 100            | 203,700                          | 1,225   | 0.4                          |
| Maryland       | 37                   | 97             | 1,017,500                        | 4,891   | 1.5                          |
| Massachusetts  | 58                   | 91             | 656,500                          | 2,833   | 0.9                          |
| Michigan       | 184                  | 99             | 1,961,400                        | 7,082   | 2.2                          |
| Minnesota      | 164                  | 100            | 2,134,500                        | 10,374  | 3.2                          |
| Mississippi    | 154                  | 95             | 1,720,600                        | 4,864   | 1.5                          |
| Missouri       | 176                  | 97             | 2,775,500                        | 8,719   | 2.7                          |
| Montana        | 11                   | 100            | 87,000                           | 498   | 0.2                          |
| Nebraska       | 43                   | 98             | 780,100                          | 1,981   | 0.6                          |
| Nevada         | 24                   | 100            | 1,196,900                        | 2,218   | 0.7                          |
| New Hampshire  | 13                   | 100            | 296,400                          | 1,372   | 0.4                          |
| New Jersey     | 73                   | 97             | 998,400                          | 5,731   | 1.7                          |
| New Mexico     | 34                   | 100            | 366,400                          | 1,105   | 0.3                          |
| New York       | 125                  | 100            | 2,838,400                        | 15,670  | 4.8                          |
| North Carolina | 186                  | 99             | 2,812,200                        | 8,861   | 2.7                          |
| North Dakota   | 6                    | 100            | 117,700                          | 212   | 0.1                          |
| Ohio           | 304                  | 100            | 6,962,500                        | 17,416  | 5.3                          |
| Oklahoma       | 168                  | 100            | 1,775,300                        | 4,990   | 1.5                          |
| Oregon         | 28                   | 96             | 593,300                          | 2,291   | 0.7                          |
| Pennsylvania   | 223                  | 99             | 2,295,500                        | 10,766  | 3.3                          |
| Rhode Island   | 3                    | 100            | 158,000                          | 814   | 0.2                          |
| South Carolina | 175                  | 99             | 1,683,100                        | 7,651   | 2.3                          |
| South Dakota   | 15                   | 100            | 195,200                          | 472   | 0.1                          |
| Tennessee      | 251                  | 98             | 3,589,800                        | 10,930  | 3.3                          |
| Texas          | 712                  | 99             | 10,614,100                       | 37,695  | 11.5                         |
| Utah           | 22                   | 100            | 933,000                          | 2,264   | 0.7                          |

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|                |       |     |              |            |       |   |
|----------------|-------|-----|--------------|------------|-------|---|
| Vermont        | 2     | 100 | 88,000       | 365        | 0.1   |   |
| Virginia       | 212   | 98  | 3,129,000    | 10,057     | 3.1   |   |
| Washington     | 47    | 98  | 755,700      | 2,987      | 0.9   |   |
| West Virginia  | 25    | 100 | 418,100      | 1,471      | 0.4   |   |
| Wisconsin      | 117   | 99  | 2,383,700    | 7,029      | 2.1   |   |
| Wyoming        | 6     | 100 | 54,700       | 296        | 0.1   |   |
| Puerto Rico    | 4     | 100 | 28,300       | 149        | *     |   |
| Totals\Average | 5,797 | 99  | % 93,379,400 | \$ 328,471 | 100.0 | % |

\* Less than 0.1%

(1) Includes rental revenue for all properties owned at December 31, 2018. Excludes revenue of \$934 from sold properties.

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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

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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.

As of December 31, 2018, 80 of our properties were available for lease or sale, of which 77 were single-tenant properties. At December 31, 2018, 69 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 2018, each of our tenants accounted for less than 10% of our rental revenue.

For 2018, our tenants in the "convenience store" industry accounted for approximately 11.2% of our rental revenue, while our tenants in the "drug store" industry accounted for approximately 10.2% of our rental revenue for the same period. A downturn in these industries could have a material adverse effect on our financial position, results of

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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 2018. 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, 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.

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

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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 March 2018, we entered into a ten-year environmental insurance policy that expires in March 2028 and replaced our previous ten-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.

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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.

The 2017 Tax Cuts and Jobs Act, or TCJA, has significantly changed the U.S. federal income taxation of U.S. businesses and their owners, including REITs and their stockholders. We are continuing to assess the potential impact of TCJA on us as related regulations are proposed and finalized. The changes made by TCJA 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 were effective on January 1, 2018, without any transition periods or grandfathering for existing transactions. The legislation is still unclear in some 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, state and local tax jurisdictions, which often use federal taxable income as a starting point for computing state and local tax liabilities, are continuing to evaluate the legislation to determine their respective levels of conformity to the new law. 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

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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 the use of our unsecured revolving credit facility, which has a borrowing capacity of \$3.0 billion. At December 31, 2018, we had \$252.0 million of outstanding borrowings under our revolving credit facility, a total of \$5.4 billion of outstanding unsecured senior debt securities (excluding unamortized net original issuance premiums of \$10.5 million and deferred financing costs of \$33.7 million), \$570.0 million of borrowings outstanding under our senior unsecured term loans (excluding deferred financing costs of \$1.4 million) and approximately \$298.4 million of outstanding mortgage debt (excluding net unamortized premiums totaling \$4.4 million and deferred financing costs of \$183,000 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 two \$250.0 million term loan facilities, all 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,

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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.

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,

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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.

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. We may be exposed to a variety of new risks by expanding into new property types and properties leased to tenants engaged in non-retail businesses, including risks resulting from our limited experience in managing, underwriting and assessing risks related to such properties or understanding the market dynamics applicable to such properties, tenants or lease structures, any of which could also have a significant adverse effect on our business, liquidity, financial position and/or results of operations.

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If we acquire properties outside of the United States, we would be subject to a variety of additional risks that may negatively impact our operations.

We may make selected acquisitions of properties outside of the United States, in which case we may be exposed to a variety of new risks such as:

- The laws, rules and regulations applicable in such jurisdictions outside of the United States, including those related to property ownership by foreign entities;
- Fluctuations in exchange rates between foreign currencies and the U.S. dollar, and exchange controls;
- Limited experience with local business and cultural factors that differ from our usual standards and practices;
- Challenges in establishing effective controls and procedures to regulate operations in different regions and to monitor compliance with applicable regulations, such as applicable laws related to corrupt practices, employment, licensing, construction or environmental compliance;
- Unexpected changes in regulatory requirements, tax, tariffs, trade barriers and other laws within jurisdictions outside the United States or between the United States and such jurisdictions;
- Potentially adverse tax consequences with respect to our properties;
- The impact of regional or country-specific business cycles and economic instability, including deteriorations in political relations with the United States, instability in, or further withdrawals from, the European Union or other international trade alliances or agreements; and
- Political instability, uncertainty over property rights, civil unrest, drug trafficking, political activism or the continuation or escalation of terrorist or gang activities.

If we are unable to adequately address these risks, they could have a significant adverse effect on our operations.

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

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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.

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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.

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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.

The value of certain of our investment in real property may be reduced as the result of the expiration or loss of local tax abatements, tax credit programs, or other governmental incentives.

Certain of our investments have the benefit of governmental tax incentives aimed at inducing retail users to relocate to incentivize development in areas and neighborhoods which have not historically seen robust commercial development. The Tax Cuts and Jobs Act provided for such communities to be designated as Qualified Opportunity Zones, which are eligible for such tax benefits. These incentives typically have specific sunset provisions and may be subject to governmental discretion in the eligibility or award of the applicable incentives. The expiration of these incentive programs or the inability of potential tenants or users to be eligible for or to obtain governmental approval of the incentives, or the inability to remain compliant with such programs, may have an adverse effect on the value of our investment, cash flow and net income, and may result in impairment charges.

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.

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## PART II

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

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

|                | Price Per Share<br>of Common<br>Stock |         | Distributions<br>Declared <sup>(1)</sup> |
|----------------|---------------------------------------|---------|--|
|                | High                                  | Low     |  |
| 2018           |                                       |         |  |
| First Quarter  | \$57.07                               | \$47.26 | \$ 0.6575                                |
| Second Quarter | 54.99                                 | 48.81   | 0.6590                                   |
| Third Quarter  | 59.18                                 | 52.74   | 0.6605                                   |
| Fourth Quarter | 66.85                                 | 55.56   | 0.6620                                   |
| Total          |                                       |         | \$ 2.6390                                |
| 2017           |                                       |         |  |
| 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                                |

<sup>(1)</sup>Common stock cash distributions are declared monthly by us based on financial results for the prior months. At December 31, 2018, a distribution of \$0.221 per common share had been declared and was paid in January 2019.

B. There were 9,789 registered holders of record of our common stock as of December 31, 2018. We estimate that our total number of stockholders is over 525,000 when we include both registered and beneficial holders of our common stock.

C. During the fourth quarter of 2018, 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:

66,246 shares of stock, at a weighted average price of \$57.56, in October 2018;  
 124,460 shares of stock, at a weighted average price of \$63.90, in November 2018; and  
 278 shares of stock, at a weighted average price of \$64.27, in December 2018.

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, 2018. The statements of income and comprehensive income data, the statements of equity data, the statements of cash flows data and the other data for the years ended December 31, 2018, 2017 and 2016 and the balance sheet data as of December 31, 2018 and 2017 were derived from our audited consolidated financial statements included elsewhere in this Form 10-K. The statements of income and comprehensive income data,

the statements of equity data, the statements of cash flows data and the other data for the years ended December 31, 2015 and 2014, and the balance sheet data as of December 31, 2016, 2015 and 2014 were derived from our audited consolidated financial statements that are not included in this Form 10-K.

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.

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| As of or for the years ended December 31,                                   | 2018         | 2017         | 2016         | 2015         | 2014         |
|---|--------------|--------------|--------------|--------------|--------------|
| Total assets (book value)   | \$15,260,483 | \$14,058,166 | \$13,152,871 | \$11,845,379 | \$10,989,349 |
| Cash and cash equivalents   | 10,387       | 6,898        | 9,420        | 40,294       | 3,852        |
| Total debt  | 6,499,976    | 6,111,471    | 5,839,605    | 4,820,995    | 4,907,673    |
| Total liabilities   | 7,139,505    | 6,667,458    | 6,365,818    | 5,292,046    | 5,348,249    |
| Total equity  | 8,120,978    | 7,390,708    | 6,787,053    | 6,553,333    | 5,641,099    |
| Net cash provided by operating activities                                   | 940,742      | 875,850      | 799,863      | 693,567      | 617,768      |
| Net change in cash, cash equivalents and restricted cash                    | 8,929        | (3,539 )     | (34,652 )    | 4,152        | 20,211       |
| Total revenue   | 1,327,838    | 1,215,768    | 1,103,172    | 1,023,285    | 933,505      |
| Net income  | 364,598      | 319,318      | 316,477      | 284,855      | 271,940      |
| Preferred stock dividends   | —            | (3,911 )     | (27,080 )    | (27,080 )    | (37,062 )    |
| Excess of redemption value over carrying value of preferred shares redeemed | —            | (13,373 )    | —            | —            | (6,015 )     |
| Net income available to common stockholders                                 | 363,614      | 301,514      | 288,491      | 256,686      | 227,558      |
| Cash distributions paid to common stockholders                              | 761,582      | 689,294      | 610,516      | 533,238      | 479,256      |
| Basic and diluted net income per common share                               | 1.26         | 1.10         | 1.13         | 1.09         | 1.04         |
| Cash distributions paid per common share                                    | 2.630500     | 2.527000     | 2.391500     | 2.271417     | 2.191625     |
| Cash distributions declared per common share                                | 2.639000     | 2.537000     | 2.403000     | 2.279000     | 2.192875     |
| Basic weighted average number of common shares outstanding                  | 289,427,430  | 273,465,680  | 255,066,500  | 235,767,932  | 218,390,885  |
| Diluted weighted average number of common shares outstanding                | 289,923,984  | 273,936,752  | 255,624,250  | 236,208,390  | 218,767,885  |

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

### GENERAL

Realty Income, The Monthly Dividend Company®, is 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.

Realty Income was founded in 1969, and listed on the New York Stock Exchange (NYSE: O) in 1994. Over the past 50 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® index for having increased its dividend every year for more than 20 consecutive years.

At December 31, 2018, we owned a diversified portfolio:

• Of 5,797 properties;

• With an occupancy rate of 98.6%, or 5,717 properties leased and 80 properties available for lease;

• Leased to 262 different commercial tenants doing business in 48 separate industries;

• Located in 49 states and Puerto Rico;

• With over 93.3 million square feet of leasable space; and

- With an average leasable space per property of approximately 16,110 square feet; approximately 11,260 square feet per retail property and 229,000 square feet per industrial property.

Of the 5,797 properties in the portfolio, 5,769, or 99.5%, are single-tenant properties, and the remaining are multi-tenant properties. At December 31, 2018, of the 5,769 single-tenant properties, 5,692 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 9.2 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, 2018, our total outstanding borrowings of senior unsecured notes and bonds, term loans, mortgages payable and credit facility borrowings were \$6.5 billion, or approximately 25.4% of our total market capitalization of \$25.7 billion.



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We define our total market capitalization at December 31, 2018 as the sum of:

Shares of our common stock outstanding of 303,742,090, plus total common units outstanding of 690,819, multiplied by the last reported sales price of our common stock on the NYSE of \$63.04 per share on December 31, 2018, or \$19.2 billion;

Outstanding borrowings of \$252.0 million on our credit facility;

Outstanding mortgages payable of \$298.4 million, excluding net mortgage premiums of \$4.4 million and deferred financing costs of \$183,000;

Outstanding borrowings of \$570.0 million on our term loans, excluding deferred financing costs of \$1.4 million; and

Outstanding senior unsecured notes and bonds of \$5.4 billion, excluding unamortized net original issuance premiums of \$10.5 million and deferred financing costs of \$33.7 million.

In January 2019, we redeemed all of our outstanding 317,022 common units of Tau Operating Partnership, L.P., which reduced our total common units outstanding to 373,797 as of January 3, 2019. Additionally, in January 2019, we paid off the outstanding balance and interest on the \$70.0 million senior unsecured term loan entered in January 2013 in conjunction with our acquisition of ARCT. Following the redemption, we hold 100% of the ownership interests of Tau Operating Partnership, L.P., and continue to consolidate the entity.

### Universal Shelf Registration

In November 2018, we filed a shelf registration statement with the SEC, which is effective for a term of three years and will expire in November 2021. In accordance with SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific dollar limit. The securities covered by this registration statement include (1) common stock, (2) preferred stock, (3) debt securities, (4) depository shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock, or depository shares, and (6) any combination of these securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if 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 November 2018, following the issuance and sale of 25,038,145 shares under our prior ATM equity distribution plans, or our prior ATM programs, we established a new ATM equity distribution plan, or our new ATM program, pursuant to which up to 28,961,855 additional shares of common stock may be offered and sold (1) by us to, or through, a consortium of banks acting as our sales agents or (2) by a consortium of banks acting as forward sellers on behalf of any forward purchasers contemplated thereunder, in each case by means of ordinary brokers' transactions on the NYSE at prevailing market prices or at negotiated prices. During 2018, we issued 19,138,610 shares and raised gross proceeds of \$1.1 billion under our new and prior ATM programs. From the inception of our new and prior ATM programs through December 31, 2018, we have issued 33,546,139 shares and raised \$2.0 billion.

### 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 2018, we issued 166,268 shares and raised approximately \$9.1 million under our DRSP. We did not issue shares under the waiver approval process during 2018. From the inception of our DRSP through December 31, 2018, we have issued 14,229,810 shares and raised approximately \$670.9 million.

Revolving Credit Facility

In October 2018, we entered into a new \$3.25 billion unsecured credit facility to replace our previous \$2.25 billion unsecured credit facility, of which \$2.0 billion was due to expire in June 2019. This new credit facility includes a \$3.0 billion unsecured revolving credit facility and a new \$250.0 million unsecured term loan due March 2024. The new revolving credit facility, or our revolving credit facility, matures in March 2023 and includes two six-month extensions that can be exercised at our option. Our revolving credit facility also has a \$1.0 billion expansion feature. Under our

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revolving credit facility, our current investment grade credit ratings provide for financing at LIBOR plus 0.775% with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.90% over LIBOR.

The borrowing rate under our revolving credit facility is subject to an interest rate floor and may change if our investment grade credit ratings change. We also have other interest rate options available to us under our credit facility. Our revolving credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation.

At December 31, 2018, we had a borrowing capacity of \$2.75 billion available on our revolving credit facility and an outstanding balance of \$252.0 million. The weighted average interest rate on borrowings outstanding under our revolving credit facility, at December 31, 2018, was 3.2% per annum. We must comply with various financial and other covenants in our credit facility. At December 31, 2018, 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.

### Term Loans

In October 2018, in conjunction with our revolving credit facility, we entered into a new \$250.0 million senior unsecured term loan, which matures in March 2024. Borrowing under this term loan bears interest at the current one-month LIBOR plus 0.85%. In conjunction with this term loan, we also entered into an interest rate swap which effectively fixes our per annum interest on this term loan at 3.89%.

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

In June 2015, in conjunction with entering into our previous credit facility, we entered into a \$250.0 million senior unsecured term loan maturing June 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 \$70.0 million senior unsecured term loan with an initial maturity date of January 2018. Borrowing under this term loan bore 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, until its termination in January 2018, effectively fixed our per annum interest rate on this term loan at 2.05%. In 2018, we entered into two separate six-month extensions of this loan, during which periods the interest was born at the current one-month LIBOR, plus 0.90%. In January 2019, we paid off the outstanding principal and interest on this term loan.

### Mortgage Debt

As of December 31, 2018, we had \$298.4 million of mortgages payable, all of which were assumed in connection with our property acquisitions. Additionally, at December 31, 2018, we had net premiums totaling \$4.4 million on these mortgages and deferred financing costs of \$183,000. 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 2018, we

made \$21.9 million of principal payments, including the repayment of two mortgages in full for \$17.0 million.

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## Notes Outstanding

Our senior unsecured note and bond obligations consist of the following as of December 31, 2018, sorted by maturity date (dollars in millions):

|  |         |
|--|---------|
| 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     |
| 3.875% notes, issued in April 2018 and due in April 2025   | 500     |
| 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   | 5,400   |
| Unamortized net original issuance premiums and deferred financing costs                                | (23 )   |
|  | \$5,377 |

In January 2018, we repaid our \$350.0 million of outstanding 2.000% notes, plus accrued and unpaid interest upon maturity. In April 2018, we issued \$500.0 million of 3.875% senior unsecured notes due 2025, or the 2025 Notes. The public offering price for the 2025 Notes was 99.50% of the principal amount, for an effective yield to maturity of 3.957%. The net proceeds of approximately \$493.1 million from this offering were used to repay borrowings outstanding under our credit facility, to fund investment opportunities, and for other general corporate purposes.

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, 2018. 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, 2018 are:

| Note Covenants  | Required                 | Actual |
|---|--------------------------|--------|
| Limitation on incurrence of total debt                    | < 60% of adjusted assets | 39.2 % |
| Limitation on incurrence of secured debt                  | < 40% of adjusted assets | 1.9 %  |
| Debt service coverage (trailing 12 months) <sup>(1)</sup> | > 1.5 x                  | 4.4x   |
| Maintenance of total unencumbered assets                  | > 150% of unsecured debt | 258.4% |

<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, 2018, 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, 2018, nor does it purport to reflect our debt service coverage ratio for any future period. Our fixed charge coverage ratio is calculated in the same manner as our debt service coverage ratio, except that preferred stock dividends are also added

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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, 2018 (in thousands, for trailing twelve months):

|  |             |
|--|-------------|
| Net income attributable to the Company   | \$363,614   |
| Plus: interest expense, excluding the amortization of deferred financing costs | 257,689     |
| Plus: provision for taxes  | 5,340       |
| Plus: depreciation and amortization  | 539,780     |
| Plus: provisions for impairment  | 26,269      |
| Plus: pro forma adjustments  | 48,766      |
| Less: gain on sales of real estate   | (24,643 )   |
| Income available for debt service, as defined                                  | \$1,216,815 |
| Total pro forma debt service charge  | \$275,253   |
| Debt service and fixed charge coverage ratio                                   | 4.4         |

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Table of Contents**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, 2018, we had cash and cash equivalents totaling \$10.4 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, 2018, 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 A- with a "stable" outlook, and Fitch Ratings has assigned a rating of BBB+ with a "stable" outlook.

Based on our ratings as of December 31, 2018, the facility interest rate was LIBOR, plus 0.775% with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.90% over LIBOR. Our credit facility provides that the interest rate can range between: (i) LIBOR, plus 1.45% if our credit rating is lower than BBB-/Baa3 or unrated and (ii) LIBOR, plus 0.75% if our credit rating is A/A2 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) 0.10% for a credit rating of A/A2 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, 2018 (dollars in millions):

| Year of Maturity | Credit Facility (1) | Notes and Bonds(2) | Term Loans(3) | Mortgages Payable (4) | Interest (5) | Ground Leases Paid by Realty Income(6) | Ground Leases Paid by Our Tenants(7) | Other(8) | Totals    |
|------------------|---------------------|--------------------|---------------|-----------------------|--------------|--|--------------------------------------|----------|-----------|
| 2019             | \$—                 | \$—                | \$ 70.0       | \$ 20.7               | \$258.8      | \$ 1.5                                 | \$ 13.5                              | \$ 29.4  | \$393.9   |
| 2020             | —                   | —                  | 250.0         | 82.4                  | 253.5        | 1.4                                    | 13.5                                 | —        | 600.8     |
| 2021             | —                   | 250.0              | —             | 67.0                  | 237.1        | 1.2                                    | 13.2                                 | —        | 568.5     |
| 2022             | —                   | 950.0              | —             | 109.7                 | 226.5        | 1.2                                    | 13.1                                 | —        | 1,300.5   |
| 2023             | 252.0               | 750.0              | —             | 6.7                   | 185.6        | 1.2                                    | 13.1                                 | —        | 1,208.6   |
| Thereafter       | —                   | 3,450.0            | 250.0         | 11.9                  | 1,052.7      | 19.8                                   | 82.0                                 | —        | 4,866.4   |
| Totals           | \$252.0             | \$5,400.0          | \$570.0       | \$ 298.4              | \$2,214.2    | \$ 26.3                                | \$ 148.4                             | \$ 29.4  | \$8,938.7 |

(1) The initial term of the credit facility expires in March 2023 and includes, at our option, two six-month extensions.

- (2) Excludes both non-cash original issuance discounts and premiums recorded on notes payable of \$10.5 million and deferred financing costs of \$33.7 million at December 31, 2018.
- (3) Excludes deferred financing costs of \$1.4 million. In January 2019, we repaid the outstanding principal and interest on the \$70.0 million senior unsecured term loan we entered into in conjunction with our acquisition of ARCT in January 2013.
- (4) Excludes both non-cash net premiums recorded on the mortgages payable of \$4.4 million and deferred financing costs of \$183,000 at December 31, 2018.
- (5) Interest on the term loans, notes, bonds, mortgages payable, and credit facility has been calculated based on outstanding balances as of December 31, 2018 through their respective maturity dates.
- (6) Realty Income currently pays the ground lessors directly for the rent under the ground leases.
- (7) 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.
- (8) "Other" consists of \$23.6 million of commitments under construction contracts and \$5.8 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.



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### 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 2018

During 2018, we invested \$1.8 billion in 764 new properties and properties under development or expansion, with an initial weighted average contractual lease rate of 6.4%. The 764 new properties and properties under development or expansion are located in 39 states, will contain approximately 5.2 million leasable square feet, and are 100% leased with a weighted average lease term of 14.8 years. The tenants occupying the new properties operate in 21 industries and the property types are 96.3% retail and 3.7% industrial, based on rental revenue. During 2018, none of our real estate investments caused any one tenant to be 10% or more of our total assets at December 31, 2018.

The initial weighted average contractual lease rate for a property is generally computed as estimated contractual first year cash net operating income, which, in the case of a net leased property, is equal to the aggregate cash 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 initial weighted average contractual lease rate is computed as follows: estimated cash 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 \$1.8 billion we invested during 2018, \$80.3 million was invested in 14 properties under development or expansion with an 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, 2018, we had 80 properties available for lease out of 5,797 properties in our portfolio, which represents a 98.6% occupancy rate based on the number of properties in our portfolio. Since December 31, 2017, when we reported 83 properties available for lease out of 5,172 and a 98.4% occupancy rate, we:

- Had 267 lease expirations;
- Re-leased 228 properties; and
- Sold 42 vacant properties.

Of the 228 properties re-leased during 2018, 215 properties were re-leased to existing tenants, three were re-leased to new tenants without vacancy, and ten were re-leased to new tenants after a period of vacancy. The annual rent on these 228 leases was \$46.15 million, as compared to the previous rent on these same properties of \$44.66 million, which represents a rent recapture rate of 103.3% on the properties re-leased during 2018.

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, 2018, our average annualized rental revenue was approximately \$14.24 per square foot on the 5,717 leased properties in our portfolio. At December 31, 2018, we classified 17 properties with a carrying amount of \$16.6 million as held for sale on our balance sheet. The expected sale of these properties does not represent a

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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 2018, we capitalized costs of \$17.9 million on existing properties in our portfolio, consisting of \$3.9 million for re-leasing costs, \$1.1 million for recurring capital expenditures, and \$12.9 million for non-recurring building improvements. 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.

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 properties.

**Increases in Monthly Dividends to Common Stockholders**

We have continued our 50-year policy of paying monthly dividends. In addition, we increased the dividend five times during 2018 and twice in 2019. As of February 2019, we have paid 85 consecutive quarterly dividend increases and increased the dividend 100 times since our listing on the NYSE in 1994.

|                         | Month    | Month    | Dividend  | Increase  |
|-------------------------|----------|----------|-----------|-----------|
| 2018 Dividend increases | Declared | Paid     | per share | per share |
| 1st increase            | Dec 2017 | Jan 2018 | \$ 0.2125 | \$0.0005  |
| 2nd increase            | Jan 2018 | Feb 2018 | \$ 0.2190 | \$0.0065  |
| 3rd increase            | Mar 2018 | Apr 2018 | \$ 0.2195 | \$0.0005  |
| 4th increase            | Jun 2018 | Jul 2018 | \$ 0.2200 | \$0.0005  |
| 5th increase            | Sep 2018 | Oct 2018 | \$ 0.2205 | \$0.0005  |

**2019 Dividend increases**

|              |          |          |           |          |
|--------------|----------|----------|-----------|----------|
| 1st increase | Dec 2018 | Jan 2019 | \$ 0.2210 | \$0.0005 |
| 2nd increase | Jan 2019 | Feb 2019 | \$ 0.2255 | \$0.0045 |

The dividends paid per share during 2018 totaled approximately \$2.6305, as compared to approximately \$2.5270 during 2017, an increase of \$0.1035, or 4.1%.

The monthly dividend of \$0.2255 per share represents a current annualized dividend of \$2.706 per share, and an annualized dividend yield of approximately 4.3% based on the last reported sale price of our common stock on the NYSE of \$63.04 on December 31, 2018. 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.

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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 and the value of in-place leases, as applicable. 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 re-leases, 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, 2018, 2017 and 2016.

## Total Revenue

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

|                       |             |             |             | Change in Dollars |           |
|-----------------------|-------------|-------------|-------------|-------------------|-----------|
|                       | 2018        | 2017        | 2016        | 2018              | 2017      |
|                       |             |             |             | versus            | versus    |
|                       |             |             |             | 2017              | 2016      |
| <b>REVENUE</b>        |             |             |             |                   |           |
| Rental                | \$1,274,596 | \$1,166,224 | \$1,057,413 | \$108,372         | \$108,811 |
| Tenant reimbursements | 46,950      | 46,082      | 43,104      | 868               | 2,978     |
| Other                 | 6,292       | 3,462       | 2,655       | 2,830             | 807       |
| Total revenue         | \$1,327,838 | \$1,215,768 | \$1,103,172 | \$112,070         | \$112,596 |

## Rental Revenue

The increase in rental revenue in 2018 compared to 2017 is primarily attributable to:

- The 753 properties (4.8 million square feet) we acquired in 2018, which generated \$54.0 million of rent in 2018;
- The 287 properties (7.2 million square feet) we acquired in 2017, which generated \$95.7 million of rent in 2018, compared to \$35.8 million in 2017, an increase of \$59.9 million;

Same store rents generated on 4,629 properties (78.1 million square feet) during 2018 and 2017, increased by \$9.5 million, or 0.9%, to \$1.08 billion from \$1.07 billion; and

A net increase in straight-line rent and other non-cash adjustments to rent of \$5.7 million in 2018 as compared to 2017; partially offset by

A net decrease of \$13.2 million relating to properties sold in 2018 and during 2017; and

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A net decrease of \$7.5 million relating to the aggregate of (i) rental revenue from properties (123 properties comprising 2.7 million square feet) that were available for lease during part of 2018 or 2017, (ii) rental revenue for 5 properties under development, and (iii) lease termination settlements. In aggregate, the revenues for these items totaled \$15.9 million in 2018, compared to \$23.4 million in 2017.

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;

• 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.

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 5,797 properties in the portfolio at December 31, 2018, 5,769, or 99.5%, are single-tenant properties and the remaining are multi-tenant properties. Of the 5,769 single-tenant properties, 5,692, or 98.7%, were net leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 9.2 years at December 31, 2018. Of our 5,692 leased single-tenant properties, 4,952 or 87.0% 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 \$5.9 million in 2018, \$6.1 million in 2017, and \$5.3 million in 2016. Percentage rent in 2018 was less than 1% of rental revenue and we anticipate percentage rent to be less than 1% of rental revenue in 2019.

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, 2018, our portfolio of 5,797 properties was 98.6% leased with 80 properties available for lease, as compared to 98.4% leased, with 83 properties available for lease at December 31, 2017. 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 increase in other revenue in the years presented was primarily related to higher proceeds from property insurance claims, condemnations and interest income from our investments in United States government money market funds.



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## Total Expenses

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

|   | 2018        | 2017        | 2016        | Increase (Decrease) |          |
|---|-------------|-------------|-------------|---------------------|----------|
|   |             |             |             | 2018                | 2017     |
|   |             |             |             | versus              | versus   |
|   |             |             |             | 2017                | 2016     |
| <b>EXPENSES</b>   |             |             |             |                     |          |
| Depreciation and amortization   | \$539,780   | \$498,788   | \$449,943   | \$40,992            | \$48,845 |
| Interest  | 266,020     | 247,413     | 219,974     | 18,607              | 27,439   |
| General and administrative <sup>(2)</sup>   | 84,148      | 58,446      | 51,966      | 25,702              | 6,480    |
| Property (excluding reimbursable)   | 19,376      | 23,398      | 19,761      | (4,022 )            | 3,637    |
| Property (reimbursable)   | 46,950      | 46,082      | 43,104      | 868                 | 2,978    |
| Income taxes  | 5,340       | 6,044       | 3,262       | (704 )              | 2,782    |
| Provisions for impairment   | 26,269      | 14,751      | 20,664      | 11,518              | (5,913 ) |
| Total expenses  | \$987,883   | \$894,922   | \$808,674   | \$92,961            | \$86,248 |
| Total revenue <sup>(1)</sup>  | \$1,280,888 | \$1,169,686 | \$1,060,068 |                     |          |
| General and administrative expenses as a percentage of total revenue <sup>(2)</sup> | 5.1         | % 5.0       | % 4.9       | %                   |          |
| Property expenses net of tenant reimbursements as a percentage of total revenue     | 1.5         | % 2.0       | % 1.9       | %                   |          |

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

General and administrative expenses for 2018 included a one-time severance payment made to our former CEO in October 2018. The total value of cash, stock compensation and professional fees incurred as a result of this severance was \$28.3 million; however, the net amount, after incorporating accruals for CEO compensation previous to this severance, was \$18,651 and was recorded to general and administrative expense (see our

<sup>(2)</sup> discussion of Adjusted Funds from Operations Available to Common Stockholders, or AFFO, which is not a financial measure under generally accepted accounting principles, which includes a reconciliation of this amount). In order to present a normalized calculation of our general and administrative expenses as a percentage of total revenue for 2018, we have excluded this one-time executive severance charge to arrive at a normalized general and administrative amount of \$65,497, which was used for our calculation.

## Depreciation and Amortization

The increase in depreciation and amortization in 2018 and 2017 was primarily due to the acquisition of properties in 2017 and 2018, 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):

|   | 2018      | 2017      | 2016      |
|---|-----------|-----------|-----------|
| Interest on our credit facility, term loans, notes, mortgages and interest rate swaps | \$260,103 | \$237,165 | \$213,540 |
| Credit facility commitment fees   | 2,774     | 2,999     | 3,050     |
| Amortization of origination and deferred financing costs                              | 8,711     | 7,975     | 7,126     |
| Gain on interest rate swaps   | (2,733 )  | (3,250 )  | (1,639 )  |
| Dividend on preferred shares subject to redemption                                    | —         | 2,257     | —         |
| Amortization of net mortgage premiums   | (1,520 )  | (466 )    | (3,414 )  |

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|   |             |             |             |
|---|-------------|-------------|-------------|
| Amortization of net note (premiums) and discounts   | (1,256 )    | 884         | 1,470       |
| Capital lease obligation                            | 310         | 310         | 310         |
| Interest capitalized                                | (369 )      | (461 )      | (469 )      |
| Interest expense                                    | \$266,020   | \$247,413   | \$219,974   |
| Credit facility, term loans, mortgages and notes    |             |             |             |
| Average outstanding balances (dollars in thousands) | \$6,662,952 | \$5,877,862 | \$5,081,663 |
| Average interest rates                              | 3.90 %      | 3.99 %      | 4.11 %      |

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The increases in interest expense for the years presented are primarily due to the issuances of notes in each respective year. These increases were partially offset by note redemptions in each respective year and lower outstanding debt balances on mortgages payable as a result of mortgage payoffs in 2018 and 2017.

Additionally, before we implemented hedge accounting in the fourth quarter of 2018, we adjusted the carrying value of our interest rate swaps to fair value each quarter through interest expense. Following the adoption of hedge accounting, we record this change in fair value within other comprehensive income.

At December 31, 2018, the weighted average interest rate on our:

• Credit facility outstanding borrowings of \$252.0 million was 3.2%;

• Term loans outstanding of \$570.0 million (excluding deferred financing costs of \$1.4 million) was 3.3%;

• Mortgages payable of \$298.4 million (excluding net premiums totaling \$4.4 million and deferred financing costs of \$183,000 on these mortgages) was 5.1%;

• Notes and bonds payable of \$5.4 billion (excluding unamortized net original issuance premiums of \$10.5 million and deferred financing costs of \$33.7 million) was 4.0%; and

• Combined outstanding notes, bonds, mortgages, term loan and credit facility borrowings of \$6.5 billion was 4.0%.

In January 2019, we paid off the outstanding balance and interest on the \$70.0 million senior unsecured term loan entered in January 2013 in conjunction with our acquisition of ARCT.

### General and Administrative Expenses

General and administrative expenses increased during 2018 primarily due to a severance charge of \$18.7 million for our former CEO who departed the company in October 2018, and higher corporate-level professional fees. General and administrative expenses in both 2018 and 2017 increased due to higher compensation costs related to higher headcount. In January 2019, we had 165 employees, as compared to 152 employees in January 2018, and 146 employees in January 2017.

### Property Expenses (excluding reimbursable)

Property expenses (excluding reimbursable) consist of costs associated with unleased properties, non-net-leased properties and general portfolio expenses. Expenses related to unleased properties and non-net-leased properties include, but are not limited to, property taxes, maintenance, insurance, utilities, property inspections, bad debt expense and legal fees. General portfolio costs include, but are not limited to, insurance, legal, property inspections, and title search fees. At December 31, 2018, 80 properties were available for lease, as compared to 83 at December 31, 2017 and 84 at December 31, 2016.

The 2018 decrease in property expenses (excluding reimbursable) was primarily attributable to lower bad debt expense, while the 2017 increase was the result of higher property taxes and bad debt expense.

### Property Expenses (reimbursable)

The increase in property expenses (reimbursable) in both 2018 and 2017 was primarily attributable to the increased portfolio size, which contributed to higher contractually obligated reimbursements from tenants for recoverable real estate taxes and operating expenses 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. These taxes from operations increased from 2017 to 2018 due to acquisitions; however, the overall tax expense decreased due to a one-time charge in 2017 that increased tax expenses at the end of 2017. The Tax Cuts & Jobs Act, passed at the end of 2017, reduced the corporate tax rate, which reduced the value of the deferred tax assets in 2017 and increased our tax expense in 2017. The increase from 2016 to 2017 was primarily due to increased activity in our taxable REIT

subsidiary.

**Provisions for Impairment**

In 2018, we recorded total provisions for impairment of \$26.3 million on six properties classified as held for sale, three properties classified as held for investment, and 35 sold properties. In 2017, we recorded total provisions for impairment of \$14.8 million on one property classified as held for sale, three properties classified as held for investment, and 22 sold properties. In 2016, we recorded total provisions for impairment of \$20.7 million on one property classified as held for sale and 38 sold properties.

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### Other Items

#### Gain on Sales of Real Estate

During 2018, we sold 128 properties for \$142.3 million, which resulted in a gain of \$24.6 million.

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.

At December 31, 2018, we classified real estate with a carrying amount of \$16.6 million as held for sale on our balance sheet. In 2019, 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 2019. 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

We did not pay any preferred stock dividends in 2018. 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.

#### 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 \$363.6 million in 2018, compared to \$301.5 million in 2017, an increase of \$62.1 million. On a diluted per common share basis, net income was \$1.26 in 2018, as compared to \$1.10 in 2017, an increase of \$0.16, or 14.5%. Net income available to common stockholders was \$288.5 million in 2016, or \$1.13 on a diluted per common share basis.

Net income available to common stockholders in 2018 was impacted by a severance payment made to our former CEO in October 2018. The total value of cash, stock compensation and professional fees incurred as a result of this severance was \$28.3 million; however, the net amount, after incorporating accruals for CEO compensation previous to this severance, was \$18.7 million, equivalent to \$0.06 per share.

The calculation to determine net income available to common stockholders includes impairments and gains from the sale of properties, which can vary from period to period based on the timing and significantly impact net income available to common stockholders.

#### Adjusted Earnings before Interest, Taxes, Depreciation and Amortization for Real Estate (Adjusted EBITDAre)

The National Association of Real Estate Investment Trust (NAREIT) came to the conclusion that a NAREIT-defined EBITDA metric for real estate companies (i.e., EBITDA for real estate, or EBITDAre) would provide investors with a consistent measure to help make investment decisions among REITs. We have re-labeled our Adjusted EBITDA to “Adjusted EBITDAre” in order to be consistent with the NAREIT definition, other than the one-time executive severance charge described below. We define Adjusted EBITDAre, a non-GAAP financial measure, for the most recent quarter, as earnings (net income) before (i) interest expense, including non-cash gain on swaps, (ii) income and franchise taxes, (iii) real estate depreciation and amortization, (iv) impairment losses, (v) gain on sales of real estate, and (vi) executive severance charge (as described in the Adjusted Funds from Operations section). Our Adjusted EBITDAre may not be comparable to Adjusted EBITDAre reported by other companies or as defined by

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NAREIT, and other companies may interpret or define 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                      | 2018        | 2017        | 2016        |
| Net income                                | \$85,303    | \$60,952    | \$92,724    |
| Interest <sup>(1)</sup>                   | 70,635      | 103,903     | 48,935      |
| Income taxes                              | 1,607       | 3,424       | 449         |
| Depreciation and amortization             | 137,711     | 127,033     | 117,752     |
| Executive severance charge <sup>(2)</sup> | 18,651      | —           | —           |
| Impairment loss                           | 1,235       | 6,679       | 3,709       |
| Gain on sales of real estate              | (5,825 )    | (23,208 )   | (6,696 )    |
| Quarterly Adjusted EBITDA                 | \$309,317   | \$278,783   | \$256,873   |
| Annualized Adjusted EBITDA <sup>(3)</sup> | \$1,237,268 | \$1,115,132 | \$1,027,492 |
| Total Debt                                | \$6,499,976 | \$6,111,471 | \$5,839,605 |
| Debt/Adjusted EBITDA                      | 5.3         | 5.5         | 5.7         |

<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> Reflects an \$18.7 million severance charge for our former CEO upon his departure in October 2018.

<sup>(3)</sup> We calculate Annualized Adjusted EBITDA by multiplying the Quarterly Adjusted EBITDA by four.

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

In 2018, our FFO increased by \$130.6 million, or 16.9%, to \$903.3 million, as compared to \$772.7 million in 2017. On a diluted per common share basis, FFO was \$3.12 in 2018, as compared to \$2.82 in 2017, an increase of \$0.30, or 10.6%. In 2016, FFO was \$735.4 million, or \$2.88 on a diluted per common share basis. Our FFO in 2018 was impacted by a severance payment made to our former CEO in October 2018. The total value of cash, stock compensation and professional fees incurred as a result of this severance was \$28.3 million; however, the net amount, after incorporating accruals for CEO compensation previous to this severance, was \$18.7 million, equivalent to \$0.06 per share. 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):





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|   | 2018        | 2017        | 2016        |
|---|-------------|-------------|-------------|
| Net income available to common stockholders   | \$ 363,614  | \$ 301,514  | \$ 288,491  |
| Depreciation and amortization   | 539,780     | 498,788     | 449,943     |
| Depreciation of furniture, fixtures and equipment   | (650 )      | (557 )      | (747 )      |
| Provisions for impairment on investment properties  | 26,269      | 14,751      | 20,664      |
| Gain on sales of investment properties  | (24,643 )   | (40,898 )   | (21,979 )   |
| FFO adjustments allocable to noncontrolling interests                                       | (1,113 )    | (933 )      | (977 )      |
| FFO available to common stockholders  | \$ 903,257  | \$ 772,665  | \$ 735,395  |
| FFO allocable to dilutive noncontrolling interests  | 867         | 877         | 1,435       |
| Diluted FFO   | \$ 904,124  | \$ 773,542  | \$ 736,830  |
| FFO per common share:   |             |             |             |
| Basic   | \$ 3.12     | \$ 2.83     | \$ 2.88     |
| Diluted   | \$ 3.12     | \$ 2.82     | \$ 2.88     |
| Distributions paid to common stockholders   | \$ 761,582  | \$ 689,294  | \$ 610,516  |
| FFO available to common stockholders in excess of distributions paid to common stockholders | \$ 141,675  | \$ 83,371   | \$ 124,879  |
| Weighted average number of common shares used for computation per share:                    |             |             |             |
| Basic   | 289,427,430 | 273,465,680 | 255,066,500 |
| Diluted   | 289,923,984 | 273,936,752 | 255,822,679 |

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 2018, our AFFO increased by \$86.0 million, or 10.3%, to \$924.6 million, as compared to \$838.6 million in 2017. On a diluted per common share basis, AFFO was \$3.19 in 2018, as compared to \$3.06 in 2017, an increase of \$0.13, or 4.2%. In 2016, AFFO was \$736.4 million, or \$2.88 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):

|  | 2018        | 2017        | 2016        |
|--|-------------|-------------|-------------|
| Net income available to common stockholders  | \$ 363,614  | \$ 301,514  | \$ 288,491  |
| Cumulative adjustments to calculate FFO <sup>(1)</sup>                                       | 539,643     | 471,151     | 446,904     |
| FFO available to common stockholders   | 903,257     | 772,665     | 735,395     |
| Executive severance charge <sup>(2)</sup>  | 18,651      | —           | —           |
| Loss on extinguishment of debt   | —           | 42,426      | —           |
| Excess of redemption value over carrying value of Class F preferred share redemption         | —           | 13,373      | —           |
| Amortization of share-based compensation   | 15,470      | 13,946      | 12,007      |
| Amortization of deferred financing costs <sup>(3)</sup>                                      | 3,991       | 5,326       | 5,352       |
| Amortization of net mortgage premiums  | (1,520)     | ) (466      | ) (3,414 )  |
| Gain on interest rate swaps  | (2,733      | ) (3,250    | ) (1,639 )  |
| Leasing costs and commissions  | (3,907      | ) (1,575    | ) (797 )    |
| Recurring capital expenditures   | (1,084      | ) (912      | ) (679 )    |
| Straight-line rent   | (24,687     | ) (17,191   | ) (19,451 ) |
| Amortization of above and below-market leases  | 16,852      | 14,013      | 9,297       |
| Other adjustments <sup>(4)</sup>   | 268         | 283         | 303         |
| Total AFFO available to common stockholders  | \$ 924,558  | \$ 838,638  | \$ 736,374  |
| AFFO allocable to dilutive noncontrolling interests  | 901         | 1,178       | 1,455       |
| Diluted AFFO   | \$ 925,459  | \$ 839,816  | \$ 737,829  |
| AFFO per common share  |             |             |             |
| Basic  | \$ 3.19     | \$ 3.07     | \$ 2.89     |
| Diluted  | \$ 3.19     | \$ 3.06     | \$ 2.88     |
| Distributions paid to common stockholders  | \$ 761,582  | \$ 689,294  | \$ 610,516  |
| AFFO available to common stockholders in excess of distributions paid to common stockholders | \$ 162,976  | \$ 149,344  | \$ 125,858  |
| Weighted average number of common shares used for computation per share:                     |             |             |             |
| Basic  | 289,427,430 | 273,465,680 | 255,066,500 |
| Diluted  | 289,923,984 | 274,024,934 | 255,822,679 |

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

<sup>(2)</sup> The executive severance charge represents the incremental costs incurred upon our former CEO's departure in October 2018 per the reconciliation below:

|   |          |
|---|----------|
| Cash  | \$9,817  |
| Stock compensation                                      | 17,902   |
| Professional fees                                       | 574      |
| Total value of severance                                | 28,293   |
| Amount accrued for CEO compensation prior to separation | (9,642 ) |
| Incremental severance                                   | \$18,651 |

<sup>(3)</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.

(4) Includes adjustments allocable to both non-controlling interests and capital lease obligations.

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.

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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, 2018. This information is presented to evaluate the expected cash flows and sensitivity to interest rate changes (dollars in millions):

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## Expected Maturity Data

| Year of maturity          | Fixed rate debt | Weighted average rate on fixed rate debt | Variable rate debt | Weighted average rate on variable rate debt |
|---------------------------|-----------------|--|--------------------|---|
| 2019                      | \$4.7           | 5.61                                     | % \$ 86.0          | 3.58 %                                      |
| 2020                      | 332.4           | 3.21                                     | —                  | —   |
| 2021                      | 317.0           | 5.73                                     | —                  | —   |
| 2022                      | 1,059.7         | 3.43                                     | —                  | —   |
| 2023                      | 756.7           | 4.65                                     | 252.0              | 3.11  |
| Thereafter                | 3,711.9         | 4.00                                     | —                  | —   |
| Totals <sup>(1)</sup>     | \$6,182.4       | 4.03                                     | % \$ 338.0         | 3.23 %                                      |
| Fair Value <sup>(2)</sup> | \$6,219.7       |  | \$ 338.0           |   |

<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, 2018, the unamortized balance of net premiums on mortgages payable is \$4.4 million, the unamortized balance of net original issuance premiums on notes payable is \$10.5 million, and the balance of deferred financing costs on mortgages payable is \$183,000, on notes payable is \$33.7 million, and on term loans is \$1.4 million.

<sup>(2)</sup> We base the estimated fair value of the fixed rate senior notes and bonds at December 31, 2018 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, 2018 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, 2018.

The table incorporates only those exposures that exist as of December 31, 2018. It does not consider those exposures or positions that could arise after that date. As a result, our ultimate realized gain or loss, with respect to interest rate fluctuations, would depend on the exposures that arise during the period, our hedging strategies at the time, and interest rates.

All of our outstanding notes and bonds have fixed interest rates. All of our mortgages payable, except two mortgages with principal balances totaling \$23.3 million at December 31, 2018 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 \$16.0 million at December 31, 2018. 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 \$252.0 million at December 31, 2018, a 1% change in interest rates would change our interest rate costs by \$2.5 million per year.

## Item 8: Financial Statements and Supplementary Data

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A. Reports of Independent Registered Public Accounting FirmB. Consolidated Balance Sheets, December 31, 2018 and 2017C. Consolidated Statements of Income and Comprehensive Income, Years ended December 31, 2018, 2017 and 2016D. Consolidated Statements of Equity, Years ended December 31, 2018, 2017 and 2016E. Consolidated Statements of Cash Flows, Years ended December 31, 2018, 2017 and 2016

F. Notes to Consolidated Financial Statements

G. Consolidated Quarterly Financial Data (unaudited) for 2018 and 2017

H. Schedule III Real Estate and Accumulated Depreciation

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

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Report of Independent Registered Public Accounting Firm

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, 2018 and 2017, the related consolidated statements of income and comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, 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, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 21, 2019 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 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 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 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 21, 2019

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### 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, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of income and comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes and financial statement schedule III (collectively, the consolidated financial statements), and our report dated February 21, 2019 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 21, 2019

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED BALANCE SHEETS  
 December 31, 2018 and 2017

(dollars in thousands, except per share data)

|  | 2018          | 2017          |
|--|---------------|---------------|
| <b>ASSETS</b>  |               |               |
| Real estate, at cost:  |               |               |
| Land   | \$4,682,660   | \$4,080,400   |
| Buildings and improvements   | 11,858,806    | 10,936,069    |
| Total real estate, at cost   | 16,541,466    | 15,016,469    |
| Less accumulated depreciation and amortization   | (2,714,534 )  | (2,346,644 )  |
| Net real estate held for investment  | 13,826,932    | 12,669,825    |
| Real estate held for sale, net   | 16,585        | 6,674         |
| Net real estate  | 13,843,517    | 12,676,499    |
| Cash and cash equivalents  | 10,387        | 6,898         |
| Accounts receivable, net   | 144,991       | 119,533       |
| Lease intangible assets, net   | 1,199,597     | 1,194,930     |
| Goodwill   | 14,630        | 14,970        |
| Other assets, net  | 47,361        | 45,336        |
| Total assets   | \$ 15,260,483 | \$ 14,058,166 |
| <b>LIABILITIES AND EQUITY</b>  |               |               |
| Distributions payable  | \$67,789      | \$60,799      |
| Accounts payable and accrued expenses  | 133,765       | 109,523       |
| Lease intangible liabilities, net  | 310,866       | 268,796       |
| Other liabilities  | 127,109       | 116,869       |
| Line of credit payable   | 252,000       | 110,000       |
| Term loans, net  | 568,610       | 445,286       |
| Mortgages payable, net   | 302,569       | 325,941       |
| Notes payable, net   | 5,376,797     | 5,230,244     |
| Total liabilities  | 7,139,505     | 6,667,458     |
| Commitments and contingencies  |               |               |
| Stockholders' equity:  |               |               |
| Common stock and paid in capital, par value \$0.01 per share, 370,100,000 shares authorized, 303,742,090 shares issued and outstanding as of December 31, 2018 and 284,213,685 shares issued and outstanding as of December 31, 2017 | 10,754,495    | 9,624,264     |
| Distributions in excess of net income  | (2,657,655 )  | (2,252,763 )  |
| Accumulated other comprehensive loss   | (8,098 )      | —             |
| Total stockholders' equity   | 8,088,742     | 7,371,501     |
| Noncontrolling interests   | 32,236        | 19,207        |
| Total equity   | 8,120,978     | 7,390,708     |
| Total liabilities and equity   | \$ 15,260,483 | \$ 14,058,166 |

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



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REALTY INCOME CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
Years Ended December 31, 2018, 2017 and 2016

(dollars in thousands, except per share data)

|   | 2018        | 2017        | 2016        |
|---|-------------|-------------|-------------|
| REVENUE   |             |             |             |
| Rental  | \$1,274,596 | \$1,166,224 | \$1,057,413 |
| Tenant reimbursements   | 46,950      | 46,082      | 43,104      |
| Other   | 6,292       | 3,462       | 2,655       |
| Total revenue   | 1,327,838   | 1,215,768   | 1,103,172   |
| EXPENSES  |             |             |             |
| Depreciation and amortization   | 539,780     | 498,788     | 449,943     |
| Interest  | 266,020     | 247,413     | 219,974     |
| General and administrative  | 84,148      | 58,446      | 51,966      |
| Property (including reimbursable)   | 66,326      | 69,480      | 62,865      |
| Income taxes  | 5,340       | 6,044       | 3,262       |
| Provisions for impairment   | 26,269      | 14,751      | 20,664      |
| Total expenses  | 987,883     | 894,922     | 808,674     |
| Gain on sales of real estate  | 24,643      | 40,898      | 21,979      |
| Loss on extinguishment of debt  | —           | (42,426)    | —           |
| Net income  | 364,598     | 319,318     | 316,477     |
| Net income attributable to noncontrolling interests                         | (984)       | (520)       | (906)       |
| Net income attributable to the Company                                      | 363,614     | 318,798     | 315,571     |
| Preferred stock dividends   | —           | (3,911)     | (27,080)    |
| Excess of redemption value over carrying value of preferred shares redeemed | —           | (13,373)    | —           |
| Net income available to common stockholders                                 | \$363,614   | \$301,514   | \$288,491   |
| Amounts available to common stockholders per common share:                  |             |             |             |
| Net income, basic and diluted   | \$1.26      | \$1.10      | \$1.13      |
| Weighted average common shares outstanding:                                 |             |             |             |
| Basic   | 289,427,430 | 273,465,680 | 255,066,500 |
| Diluted   | 289,923,984 | 273,936,752 | 255,624,250 |
| Other comprehensive income:   |             |             |             |
| Net income attributable to the Company                                      | \$363,614   | \$318,798   | \$315,571   |
| Change in fair value of interest rate swaps                                 | (8,618)     | —           | \$—         |
| Amortization of interest rate swaps   | 520         | —           | —           |
| Comprehensive income attributable to the Company                            | \$355,516   | \$318,798   | \$315,571   |

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

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## REALTY INCOME CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF EQUITY

Years Ended December 31, 2018, 2017 and 2016

(dollars in thousands)

|  | Shares of<br>preferred<br>stock | Shares of<br>common<br>stock | Preferred<br>stock and<br>paid in<br>capital | Common<br>stock and<br>paid in<br>capital | Distributions<br>in excess of<br>net income | Accumulated<br>other<br>comprehensive<br>loss | Total<br>stockholders'<br>equity | Noncontrolling<br>interests | Total<br>equity |
|--|---------------------------------|------------------------------|--|---|---|---|----------------------------------|-----------------------------|-----------------|
| Balance,<br>December 31,<br>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<br>paid and<br>payable               | —                               | —                            | —  | —   | (642,529)                                   | —   | (642,529)                        | (12,682)                    | (655,211)       |
| Share<br>issuances, net<br>of costs                | —                               | 9,449,167                    | —  | 557,636                                   | —   | —   | 557,636                          | —                           | 557,636         |
| Contributions<br>by<br>noncontrolling<br>interests | —                               | —                            | —  | —   | —   | —   | —                                | 15,906                      | 15,906          |
| Redemption of<br>common units                      | —                               | 103,182                      | —  | (2,865)                                   | —   | —   | (2,865)                          | (6,161)                     | (9,026)         |
| Reallocation of<br>equity                          | —                               | —                            | —  | (543)                                     | —   | —   | (543)                            | 543                         | —               |
| Share-based<br>compensation, net                   | —                               | 199,153                      | —  | 7,938                                     | —   | —   | 7,938                            | —                           | \$7,938         |
| Balance,<br>December 31,<br>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<br>paid and<br>payable               | —                               | —                            | —  | —   | (701,020)                                   | —   | (701,020)                        | (2,047)                     | (703,067)       |
| Share<br>issuances, net<br>of costs                | —                               | 23,957,741                   | —  | 1,388,080                                 | —   | —   | 1,388,080                        | —                           | 1,388,080       |
| Contributions<br>by<br>noncontrolling<br>interests | —                               | —                            | —  | —   | —   | —   | —                                | —                           | —               |
| Preferred<br>shares<br>redeemed                    | (16,350,000)                    | —                            | (395,378)                                    | —   | (13,373)                                    | —   | (408,751)                        | —                           | (408,751)       |
| Reallocation of<br>equity                          | —                               | —                            | —  | (485)                                     | —   | —   | (485)                            | 485                         | —               |
|  | —                               | 87,685                       | —  | 8,075                                     | —   | —   | 8,075                            | —                           | \$8,075         |

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|   |   |             |     |              |               |           |             |          |           |
|---|---|-------------|-----|--------------|---------------|-----------|-------------|----------|-----------|
| Share-based compensation, net             |   |             |     |              |               |           |             |          |           |
| Balance, December 31, 2017                | — | 284,213,685 | \$— | \$9,624,264  | \$(2,252,763) | \$—       | \$7,371,501 | \$19,207 | \$7,390   |
| Net income                                | — | —           | —   | —            | 363,614       | —         | 363,614     | 984      | 364,598   |
| Other comprehensive loss                  | — | —           | —   | —            | —             | (8,098)   | (8,098)     | —        | (8,098)   |
| Distributions paid and payable            | — | —           | —   | —            | (768,506)     | —         | (768,506)   | (1,996)  | (770,502) |
| Share issuances, net of costs             | — | 19,304,878  | —   | 1,119,297    | —             | —         | 1,119,297   | —        | 1,119,297 |
| Contributions by noncontrolling interests | — | —           | —   | —            | —             | —         | —           | 18,848   | 18,848    |
| Redemption of common units                | — | 88,182      | —   | 2,829        | —             | —         | 2,829       | (5,581)  | (2,752)   |
| Reallocation of equity                    | — | —           | —   | (774)        | —             | —         | (774)       | 774      | —         |
| Share-based compensation, net             | — | 135,345     | —   | 8,879        | —             | —         | 8,879       | —        | \$8,879   |
| Balance, December 31, 2018                | — | 303,742,090 | \$— | \$10,754,495 | \$(2,657,655) | \$(8,098) | \$8,088,742 | \$32,236 | \$8,120   |

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

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2018, 2017 and 2016  
(dollars in thousands)

|   | 2018        | 2017        | 2016        |
|---|-------------|-------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |             |             |             |
| Net income  | \$364,598   | \$319,318   | \$316,477   |
| Adjustments to net income:                                  |             |             |             |
| Depreciation and amortization                               | 539,780     | 498,788     | 449,943     |
| Loss on extinguishment of debt                              | —           | 42,426      | —           |
| Amortization of share-based compensation                    | 27,267      | 13,946      | 12,007      |
| Non-cash revenue adjustments                                | (7,835 )    | (3,927 )    | (10,154 )   |
| Amortization of net premiums on mortgages payable           | (1,520 )    | (466 )      | (3,414 )    |
| Amortization of net (premiums) discounts on notes payable   | (1,256 )    | 884         | 1,470       |
| Amortization of deferred financing costs                    | 9,021       | 8,274       | 7,434       |
| Gain on interest rate swaps                                 | (2,733 )    | (3,250 )    | (1,639 )    |
| Gain on sales of real estate                                | (24,643 )   | (40,898 )   | (21,979 )   |
| Provisions for impairment on real estate                    | 26,269      | 14,751      | 20,664      |
| Change in assets and liabilities                            |             |             |             |
| Accounts receivable and other assets                        | (6,901 )    | (92 )       | (5,414 )    |
| Accounts payable, accrued expenses and other liabilities    | 18,695      | 26,096      | 34,468      |
| Net cash provided by operating activities                   | 940,742     | 875,850     | 799,863     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |             |             |             |
| Investment in real estate                                   | (1,769,335) | (1,413,270) | (1,798,892) |
| Improvements to real estate, including leasing costs        | (25,350 )   | (15,247 )   | (13,426 )   |
| Proceeds from sales of real estate                          | 142,286     | 166,976     | 99,096      |
| Insurance and other proceeds received                       | 7,648       | 14,411      | —           |
| Collection of loans receivable                              | 5,267       | 123         | 12,515      |
| Non-refundable escrow deposits for pending acquisitions     | (200 )      | (7,500 )    | —           |
| Net cash used in investing activities                       | (1,639,684) | (1,254,507) | (1,700,707) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |             |             |             |
| Cash distributions to common stockholders                   | (761,582 )  | (689,294 )  | (610,516 )  |
| Cash dividends to preferred stockholders                    | —           | (6,168 )    | (27,080 )   |
| Borrowings on line of credit                                | 1,774,000   | 1,465,000   | 3,879,000   |
| Payments on line of credit                                  | (1,632,000) | (2,475,000) | (2,997,000) |
| Principal payment on term loan                              | (125,866 )  | —           | —           |
| Proceeds from notes and bonds payable issued                | 497,500     | 2,033,041   | 592,026     |
| Principal payment on notes payable                          | (350,000 )  | (725,000 )  | (275,000 )  |
| Proceeds from term loan                                     | 250,000     | —           | —           |
| Proceeds from mortgages payable                             | —           | —           | 9,963       |
| Payments upon extinguishment of debt                        | —           | (41,643 )   | —           |
| Principal payments on mortgages payable                     | (21,905 )   | (139,725 )  | (231,743 )  |
| Redemption of preferred stock                               | —           | (408,750 )  | —           |
| Proceeds from common stock offerings, net                   | —           | 704,938     | 383,572     |
| Proceeds from dividend reinvestment and stock purchase plan | 9,114       | 69,931      | 10,252      |
| Proceeds from At-the-Market (ATM) program                   | 1,125,364   | 621,697     | 166,781     |
| Redemption of common units                                  | (2,752 )    | —           | (9,026 )    |
| Distributions to noncontrolling interests                   | (1,930 )    | (2,043 )    | (12,725 )   |
| Debt issuance costs   | (18,685 )   | (17,510 )   | (5,274 )    |

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|   |           |           |           |
|---|-----------|-----------|-----------|
| Other items, including shares withheld upon vesting                   | (33,387 ) | (14,356 ) | (7,038 )  |
| Net cash provided by financing activities                             | 707,871   | 375,118   | 866,192   |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 8,929     | (3,539 )  | (34,652 ) |
| Cash, cash equivalents and restricted cash, beginning of period       | 12,142    | 15,681    | 50,333    |
| Cash, cash equivalents and restricted cash, end of period             | \$21,071  | \$12,142  | \$15,681  |

For supplemental disclosures, see note 16.

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

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 December 31, 2018, 2017, and 2016

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, 2018, we owned 5,797 properties, located in 49 states and Puerto Rico, containing over 93.3 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 and comprehensive 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.

|   | 2018        | 2017        | 2016        |
|---|-------------|-------------|-------------|
| Weighted average shares used for the basic net income per share computation | 289,427,430 | 273,465,680 | 255,066,500 |
| Incremental shares from share-based compensation                            | 179,532     | 154,050     | 240,728     |

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|  |             |             |             |
|--|-------------|-------------|-------------|
| 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                      | 289,923,984 | 273,936,752 | 255,624,250 |
| Unvested shares from share-based compensation that were anti-dilutive                          | 13,148      | 32,205      | 475         |
| Weighted average partnership common units convertible to common shares that were anti-dilutive | 297,576     | 88,182      | 198,429     |

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Revenue Recognition and Accounts Receivable. The majority of our 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.

Other revenue, which comprises property-related revenue not included in rental revenue or tenant reimbursements, was \$6.3 million in 2018, \$3.5 million in 2017 and \$2.7 million in 2016.

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 11). 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 and comprehensive 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. A majority of our acquisitions qualify as asset acquisitions and the transaction costs associated with those acquisitions are 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, as applicable. 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 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.

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 certain 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

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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 and comprehensive 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 re-leases, 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

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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.

Seventeen properties were classified as held for sale at December 31, 2018. We do not depreciate properties that are classified as held for sale.

In 2018, we recorded total provisions for impairment of \$26.3 million on six properties classified as held for sale, three properties classified as held for investment, and 35 sold properties. In 2017, we recorded total provisions for impairment of \$14.8 million on one property classified as held for sale, three properties classified as held for investment, and 22 sold properties. In 2016, we recorded total provisions for impairment of \$20.7 million on one property classified as held for sale and 38 sold properties.

**Goodwill.** We assign a portion of our goodwill to our applicable property sales, which results in a reduction of the carrying amount of our goodwill. In order to allocate goodwill to the carrying amount of properties that we sell, we utilize a relative fair value approach based on the original methodology for assigning 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 2018, 2017 and 2016, 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 2018, 2017 and 2016.

**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 2017-1, 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.

**Derivative and Hedging Activities.** We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. We may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or we elect not to apply hedge accounting.

As of December 31, 2018 we had three interest rate swaps in place, including one on each of our \$250.0 million unsecured term loans and the third on an assumed mortgage loan. Our objective in using derivatives is to add stability to interest expense and to manage our exposure to interest rate movements. In October 2018, we designated these three interest rate swaps as hedges and adopted hedge accounting treatment in accordance with Topic 815, "Derivatives and Hedging." From the adoption date through the end of 2018, the effective portion of gains or losses on our interest rate swaps were recorded in accumulated other comprehensive loss on our consolidated balance sheet as of December 31, 2018, instead of through interest expense on our consolidated statements of income and comprehensive income.

**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 2014-9, 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

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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, the FASB issued ASU 2016-2 (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. Although primarily a lessor, we are also a lessee under several ground lease arrangements. Upon adoption, we will recognize lease obligations for ground leases with a corresponding right of use asset. We expect our right of use asset to be approximately 1% percent of our total assets upon adoption. The amendments included in this topic are effective, for interim and annual periods beginning after December 15, 2018. We adopted this standard when it becomes effective as of January 1, 2019, and we elected the practical expedients available for implementation under the standard.

In August 2017, the FASB issued ASU 2017-12, which amended Topic 815, Derivatives and Hedging. The purpose of this updated guidance is to better align a company's financial reporting for hedging activities with the economic objectives of those activities. The transition guidance provides companies with the option of early adopting the new standard using a modified retrospective transition method in any interim period after issuance of the update, or alternatively requires adoption for fiscal years beginning after December 15, 2018. We early adopted this standard effective as of October 24, 2018, and it did not have a material impact on our consolidated financial statements.

3. Supplemental Detail for Certain Components of Consolidated Balance Sheets (dollars in thousands):

|  |              |              |
|--|--------------|--------------|
|  | December 31, | December 31, |
|  | 2018         | 2017         |
| A. Lease intangible assets, net, consist of the following at:                |              |              |
| In-place leases  | \$ 1,321,979 | \$ 1,272,897 |
| Accumulated amortization of in-place leases                                  | (546,573 )   | (444,221 )   |
| Above-market leases  | 583,109      | 487,933      |
| Accumulated amortization of above-market leases                              | (158,918 )   | (121,679 )   |
|  | \$ 1,199,597 | \$ 1,194,930 |
|  | December 31, | December 31, |
|  | 2018         | 2017         |
| B. Other assets, net, consist of the following at:                           |              |              |
| Prepaid expenses   | \$ 14,695    | \$ 12,851    |
| Credit facility origination costs  | 14,248       | 4,366        |
| Impounds related to mortgages payable  | 9,555        | 4,565        |
| Corporate assets, net  | 5,681        | 6,074        |
| Restricted escrow deposits   | 1,129        | 679          |
| Non-refundable escrow deposits for pending acquisitions                      | 200          | 7,500        |
| Notes receivable issued in connection with property sales                    | —            | 5,267        |
| Receivable for property rebuilds   | —            | 3,919        |
| Other items  | 1,853        | 115          |
|  | \$ 47,361    | \$ 45,336    |
|  | December 31, | December 31, |
|  | 2018         | 2017         |
| C. Distributions payable consist of the following declared distributions at: |              |              |
| Common stock distributions   | \$ 67,636    | \$ 60,713    |
| Noncontrolling interests distributions                                       | 153          | 86           |
|  | \$ 67,789    | \$ 60,799    |



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|   | December 31, 2018 | December 31, 2017 |
|---|-------------------|-------------------|
| D. Accounts payable and accrued expenses consist of the following at:         |                   |                   |
| Notes payable - interest payable  | \$ 73,094         | \$ 64,058         |
| Property taxes payable  | 14,511            | 11,718            |
| Mortgages, term loans, credit line - interest payable and interest rate swaps | 8,597             | 2,360             |
| Accrued costs on properties under development                                 | 8,137             | 2,681             |
| Other items   | 29,426            | 28,706            |
|   | \$ 133,765        | \$ 109,523        |
|   | December 31, 2018 | December 31, 2017 |
| E. Lease intangible liabilities, net, consist of the following at:            |                   |                   |
| Below-market leases   | \$ 404,938        | \$ 340,906        |
| Accumulated amortization of below-market leases                               | (94,072 )         | (72,110 )         |
|   | \$ 310,866        | \$ 268,796        |
|   | December 31, 2018 | December 31, 2017 |
| F. Other liabilities consist of the following at:                             |                   |                   |
| Rent received in advance and other deferred revenue                           | \$ 115,380        | \$ 105,284        |
| Security deposits   | 6,093             | 6,259             |
| Capital lease obligations   | 5,636             | 5,326             |
|   | \$ 127,109        | \$ 116,869        |

## 4. Investments in Real Estate

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

## A. Acquisitions during 2018 and 2017

During 2018, we invested \$1.8 billion in 764 new properties and properties under development or expansion with an initial weighted average contractual lease rate of 6.4%. The 764 new properties and properties under development or expansion are located in 39 states, will contain approximately 5.2 million leasable square feet, and are 100% leased with a weighted average lease term of 14.8 years. The tenants occupying the new properties operate in 21 industries and the property types consist of 96.3% retail and 3.7% industrial, based on rental revenue. None of our investments during 2018 caused any one tenant to be 10% or more of our total assets at December 31, 2018.

The \$1.8 billion invested during 2018 was allocated as follows: \$657.9 million to land, \$1.0 billion to buildings and improvements, \$135.2 million to intangible assets related to leases, and \$35.8 million to intangible liabilities related to leases and other assumed liabilities. There was no contingent consideration associated with these acquisitions.

The properties acquired during 2018 generated total revenues of \$57.3 million and net income of \$30.9 million during the year ended December 31, 2018.

In comparison, 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 were located in 40 states, contained approximately 7.8 million leasable square feet, and were 100% leased with a weighted average lease term of 14.4 years. The tenants occupying the new properties operated in 23 industries and the property types consisted of 94.5% retail and 5.5% industrial, based on rental revenue.

The \$1.52 billion invested during 2017 was allocated as follows: \$365.0 million to land, \$955.2 million to buildings and improvements, \$246.3 million to intangible assets related to leases, and \$47.0 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.

The initial weighted average contractual lease rate for a property is generally computed as estimated contractual first year cash net operating income, which, in the case of a net leased property, is equal to the aggregate cash base rent for the first full year of each lease, divided by the total cost of the property. Since it is possible that a

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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 initial weighted average contractual lease rate is computed as follows: estimated cash 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 \$1.8 billion we invested during 2018, \$80.3 million was invested in 14 properties under development or expansion with an initial weighted average contractual lease rate of 6.9%. Of the \$1.52 billion we invested during 2017, \$21.2 million was invested in 17 properties under development or expansion with an initial weighted average contractual lease rate of 6.9%.

#### B. Investments in Existing Properties

During 2018, we capitalized costs of \$17.9 million on existing properties in our portfolio, consisting of \$3.9 million for re-leasing costs, \$1.1 million for recurring capital expenditures and \$12.9 million for non-recurring building improvements. In comparison, 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.

#### C. Properties with Existing Leases

Of the \$1.8 billion we invested during 2018, approximately \$425.5 million was used to acquire 205 properties with existing leases. In comparison, of the \$1.52 billion we invested during 2017, approximately \$1.1 billion was used to acquire 178 properties with existing leases. The value of the in-place and above-market leases is recorded to lease intangible assets, net on our consolidated balance sheets, and the value of the below-market leases is recorded to 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 2018, 2017, and 2016 were \$106.6 million, \$104.8 million, and \$94.0 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 and comprehensive income. The amounts amortized as a net decrease to rental revenue for capitalized above-market and below-market leases for 2018, 2017, and 2016 were \$16.9 million, \$14.0 million, and \$9.3 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 above-market and below-market lease intangibles and the amortization of the in-place lease intangibles at December 31, 2018 (in thousands):

|            | Net<br>decrease to<br>rental revenue | Increase to<br>amortization<br>expense |
|------------|--------------------------------------|--|
| 2019       | \$ (17,550)                          | ) \$ 99,057                            |
| 2020       | (16,820)                             | ) 93,337                               |
| 2021       | (15,622)                             | ) 85,174                               |
| 2022       | (13,918)                             | ) 73,577                               |
| 2023       | (12,504)                             | ) 63,422                               |
| Thereafter | (36,911)                             | ) 360,839                              |

Totals \$ (113,325 ) \$ 775,406

5. Credit Facility

In October 2018, we entered into a new \$3.25 billion unsecured credit facility to replace our previous \$2.25 billion unsecured credit facility, of which \$2.0 billion was due to expire in June 2019. This new credit facility includes a \$3.0 billion unsecured revolving credit facility and a new \$250.0 million unsecured term loan due March 2024. The new revolving credit facility, or our revolving credit facility, matures in March 2023 and includes two six-month

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extensions. Our revolving credit facility also has a \$1.0 billion expansion feature. Under our revolving credit facility, our investment grade credit ratings as of December 31, 2018 provide for financing at LIBOR plus 0.775% with a facility commitment fee of 0.125%, for all-in drawn pricing of 0.90% 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 revolving credit facility. Our revolving credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation.

At December 31, 2018, credit facility origination costs of \$14.2 million are included in other assets, net on our consolidated balance sheet. This balance includes \$12.9 million of new credit facility origination costs incurred during 2018 as a result of entering into our new revolving credit facility. These costs are being amortized over the remaining term of our revolving credit facility.

At December 31, 2018, we had a borrowing capacity of \$2.75 billion available on our revolving credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$252.0 million, as compared to an outstanding balance of \$110.0 million at December 31, 2017.

The weighted average interest rate on outstanding borrowings under our revolving credit facility was 2.9% during 2018 and 2.0% during 2017. At December 31, 2018 and 2017, the weighted average interest rate on borrowings outstanding was 3.2% and 4.5%, respectively. Our credit facility is subject to various leverage and interest coverage ratio limitations, and at December 31, 2018, we were in compliance with the covenants on our credit facility.

## 6. Term Loans

In October 2018, in conjunction with our revolving credit facility, we entered into a new \$250.0 million senior unsecured term loan, which matures in March 2024. Borrowing under this term loan bears interest at the current one-month LIBOR, plus 0.85%. In conjunction with this term loan, we also entered into an interest rate swap which effectively fixes our per annum interest on this term loan at 3.89%.

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

In June 2015, in conjunction with entering into our previous credit facility, we entered into a \$250.0 million senior unsecured term loan maturing in June 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 \$70.0 million senior unsecured term loan with an initial maturity date of January 2018. Borrowing under this term loan bore 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, until its termination in January 2018, effectively fixed our per annum interest rate on this term loan at 2.05%. In 2018, we entered into two separate six-month extensions of this loan, during which periods the interest was born at the current one-month LIBOR, plus 0.90%. In January 2019, we paid off the outstanding principal and interest on this term loan (see note 21).

Deferred financing costs of \$1.2 million incurred in conjunction with the \$250.0 million term loan maturing June 2020, \$1.1 million incurred in conjunction with the \$250.0 million term loan maturing March 2024 and \$410,000 incurred in conjunction with the \$70.0 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 \$1.4 million at December 31, 2018 and \$580,000 at December 31, 2017, is included within term loans, net on our consolidated balance sheets.

7. Mortgages Payable

During 2018, we made \$21.9 million in principal payments, including the repayment of two mortgages in full for \$17.0 million. 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 2018 or 2017. 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

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payments, environmental liabilities, failure to pay taxes, insurance premiums, liens on the property, violations of the single purpose entity requirements, and uninsured losses.

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, 2018, 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 \$183,000 at December 31, 2018 and \$236,000 at December 31, 2017. These costs are being amortized over the remaining term of each mortgage.

The following is a summary of all our mortgages payable as of December 31, 2018 and 2017, 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 |
|------------|-------------------------------------|--|---|---|-----------------------------|---|--------------------------|
| 12/31/2018 | 60                                  | 5.1 %  | 4.6 %   | 3.2   | \$ 298,377                  | \$ 4,192  | \$ 302,569               |
| 12/31/2017 | 62                                  | 5.0 %  | 4.4 %   | 4.0   | \$ 320,283                  | \$ 5,658  | \$ 325,941               |

<sup>(1)</sup> At December 31, 2018, there were 26 mortgages on 60 properties, while at December 31, 2017, there were 28 mortgages on 62 properties. The mortgages require monthly payments with principal payments due at maturity. The mortgages are at fixed interest rates, except for two mortgages on two properties with a principal balance totaling \$23.3 million at December 31, 2018, and three mortgages on three properties with a principal balance totaling \$29.9 million at December 31, 2017. 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 \$16.0 million at December 31, 2018 and \$22.4 million at December 31, 2017.

<sup>(2)</sup> Stated interest rates ranged from 3.8% to 6.9% at December 31, 2018, while stated interest rates ranged from 3.4% to 6.9% at December 31, 2017.

<sup>(3)</sup> Effective interest rates ranged from 1.1% to 7.7% at December 31, 2018, while effective interest rates ranged from 2.6% to 5.5% at December 31, 2017.

The following table summarizes the maturity of mortgages payable, excluding net premiums of \$4.4 million and deferred financing costs of \$183,000, as of December 31, 2018 (dollars in millions):

| Year of Maturity | Principal |
|------------------|-----------|
| 2019             | \$ 20.7   |
| 2020             | 82.4      |
| 2021             | 67.0      |
| 2022             | 109.7     |
| 2023             | 6.7       |
| Thereafter       | 11.9      |
| Totals           | \$ 298.4  |

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## 8. Notes Payable

## A. General

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

|  | December 31,<br>2018 | December 31,<br>2017 |
|--|----------------------|----------------------|
| 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                  | 250                  |
| 3.250% notes, \$450 issued in October 2012 and \$500 issued in December 2017, both due in October 2022 | 950                  | 950                  |
| 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                  |
| 3.875% notes, issued April 2018 and due in April 2025  | 500                  | —                    |
| 4.125% notes, \$250 issued in September 2014 and \$400 issued in March 2017, both due in October 2026  | 650                  | 650                  |
| 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                  | 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                  | 550                  |
| Total principal amount   | 5,400                | 5,250                |
| Unamortized net original issuance premiums and deferred financing costs                                | (23                  | ) (20                |
|  | \$ 5,377             | \$ 5,230             |

The following table summarizes the maturity of our notes and bonds payable as of December 31, 2018, excluding unamortized net original issuance premiums and deferred financing costs (dollars in millions):

| Year of Maturity | Principal |
|------------------|-----------|
| 2021             | \$ 250    |
| 2022             | 950       |
| 2023             | 750       |
| Thereafter       | 3,450     |
| Totals           | \$ 5,400  |

As of December 31, 2018, the weighted average interest rate on our notes and bonds payable was 4.0% and the weighted average remaining years until maturity was 8.7 years.

Interest incurred on all of the notes and bonds was \$213.8 million for 2018, \$197.1 million for 2017 and \$171.5 million for 2016. 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, 2018, we were in compliance with these covenants.



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## B. Note Issuances

During the three year period ended December 31, 2018 we issued the following notes and bonds (dollars in millions):

| 2018 Issuances | Date of Issuance | Maturity date               | Principal amount issued | Public offering price | Effective yield to maturity |
|----------------|------------------|-----------------------------|-------------------------|-----------------------|-----------------------------|
| 3.875% notes   | April 2018       | April 2025                  | \$500                   | 99.50%                | 3.96%                       |
| 2017 Issuances |                  |                             |                         |                       |                             |
| 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%                       |
| 2016 Issuances |                  |                             |                         |                       |                             |
| 3.000% notes   | October 2016     | January 2027                | \$600                   | 98.67%                | 3.15%                       |

<sup>(1)</sup> This issuance constituted 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 approximately \$493.1 million from the April 2018 note offering were used to repay borrowings outstanding under our credit facility, to fund investment opportunities, and for other general corporate purposes. 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 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 January 2018, we repaid our \$350.0 million of outstanding 2.000% notes, plus accrued and unpaid interest upon maturity.

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 upon maturity.

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

## 9. Issuances of Common Stock

A. Issuance of Common Stock in an Overnight Offering

We did not issue any shares in an overnight offering in 2018. In March 2017, we issued 11,850,000 shares of common stock in an overnight offering. 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 in an overnight offering. 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.

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B. 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 2018, we issued 166,268 shares and raised approximately \$9.1 million under our DRSP. During 2017, we issued 1,193,653 shares and raised approximately \$69.9 million under our DRSP. From the inception of our DRSP through December 31, 2018, we have issued 14,229,810 shares and raised \$670.9 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. We did not issue shares under the waiver approval process during 2018. 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.

C. At-the-Market (ATM) Programs

In November 2018, following the issuance and sale of 25,038,145 shares under our prior ATM equity distribution plans, or our prior ATM programs, we established a new ATM equity distribution plan, or our new ATM program, pursuant to which up to 28,961,855 additional shares of common stock may be offered and sold (1) by us to, or through, a consortium of banks acting as our sales agents or (2) by a consortium of banks acting as forward sellers on behalf of any forward purchasers contemplated thereunder, in each case by means of ordinary brokers' transactions on the NYSE at prevailing market prices or at negotiated prices. During 2018, we issued 19,138,610 shares and raised gross proceeds of \$1.1 billion under our new and prior ATM programs. During 2017, we issued 10,914,088 shares and raised gross proceeds of \$621.7 million under our prior ATM programs. From the inception of our new and prior ATM programs through December 31, 2018, we have issued 33,546,139 shares authorized by our ATM programs and raised \$2.0 billion. At December 31, 2018, we had 20,453,861 shares remaining for future issuance under our new ATM program.

10. Redemption of Preferred Stock

We issued an irrevocable notice of redemption with respect to our 6.625% Monthly Income Class F Preferred Stock, or the Class F preferred stock, in March 2017, and, as a result, we incurred a non-cash charge of \$13.4 million for 2017, representing the Class F preferred stock original issuance costs that we paid in 2012.

11. 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. As of December 31, 2018, we and our subsidiaries hold a 99.4% interest in Tau Operating Partnership, and consolidate the entity. In January 2019, we redeemed all 317,022 remaining common units of Tau Operating Partnership, and paid off the outstanding balance and interest on the \$70.0 million senior unsecured term loan entered in January 2013 in conjunction with our acquisition of ARCT (see note 21). Following the redemption, we hold 100% of the ownership interests of Tau Operating Partnership and continue to 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. as consideration for the acquisition. Additionally, in 2018, we completed the acquisition of an additional portfolio of properties, by paying both cash and by issuing additional common partnership units in Realty Income, L.P. as consideration for the acquisitions. At December 31, 2018, the remaining units from this issuance represent a 1.5% ownership in Realty Income, L.P. We hold the remaining 98.5% 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 entities. We are the managing member of these entities, and possess the ability to control the business and manage the affairs of these entities. In December 2018, we acquired all of the outstanding minority ownership interests associated with one of these entities. At December 31, 2018, we and our subsidiaries held 95% and 100% 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, 2018 (dollars in thousands):

|   | Tau Operating<br>Partnership units <sup>(1)</sup> | Realty Income, L.P.<br>units <sup>(2)</sup> | Other<br>Noncontrolling<br>Interests | Total      |
|---|---|---|--------------------------------------|------------|
| Carrying value at December 31, 2016           | \$ 13,405   | \$ 2,216                                    | \$ 4,628                             | \$20,249   |
| Reallocation of equity                        | 492   | (26   | ) 19                                 | 485        |
| 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   |
| Reallocation of equity                        | 572   | (43   | ) 245                                | 774        |
| Redemptions                                   | —   | (2,829                                      | ) (2,752                             | ) (5,581 ) |
| Shares issued in conjunction with acquisition | —   | 18,848                                      | —                                    | 18,848     |
| Distributions                                 | (837  | ) (842                                      | ) (317                               | ) (1,996 ) |
| Allocation of net income                      | 299   | 618   | 67                                   | 984        |
| Carrying value at December 31, 2018           | \$ 13,356   | \$ 17,912                                   | \$ 968                               | \$32,236   |

<sup>(1)</sup> 317,022 Tau Operating Partnership units were issued on January 22, 2013 and remained outstanding as of December 31, 2018 and December 31, 2017. In January 2019, we redeemed all 317,022 remaining Tau Operating Partnership units (see 21).

<sup>(2)</sup> 534,546 Realty Income L.P. units were issued on June 27, 2013, 242,007 units were issued on March 30, 2018 and 131,790 units were issued on April 30, 2018. 373,797 and 88,182 remained outstanding as of December 31, 2018 and 2017, respectively.

Both Tau Operating Partnership and Realty Income, L.P. and the entity acquired during 2016 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 at December 31, 2018 and 2017 (in thousands):

|                   | December 31,<br>2018 | December 31,<br>2017 |
|-------------------|----------------------|----------------------|
| Net real estate   | \$ 2,903,093         | \$ 2,936,397         |
| Total assets      | 3,259,495            | 3,342,443            |
| Total debt        | 191,565              | 210,384              |
| Total liabilities | 320,800              | 313,295              |



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## 12. Distributions Paid and Payable

## A. Common Stock

We pay monthly distributions to our common stockholders. The following is a summary of monthly distributions paid per common share for 2018, 2017 and 2016:

| Month     | 2018     | 2017     | 2016     |
|-----------|----------|----------|----------|
| January   | \$0.2125 | \$0.2025 | \$0.1910 |
| February  | 0.2190   | 0.2105   | 0.1985   |
| March     | 0.2190   | 0.2105   | 0.1985   |
| April     | 0.2195   | 0.2110   | 0.1990   |
| May       | 0.2195   | 0.2110   | 0.1990   |
| June      | 0.2195   | 0.2110   | 0.1990   |
| July      | 0.2200   | 0.2115   | 0.1995   |
| August    | 0.2200   | 0.2115   | 0.1995   |
| September | 0.2200   | 0.2115   | 0.2015   |
| October   | 0.2205   | 0.2120   | 0.2020   |
| November  | 0.2205   | 0.2120   | 0.2020   |
| December  | 0.2205   | 0.2120   | 0.2020   |
| Total     | \$2.6305 | \$2.5270 | \$2.3915 |

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

|                                 | 2018        | 2017        | 2016        |
|---------------------------------|-------------|-------------|-------------|
| Ordinary income                 | \$2.0269173 | \$1.9402085 | \$1.8771975 |
| Nontaxable distributions        | 0.6035827   | 0.5478464   | 0.5143025   |
| Total capital gain distribution | —           | 0.0389451   | —           |
| Totals                          | \$2.6305000 | \$2.5270000 | \$2.3915000 |

At December 31, 2018, a distribution of \$0.2210 per common share was payable and was paid in January 2019. At December 31, 2017, a distribution of \$0.2125 per common share was payable and was paid in January 2018.

## 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, 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.

## 13. Operating Leases

A. At December 31, 2018, we owned 5,797 properties in 49 states and Puerto Rico. Of the 5,797 properties, 5,769, or 99.5%, are single-tenant properties, and the remaining are multi-tenant properties. At December 31, 2018, 80 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 \$5.9 million for 2018, \$6.1 million for 2017 and \$5.3 million for 2016.

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At December 31, 2018, minimum future annual rents to be received on the operating leases for the next five years and thereafter are as follows (dollars in thousands):

|            |              |
|------------|--------------|
| 2019       | \$1,299,039  |
| 2020       | 1,259,394    |
| 2021       | 1,209,227    |
| 2022       | 1,139,536    |
| 2023       | 1,056,323    |
| Thereafter | 6,682,393    |
| Total      | \$12,645,912 |

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, 2018, 2017 or 2016.

## 14. Gain on Sales of Real Estate

During 2018, we sold 128 properties for \$142.3 million, which resulted in a gain of \$24.6 million.

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.

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.

## 15. Fair Value of Financial Instruments

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

We believe that the carrying values reflected in our consolidated balance sheets reasonably approximate the fair values for cash and cash equivalents, accounts receivable, escrow deposits, loans receivable, 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):

|  | Carrying value | Estimated fair value |
|--|----------------|----------------------|
| At December 31, 2018   |                |                      |
| Mortgages payable assumed in connection with acquisitions <sup>(1)</sup> | \$ 298.4       | \$ 305.7             |
| Notes and bonds payable <sup>(2)</sup>                                   | 5,400.0        | 5,430.0              |
|  |                | Estimated fair value |
| At December 31, 2017   |                |                      |

|  | Carrying<br>value |         |
|--|-------------------|---------|
| 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 |

<sup>(1)</sup> Excludes non-cash net premiums recorded on the mortgages payable. The unamortized balance of these net premiums is \$4.4 million at December 31, 2018, and \$5.9 million at December 31, 2017. Also excludes deferred financing costs of \$183,000 at December 31, 2018, and \$236,000 at December 31, 2017.

<sup>(2)</sup> Excludes non-cash original issuance premiums and discounts recorded on notes payable. The unamortized balance of the net original issuance premiums was \$10.5 million at December 31, 2018, and \$14.3 million at December 31, 2017. Also excludes deferred financing costs of \$33.7 million at December 31, 2018 and \$34.1 million at December 31, 2017.

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

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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. Prior to our adoption of hedge accounting during October 2018 (see note 2), the change in fair value of interest rate swaps was recognized through interest expense. Following adoption, changes to fair value are recorded to accumulated other comprehensive income, or AOCI. At December 31, 2018 and 2017, interest rate swaps in a liability position valued at \$7.0 million and \$0.5 million, respectively, were included in accounts payable and accrued expenses and interest rate swaps in an asset position valued at \$3.0 million and \$1.7 million, respectively, 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.

Unrealized gains and losses in AOCI are reclassified to interest expense when the related hedged items are recognized. During 2018, we reclassified \$0.5 million from AOCI into interest expense. We expect to reclassify \$2.8 million from AOCI into interest expense within the next twelve months.

16. Supplemental Disclosures of Cash Flow Information

Cash paid for interest was \$251.5 million in 2018, \$240.4 million in 2017, and \$214.3 million in 2016.

Interest capitalized to properties under development was \$369,000 in 2018, \$461,000 in 2017, and \$469,000 in 2016.

Cash paid for income taxes was \$4.7 million in 2018, \$3.8 million in 2017, and \$3.6 million in 2016.

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

A. During 2018, we issued 373,797 common partnership units of Realty Income, L.P. as partial consideration for an acquisition of properties, totaling \$18.8 million.

B. During 2018, we completed the acquisition of a property using \$7.5 million in funds that were held in a non-refundable escrow account. These funds were included in other assets, net, at December 31, 2017.

C. 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.

D. During 2016, we assumed mortgages payable to third-party lenders of \$44.1 million and recorded a premium of \$692,000.

E. 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 16.D.

F. Accrued costs on properties under development resulted in an increase in buildings and improvements and accounts payable of \$5.5 million at December 31, 2018.

Per the requirements of ASU 2016-18, which amends Topic 230, Statement of Cash Flows: Restricted Cash, 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 (dollars in thousands):

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|  | December<br>31, 2018 | December<br>31, 2017 |
|--|----------------------|----------------------|
| Cash and cash equivalents shown in the consolidated balance sheets                                   | \$ 10,387            | \$ 6,898             |
| Impounds related to mortgages payable <sup>(1)</sup>   | 9,555                | 4,565                |
| Restricted escrow deposits <sup>(1)</sup>  | 1,129                | 679                  |
| Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows | \$ 21,071            | \$ 12,142            |

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

#### 17. Employee Benefit Plan

We have a 401(k) plan covering substantially all of our employees. Under our 401(k) plan, employees may elect to make contributions to the plan up to a maximum of 60% of their compensation, subject to limits under the Code. We match 50% of 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.

#### 18. 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 and comprehensive income was \$27.3 million during 2018 (including \$11.8 million of accelerated equity awards for our former CEO upon his departure from the company), \$13.9 million during 2017, and \$12.0 million during 2016.

In October 2018, John P. Case departed as our Chief Executive Officer (CEO) and resigned as a member of our Board of Directors. In connection with his departure, we entered into a severance agreement with Mr. Case. Pursuant to the terms of this severance agreement, Mr. Case received a severance payment, which included both cash and stock compensation components. The total value of cash, stock compensation and professional fees incurred as a result of this severance was \$28.3 million; however, the net amount, after incorporating accruals for CEO compensation previous to this severance, was \$18.7 million, which was recognized in general and administrative expense on our 2018 consolidated statement of income and comprehensive income, and which represents the incremental costs incurred per the reconciliation below (dollars in thousands):

|   |           |
|---|-----------|
| Cash  | \$9,817   |
| Stock compensation                                      | 17,902    |
| Professional fees                                       | 574       |
| Total value of severance                                | 28,293    |
| Amount accrued for CEO compensation prior to separation | (9,642 )  |
| Incremental severance                                   | \$ 18,651 |





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## A. Restricted Stock

The following table summarizes our common stock grant activity under our 2012 Plan.

|  | 2018             |                                       | 2017             |                                       | 2016             |                                       |
|--|------------------|---------------------------------------|------------------|---------------------------------------|------------------|---------------------------------------|
|  | 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  | 475,768          | \$ 52.32                              | 513,523          | \$ 48.33                              | 456,282          | \$ 30.46                              |
| Shares granted                                   | 183,952          | \$ 52.21                              | 149,264          | \$ 59.21                              | 260,171          | \$ 54.14                              |
| Shares vested                                    | (310,706)        | \$ 51.05                              | (183,381)        | \$ 46.65                              | (200,066)        | \$ 43.26                              |
| Shares forfeited                                 | (41,193 )        | \$ 53.06                              | (3,638 )         | \$ 56.57                              | (2,864 )         | \$ 48.15                              |
| Outstanding nonvested shares, end of each period | 307,821          | \$ 53.44                              | 475,768          | \$ 52.32                              | 513,523          | \$ 48.33                              |

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

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 May 2018, we granted 28,000 shares of common stock to the independent members of our Board of Directors, of which 20,000 shares vested immediately, 4,000 shares vest in equal parts over a three-year service period, and 4,000 shares vest in equal parts over a two-year service period. In addition, in July 2018, we granted 8,000 shares of common stock to our two newly appointed independent directors of our Board of Directors, which vest in equal parts over a three-year service period.

Shares granted to employees typically vest annually in equal parts over a four-year service period. During 2018, 147,952 shares were granted to our employees, and vest over a four-year service period.

As of December 31, 2018, the remaining unamortized share-based compensation expense related to restricted stock totaled \$12.1 million, which is being amortized on a straight-line basis over the service period of each applicable award. The amount of share-based compensation is based on the fair value of the stock at the grant date. We define the grant date as the date the recipient and Realty Income have a mutual understanding of the key terms and condition of the award, and the recipient of the grant begins to benefit from, or be adversely affected by, subsequent changes in the price of the shares.

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## B. Performance Shares

During 2018, 2017 and 2016, 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:

| 2017 & 2018 Performance Awards Metrics                 | Weighting |   |
|--|-----------|---|
| 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        | % |

| 2016 Performance Awards Metrics                                 | Weighting |   |
|---|-----------|---|
| 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 2016 performance awards began on January 1, 2016 and ended on December 31, 2018. The performance period for the 2017 performance awards began on January 1, 2017 and will end on December 31, 2019. The performance period for the 2018 performance awards began on January 1, 2018 and will end on December 31, 2020.

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:

|  | 2018                         |                                       | 2017                         |                                       | 2016                         |                                       |
|--|------------------------------|---------------------------------------|------------------------------|---------------------------------------|------------------------------|---------------------------------------|
|  | 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  | 245,309                      | \$ 62.49                              | 159,751                      | \$ 49.95                              | 115,121                      | \$ 46.94                              |
| Shares granted                                   | 256,999                      | \$ 51.89                              | 124,681                      | \$ 71.79                              | 58,575                       | \$ 55.07                              |
| Shares vested                                    | (291,785)                    | \$ 54.88                              | (39,123)                     | \$ 41.60                              | (10,454)                     | \$ 44.54                              |
| Shares forfeited                                 | —                            | \$ —                                  | —                            | \$ —                                  | (3,491)                      | \$ 52.55                              |
| Outstanding nonvested shares, end of each period | 210,523                      | \$ 59.08                              | 245,309                      | \$ 62.49                              | 159,751                      | \$ 49.95                              |

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

As of December 31, 2018, the remaining share-based compensation expense related to the performance shares totaled \$6.4 million and is being recognized on a tranche-by-tranche basis over the service period.

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## C. Restricted Stock Units

During 2018 and 2017 we also granted restricted stock units that primarily vest over a four-year service period and have the same economic rights as shares of restricted stock:

|   | 2018                                      |   | 2017                                      |   | 2016                                      |   |
|---|---|---|---|---|---|---|
|   | Number of<br>restricted<br>stock<br>units | Weighted<br>average<br>price <sup>(1)</sup> | Number of<br>restricted<br>stock<br>units | Weighted<br>average<br>price <sup>(1)</sup> | Number of<br>restricted<br>stock<br>units | Weighted<br>average<br>price <sup>(1)</sup> |
| Outstanding nonvested shares,<br>beginning of year  | 24,869                                    | \$ 55.97                                    | 18,460                                    | \$ 52.65                                    | 10,136                                    | \$ 52.21                                    |
| Shares granted                                      | 8,383                                     | \$ 49.96                                    | 10,467                                    | \$ 60.56                                    | 14,783                                    | \$ 52.76                                    |
| Shares vested                                       | (10,118                                   | ) \$ 55.01                                  | (4,058                                    | ) \$ 52.70                                  | (6,459                                    | ) \$ 52.21                                  |
| Shares forfeited                                    | (8,166                                    | ) \$ 53.45                                  | —   | \$ —  | —   | \$ —  |
| Outstanding nonvested shares, end of<br>each period | 14,968                                    | \$ 54.62                                    | 24,869                                    | \$ 55.97                                    | 18,460                                    | \$ 52.65                                    |

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

As of December 31, 2018, the remaining share-based compensation expense related to the restricted stock units totaled \$471,000 and is being recognized on a straight-line basis over the service period.

## 19. 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 48 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):

| Assets, as of December 31:    | 2018       | 2017       |
|-------------------------------|------------|------------|
| Segment net real estate:      |            |            |
| Apparel                       | \$157,167  | \$164,919  |
| Automotive service            | 210,668    | 213,156    |
| Automotive tire services      | 238,939    | 247,557    |
| Beverages                     | 284,910    | 289,170    |
| Convenience stores            | 1,756,732  | 997,170    |
| Dollar stores                 | 1,117,250  | 1,105,097  |
| Drug stores                   | 1,490,261  | 1,518,443  |
| Financial services            | 414,613    | 384,867    |
| General merchandise           | 317,424    | 313,181    |
| Grocery stores                | 774,526    | 793,286    |
| Health and fitness            | 882,515    | 896,430    |
| Home improvement              | 424,494    | 407,002    |
| Motor vehicle dealerships     | 198,204    | 204,651    |
| Restaurants-casual dining     | 559,616    | 494,977    |
| Restaurants-quick service     | 964,980    | 681,763    |
| Theaters                      | 555,990    | 566,585    |
| Transportation services       | 758,133    | 776,068    |
| Wholesale club                | 412,203    | 426,551    |
| Other non-reportable segments | 2,324,892  | 2,195,626  |
| Total segment net real estate | 13,843,517 | 12,676,499 |
| Intangible assets:            |            |            |
| Apparel                       | 32,691     | 36,600     |
| Automotive service            | 61,951     | 64,388     |
| Automotive tire services      | 8,696      | 10,383     |
| Beverages                     | 1,765      | 2,022      |
| Convenience stores            | 108,714    | 45,445     |
| Dollar stores                 | 48,842     | 47,905     |
| Drug stores                   | 165,558    | 173,893    |
| Financial services            | 20,426     | 24,867     |
| General merchandise           | 43,122     | 50,184     |
| Grocery stores                | 144,551    | 140,780    |
| Health and fitness            | 71,609     | 76,276     |
| Home improvement              | 57,928     | 61,045     |
| Motor vehicle dealerships     | 28,154     | 31,720     |
| Restaurants-casual dining     | 18,153     | 20,079     |
| Restaurants-quick service     | 54,448     | 51,711     |
| Theaters                      | 25,811     | 26,448     |
| Transportation services       | 73,577     | 87,162     |
| Wholesale club                | 26,484     | 29,596     |
| Other non-reportable segments | 207,117    | 214,426    |
| Goodwill:                     |            |            |
| Automotive service            | 437        | 437        |
| Automotive tire services      | 862        | 862        |
| Convenience stores            | 1,983      | 2,004      |

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|                               |               |             |               |
|-------------------------------|---------------|-------------|---------------|
| Restaurants-casual dining     | 1,841         |             | 2,062         |
| Restaurants-quick service     | 1,052         |             | 1,064         |
| Other non-reportable segments | 8,455         |             | 8,541         |
| Other corporate assets        | 202,739       | 171,767,000 | 171,767       |
| Total assets                  | \$ 15,260,483 |             | \$ 14,058,166 |

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| Revenue for the years ended December 31, 2018 | 2017         | 2016         |              |
|---|--------------|--------------|--------------|
| Segment rental revenue:                       |              |              |              |
| Apparel                                       | \$ 16,768    | \$ 19,190    | \$ 19,975    |
| Automotive service                            | 28,303       | 25,291       | 20,212       |
| Automotive tire services                      | 30,078       | 29,560       | 28,754       |
| Beverages                                     | 31,488       | 31,174       | 27,587       |
| Convenience stores                            | 142,194      | 111,023      | 91,784       |
| Dollar stores                                 | 94,782       | 91,076       | 90,746       |
| Drug stores                                   | 129,565      | 126,555      | 117,758      |
| Financial services                            | 29,429       | 28,744       | 18,769       |
| General merchandise                           | 29,249       | 23,752       | 18,976       |
| Grocery stores                                | 63,594       | 50,731       | 32,815       |
| Health and fitness                            | 94,638       | 88,146       | 85,901       |
| Home improvement                              | 37,939       | 30,324       | 25,695       |
| Motor vehicle dealerships                     | 24,372       | 23,989       | 20,329       |
| Restaurants-casual dining                     | 46,171       | 43,876       | 42,312       |
| Restaurants-quick service                     | 72,465       | 59,638       | 52,674       |
| Theaters                                      | 70,560       | 58,443       | 51,926       |
| Transportation services                       | 63,565       | 62,337       | 57,694       |
| Wholesale club                                | 37,571       | 37,646       | 37,531       |
| Other non-reportable segments                 | 231,865      | 224,729      | 215,975      |
| Total rental revenue                          | 1,274,596    | 1,166,224    | 1,057,413    |
| Tenant reimbursements                         | 46,950       | 46,082       | 43,104       |
| Other revenue                                 | 6,292        | 3,462        | 2,655        |
| Total revenue                                 | \$ 1,327,838 | \$ 1,215,768 | \$ 1,103,172 |

## 20. 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, 2018, we had commitments of \$5.8 million for re-leasing costs, recurring capital expenditures, and non-recurring building improvements. In addition, as of December 31, 2018, we had committed \$23.6 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, 2018, minimum future rental payment for the next five years and thereafter are as follows (dollars in millions):

|            | Ground Leases<br>Paid by<br>Realty Income <sup>(1)</sup> | Ground Leases<br>Paid by<br>Our Tenants <sup>(2)</sup> | Total   |
|------------|--|--|---------|
| 2019       | \$ 1.5   | \$ 13.5  | \$ 15.0 |
| 2020       | 1.4  | 13.5   | 14.9    |
| 2021       | 1.2  | 13.2   | 14.4    |
| 2022       | 1.2  | 13.1   | 14.3    |
| 2023       | 1.2  | 13.1   | 14.3    |
| Thereafter | 19.8   | 82.0   | 101.8   |

Total       \$ 26.3               \$ 148.4               \$174.7

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

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Upon adoption of ASC 2016–2 (Topic 842) Leases on January 1, 2019, we will recognize lease obligations for ground leases with a corresponding right of use asset on our consolidated balance sheet.

21. Subsequent Events

In January and February 2019, we declared a dividend of \$0.2255, which will be paid in February 2019 and March 2019, respectively.

In January 2019, we redeemed all 317,022 remaining common units of Tau Operating Partnership, L.P., which reduced our total common units outstanding to 373,797 as of January 3, 2019. Additionally, in January 2019, we paid off the outstanding balance and interest on the \$70.0 million senior unsecured term loan entered in January 2013 in conjunction with our acquisition of ARCT. Following the redemption, we hold 100% of the ownership interests of Tau Operating Partnership, L.P., and continue to consolidate the entity.



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CONSOLIDATED QUARTERLY FINANCIAL DATA

(dollars in thousands, except per share data)

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

|   | First<br>Quarter | Second<br>Quarter | Third<br>Quarter | Fourth<br>Quarter | Year <sup>(1)</sup> |
|---|------------------|-------------------|------------------|-------------------|---------------------|
| 2018  |                  |                   |                  |                   |                     |
| Total revenue                               | \$318,295        | \$328,886         | \$338,081        | \$342,576         | \$1,327,838         |
| Depreciation and amortization expense       | 131,103          | 133,999           | 136,967          | 137,711           | 539,780             |
| Interest expense                            | 59,415           | 66,628            | 69,342           | 70,635            | 266,020             |
| Other expenses                              | 47,680           | 39,349            | 40,302           | 54,752            | 182,083             |
| Net income                                  | 83,315           | 96,697            | 99,283           | 85,303            | 364,598             |
| Net income available to common stockholders | 83,163           | 96,380            | 98,999           | 85,072            | 363,614             |
| Net income per common share                 |                  |                   |                  |                   |                     |
| Basic and diluted                           | 0.29             | 0.34              | 0.34             | 0.29              | 1.26                |
| Dividends paid per common share             | 0.6505           | 0.6585            | 0.6600           | 0.6615            | 2.6305              |
| 2017  |                  |                   |                  |                   |                     |
| 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              |

<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, 2018, 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.

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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 21, 2019 by,

Sumit Roy, President, Chief Executive Officer

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

Changes in Internal Controls

In January 2018, we implemented an enterprise resource planning system and accordingly we have updated our internal controls over financial reporting, as necessary, to accommodate modifications to our business processes and to take advantage of enhanced automated controls provided by the new system. There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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.

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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 2019 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 14, 2019.

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 2019 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 2019 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 2019 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 2019 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, 2018 and 2017
    - c. Consolidated Statements of Income and Comprehensive Income, Years ended December 31, 2018, 2017 and 2016

d. Consolidated Statements of Equity,  
Years ended December 31, 2018, 2017 and 2016

e. Consolidated Statements of Cash Flows,  
Years ended December 31, 2018, 2017 and 2016

f. Notes to Consolidated Financial Statements

g. Consolidated Quarterly Financial Data, (unaudited) for 2018 and 2017

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

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

3. Exhibits

Articles of Incorporation and By-Laws

Exhibit No. Description

- 2.1 Agreement and Plan of Merger, dated as of September 6, 2012 (File No. 001-13374), by and among Realty Income Corporation, Tau Acquisition LLC and American Realty Capital Trust, Inc. (filed as exhibit 2.1 to the Company's Form 8-K, filed on September 6, 2012 and incorporated herein by reference).
- 2.2 First Amendment to Agreement and Plan of Merger, dated as of January 6, 2013, by and among Realty Income Corporation, Tau Acquisition LLC and American Realty Capital Trust, Inc. (filed as exhibit 2.1 to the Company's Form 8-K, filed on January 7, 2013 (File No. 001-13374) and incorporated herein by reference).
- 3.1 Articles of Incorporation of the Company, as amended by amendment No. 1 dated May 10, 2005 and amendment No. 2 dated May 10, 2005 (filed as exhibit 3.1 to the Company's Form 10-Q for the quarter ended June 30, 2005 (File No. 033-69410) and incorporated herein by reference).
- 3.2 Articles of Amendment dated July 29, 2011 (filed as exhibit 3.1 to the Company's Form 8-K, filed on August 2, 2011 (File No. 001-13374) and incorporated herein by reference).
- 3.3 Articles of Amendment dated June 21, 2012 (filed as exhibit 3.1 to the Company's Form 8-K, filed on June 21, 2012 (File No. 001-13374) and incorporated herein by reference).
- 3.4 Amended and Restated Bylaws of the Company dated March 13, 2018 (filed as exhibit 3.1 to the Company's Form 8-K, filed on March 14, 2018 (File No. 001-13374) and incorporated herein by reference)
- 3.5 Articles Supplementary dated June 30, 1998 establishing the terms of the Company's Class A Junior Participating Preferred Stock (filed as exhibit A to exhibit 1 of Form 8-A12B, filed on June 26, 1998 (File No. 001-13374) and incorporated herein by reference).
- 3.6 Articles Supplementary dated May 24, 1999 establishing the terms of the Company's 93/8% Class B Cumulative Redeemable Preferred Stock (filed as exhibit 4.1 on Form 8-K, filed on May 25, 1999 (File No. 001-13374) and incorporated herein by reference).
- 3.7 Articles Supplementary dated July 28, 1999 establishing the terms of the Company's 91/2% Class C Cumulative Redeemable Preferred Stock (filed as exhibit 4.1 on Form 8-K, filed on July 30, 1999 (File No. 001-13374) and incorporated herein by reference).
- 3.8 Articles Supplementary dated May 24, 2004 and the Articles Supplementary dated October 18, 2004 establishing the terms of the Company's 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock (filed as exhibit 3.8 on Form 8-A12B, filed on May 25, 2004 (File No. 001-13374) and incorporated herein by reference).

3.9 Articles Supplementary dated November 30, 2006 establishing the terms of the Company's 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock (filed as exhibit 3.5 on Form 8-A12B, filed on December 5, 2006 (File No. 001-13374) and incorporated herein by reference).

3.10 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 (File No. 001-13374) and incorporated herein by reference).

3.11 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 (File No. 001-13374) and incorporated herein by reference).

3.12 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 (File No. 001-13374) 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 (File No. 001-13374) 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 (File No. 033-69410) 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 (File No. 033-69410) 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 (File No. 001-13374) and incorporated herein by reference).



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- 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 (File No. 001-13374) 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, filed on October 28, 2011 (File No. 001-13374) and incorporated herein by reference).
- 4.7 Form of 3.250% Note due 2022 (filed as exhibit 4.3 to Company’s Form 8-K, filed on October 10, 2012 (File No. 001-13374) and incorporated herein by reference).
- 4.8 Officer’s Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York 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 (File No. 001-13374) and incorporated herein by reference).
- 4.9 Form of 4.650% Note due 2023 (filed as exhibit 4.2 to Company’s Form 8-K, filed on July 16, 2013 (File No. 001-13374) 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 “4.650% Notes due 2023” (filed as exhibit 4.3 to the Company’s Form 8-K, filed on July 16, 2013 (File No. 001-13374) and incorporated herein by reference).
- 4.11 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).
- 4.12 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 “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).
- 4.13 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).
- 4.14 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 “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).
- 4.15 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).
- 4.16 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 “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).
- 4.17 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).
- 4.18 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).
- 4.19 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).
- 4.20 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).
- 4.21 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).

- 4.22 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).  
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
- 4.23 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).
- 4.24 Form of 3.875% Note due 2025 (filed as exhibit 4.2 to Company's Form 8-K, filed on April 4, 2018 and incorporated herein by reference).  
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
- 4.25 securities entitled "3.875% Notes due 2025" and re-opening a series of securities entitled "4.125% Notes due 2026" (filed as exhibit 4.3 to Company's Form 8-K, filed on April 4, 2018 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, filed on March 20, 1998 (File No. 001-13374) and incorporated herein by reference).  
Form of Nonqualified Stock Option Agreement for Independent Directors (filed as Exhibit 10.11 to the
- 10.2 Company's Form 10-K for the year ended December 31, 1997, filed on March 20, 1998 (File No. 001-13374) and incorporated herein by reference).  
Form of Restricted Stock Agreement between the Company and Executive Officers under the 2003 Stock
- 10.3 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 (File No. 001-13374) and incorporated herein by reference).

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- 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, filed on February 23, 2006 (File No. 033-69410) 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, filed on August 2, 2007 (File No. 001-13374) 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 (File No. 001-13374) 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, filed on April 29, 2010 (File No. 001-13374) 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 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 (File No. 001-13374) and incorporated herein by reference).
- 10.11 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 (File No. 001-13374) and incorporated herein by reference).
- 10.12 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 (File No. 001-13374) and incorporated herein by reference).
- 10.13 Form of Amendment to Employment Agreement (filed as exhibit 10.1 to the Company's Form 8-K, filed on June 19, 2013 (File No. 001-13374) and incorporated herein by reference).
- 10.14 Form of Addendum to Restricted Stock Agreement (filed as exhibit 10.2 to the Company's Form 8-K, filed on June 19, 2013 (File No. 001-13374) and incorporated herein by reference).
- 10.15 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 (File No. 001-13374) and incorporated herein by reference).
- 10.16 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 (File No. 001-13374) and incorporated herein by reference).
- 10.17 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 (File No. 001-13374) and incorporated herein by reference).
- 10.18 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 (File No. 001-13374) and incorporated herein by reference).
- 10.19 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).
- 10.20 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).
- 10.21 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).
- 10.22 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).
- 10.23 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).
- 10.24 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).
- 10.25 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).
- 10.26 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).
- 10.27 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).
- 10.28 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).
- 10.29 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).
- 10.30 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).
- 10.31 Severance Agreement and General Release for John P. Case dated October 16, 2018 (filed as exhibit 10.1 to the Company's Form 8-K, filed on October 17, 2018 and incorporated herein by reference).

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|                                 |   |
|---------------------------------|---|
| 10.32                           | <u>Credit Agreement dated October 24, 2018 (filed as exhibit 10.1 to the Company's Form 8-K, filed on October 26, 2018 and incorporated herein by reference).</u>   |
| 10.33                           | <u>Realty Income Executive Severance Plan dated January 15, 2019 (filed as exhibit 10.1 to the Company's Form 8-K, filed on January 18, 2019 and incorporated herein by reference).</u>   |
| 10.34                           | <u>Form of Participation Agreement to Realty Income Executive Severance Plan dated January 15, 2019 (filed as exhibit 10.2 to the Company's Form 8-K, filed on January 18, 2019 and incorporated herein by reference).</u>  |
| Subsidiaries of the Registrant  |   |
| *21.1                           | <u>Subsidiaries of the Company as of February 21, 2019.</u>   |
| Consents of Experts and Counsel |   |
| *23.1                           | <u>Consent of Independent Registered Public Accounting Firm.</u>  |
| Certifications                  |   |
| *31.1                           | <u>Rule 13a-14(a) Certifications as filed by the Chief Executive Officer pursuant to SEC release No. 33-8212 and 34-47551.</u>  |
| *31.2                           | <u>Rule 13a-14(a) Certifications as filed by the Chief Financial Officer pursuant to SEC release No. 33-8212 and 34-47551.</u>  |
| *32                             | <u>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.</u>  |
| Interactive Data Files          |   |
| *101                            | The following materials from Realty Income Corporation's Annual Report on Form 10-K for the year ended December 31, 2018, formatted in Extensible Business Reporting Language: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income and Comprehensive Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, (v) Notes to Consolidated Financial Statements, and (vi) Schedule III Real Estate and Accumulated Depreciation. |
| * Filed herewith.               |   |

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SIGNATURES

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

REALTY INCOME CORPORATION

By: /s/SUMIT ROY Date: February 21, 2019  
Sumit Roy  
President,  
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.

/s/MICHAEL  
By: ~~D~~Date: February 21, 2019  
MCKEE  
Michael  
D.  
McKee  
Non-Executive Chairman  
of the Board of Directors

/s/KATHLEEN  
By: ~~R~~Date: February 21, 2019  
ALLEN,  
Ph.D.  
Kathleen  
R.  
Allen,  
Ph.D.  
Director

/s/SUMIT ROY  
By: ~~D~~Date: February 21, 2019  
Sumit  
Roy  
Director, President, Chief  
Executive Officer  
(Principal  
Executive  
Officer)

/s/A.  
By: ~~D~~Date: February 21, 2019  
CHAPMAN

A.  
Larry  
Chapman  
Director

/s/REGINALD  
By: ~~H~~Date: February 21, 2019  
GILYARD  
Reginald  
H.  
Gilyard  
Director

/s/PRIYA  
By: ~~CHE~~Date: February 21, 2019  
HUSKINS  
Priya  
Cherian  
Huskins  
Director

/s/GERARDO  
By: ~~I~~Date: February 21, 2019  
LOPEZ  
Gerardo  
I.  
Lopez  
Director

/s/GREGORY  
By: ~~T~~Date: February 21, 2019  
MCLAUGHLIN  
Gregory  
T.  
McLaughlin  
Director

/s/RONALD  
By: ~~I~~Date: February 21, 2019  
MERRIMAN  
Ronald  
L.  
Merriman  
Director

STEPHEN  
By: ~~H~~Date: February 21, 2019  
STERRETT  
Stephen  
E.  
Sterrett

Director

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/s/PAUL

By: M. Date: February 21, 2019

MEURER

Paul

M.

Meurer

Executive Vice President,

Chief Financial Officer and

Treasurer

(Principal

Financial

Officer)

/s/SEAN

By: P. Date: February 21, 2019

NUGENT

Sean

P.

Nugent

Senior

Vice

President,

Controller

(Principal

Accounting

Officer)

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |            | Accu<br>Depre<br>(Note |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|------------|------------------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total      |                        |
| Aerospace               |       |                          |                         |  |              |                              |                                  |  |            |                        |
| Batesville              | MS    | 2,433,855                | 2,160,849               | 17,219,291   | —            | —                            | 2,160,849                        | 17,219,291   | 19,380,140 | 4,390                  |
| Ellisville              | MS    | —                        | 4,140,000               | 20,930,630   | 203,037      | —                            | 4,140,000                        | 21,133,668   | 25,273,668 | 3,360                  |
| Columbus                | OH    | 13,703,817               | —                       | 19,637,318   | —            | —                            | —                                | 19,637,318   | 19,637,318 | 3,109                  |
| DFW<br>Airport          | TX    | —                        | —                       | 37,503,886   | 13,600       | —                            | —                                | 37,517,486   | 37,517,486 | 11,31                  |
| Lufkin                  | TX    | —                        | 589,925                 | 15,492,255   | —            | —                            | 589,925                          | 15,492,255   | 16,082,180 | 2,637                  |
| Apparel                 |       |                          |                         |  |              |                              |                                  |  |            |                        |
| Mesa                    | AZ    | —                        | 619,035                 | 867,013  | 6,484        | —                            | 619,035                          | 873,497  | 1,492,532  | 695,7                  |
| El Cajon                | CA    | —                        | 6,930,000               | 12,518,083   | 89,660       | —                            | 6,930,000                        | 12,607,743   | 19,537,743 | 2,291                  |
| Elk Grove               | CA    | —                        | 804,327                 | 2,668,492  | 24,266       | —                            | 804,327                          | 2,692,758  | 3,497,085  | 683,1                  |
| Elk Grove               | CA    | —                        | 3,250,000               | 16,776,852   | —            | —                            | 3,250,000                        | 16,776,852   | 20,026,852 | 3,047                  |
| Folsom                  | CA    | —                        | 2,370,000               | 11,342,375   | —            | —                            | 2,370,000                        | 11,342,375   | 13,712,375 | 1,984                  |
| Hanford                 | CA    | —                        | 562,812                 | 3,468,215  | —            | —                            | 562,812                          | 3,468,215  | 4,031,027  | 872,8                  |
| Lodi                    | CA    | —                        | 3,153,559               | 2,661,260  | —            | —                            | 3,153,559                        | 2,661,260  | 5,814,819  | 669,7                  |
| Manteca                 | CA    | —                        | 1,565,672               | 4,440,141  | —            | —                            | 1,565,672                        | 4,440,141  | 6,005,813  | 1,103                  |
| Moreno<br>Valley        | CA    | —                        | 1,654,486               | 3,305,084  | 197,969      | —                            | 1,654,486                        | 3,503,053  | 5,157,539  | 938,1                  |
| Redlands                | CA    | —                        | 3,006,680               | 2,242,430  | 340,021      | —                            | 3,006,680                        | 2,582,451  | 5,589,131  | 730,8                  |
| Sacramento              | CA    | —                        | 3,446,351               | 4,460,201  | —            | —                            | 3,446,351                        | 4,460,201  | 7,906,552  | 1,122                  |
| South Lake<br>Tahoe     | CA    | —                        | 3,110,000               | 3,176,091  | 9,750        | —                            | 3,110,000                        | 3,185,841  | 6,295,841  | 1,052                  |
| Vacaville               | CA    | —                        | 1,299,816               | 3,375,574  | 183,515      | —                            | 1,299,816                        | 3,559,089  | 4,858,905  | 948,1                  |
| Manchester              | CT    | —                        | 771,660                 | 3,653,539  | 367,119      | 161                          | 771,660                          | 4,020,818  | 4,792,478  | 3,080                  |
| Danbury                 | CT    | —                        | 1,096,861               | 6,217,688  | 491,514      | —                            | 1,096,861                        | 6,709,202  | 7,806,063  | 5,497                  |
| Deerfield<br>Beach      | FL    | —                        | 3,160,000               | 4,832,848  | 93,798       | —                            | 3,160,000                        | 4,926,645  | 8,086,645  | 1,622                  |
| Melbourne               | FL    | —                        | 994,000                 | 4,076,554  | 1,063,770    | 183,005                      | 994,000                          | 5,323,328  | 6,317,328  | 2,931                  |
| Cumming                 | GA    | 4,675,000                | 2,100,000               | 6,472,785  | —            | —                            | 2,100,000                        | 6,472,785  | 8,572,785  | 1,219                  |
| Collinsville            | IL    | 3,570,500                | 675,724                 | 7,021,479  | 375          | —                            | 675,724                          | 7,021,854  | 7,697,578  | 1,673                  |
| Georgetown              | KY    | 5,679,500                | 1,922,820               | 10,448,325   | —            | —                            | 1,922,820                        | 10,448,325   | 12,371,145 | 2,490                  |
| Missoula                | MT    | —                        | 163,100                 | 362,249  | 28,843       | 16,199                       | 163,100                          | 407,292  | 570,392    | 394,8                  |
| Staten<br>Island        | NY    | —                        | 4,202,093               | 3,385,021  | 275,046      | —                            | 4,202,093                        | 3,660,066  | 7,862,159  | 2,922                  |

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|                  |    |   |           |            |         |        |           |            |            |       |
|------------------|----|---|-----------|------------|---------|--------|-----------|------------|------------|-------|
| Bend             | OR | — | 4,060,000 | 13,198,790 | 9,498   | —      | 4,060,000 | 13,208,288 | 17,268,288 | 2,618 |
| Clarksville      | TN | — | 3,992,886 | —          | 47,658  | —      | 3,992,886 | 47,658     | 4,040,544  | 4,330 |
| Jackson          | TN | — | 381,076   | 857,261    | 70,940  | 19,237 | 381,076   | 947,438    | 1,328,514  | 774,1 |
| The Colony       | TX | — | 2,580,000 | 2,214,133  | 285,298 | 158    | 2,580,000 | 2,499,589  | 5,079,589  | 799,9 |
| Automotive       |    |   |           |            |         |        |           |            |            |       |
| Collision        |    |   |           |            |         |        |           |            |            |       |
| Service          |    |   |           |            |         |        |           |            |            |       |
| Colorado Springs | CO | — | 1,085,560 | 2,137,425  | —       | —      | 1,085,560 | 2,137,425  | 3,222,985  | 591,2 |
| Denver           | CO | — | 480,348   | 2,127,792  | —       | —      | 480,348   | 2,127,792  | 2,608,140  | 562,4 |
| Highlands Ranch  | CO | — | 583,289   | 2,139,057  | —       | —      | 583,289   | 2,139,057  | 2,722,346  | 1,258 |
| Littleton        | CO | — | 601,388   | 2,169,898  | —       | —      | 601,388   | 2,169,898  | 2,771,286  | 1,129 |
| Parker           | CO | — | 868,768   | 2,653,745  | —       | —      | 868,768   | 2,653,745  | 3,522,513  | 1,384 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized             | Gross Amount at Which Carried at |  | Total     | Accumulated<br>Depreciation<br>(Note 3) |           |
|-------------------------|-------|--------------------------|-------------------------|--|------------------------------|----------------------------------|--|-----------|---|-----------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |           |   |           |
| Thornton                | CO    | —                        | 693,323                 | 1,896,616  | —                            | —                                | 693,323  | 1,896,616 | 2,589,939                               | 1,063,311 |
| Fort Myers              | FL    | —                        | 1,050,000               | 1,395,464  | —                            | —                                | 1,050,000  | 1,395,464 | 2,445,464                               | 169,788   |
| Fort Myers              | FL    | —                        | 530,000                 | 955,371  | —                            | —                                | 530,000  | 955,371   | 1,485,371                               | 116,233   |
| Naples                  | FL    | —                        | 1,590,000               | 918,896  | —                            | —                                | 1,590,000  | 918,896   | 2,508,896                               | 111,799   |
| Cumming                 | GA    | —                        | 661,624                 | 1,822,363  | 25,000                       | —                                | 661,624  | 1,847,363 | 2,508,987                               | 1,111,911 |
| Douglasville            | GA    | —                        | 679,868                 | 1,935,515  | —                            | —                                | 679,868  | 1,935,515 | 2,615,383                               | 1,184,515 |
| Lilburn                 | GA    | —                        | 1,150,000               | 1,670,724  | —                            | —                                | 1,150,000  | 1,670,724 | 2,820,724                               | 353,666   |
| Macon                   | GA    | —                        | 1,400,000               | 1,317,435  | —                            | —                                | 1,400,000  | 1,317,435 | 2,717,435                               | 346,966   |
| Morrow                  | GA    | —                        | 725,948                 | 1,846,315  | —                            | —                                | 725,948  | 1,846,315 | 2,572,263                               | 1,135,948 |
| Peachtree<br>City       | GA    | —                        | 1,190,380               | 689,284  | 23,610                       | —                                | 1,190,380  | 712,894   | 1,903,274                               | 442,566   |
| Roswell                 | GA    | —                        | 1,825,000               | 1,934,495  | —                            | —                                | 1,825,000  | 1,934,495 | 3,759,495                               | 540,566   |
| Warner<br>Robins        | GA    | —                        | 1,250,000               | 1,012,258  | —                            | —                                | 1,250,000  | 1,012,258 | 2,262,258                               | 279,800   |
| Chicago                 | IL    | —                        | 1,300,000               | 1,600,000  | —                            | —                                | 1,300,000  | 1,600,000 | 2,900,000                               | 157,333   |
| Crystal Lake            | IL    | —                        | 250,000                 | 1,143,500  | —                            | —                                | 250,000  | 1,143,500 | 1,393,500                               | 127,699   |
| Grayslake               | IL    | —                        | 360,000                 | 1,374,505  | 5,500                        | —                                | 360,000  | 1,380,005 | 1,740,005                               | 71,073    |
| Maryville               | IL    | —                        | 320,000                 | 882,122  | —                            | —                                | 320,000  | 882,122   | 1,202,122                               | 174,933   |
| Mundelein               | IL    | —                        | 478,805                 | 821,195  | 400,000                      | —                                | 478,805  | 1,221,195 | 1,700,000                               | 35,407    |
| Naperville              | IL    | —                        | 1,090,000               | 1,596,107  | —                            | —                                | 1,090,000  | 1,596,107 | 2,686,107                               | 321,888   |
| Oak Lawn                | IL    | —                        | 180,000                 | 547,102  | —                            | —                                | 180,000  | 547,102   | 727,102                                 | 112,144   |
| Oak Lawn                | IL    | —                        | 370,000                 | 1,116,743  | —                            | —                                | 370,000  | 1,116,743 | 1,486,743                               | 225,199   |
| Orland Park             | IL    | —                        | 120,000                 | 1,015,358  | —                            | —                                | 120,000  | 1,015,358 | 1,135,358                               | 204,766   |
| Schaumburg              | IL    | —                        | 435,815                 | 789,188  | 102,966                      | 10,000                           | 435,815  | 902,154   | 1,337,969                               | 23,283    |
| South<br>Holland        | IL    | —                        | 80,000                  | 1,548,690  | —                            | —                                | 80,000   | 1,548,690 | 1,628,690                               | 312,311   |
| Waukegan                | IL    | —                        | 710,000                 | 782,268  | —                            | —                                | 710,000  | 782,268   | 1,492,268                               | 40,417    |
| Zion                    | IL    | —                        | 230,000                 | 540,650  | —                            | —                                | 230,000  | 540,650   | 770,650                                 | 27,934    |
| Cedar Lake              | IN    | —                        | 300,000                 | 1,037,278  | —                            | —                                | 300,000  | 1,037,278 | 1,337,278                               | 164,233   |
| Gary                    | IN    | —                        | 100,000                 | 1,875,652  | —                            | —                                | 100,000  | 1,875,652 | 1,975,652                               | 296,977   |
| Hammond                 | IN    | —                        | 230,000                 | 1,217,329  | —                            | —                                | 230,000  | 1,217,329 | 1,447,329                               | 192,744   |
| Highland                | IN    | —                        | 390,000                 | 910,537  | —                            | —                                | 390,000  | 910,537   | 1,300,537                               | 144,166   |
| Florence                | KY    | —                        | 350,000                 | 1,150,428  | —                            | —                                | 350,000  | 1,150,428 | 1,500,428                               | 120,799   |
| Ann Arbor               | MI    | —                        | 680,000                 | 1,433,382  | —                            | —                                | 680,000  | 1,433,382 | 2,113,382                               | 231,733   |
| Clawson                 | MI    | —                        | 220,000                 | 517,432  | —                            | —                                | 220,000  | 517,432   | 737,432                                 | 83,651    |

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|                  |    |   |         |           |        |   |         |           |           |        |
|------------------|----|---|---------|-----------|--------|---|---------|-----------|-----------|--------|
| Clinton Township | MI | — | 480,000 | 3,578,405 | —      | — | 480,000 | 3,578,405 | 4,058,405 | 542,72 |
| Livonia          | MI | — | 317,728 | 1,035,971 | 71,852 | — | 317,728 | 1,107,822 | 1,425,550 | 167,48 |
| Novi             | MI | — | 530,000 | 2,092,323 | —      | — | 530,000 | 2,092,323 | 2,622,323 | 317,33 |
| Rochester Hills  | MI | — | 280,000 | 1,179,451 | —      | — | 280,000 | 1,179,451 | 1,459,451 | 178,88 |
| Sterling Heights | MI | — | 480,000 | 1,920,459 | —      | — | 480,000 | 1,920,459 | 2,400,459 | 233,65 |
| Warren           | MI | — | 300,000 | 746,229   | —      | — | 300,000 | 746,229   | 1,046,229 | 113,17 |
| Washington       | MI | — | 240,000 | 474,241   | —      | — | 240,000 | 474,241   | 714,241   | 76,669 |
| Wayne            | MI | — | 190,000 | 1,009,116 | —      | — | 190,000 | 1,009,116 | 1,199,116 | 163,14 |
| Woodhaven        | MI | — | 170,000 | 1,148,368 | —      | — | 170,000 | 1,148,368 | 1,318,368 | 185,65 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1)              | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 3) |
|--------------------------------------|-------|--------------------------|-------------------------|--|--------------|--|--|--|-----------|---|
|                                      |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Ham Lake                             | MN    | —                        | 192,610                 | 1,930,958  | —            | —  | 192,610  | 1,930,958  | 2,123,568 | 1,084,300                               |
| Stillwater                           | MN    | —                        | 656,250                 | 1,218,901  | 187,158      | —  | 656,250  | 1,406,059  | 2,062,309 | 369,300                                 |
| Olive<br>Branch                      | MS    | —                        | 350,000                 | 1,965,718  | —            | —  | 350,000  | 1,965,718  | 2,315,718 | 589,980                                 |
| Cary                                 | NC    | —                        | 610,389                 | 1,492,235  | —            | —  | 610,389  | 1,492,235  | 2,102,624 | 753,570                                 |
| Durham                               | NC    | —                        | 680,969                 | 1,323,140  | —            | —  | 680,969  | 1,323,140  | 2,004,109 | 668,180                                 |
| Wilmington                           | NC    | —                        | 378,813                 | 1,150,679  | —            | —  | 378,813  | 1,150,679  | 1,529,492 | 618,490                                 |
| Las Vegas                            | NV    | —                        | 720,000                 | 1,660,100  | 1,050,000    | —  | 720,000  | 2,710,100  | 3,430,100 | 431,970                                 |
| Huber<br>Heights                     | OH    | —                        | 160,000                 | 799,843  | —            | —  | 160,000  | 799,843  | 959,843   | 81,310                                  |
| Moraine                              | OH    | —                        | 170,000                 | 873,745  | —            | —  | 170,000  | 873,745  | 1,043,745 | 88,830                                  |
| Bartlett                             | TN    | —                        | 648,526                 | 1,960,733  | —            | —  | 648,526  | 1,960,733  | 2,609,259 | 1,101,100                               |
| Nashville                            | TN    | —                        | 1,830,000               | 2,263,339  | —            | —  | 1,830,000  | 2,263,339  | 4,093,339 | 357,110                                 |
| Riverton                             | UT    | —                        | 1,100,000               | 1,576,390  | —            | —  | 1,100,000  | 1,576,390  | 2,676,390 | 365,230                                 |
| Salt Lake<br>City                    | UT    | —                        | 2,900,000               | 1,598,391  | —            | —  | 2,900,000  | 1,598,391  | 4,498,391 | 435,260                                 |
| Automotive<br>Parts &<br>Accessories |       |                          |                         |  |              |  |  |  |           |   |
| Birmingham                           | AL    | —                        | 355,823                 | 660,814  | —            | —  | 355,823  | 660,814  | 1,016,637 | 159,690                                 |
| Brent                                | AL    | —                        | 361,067                 | 1,113,660  | —            | —  | 361,067  | 1,113,660  | 1,474,727 | 46,400                                  |
| Flomaton                             | AL    | —                        | 90,000                  | 808,163  | —            | —  | 90,000   | 808,163  | 898,163   | 181,830                                 |
| Harvest                              | AL    | —                        | 744,737                 | 1,537,832  | —            | —  | 744,737  | 1,537,832  | 2,282,569 | 366,510                                 |
| Hoover                               | AL    | —                        | 863,921                 | 1,269,964  | —            | —  | 863,921  | 1,269,964  | 2,133,885 | 52,910                                  |
| Millbrook                            | AL    | —                        | 108,000                 | 518,741  | 174,419      | —  | 108,000  | 693,160  | 801,160   | 512,010                                 |
| Montgomery                           | AL    | —                        | 254,465                 | 502,350  | 59,819       | 84   | 254,465  | 562,252  | 816,717   | 427,090                                 |
| Red Bay                              | AL    | —                        | 192,267                 | 1,156,806  | —            | —  | 192,267  | 1,156,806  | 1,349,073 | 48,200                                  |
| Cabot                                | AR    | —                        | 267,787                 | 595,578  | 37,463       | —  | 267,787  | 633,041  | 900,828   | 121,990                                 |
| San Luis                             | AZ    | —                        | 287,508                 | 694,650  | —            | —  | 287,508  | 694,650  | 982,158   | 147,030                                 |
| Tucson                               | AZ    | —                        | 194,250                 | 431,434  | —            | —  | 194,250  | 431,434  | 625,684   | 431,430                                 |
| Grass Valley                         | CA    | —                        | 325,000                 | 384,955  | —            | —  | 325,000  | 384,955  | 709,955   | 384,950                                 |
| Sacramento                           | CA    | —                        | 210,000                 | 466,419  | —            | —  | 210,000  | 466,419  | 676,419   | 466,410                                 |
| Colorado<br>Springs                  | CO    | —                        | 520,000                 | 922,073  | —            | —  | 520,000  | 922,073  | 1,442,073 | 87,590                                  |

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|                    |    |   |           |           |        |        |           |           |           |         |
|--------------------|----|---|-----------|-----------|--------|--------|-----------|-----------|-----------|---------|
| Denver             | CO | — | 141,400   | 314,056   | —      | 82     | 141,400   | 314,138   | 455,538   | 314,138 |
| Denver             | CO | — | 315,000   | 699,623   | —      | 161    | 315,000   | 699,785   | 1,014,785 | 699,785 |
| Littleton          | CO | — | 252,925   | 561,758   | —      | 53     | 252,925   | 561,811   | 814,736   | 561,811 |
| Smyrna             | DE | — | 232,273   | 472,855   | 15,774 | —      | 232,273   | 488,629   | 720,902   | 395,260 |
| Apopka             | FL | — | 820,000   | 1,115,761 | —      | —      | 820,000   | 1,115,761 | 1,935,761 | 247,320 |
| Deerfield<br>Beach | FL | — | 475,000   | 871,738   | 2,420  | —      | 475,000   | 874,158   | 1,349,158 | 690,970 |
| Jacksonville       | FL | — | 330,000   | 1,196,260 | —      | —      | 330,000   | 1,196,260 | 1,526,260 | 121,620 |
| Kissimmee          | FL | — | 1,000,000 | 1,169,792 | —      | —      | 1,000,000 | 1,169,792 | 2,169,792 | 259,300 |
| Kissimmee          | FL | — | 580,290   | 1,290,608 | —      | —      | 580,290   | 1,290,608 | 1,870,898 | 225,850 |
| Merritt<br>Island  | FL | — | 309,652   | 482,459   | 44,387 | 21,831 | 309,652   | 548,676   | 858,328   | 470,400 |
| Atlanta            | GA | — | 652,551   | 763,360   | 27,163 | 45,249 | 652,551   | 835,772   | 1,488,323 | 646,200 |
| Breman             | GA | — | 405,663   | 1,251,211 | —      | —      | 405,663   | 1,251,211 | 1,656,874 | 52,134  |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  |            | Accum<br>Deprec<br>(Note 5) |
|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|------------|-----------------------------|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total      |                             |
| Bremen                  | GA    | —                        | 390,000                    | 807,036  | —  | —                 | 390,000  | 807,036  | 1,197,036  | 44,387                      |
| Byron                   | GA    | —                        | 359,612                    | 868,859  | —  | —                 | 359,612  | 868,859  | 1,228,471  | 186,805                     |
| Council<br>Bluffs       | IA    | —                        | 194,355                    | 431,668  | —  | —                 | 194,355  | 431,668  | 626,023    | 431,668                     |
| Des Moines              | IA    | —                        | 441,273                    | 981,424  | —  | —                 | 441,273  | 981,424  | 1,422,697  | 197,921                     |
| West Branch             | IA    | —                        | 969,797                    | 19,896,576   | 1,850,529  | 612,649           | 969,797  | 22,359,754   | 23,329,551 | 5,163,331                   |
| Boise                   | ID    | —                        | 158,400                    | 351,812  | —  | 5,428             | 158,400  | 357,240  | 515,640    | 357,240                     |
| Moscow                  | ID    | —                        | 117,250                    | 260,417  | —  | —                 | 117,250  | 260,417  | 377,667    | 260,417                     |
| Quincy                  | IL    | —                        | 358,438                    | 763,572  | —  | —                 | 358,438  | 763,572  | 1,122,010  | 21,635                      |
| Chicago                 | IL    | —                        | 760,000                    | 1,483,800  | 13,325   | —                 | 760,000  | 1,497,125  | 2,257,125  | 244,768                     |
| Chicago                 | IL    | —                        | 270,000                    | 1,639,501  | 56,000   | —                 | 270,000  | 1,695,501  | 1,965,501  | 275,436                     |
| Chicago                 | IL    | —                        | 490,000                    | 1,533,006  | 13,657   | —                 | 490,000  | 1,546,663  | 2,036,663  | 251,469                     |
| Joliet                  | IL    | 1,244,943                | 723,567                    | 2,571,856  | —  | —                 | 723,567  | 2,571,856  | 3,295,423  | 612,959                     |
| Avon                    | IN    | —                        | 580,000                    | 1,232,866  | —  | —                 | 580,000  | 1,232,866  | 1,812,866  | 76,027                      |
| Brazil                  | IN    | —                        | 183,952                    | 453,831  | 76,216   | —                 | 183,952  | 530,047  | 713,999    | 380,541                     |
| Chesterton              | IN    | —                        | 293,382                    | 708,842  | —  | —                 | 293,382  | 708,842  | 1,002,224  | 150,038                     |
| Griffith                | IN    | —                        | 343,778                    | 830,602  | —  | —                 | 343,778  | 830,602  | 1,174,380  | 175,811                     |
| Indianapolis            | IN    | —                        | 243,422                    | 541,389  | 24,391   | —                 | 243,422  | 565,780  | 809,202    | 114,031                     |
| Lafayette               | IN    | —                        | 540,000                    | 730,133  | —  | —                 | 540,000  | 730,133  | 1,270,133  | 59,628                      |
| Muncie                  | IN    | —                        | 148,901                    | 645,660  | 238,611  | 28,327            | 148,901  | 912,599  | 1,061,500  | 765,604                     |
| Plainfield              | IN    | —                        | 453,645                    | 908,485  | 42,619   | 47,025            | 453,645  | 998,128  | 1,451,773  | 808,073                     |
| Princeton               | IN    | —                        | 134,209                    | 560,113  | 11,238   | —                 | 134,209  | 571,351  | 705,560    | 446,972                     |
| Vincennes               | IN    | —                        | 185,312                    | 489,779  | 30,324   | —                 | 185,312  | 520,103  | 705,415    | 402,240                     |
| Hutchinson              | KS    | —                        | 220,297                    | 545,701  | —  | —                 | 220,297  | 545,701  | 765,998    | 15,462                      |
| Kansas City             | KS    | —                        | 246,623                    | 525,376  | —  | —                 | 246,623  | 525,376  | 771,999    | 14,886                      |
| Wichita                 | KS    | —                        | 340,945                    | 726,307  | —  | —                 | 340,945  | 726,307  | 1,067,252  | 20,579                      |
| Wichita                 | KS    | —                        | 228,480                    | 486,726  | —  | —                 | 228,480  | 486,726  | 715,206    | 13,791                      |
| Kansas City             | KS    | —                        | 222,000                    | 455,881  | 18,738   | —                 | 222,000  | 474,620  | 696,620    | 474,620                     |
| Grayson                 | KY    | —                        | 483,607                    | 1,103,972  | —  | —                 | 483,607  | 1,103,972  | 1,587,579  | 45,999                      |
| Harrodsburg             | KY    | —                        | 262,048                    | 1,029,125  | —  | —                 | 262,048  | 1,029,125  | 1,291,173  | 204,110                     |
| Hazard                  | KY    | —                        | 438,297                    | 1,351,866  | —  | —                 | 438,297  | 1,351,866  | 1,790,163  | 56,328                      |
| Lawrenceburg            | KY    | —                        | 272,228                    | 1,069,102  | —  | —                 | 272,228  | 1,069,102  | 1,341,330  | 208,473                     |
| Lexington               | KY    | —                        | 475,041                    | 1,056,527  | —  | —                 | 475,041  | 1,056,527  | 1,531,568  | 149,673                     |
| Paris                   | KY    | —                        | 250,000                    | 1,158,644  | —  | —                 | 250,000  | 1,158,644  | 1,408,644  | 106,209                     |
| Scottsville             | KY    | —                        | 503,473                    | 1,039,640  | —  | —                 | 503,473  | 1,039,640  | 1,543,113  | 247,781                     |



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|           |    |   |                  |   |   |                  |           |         |
|-----------|----|---|------------------|---|---|------------------|-----------|---------|
| Stanford  | KY | — | 293,686,153,374  | — | — | 293,686,153,374  | 1,447,060 | 213,374 |
| Abbeville | LA | — | 243,413,724,139  | — | — | 243,413,724,139  | 967,552   | 20,517  |
| Opelousas | LA | — | 325,750,693,938  | — | — | 325,750,693,938  | 1,019,688 | 19,662  |
| Jena      | LA | — | 515,608,110,356  | — | — | 515,608,110,356  | 1,625,964 | 46,265  |
| Jonesboro | LA | — | 377,428,164,124  | — | — | 377,428,164,124  | 1,541,552 | 48,505  |
| Kaplan    | LA | — | 232,224,911,999  | — | — | 232,224,911,999  | 1,144,223 | 177,840 |
| Lafayette | LA | — | 740,444,1528,968 | — | — | 740,444,1528,968 | 2,269,412 | 364,400 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 5) |
|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|-----------|---|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Lafayette               | LA    | —                        | 872,043                    | 1,027,618  | —  | —                 | 872,043  | 1,027,618  | 1,899,661 | 196,960                                 |
| Many                    | LA    | —                        | 404,922                    | 1,248,926  | —  | —                 | 404,922  | 1,248,926  | 1,653,848 | 52,039                                  |
| Rayville                | LA    | —                        | 545,926                    | 1,074,026  | —  | —                 | 545,926  | 1,074,026  | 1,619,952 | 44,751                                  |
| Slidell                 | LA    | —                        | 629,335                    | 1,299,536  | —  | —                 | 629,335  | 1,299,536  | 1,928,871 | 309,723                                 |
| Sulphur                 | LA    | —                        | 290,047                    | 700,785  | 12,825   | —                 | 290,047  | 713,610  | 1,003,657 | 153,390                                 |
| West<br>Monroe          | LA    | —                        | 462,715                    | 1,394,603  | —  | —                 | 462,715  | 1,394,603  | 1,857,318 | 332,380                                 |
| Winnfield               | LA    | —                        | 483,489                    | 1,103,701  | —  | —                 | 483,489  | 1,103,701  | 1,587,190 | 45,988                                  |
| Alma                    | MI    | —                        | 155,000                    | 600,282  | 15,823   | —                 | 155,000  | 616,104  | 771,104   | 481,929                                 |
| Alma                    | MI    | —                        | 187,704                    | 737,155  | —  | —                 | 187,704  | 737,155  | 924,859   | 99,516                                  |
| Detroit                 | MI    | —                        | 496,691                    | 1,104,676  | —  | —                 | 496,691  | 1,104,676  | 1,601,367 | 215,412                                 |
| Flushing                | MI    | —                        | 367,724                    | 817,846  | —  | —                 | 367,724  | 817,846  | 1,185,570 | 151,301                                 |
| Lansing                 | MI    | —                        | 265,000                    | 574,931  | 132,237  | 94                | 265,000  | 707,262  | 972,262   | 568,089                                 |
| Rockford                | MI    | —                        | 870,632                    | 1,726,400  | —  | —                 | 870,632  | 1,726,400  | 2,597,032 | 411,459                                 |
| Roseville               | MI    | —                        | 558,997                    | 1,810,289  | 375  | —                 | 558,997  | 1,810,664  | 2,369,661 | 431,476                                 |
| Saginaw                 | MI    | —                        | 948,826                    | 1,959,264  | —  | —                 | 948,826  | 1,959,264  | 2,908,090 | 466,958                                 |
| Saginaw                 | MI    | —                        | 859,956                    | 1,775,753  | 375  | —                 | 859,956  | 1,776,128  | 2,636,084 | 423,247                                 |
| St. Johns               | MI    | —                        | 201,681                    | 792,050  | 41,226   | —                 | 201,681  | 833,276  | 1,034,957 | 111,135                                 |
| Sturgis                 | MI    | —                        | 109,558                    | 550,274  | 10,272   | 94                | 109,558  | 560,639  | 670,197   | 448,697                                 |
| Waterford               | MI    | —                        | 995,991                    | 2,056,657  | 53,844   | —                 | 995,991  | 2,110,501  | 3,106,492 | 499,178                                 |
| St. Peters              | MO    | —                        | 469,776                    | 1,044,816  | —  | —                 | 469,776  | 1,044,816  | 1,514,592 | 193,291                                 |
| Crystal<br>Springs      | MS    | —                        | 514,234                    | 1,061,859  | —  | —                 | 514,234  | 1,061,859  | 1,576,093 | 253,076                                 |
| Horn Lake               | MS    | —                        | 142,702                    | 514,779  | 66,008   | —                 | 142,702  | 580,787  | 723,489   | 432,727                                 |
| Richland                | MS    | —                        | 243,565                    | 558,645  | 10,302   | —                 | 243,565  | 568,947  | 812,512   | 433,629                                 |
| Vicksburg               | MS    | —                        | 631,900                    | 1,304,832  | —  | —                 | 631,900  | 1,304,832  | 1,936,732 | 310,985                                 |
| Biscoe                  | NC    | —                        | 340,000                    | 1,012,799  | —  | —                 | 340,000  | 1,012,799  | 1,352,799 | 99,592                                  |
| Harrisburg              | NC    | —                        | 680,000                    | 813,119  | —  | —                 | 680,000  | 813,119  | 1,493,119 | 180,241                                 |
| Statesville             | NC    | —                        | 503,371                    | 1,288,415  | —  | —                 | 503,371  | 1,288,415  | 1,791,786 | 53,684                                  |
| Lincoln                 | NE    | —                        | 345,046                    | 735,044  | —  | —                 | 345,046  | 735,044  | 1,080,090 | 20,826                                  |
| Kearney                 | NE    | —                        | 236,000                    | 784,246  | —  | —                 | 236,000  | 784,246  | 1,020,246 | 32,677                                  |
| Omaha                   | NE    | —                        | 196,000                    | 435,321  | —  | 32                | 196,000  | 435,354  | 631,354   | 435,354                                 |
| Omaha                   | NE    | —                        | 199,100                    | 412,042  | —  | 32                | 199,100  | 412,074  | 611,174   | 412,074                                 |
| Artesia                 | NM    | —                        | 400,000                    | 807,227  | —  | —                 | 400,000  | 807,227  | 1,207,227 | 178,935                                 |
| Bloomfield              | NM    | —                        | 457,743                    | 1,143,268  | —  | —                 | 457,743  | 1,143,268  | 1,601,011 | 47,636                                  |

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|                 |         |           |         |        |         |           |           |         |
|-----------------|---------|-----------|---------|--------|---------|-----------|-----------|---------|
| Las Cruces NM — | 370,000 | 1,010,676 | —       | —      | 370,000 | 1,010,676 | 1,380,676 | 224,033 |
| Rio Rancho NM — | 211,577 | 469,923   | —       | —      | 211,577 | 469,923   | 681,500   | 469,923 |
| Santa Fe NM —   | 550,775 | 1,224,964 | —       | —      | 550,775 | 1,224,964 | 1,775,739 | 255,201 |
| Fernley NV —    | 300,000 | 1,027,155 | —       | —      | 300,000 | 1,027,155 | 1,327,155 | 227,686 |
| Las Vegas NV —  | 161,000 | 357,585   | 260,000 | —      | 161,000 | 617,585   | 778,585   | 611,714 |
| Dunkirk NY —    | 631,375 | 1,303,749 | —       | —      | 631,375 | 1,303,749 | 1,935,124 | 310,727 |
| Akron OH —      | 264,619 | 588,531   | —       | —      | 264,619 | 588,531   | 853,150   | 83,375  |
| Canton OH —     | 396,560 | 597,553   | —       | 25,452 | 396,560 | 623,005   | 1,019,565 | 499,569 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition |           | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |           |         | Accumulated<br>Depreciation<br>(Note 5) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|-----------|--|-----------|---------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land      | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees                     | Total     |         |   |
| Centerville             | OH    | —                        | 601,408                 | 758,192  | 9,017        | 38,193   | 601,408   | 805,402  | 1,406,810 | 647,907 |   |
| Delaware                | OH    | —                        | 240,000                 | 705,447  | 43,393       | —  | 240,000   | 748,840  | 988,840   | 97,115  |   |
| Hamilton                | OH    | —                        | 183,000                 | 515,727  | 6,508        | —  | 183,000   | 522,235  | 705,235   | 411,265 |   |
| Middlefield             | OH    | —                        | 258,980                 | 1,017,075  | —            | —  | 258,980   | 1,017,075  | 1,276,055 | 184,769 |   |
| Mt. Orab                | OH    | —                        | 360,434                 | 1,111,707  | —            | —  | 360,434   | 1,111,707  | 1,472,141 | 46,321  |   |
| New<br>Lexington        | OH    | —                        | 290,000                 | 955,997  | 9,544        | —  | 290,000   | 965,541  | 1,255,541 | 91,317  |   |
| Oberlin                 | OH    | —                        | 212,325                 | 1,026,562  | —            | —  | 212,325   | 1,026,562  | 1,238,887 | 210,445 |   |
| Toledo                  | OH    | —                        | 130,000                 | 1,562,052  | —            | —  | 130,000   | 1,562,052  | 1,692,052 | 356,669 |   |
| Toledo                  | OH    | —                        | 140,000                 | 1,059,979  | —            | —  | 140,000   | 1,059,979  | 1,199,979 | 242,029 |   |
| Waverly                 | OH    | —                        | 176,895                 | 694,710  | 5,225        | —  | 176,895   | 699,935  | 876,830   | 94,276  |   |
| Tulsa                   | OK    | —                        | 262,685                 | 559,592  | —            | —  | 262,685   | 559,592  | 822,277   | 15,855  |   |
| Del City                | OK    | —                        | 634,664                 | 1,178,662  | —            | —  | 634,664   | 1,178,662  | 1,813,326 | 284,843 |   |
| Oklahoma<br>City        | OK    | —                        | 602,052                 | 1,118,096  | —            | —  | 602,052   | 1,118,096  | 1,720,148 | 259,026 |   |
| Albany                  | OR    | —                        | 152,250                 | 338,153  | —            | 58   | 152,250   | 338,211  | 490,461   | 338,211 |   |
| Beaverton               | OR    | —                        | 210,000                 | 466,419  | —            | 58   | 210,000   | 466,476  | 676,476   | 466,476 |   |
| Portland                | OR    | —                        | 190,750                 | 423,664  | —            | 58   | 190,750   | 423,721  | 614,471   | 423,721 |   |
| Portland                | OR    | —                        | 147,000                 | 326,493  | —            | 58   | 147,000   | 326,551  | 473,551   | 326,551 |   |
| Salem                   | OR    | —                        | 136,500                 | 303,170  | —            | 58   | 136,500   | 303,228  | 439,728   | 303,228 |   |
| Butler                  | PA    | —                        | 339,929                 | 633,078  | 47,758       | —  | 339,929   | 680,836  | 1,020,765 | 550,389 |   |
| Carnegie                | PA    | —                        | 260,000                 | 1,208,582  | 116,847      | —  | 260,000   | 1,325,429  | 1,585,429 | 118,966 |   |
| Dover                   | PA    | —                        | 265,112                 | 593,341  | 7,926        | —  | 265,112   | 601,266  | 866,378   | 488,782 |   |
| Enola                   | PA    | —                        | 220,228                 | 546,026  | 11,416       | 172  | 220,228   | 557,614  | 777,842   | 448,741 |   |
| Hanover                 | PA    | —                        | 132,500                 | 719,511  | 9,982        | —  | 132,500   | 729,492  | 861,992   | 563,561 |   |
| Harrisburg              | PA    | —                        | 327,781                 | 608,291  | 10,681       | 172  | 327,781   | 619,143  | 946,924   | 506,341 |   |
| Harrisburg              | PA    | —                        | 283,417                 | 352,473  | 10,519       | 172  | 283,417   | 363,164  | 646,581   | 289,877 |   |
| Lancaster               | PA    | —                        | 199,899                 | 774,838  | 143,397      | —  | 199,899   | 918,234  | 1,118,133 | 665,074 |   |
| Lebanon                 | PA    | —                        | 360,751                 | 802,338  | 23,614       | —  | 360,751   | 825,952  | 1,186,703 | 141,413 |   |
| New Castle              | PA    | —                        | 180,009                 | 525,774  | 91,802       | —  | 180,009   | 617,576  | 797,585   | 499,600 |   |
| Reading                 | PA    | —                        | 379,000                 | 658,722  | 43,750       | —  | 379,000   | 702,472  | 1,081,472 | 538,190 |   |
| Guayama                 | PR    | 939,579                  | 874,937                 | 1,806,689  | —            | —  | 874,937   | 1,806,689  | 2,681,626 | 430,594 |   |
| Humacao                 | PR    | 1,432,858                | 1,161,891               | 2,399,229  | —            | —  | 1,161,891 | 2,399,229  | 3,561,120 | 571,816 |   |
| Ponce                   | PR    | 1,714,732                | 1,321,292               | 2,728,382  | —            | —  | 1,321,292 | 2,728,382  | 4,049,674 | 650,265 |   |
| San Juan                | PR    | 1,432,858                | 1,158,525               | 2,392,278  | —            | —  | 1,158,525 | 2,392,278  | 3,550,803 | 570,160 |   |

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|           |    |   |         |           |        |   |         |           |           |         |
|-----------|----|---|---------|-----------|--------|---|---------|-----------|-----------|---------|
| Cheraw    | SC | — | 330,016 | 1,146,257 | —      | — | 330,016 | 1,146,257 | 1,476,273 | 47,761  |
| Chester   | SC | — | 132,006 | 518,420   | 79,252 | — | 132,006 | 597,673   | 729,679   | 100,309 |
| Columbia  | SC | — | 474,027 | 1,427,348 | —      | — | 474,027 | 1,427,348 | 1,901,375 | 340,184 |
| Gaston    | SC | — | 250,000 | 956,334   | —      | — | 250,000 | 956,334   | 1,206,334 | 97,227  |
| Manning   | SC | — | 260,000 | 999,132   | —      | — | 260,000 | 999,132   | 1,259,132 | 98,248  |
| Winnsboro | SC | — | 90,000  | 921,541   | —      | — | 90,000  | 921,541   | 1,011,541 | 93,690  |
| York      | SC | — | 198,409 | 779,197   | —      | — | 198,409 | 779,197   | 977,606   | 141,554 |
| Arlington | TN | — | 381,083 | 707,726   | —      | — | 381,083 | 707,726   | 1,088,809 | 171,034 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Carrying<br>Costs | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumul<br>Depreciat<br>(Note 5) |         |
|-------------------------|-------|--------------------------|----------------------------|--|-------------------|--|--|-----------|----------------------------------|---------|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |                   | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                  |         |
| Columbia                | TN    | —                        | 273,120                    | 431,716  | 53,058            | —  | 273,120  | 484,774   | 757,894                          | 339,557 |
| Decatur                 | TN    | —                        | 180,000                    | 880,938  | 4,000             | —  | 180,000  | 884,938   | 1,064,938                        | 160,412 |
| Erwin                   | TN    | —                        | 656,324                    | 989,778  | —                 | —  | 656,324  | 989,778   | 1,646,102                        | 41,241  |
| McKenzie                | TN    | —                        | 234,502                    | 1,086,828  | —                 | —  | 234,502  | 1,086,828 | 1,321,330                        | 45,285  |
| Cleburne                | TX    | —                        | 315,281                    | 671,638  | —                 | —  | 315,281  | 671,638   | 986,919                          | 19,030  |
| Denison                 | TX    | —                        | 261,794                    | 557,694  | —                 | —  | 261,794  | 557,694   | 819,488                          | 15,801  |
| Gainesville             | TX    | —                        | 270,352                    | 804,280  | —                 | —  | 270,352  | 804,280   | 1,074,632                        | 22,788  |
| Grand<br>Prairie        | TX    | —                        | 373,379                    | 795,401  | —                 | —  | 373,379  | 795,401   | 1,168,780                        | 22,536  |
| Houston                 | TX    | —                        | 385,834                    | 821,933  | —                 | —  | 385,834  | 821,933   | 1,207,767                        | 23,288  |
| Hurst                   | TX    | —                        | 313,419                    | 667,669  | —                 | —  | 313,419  | 667,669   | 981,088                          | 18,917  |
| Marshall                | TX    | —                        | 289,008                    | 615,668  | —                 | —  | 289,008  | 615,668   | 904,676                          | 17,444  |
| McAllen                 | TX    | —                        | 340,587                    | 725,546  | —                 | —  | 340,587  | 725,546   | 1,066,133                        | 20,557  |
| McKinney                | TX    | —                        | 356,079                    | 758,547  | —                 | —  | 356,079  | 758,547   | 1,114,626                        | 21,492  |
| Mission                 | TX    | —                        | 337,741                    | 719,482  | —                 | —  | 337,741  | 719,482   | 1,057,223                        | 20,385  |
| Mt. Pleasant            | TX    | —                        | 221,998                    | 660,431  | —                 | —  | 221,998  | 660,431   | 882,429                          | 18,712  |
| Palestine               | TX    | —                        | 228,831                    | 680,759  | —                 | —  | 228,831  | 680,759   | 909,590                          | 19,288  |
| Pasadena                | TX    | —                        | 378,093                    | 805,444  | —                 | —  | 378,093  | 805,444   | 1,183,537                        | 22,821  |
| San Antonio             | TX    | —                        | 402,001                    | 856,374  | —                 | —  | 402,001  | 856,374   | 1,258,375                        | 24,264  |
| San Antonio             | TX    | —                        | 363,530                    | 774,421  | —                 | —  | 363,530  | 774,421   | 1,137,951                        | 21,942  |
| Sulphur<br>Springs      | TX    | —                        | 270,623                    | 805,086  | —                 | —  | 270,623  | 805,086   | 1,075,709                        | 22,811  |
| Terrell                 | TX    | —                        | 310,622                    | 672,072  | —                 | —  | 310,622  | 672,072   | 982,694                          | 19,042  |
| Tyler                   | TX    | —                        | 277,970                    | 592,154  | —                 | —  | 277,970  | 592,154   | 870,124                          | 16,778  |
| Tyler                   | TX    | —                        | 400,906                    | 854,042  | —                 | —  | 400,906  | 854,042   | 1,254,948                        | 24,198  |
| Waxahachie              | TX    | —                        | 334,601                    | 712,793  | —                 | —  | 334,601  | 712,793   | 1,047,394                        | 20,196  |
| Weatherford             | TX    | —                        | 329,496                    | 701,919  | —                 | —  | 329,496  | 701,919   | 1,031,415                        | 19,888  |
| Wichita<br>Falls        | TX    | —                        | 295,353                    | 629,185  | —                 | —  | 295,353  | 629,185   | 924,538                          | 17,827  |
| Wichita<br>Falls        | TX    | —                        | 313,364                    | 667,554  | —                 | —  | 313,364  | 667,554   | 980,918                          | 18,914  |
| Wichita<br>Falls        | TX    | —                        | 662,512                    | 685,201  | —                 | —  | 662,512  | 685,201   | 1,347,713                        | 19,414  |
| Alpine                  | TX    | —                        | 260,251                    | 1,081,899  | —                 | —  | 260,251  | 1,081,899 | 1,342,150                        | 45,079  |
| Brownsville             | TX    | —                        | 517,374                    | 881,737  | —                 | —  | 517,374  | 881,737   | 1,399,111                        | 36,739  |

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|                 |    |   |                   |        |   |                   |                   |
|-----------------|----|---|-------------------|--------|---|-------------------|-------------------|
| Carrizo Springs | TX | — | 418,555,129,972   | —      | — | 418,555,129,972   | 1,709,527,537,91  |
| Castroville     | TX | — | 520,344,187,835   | —      | — | 520,344,187,835   | 1,708,179,49,493  |
| Channelview     | TX | — | 483,804,168,921   | —      | — | 483,804,168,921   | 1,652,725,251,318 |
| Cotulla         | TX | — | 379,438,978,336   | —      | — | 379,438,978,336   | 1,357,774,40,764  |
| Dallas          | TX | — | 562,612,251,290   | —      | — | 562,612,251,290   | 1,813,902,223,147 |
| Denton          | TX | — | 368,635,104,327   | —      | — | 368,635,104,327   | 1,415,962,214,702 |
| Edinburg        | TX | — | 320,000,963,916   | —      | — | 320,000,963,916   | 1,283,916,213,668 |
| Fabens          | TX | — | 496,612,133,658   | —      | — | 496,612,133,658   | 1,630,270,47,236  |
| George West     | TX | — | 316,261,913,885   | —      | — | 316,261,913,885   | 1,230,146,38,079  |
| Grand Prairie   | TX | — | 574,574,1,277,896 | 1,455  | — | 574,574,1,279,351 | 1,853,925,219,509 |
| Hallettsville   | TX | — | 237,572,932,999   | 18,920 | — | 237,572,951,919   | 1,189,491,196,847 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumula<br>Depreciati<br>(Note 5) |
|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|-----------|------------------------------------|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                    |
| Houston                 | TX    | —                        | 702,326                    | 1,017,275  | —  | —                 | 702,326  | 1,017,275  | 1,719,601 | 42,387                             |
| Katy                    | TX    | —                        | 558,684                    | 1,242,555  | —  | —                 | 558,684  | 1,242,555  | 1,801,239 | 225,731                            |
| Laredo                  | TX    | —                        | 807,044                    | 1,498,795  | —  | —                 | 807,044  | 1,498,795  | 2,305,839 | 362,209                            |
| Lytle                   | TX    | —                        | 422,184                    | 1,302,167  | —  | —                 | 422,184  | 1,302,167  | 1,724,351 | 54,257                             |
| Richmond                | TX    | —                        | 441,254                    | 1,253,642  | —  | —                 | 441,254  | 1,253,642  | 1,694,896 | 261,176                            |
| Rio Grand<br>City       | TX    | —                        | 546,922                    | 817,101  | —  | —                 | 546,922  | 817,101  | 1,364,023 | 34,046                             |
| Roma                    | TX    | —                        | 200,000                    | 1,004,538  | —  | —                 | 200,000  | 1,004,538  | 1,204,538 | 222,673                            |
| San Benito              | TX    | —                        | 449,015                    | 998,643  | —  | —                 | 449,015  | 998,643  | 1,447,658 | 208,051                            |
| Schulenburg             | TX    | —                        | 467,001                    | 1,026,340  | —  | —                 | 467,001  | 1,026,340  | 1,493,341 | 42,764                             |
| Slaton                  | TX    | —                        | 458,868                    | 1,047,498  | —  | —                 | 458,868  | 1,047,498  | 1,506,366 | 43,646                             |
| Richmond                | VA    | —                        | 366,287                    | 814,648  | 26,950   | —                 | 366,287  | 841,598  | 1,207,885 | 115,733                            |
| Bellevue                | WA    | —                        | 185,500                    | 411,997  | —  | 107               | 185,500  | 412,103  | 597,603   | 412,103                            |
| Bellingham              | WA    | —                        | 168,000                    | 373,133  | —  | 107               | 168,000  | 373,239  | 541,239   | 373,239                            |
| East<br>Wenatchee       | WA    | —                        | 148,400                    | 329,602  | —  | 107               | 148,400  | 329,709  | 478,109   | 329,709                            |
| Kenmore                 | WA    | —                        | 199,500                    | 443,098  | —  | 107               | 199,500  | 443,204  | 642,704   | 443,204                            |
| Kent                    | WA    | —                        | 199,500                    | 443,091  | —  | 107               | 199,500  | 443,198  | 642,698   | 443,198                            |
| Moses Lake              | WA    | —                        | 138,600                    | 307,831  | —  | 107               | 138,600  | 307,938  | 446,538   | 307,938                            |
| Renton                  | WA    | —                        | 185,500                    | 412,003  | —  | 107               | 185,500  | 412,110  | 597,610   | 412,110                            |
| Seattle                 | WA    | —                        | 162,400                    | 360,697  | —  | 107               | 162,400  | 360,804  | 523,204   | 360,804                            |
| Silverdale              | WA    | —                        | 183,808                    | 419,777  | —  | 107               | 183,808  | 419,883  | 603,691   | 419,883                            |
| Tacoma                  | WA    | —                        | 191,800                    | 425,996  | —  | 107               | 191,800  | 426,102  | 617,902   | 426,102                            |
| Tacoma                  | WA    | —                        | 196,000                    | 435,324  | —  | 107               | 196,000  | 435,431  | 631,431   | 435,431                            |
| Vancouver               | WA    | —                        | 180,250                    | 400,343  | —  | 58                | 180,250  | 400,400  | 580,650   | 400,400                            |
| Vancouver               | WA    | —                        | 168,000                    | 373,135  | —  | 58                | 168,000  | 373,193  | 541,193   | 373,193                            |
| Viroqua                 | WI    | —                        | 130,000                    | 751,418  | —  | —                 | 130,000  | 751,418  | 881,418   | 169,069                            |
| Wausau                  | WI    | —                        | 499,159                    | 1,138,765  | 6,800  | —                 | 499,159  | 1,145,565  | 1,644,724 | 140,644                            |
| Kenova                  | WV    | —                        | 407,319                    | 1,339,866  | —  | —                 | 407,319  | 1,339,866  | 1,747,185 | 55,828                             |
| Nutter Fort             | WV    | —                        | 380,000                    | 723,892  | 40,697   | —                 | 380,000  | 764,589  | 1,144,589 | 61,711                             |
| Oak Hill                | WV    | —                        | 388,540                    | 1,198,398  | —  | —                 | 388,540  | 1,198,398  | 1,586,938 | 49,933                             |
| Automotive<br>Service   |       |                          |                            |  |  |                   |  |  |           |                                    |
| Flagstaff               | AZ    | —                        | 144,821                    | 417,485  | 8,150  | 36                | 144,821  | 425,671  | 570,492   | 348,013                            |



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|              |    |   |                 |   |   |                 |           |         |
|--------------|----|---|-----------------|---|---|-----------------|-----------|---------|
| Mesa         | AZ | — | 210,620,475,072 | — | — | 210,620,475,072 | 685,692   | 315,919 |
| Phoenix      | AZ | — | 189,341,546,984 | — | — | 189,341,546,984 | 736,325   | 363,745 |
| Phoenix      | AZ | — | 384,608,279,824 | — | — | 384,608,279,824 | 664,432   | 186,081 |
| Sierra Vista | AZ | — | 175,114,345,508 | — | — | 175,114,345,508 | 520,622   | 229,761 |
| Tucson       | AZ | — | 226,596,437,972 | — | — | 226,596,437,972 | 664,568   | 291,249 |
| Bakersfield  | CA | — | 65,165,206,927  | — | — | 65,165,206,927  | 272,092   | 137,605 |
| Bakersfield  | CA | — | 940,000,146,025 | — | — | 940,000,146,025 | 2,403,025 | 104,850 |
| Bakersfield  | CA | — | 980,000,148,009 | — | — | 980,000,148,009 | 2,467,009 | 106,569 |
| Bakersfield  | CA | — | 860,000,192,663 | — | — | 860,000,192,663 | 2,786,663 | 138,078 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition |           | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |           |         | Accumulated<br>Depreciation<br>(Note 5) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|-----------|--|-----------|---------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land      | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees                     | Total     |         |   |
| Bakersfield             | CA    | —                        | 890,000                 | 1,134,618  | —            | —  | 890,000   | 1,134,618  | 2,024,618 | 81,314  |   |
| Bakersfield             | CA    | —                        | 1,330,000               | 2,443,052  | —            | —  | 1,330,000 | 2,443,052  | 3,773,052 | 134,366 |   |
| Chula Vista             | CA    | —                        | 313,293                 | 409,654  | 26,019       | 177  | 313,293   | 435,850  | 749,143   | 374,266 |   |
| Dublin                  | CA    | —                        | 415,620                 | 1,153,928  | —            | —  | 415,620   | 1,153,928  | 1,569,548 | 767,366 |   |
| Folsom                  | CA    | —                        | 471,813                 | 325,610  | —            | —  | 471,813   | 325,610  | 797,423   | 216,526 |   |
| Indio                   | CA    | —                        | 264,956                 | 265,509  | —            | —  | 264,956   | 265,509  | 530,465   | 176,566 |   |
| Lancaster               | CA    | —                        | 730,000                 | 1,462,400  | —            | —  | 730,000   | 1,462,400  | 2,192,400 | 104,806 |   |
| Los Angeles             | CA    | —                        | 580,446                 | 158,876  | —            | —  | 580,446   | 158,876  | 739,322   | 105,656 |   |
| Oxnard                  | CA    | —                        | 186,980                 | 198,236  | —            | —  | 186,980   | 198,236  | 385,216   | 131,826 |   |
| Palmdale                | CA    | —                        | 1,010,000               | 2,313,240  | —            | —  | 1,010,000 | 2,313,240  | 3,323,240 | 165,786 |   |
| Simi Valley             | CA    | —                        | 213,920                 | 161,012  | —            | —  | 213,920   | 161,012  | 374,932   | 107,076 |   |
| Stockton                | CA    | —                        | 1,395,822               | 2,882,282  | —            | —  | 1,395,822 | 2,882,282  | 4,278,104 | 686,946 |   |
| Vacaville               | CA    | —                        | 358,067                 | 284,931  | —            | —  | 358,067   | 284,931  | 642,998   | 189,476 |   |
| Aurora                  | CO    | —                        | 231,314                 | 430,495  | —            | 115  | 231,314   | 430,610  | 661,924   | 194,556 |   |
| Broomfield              | CO    | —                        | 154,930                 | 503,626  | —            | 2,667  | 154,930   | 506,294  | 661,224   | 453,356 |   |
| Colorado Springs        | CO    | —                        | 1,700,706               | 2,042,960  | —            | —  | 1,700,706 | 2,042,960  | 3,743,666 | 10,215  |   |
| Denver                  | CO    | —                        | 79,717                  | 369,587  | —            | 79   | 79,717    | 369,666  | 449,383   | 369,666 |   |
| Denver                  | CO    | —                        | 239,024                 | 444,785  | —            | 115  | 239,024   | 444,900  | 683,924   | 201,006 |   |
| Lakewood                | CO    | —                        | 70,422                  | 132,296  | —            | —  | 70,422    | 132,296  | 202,718   | 59,754  |   |
| Thornton                | CO    | —                        | 276,084                 | 415,464  | —            | 316  | 276,084   | 415,779  | 691,863   | 365,006 |   |
| Cheshire                | CT    | —                        | 531,812                 | 545,860  | —            | —  | 531,812   | 545,860  | 1,077,672 | 20,925  |   |
| Southington             | CT    | —                        | 225,882                 | 672,910  | —            | 172  | 225,882   | 673,082  | 898,964   | 579,886 |   |
| Vernon                  | CT    | —                        | 81,529                  | 300,518  | —            | —  | 81,529    | 300,518  | 382,047   | 198,846 |   |
| Jacksonville            | FL    | —                        | 76,585                  | 355,066  | 28,668       | 178  | 76,585    | 383,912  | 460,497   | 363,886 |   |
| Miami Gardens           | FL    | —                        | 163,239                 | 262,726  | —            | —  | 163,239   | 262,726  | 425,965   | 173,836 |   |
| Orange City             | FL    | —                        | 99,613                  | 139,008  | —            | —  | 99,613    | 139,008  | 238,621   | 92,438  |   |
| Atlanta                 | GA    | —                        | 309,474                 | 574,737  | —            | —  | 309,474   | 574,737  | 884,211   | 202,116 |   |
| Bogart                  | GA    | —                        | 66,807                  | 309,733  | —            | —  | 66,807    | 309,733  | 376,540   | 309,733 |   |
| Duluth                  | GA    | —                        | 222,275                 | 316,925  | 2,288        | 89   | 222,275   | 319,301  | 541,576   | 267,336 |   |
| Duluth                  | GA    | —                        | 290,842                 | 110,056  | —            | —  | 290,842   | 110,056  | 400,898   | 73,185  |   |
| Kennesaw                | GA    | —                        | 266,865                 | 139,425  | —            | —  | 266,865   | 139,425  | 406,290   | 92,716  |   |
| Marietta                | GA    | —                        | 69,561                  | 346,024  | —            | 41   | 69,561    | 346,065  | 415,626   | 346,065 |   |
| Norcross                | GA    | —                        | 244,124                 | 151,831  | —            | —  | 244,124   | 151,831  | 395,955   | 100,966 |   |

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|                  |    |   |         |         |        |       |         |         |           |        |
|------------------|----|---|---------|---------|--------|-------|---------|---------|-----------|--------|
| Norcross         | GA | — | 503,773 | 937,121 | 39,032 | —     | 503,773 | 976,153 | 1,479,926 | 484,58 |
| Riverdale        | GA | — | 58,444  | 270,961 | —      | —     | 58,444  | 270,961 | 329,405   | 270,96 |
| Snellville       | GA | — | 253,316 | 132,124 | —      | —     | 253,316 | 132,124 | 385,440   | 87,861 |
| Tucker           | GA | — | 78,646  | 364,625 | 32,603 | 3,258 | 78,646  | 400,485 | 479,131   | 383,55 |
| Marietta         | GA | — | 60,900  | 293,461 | 67,871 | —     | 60,900  | 361,332 | 422,232   | 339,92 |
| Arlington<br>Hts | IL | — | 441,437 | 215,983 | —      | —     | 441,437 | 215,983 | 657,420   | 143,62 |
| Chicago          | IL | — | 329,076 | 255,294 | —      | —     | 329,076 | 255,294 | 584,370   | 169,76 |
| Westchester      | IL | — | 421,239 | 184,812 | —      | —     | 421,239 | 184,812 | 606,051   | 122,89 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           | Accu<br>Depre<br>(Note |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|------------------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                        |
| Anderson                | IN    | —                        | 232,170                 | 385,661  | —            | 179                          | 232,170                          | 385,840  | 618,010   | 324,7                  |
| Indianapolis            | IN    | —                        | 231,384                 | 428,307  | —            | 130                          | 231,384                          | 428,437  | 659,821   | 382,0                  |
| Michigan<br>City        | IN    | —                        | 389,573                 | 297,650  | —            | —                            | 389,573                          | 297,650  | 687,223   | 197,9                  |
| Warsaw                  | IN    | —                        | 140,893                 | 228,116  | —            | —                            | 140,893                          | 228,116  | 369,009   | 151,6                  |
| Topeka                  | KS    | —                        | 32,022                  | 60,368   | —            | —                            | 32,022                           | 60,368   | 92,390    | 27,26                  |
| Wichita                 | KS    | —                        | 787,377                 | 1,463,936  | 78,745       | 70,913                       | 787,377                          | 1,613,594  | 2,400,971 | 770,6                  |
| Wichita                 | KS    | —                        | 550,000                 | 1,103,825  | —            | —                            | 550,000                          | 1,103,825  | 1,653,825 | 57,03                  |
| Louisville              | KY    | —                        | 56,054                  | 259,881  | —            | 12                           | 56,054                           | 259,893  | 315,947   | 259,8                  |
| East<br>Wareham         | MA    | —                        | 149,680                 | 278,669  | —            | —                            | 149,680                          | 278,669  | 428,349   | 185,3                  |
| Fairhaven               | MA    | —                        | 138,957                 | 289,294  | —            | —                            | 138,957                          | 289,294  | 428,251   | 192,3                  |
| Gardner                 | MA    | —                        | 138,990                 | 289,361  | —            | —                            | 138,990                          | 289,361  | 428,351   | 192,4                  |
| Hyannis                 | MA    | —                        | 180,653                 | 458,522  | —            | —                            | 180,653                          | 458,522  | 639,175   | 303,3                  |
| Lenox                   | MA    | —                        | 287,769                 | 535,273  | —            | —                            | 287,769                          | 535,273  | 823,042   | 423,7                  |
| Newburyport             | MA    | —                        | 274,698                 | 466,449  | —            | —                            | 274,698                          | 466,449  | 741,147   | 308,6                  |
| North<br>Reading        | MA    | —                        | 180,546                 | 351,161  | —            | —                            | 180,546                          | 351,161  | 531,707   | 233,5                  |
| Orleans                 | MA    | —                        | 138,212                 | 394,065  | —            | —                            | 138,212                          | 394,065  | 532,277   | 262,0                  |
| Teaticket               | MA    | —                        | 191,302                 | 340,539  | —            | —                            | 191,302                          | 340,539  | 531,841   | 226,4                  |
| Aberdeen                | MD    | —                        | 223,617                 | 225,605  | —            | —                            | 223,617                          | 225,605  | 449,222   | 149,2                  |
| Bethesda                | MD    | —                        | 282,717                 | 525,928  | —            | —                            | 282,717                          | 525,928  | 808,645   | 237,5                  |
| Capitol<br>Heights      | MD    | —                        | 534,854                 | 219,979  | —            | —                            | 534,854                          | 219,979  | 754,833   | 146,2                  |
| Clinton                 | MD    | —                        | 70,880                  | 328,620  | 11,440       | —                            | 70,880                           | 340,060  | 410,940   | 337,2                  |
| Lexington<br>Park       | MD    | —                        | 103,796                 | 335,288  | —            | —                            | 103,796                          | 335,288  | 439,084   | 222,9                  |
| Kalamazoo               | MI    | —                        | 389,549                 | 296,975  | —            | —                            | 389,549                          | 296,975  | 686,524   | 197,4                  |
| Portage                 | MI    | —                        | 400,297                 | 286,441  | —            | —                            | 400,297                          | 286,441  | 686,738   | 190,4                  |
| Southfield              | MI    | —                        | 275,952                 | 350,765  | —            | —                            | 275,952                          | 350,765  | 626,717   | 233,2                  |
| Troy                    | MI    | —                        | 214,893                 | 199,299  | —            | —                            | 214,893                          | 199,299  | 414,192   | 132,5                  |
| Saint Cloud             | MN    | —                        | 203,338                 | 258,626  | —            | —                            | 203,338                          | 258,626  | 461,964   | 171,1                  |
| Independence            | MO    | —                        | 297,641                 | 233,152  | 4,467        | 3,958                        | 297,641                          | 241,577  | 539,218   | 213,9                  |
| Arden                   | NC    | —                        | 1,010,000               | 1,290,755  | —            | —                            | 1,010,000                        | 1,290,755  | 2,300,755 | 66,68                  |
| Asheville               | NC    | —                        | 441,746                 | 242,565  | —            | —                            | 441,746                          | 242,565  | 684,311   | 161,3                  |

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|              |    |   |         |           |        |        |         |           |           |       |
|--------------|----|---|---------|-----------|--------|--------|---------|-----------|-----------|-------|
| Asheville    | NC | — | 838,421 | 1,558,792 | 480    | 27,477 | 838,421 | 1,586,749 | 2,425,170 | 763,0 |
| Asheville    | NC | — | 960,000 | 1,314,406 | —      | —      | 960,000 | 1,314,406 | 2,274,406 | 67,91 |
| Concord      | NC | — | 237,688 | 357,976   | 6,863  | 26     | 237,688 | 364,865   | 602,553   | 294,8 |
| Durham       | NC | — | 55,074  | 255,336   | —      | 647    | 55,074  | 255,983   | 311,057   | 255,9 |
| Durham       | NC | — | 354,676 | 364,603   | 64,000 | 12     | 354,676 | 428,615   | 783,291   | 330,6 |
| Fayetteville | NC | — | 224,326 | 257,733   | —      | 131    | 224,326 | 257,865   | 482,191   | 217,0 |
| Greensboro   | NC | — | 286,068 | 244,606   | —      | —      | 286,068 | 244,606   | 530,674   | 162,6 |
| Matthews     | NC | — | 295,580 | 338,472   | 17,484 | 16,095 | 295,580 | 372,050   | 667,630   | 294,8 |
| Pineville    | NC | — | 254,460 | 355,630   | 50,770 | 23     | 254,460 | 406,424   | 660,884   | 305,5 |
| Raleigh      | NC | — | 89,145  | 413,301   | —      | —      | 89,145  | 413,301   | 502,446   | 413,3 |
| Raleigh      | NC | — | 398,694 | 263,621   | —      | —      | 398,694 | 263,621   | 662,315   | 223,6 |

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| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 4) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|--|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Salisbury               | NC    | —                        | 235,614                 | 150,592  | —            | —  | 235,614  | 150,592  | 386,206   | 100,140                                 |
| Weaverville             | NC    | —                        | 470,000                 | 1,595,752  | —            | —  | 470,000  | 1,595,752  | 2,065,752 | 82,447                                  |
| Lincoln                 | NE    | —                        | 337,138                 | 316,958  | —            | —  | 337,138  | 316,958  | 654,096   | 210,770                                 |
| Cherry Hill             | NJ    | —                        | 463,808                 | 862,240  | —            | —  | 463,808  | 862,240  | 1,326,048 | 389,440                                 |
| Edison                  | NJ    | —                        | 448,936                 | 238,773  | —            | —  | 448,936  | 238,773  | 687,709   | 158,780                                 |
| Glassboro               | NJ    | —                        | 182,013                 | 312,480  | —            | —  | 182,013  | 312,480  | 494,493   | 206,750                                 |
| Hamilton<br>Square      | NJ    | —                        | 422,477                 | 291,555  | —            | —  | 422,477  | 291,555  | 714,032   | 193,880                                 |
| Randolph                | NJ    | —                        | 452,629                 | 390,163  | —            | —  | 452,629  | 390,163  | 842,792   | 259,450                                 |
| Trenton                 | NJ    | —                        | 265,238                 | 298,167  | —            | —  | 265,238  | 298,167  | 563,405   | 198,270                                 |
| West<br>Deptford        | NJ    | —                        | 212,788                 | 320,283  | —            | —  | 212,788  | 320,283  | 533,071   | 212,980                                 |
| Westfield               | NJ    | —                        | 705,337                 | 288,720  | —            | —  | 705,337  | 288,720  | 994,057   | 191,990                                 |
| Albuquerque             | NM    | —                        | 231,553                 | 430,026  | —            | —  | 231,553  | 430,026  | 661,579   | 151,220                                 |
| Las Vegas               | NV    | —                        | 326,879                 | 359,101  | —            | —  | 326,879  | 359,101  | 685,980   | 238,800                                 |
| Las Vegas               | NV    | —                        | 316,441                 | 369,768  | —            | —  | 316,441  | 369,768  | 686,209   | 245,890                                 |
| Las Vegas               | NV    | —                        | 252,169                 | 562,715  | —            | —  | 252,169  | 562,715  | 814,884   | 374,200                                 |
| Las Vegas               | NV    | —                        | 1,940,015               | 3,624,877  | —            | —  | 1,940,015  | 3,624,877  | 5,564,892 | 863,920                                 |
| Sparks                  | NV    | —                        | 326,813                 | 306,311  | —            | —  | 326,813  | 306,311  | 633,124   | 203,690                                 |
| Bethpage                | NY    | —                        | 334,120                 | 621,391  | —            | —  | 334,120  | 621,391  | 955,511   | 280,660                                 |
| East<br>Amherst         | NY    | —                        | 260,708                 | 484,788  | —            | —  | 260,708  | 484,788  | 745,496   | 383,780                                 |
| East<br>Syracuse        | NY    | —                        | 250,609                 | 466,264  | —            | —  | 250,609  | 466,264  | 716,873   | 369,110                                 |
| Freeport                | NY    | —                        | 134,828                 | 251,894  | —            | —  | 134,828  | 251,894  | 386,722   | 113,770                                 |
| Johnson City            | NY    | —                        | 242,863                 | 451,877  | —            | —  | 242,863  | 451,877  | 694,740   | 357,720                                 |
| Queens<br>Village       | NY    | —                        | 242,775                 | 451,749  | —            | —  | 242,775  | 451,749  | 694,524   | 204,040                                 |
| Riverhead               | NY    | —                        | 143,929                 | 268,795  | —            | —  | 143,929  | 268,795  | 412,724   | 121,400                                 |
| West<br>Amherst         | NY    | —                        | 268,692                 | 499,619  | —            | —  | 268,692  | 499,619  | 768,311   | 395,520                                 |
| Beavercreek<br>Canal    | OH    | —                        | 205,000                 | 492,538  | —            | —  | 205,000  | 492,538  | 697,538   | 429,320                                 |
| Winchester              | OH    | —                        | 443,751                 | 825,491  | —            | —  | 443,751  | 825,491  | 1,269,242 | 528,080                                 |
| Centerville             | OH    | —                        | 305,000                 | 420,448  | —            | —  | 305,000  | 420,448  | 725,448   | 377,700                                 |

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|            |    |   |         |         |   |   |         |         |           |        |
|------------|----|---|---------|---------|---|---|---------|---------|-----------|--------|
| Cincinnati | OH | — | 211,185 | 392,210 | — | — | 211,185 | 392,210 | 603,395   | 237,28 |
| Cincinnati | OH | — | 305,556 | 244,662 | — | — | 305,556 | 244,662 | 550,218   | 139,86 |
| Cincinnati | OH | — | 589,286 | 160,932 | — | — | 589,286 | 160,932 | 750,218   | 91,999 |
| Cincinnati | OH | — | 159,375 | 265,842 | — | — | 159,375 | 265,842 | 425,217   | 151,97 |
| Cincinnati | OH | — | 350,000 | 300,217 | — | — | 350,000 | 300,217 | 650,217   | 168,62 |
| Cleveland  | OH | — | 337,593 | 451,944 | — | — | 337,593 | 451,944 | 789,537   | 282,46 |
| Cleveland  | OH | — | 317,308 | 307,842 | — | — | 317,308 | 307,842 | 625,150   | 175,98 |
| Columbus   | OH | — | 71,098  | 329,627 | — | — | 71,098  | 329,627 | 400,725   | 329,62 |
| Columbus   | OH | — | 75,761  | 351,247 | — | — | 75,761  | 351,247 | 427,008   | 351,24 |
| Columbus   | OH | — | 432,110 | 386,553 | — | — | 432,110 | 386,553 | 818,663   | 241,59 |
| Columbus   | OH | — | 466,696 | 548,133 | — | — | 466,696 | 548,133 | 1,014,829 | 342,58 |
| Columbus   | OH | — | 337,679 | 272,484 | — | — | 337,679 | 272,484 | 610,163   | 155,77 |
| Columbus   | OH | — | 190,000 | 260,162 | — | — | 190,000 | 260,162 | 450,162   | 148,72 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumu<br>Deprecia<br>(Note 5) |
|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|-----------|--------------------------------|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                |
| Columbus                | OH    | —                        | 371,429                    | 278,734  | —  | —                 | 371,429  | 278,734  | 650,163   | 159,342                        |
| Cuyahoga<br>Falls       | OH    | —                        | 253,750                    | 271,400  | —  | —                 | 253,750  | 271,400  | 525,150   | 155,150                        |
| Dayton                  | OH    | —                        | 70,000                     | 324,538  | —  | —                 | 70,000   | 324,538  | 394,538   | 324,538                        |
| Dayton                  | OH    | —                        | 349,091                    | 251,127  | —  | —                 | 349,091  | 251,127  | 600,218   | 143,560                        |
| Dublin                  | OH    | —                        | 437,887                    | 428,046  | —  | —                 | 437,887  | 428,046  | 865,933   | 267,528                        |
| Fairfield               | OH    | —                        | 323,408                    | 235,024  | 44,232   | 3,330             | 323,408  | 282,586  | 605,994   | 229,295                        |
| Fairlawn                | OH    | —                        | 280,000                    | 270,150  | —  | —                 | 280,000  | 270,150  | 550,150   | 154,435                        |
| Findlay                 | OH    | —                        | 283,515                    | 397,004  | 52,897   | 16,801            | 283,515  | 466,703  | 750,218   | 342,525                        |
| Hamilton                | OH    | —                        | 252,608                    | 413,279  | —  | —                 | 252,608  | 413,279  | 665,887   | 356,105                        |
| Huber<br>Heights        | OH    | —                        | 282,000                    | 449,381  | —  | —                 | 282,000  | 449,381  | 731,381   | 394,706                        |
| Lima                    | OH    | —                        | 241,132                    | 114,085  | —  | —                 | 241,132  | 114,085  | 355,217   | 65,219                         |
| Marion                  | OH    | —                        | 100,000                    | 275,162  | —  | —                 | 100,000  | 275,162  | 375,162   | 154,549                        |
| Mason                   | OH    | —                        | 310,990                    | 405,373  | —  | —                 | 310,990  | 405,373  | 716,363   | 253,357                        |
| Mount<br>Vernon         | OH    | —                        | 216,115                    | 375,357  | —  | 114               | 216,115  | 375,471  | 591,586   | 316,039                        |
| Norwalk                 | OH    | —                        | 200,205                    | 366,000  | —  | 114               | 200,205  | 366,113  | 566,318   | 308,162                        |
| Parma                   | OH    | —                        | 268,966                    | 381,184  | —  | —                 | 268,966  | 381,184  | 650,150   | 217,910                        |
| Reynoldsburg            | OH    | —                        | 267,750                    | 497,371  | —  | —                 | 267,750  | 497,371  | 765,121   | 284,331                        |
| Reynoldsburg            | OH    | —                        | 374,000                    | 176,162  | —  | —                 | 374,000  | 176,162  | 550,162   | 100,706                        |
| Sandusky                | OH    | —                        | 264,708                    | 404,011  | —  | 114               | 264,708  | 404,125  | 668,833   | 340,160                        |
| Solon                   | OH    | —                        | 794,305                    | 222,797  | —  | —                 | 794,305  | 222,797  | 1,017,102 | 139,248                        |
| Springboro              | OH    | —                        | 191,911                    | 522,902  | —  | —                 | 191,911  | 522,902  | 714,813   | 455,637                        |
| Springfield             | OH    | —                        | 320,000                    | 280,217  | —  | —                 | 320,000  | 280,217  | 600,217   | 160,191                        |
| Springfield             | OH    | —                        | 189,091                    | 136,127  | —  | —                 | 189,091  | 136,127  | 325,218   | 77,819                         |
| Stow                    | OH    | —                        | 310,000                    | 415,150  | —  | —                 | 310,000  | 415,150  | 725,150   | 237,327                        |
| Toledo                  | OH    | —                        | 120,000                    | 230,217  | —  | —                 | 120,000  | 230,217  | 350,217   | 131,607                        |
| Toledo                  | OH    | —                        | 250,000                    | 175,217  | —  | —                 | 250,000  | 175,217  | 425,217   | 100,166                        |
| Toledo                  | OH    | —                        | 320,000                    | 280,217  | —  | —                 | 320,000  | 280,217  | 600,217   | 160,191                        |
| Toledo                  | OH    | —                        | 250,000                    | 530,217  | —  | —                 | 250,000  | 530,217  | 780,217   | 303,107                        |
| West Chester            | OH    | —                        | 446,449                    | 768,644  | —  | —                 | 446,449  | 768,644  | 1,215,093 | 474,382                        |
| Willowick               | OH    | —                        | 321,347                    | 459,774  | —  | —                 | 321,347  | 459,774  | 781,121   | 423,758                        |
| Zanesville              | OH    | —                        | 125,000                    | 300,162  | —  | —                 | 125,000  | 300,162  | 425,162   | 171,592                        |
| Tulsa                   | OK    | —                        | 133,648                    | 249,702  | —  | 51                | 133,648  | 249,754  | 383,402   | 112,800                        |



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|             |    |   |                 |   |     |                 |         |         |
|-------------|----|---|-----------------|---|-----|-----------------|---------|---------|
| Portland    | OR | — | 251,499,345,952 | — | 58  | 251,499,346,010 | 597,509 | 224,985 |
| Salem       | OR | — | 337,711,253,855 | — | 58  | 337,711,253,913 | 591,624 | 168,870 |
| Bethel Park | PA | — | 299,595,331,264 | — | 114 | 299,595,331,378 | 630,973 | 278,935 |
| Bethlehem   | PA | — | 275,328,389,067 | — | 172 | 275,328,389,239 | 664,567 | 327,642 |
| Bethlehem   | PA | — | 229,162,310,526 | — | 172 | 229,162,310,698 | 539,860 | 261,527 |
| Bridgeville | PA | — | 275,000,375,150 | — | —   | 275,000,375,150 | 650,150 | 214,460 |
| Coraopolis  | PA | — | 225,000,375,150 | — | —   | 225,000,375,150 | 600,150 | 214,460 |
| Harrisburg  | PA | — | 129,014,220,317 | — | —   | 129,014,220,317 | 349,331 | 146,507 |
| Monroeville | PA | — | 275,000,250,150 | — | —   | 275,000,250,150 | 525,150 | 143,002 |

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           |   |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     | Accumulated<br>Depreciation<br>(Note 3) |
| North Wales             | PA    | —                        | 2,813,873               | 4,379,809  | —            | —                            | 2,813,873                        | 4,379,809  | 7,193,682 | 1,043,443                               |
| Pittsburgh              | PA    | —                        | 378,715                 | 685,374  | —            | —                            | 378,715                          | 685,374  | 1,064,089 | 443,443                                 |
| Pittsburgh              | PA    | —                        | 219,938                 | 408,466  | —            | —                            | 219,938                          | 408,466  | 628,404   | 247,959                                 |
| Pittsburgh              | PA    | —                        | 175,000                 | 300,150  | —            | —                            | 175,000                          | 300,150  | 475,150   | 171,191                                 |
| Pittsburgh              | PA    | —                        | 243,750                 | 406,400  | —            | —                            | 243,750                          | 406,400  | 650,150   | 232,959                                 |
| Pittsburgh              | PA    | —                        | 208,333                 | 416,817  | —            | —                            | 208,333                          | 416,817  | 625,150   | 238,191                                 |
| Pittsburgh              | PA    | —                        | 121,429                 | 303,721  | —            | —                            | 121,429                          | 303,721  | 425,150   | 173,959                                 |
| Warminster              | PA    | —                        | 319,918                 | 216,999  | —            | —                            | 319,918                          | 216,999  | 536,917   | 144,958                                 |
| Wexford                 | PA    | —                        | 284,375                 | 240,775  | —            | —                            | 284,375                          | 240,775  | 525,150   | 137,191                                 |
| York                    | PA    | —                        | 249,436                 | 347,424  | —            | 172                          | 249,436                          | 347,595  | 597,031   | 292,840                                 |
| Charleston              | SC    | —                        | 217,250                 | 294,079  | 6,700        | 159                          | 217,250                          | 300,938  | 518,188   | 256,339                                 |
| Columbia                | SC    | —                        | 267,622                 | 298,594  | 4,116        | —                            | 267,622                          | 302,710  | 570,332   | 249,191                                 |
| Greenville              | SC    | —                        | 221,946                 | 315,163  | —            | —                            | 221,946                          | 315,163  | 537,109   | 267,918                                 |
| Lexington               | SC    | —                        | 241,534                 | 342,182  | —            | —                            | 241,534                          | 342,182  | 583,716   | 269,797                                 |
| North<br>Charleston     | SC    | —                        | 174,980                 | 341,466  | 14,074       | 153                          | 174,980                          | 355,692  | 530,672   | 286,861                                 |
| Sioux Falls             | SD    | —                        | 48,833                  | 91,572   | —            | —                            | 48,833                           | 91,572   | 140,405   | 41,314                                  |
| Antioch                 | TN    | —                        | 400,000                 | 781,228  | —            | —                            | 400,000                          | 781,228  | 1,181,228 | 118,122                                 |
| Athens                  | TN    | —                        | 760,000                 | 1,068,639  | —            | —                            | 760,000                          | 1,068,639  | 1,828,639 | 552,228                                 |
| Brentwood               | TN    | —                        | 305,546                 | 505,728  | —            | —                            | 305,546                          | 505,728  | 811,274   | 423,728                                 |
| Columbia                | TN    | —                        | 540,000                 | 749,813  | —            | —                            | 540,000                          | 749,813  | 1,289,813 | 113,813                                 |
| Gallatin                | TN    | —                        | 720,000                 | 862,737  | —            | —                            | 720,000                          | 862,737  | 1,582,737 | 130,737                                 |
| Hendersonville          | TN    | —                        | 175,764                 | 327,096  | —            | —                            | 175,764                          | 327,096  | 502,860   | 208,096                                 |
| Hendersonville          | TN    | —                        | 680,000                 | 972,437  | —            | —                            | 680,000                          | 972,437  | 1,652,437 | 147,437                                 |
| Hermitage               | TN    | —                        | 204,296                 | 172,695  | —            | —                            | 204,296                          | 172,695  | 376,991   | 114,695                                 |
| Hermitage               | TN    | —                        | 480,000                 | 789,017  | —            | —                            | 480,000                          | 789,017  | 1,269,017 | 119,017                                 |
| Knoxville               | TN    | —                        | 1,570,000               | 1,822,418  | —            | —                            | 1,570,000                        | 1,822,418  | 3,392,418 | 894,418                                 |
| Madison                 | TN    | —                        | 175,769                 | 327,068  | —            | —                            | 175,769                          | 327,068  | 502,837   | 208,068                                 |
| Maryville               | TN    | —                        | 1,090,000               | 1,092,328  | —            | —                            | 1,090,000                        | 1,092,328  | 2,182,328 | 564,328                                 |
| Memphis                 | TN    | —                        | 108,094                 | 217,079  | —            | —                            | 108,094                          | 217,079  | 325,173   | 144,079                                 |
| Memphis                 | TN    | —                        | 214,110                 | 193,591  | —            | —                            | 214,110                          | 193,591  | 407,701   | 128,591                                 |
| Memphis                 | TN    | —                        | 215,017                 | 216,794  | —            | —                            | 215,017                          | 216,794  | 431,811   | 143,794                                 |
| Mount Juliet            | TN    | —                        | 540,000                 | 929,909  | —            | —                            | 540,000                          | 929,909  | 1,469,909 | 141,909                                 |
| Murfreesboro            | TN    | —                        | 150,411                 | 215,528  | —            | —                            | 150,411                          | 215,528  | 365,939   | 143,528                                 |
| Murfreesboro            | TN    | —                        | 563,164                 | 814,275  | —            | —                            | 563,164                          | 814,275  | 1,377,439 | 123,275                                 |

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|              |    |   |         |           |   |   |         |           |           |      |
|--------------|----|---|---------|-----------|---|---|---------|-----------|-----------|------|
| Murfreesboro | TN | — | 550,000 | 851,709   | — | — | 550,000 | 851,709   | 1,401,709 | 129. |
| Nashville    | TN | — | 342,960 | 227,440   | — | — | 342,960 | 227,440   | 570,400   | 193. |
| Nashville    | TN | — | 600,000 | 752,612   | — | — | 600,000 | 752,612   | 1,352,612 | 114. |
| Nashville    | TN | — | 510,210 | 792,902   | — | — | 510,210 | 792,902   | 1,303,112 | 120. |
| Nashville    | TN | — | 568,793 | 822,413   | — | — | 568,793 | 822,413   | 1,391,206 | 124. |
| Oak Ridge    | TN | — | 750,000 | 1,030,152 | — | — | 750,000 | 1,030,152 | 1,780,152 | 53.2 |
| Ooltewah     | TN | — | 940,000 | 1,193,572 | — | — | 940,000 | 1,193,572 | 2,133,572 | 61.6 |

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|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Smyrna                  | TN    | —                        | 560,000                 | 874,142  | —            | —                            | 560,000                          | 874,142  | 1,434,142 | 132,578                                 |
| Carrollton              | TX    | —                        | 174,284                 | 98,623   | —            | —                            | 174,284                          | 98,623   | 272,907   | 65,582                                  |
| Carrollton              | TX    | —                        | 177,041                 | 199,088  | —            | —                            | 177,041                          | 199,088  | 376,129   | 132,399                                 |
| Copperas<br>Cove        | TX    | —                        | 820,000                 | 1,069,475  | —            | —                            | 820,000                          | 1,069,475  | 1,889,475 | 101,600                                 |
| Dallas                  | TX    | —                        | 234,604                 | 325,951  | 12,719       | 15,373                       | 234,604                          | 354,044  | 588,648   | 309,219                                 |
| Fort Worth              | TX    | —                        | 83,530                  | 111,960  | —            | —                            | 83,530                           | 111,960  | 195,490   | 74,452                                  |
| Helotes                 | TX    | —                        | 1,360,000               | 1,032,521  | —            | —                            | 1,360,000                        | 1,032,521  | 2,392,521 | 53,347                                  |
| Houston                 | TX    | —                        | 285,000                 | 369,697  | —            | 311                          | 285,000                          | 370,008  | 655,008   | 313,847                                 |
| Houston                 | TX    | —                        | 2,350,000               | 1,115,798  | —            | —                            | 2,350,000                        | 1,115,798  | 3,465,798 | 120,879                                 |
| Humble                  | TX    | —                        | 257,169                 | 325,652  | —            | —                            | 257,169                          | 325,652  | 582,821   | 216,555                                 |
| Killeen                 | TX    | —                        | 710,000                 | 991,863  | —            | —                            | 710,000                          | 991,863  | 1,701,863 | 94,227                                  |
| Killeen                 | TX    | —                        | 210,000                 | 1,596,000  | —            | —                            | 210,000                          | 1,596,000  | 1,806,000 | 151,629                                 |
| Lake<br>Jackson         | TX    | —                        | 197,170                 | 256,376  | —            | —                            | 197,170                          | 256,376  | 453,546   | 170,488                                 |
| Lewisville              | TX    | —                        | 199,942                 | 324,736  | —            | —                            | 199,942                          | 324,736  | 524,678   | 290,639                                 |
| Lewisville              | TX    | —                        | 130,238                 | 207,683  | —            | —                            | 130,238                          | 207,683  | 337,921   | 137,419                                 |
| Pflugerville            | TX    | —                        | 410,000                 | 1,356,656  | —            | —                            | 410,000                          | 1,356,656  | 1,766,656 | 128,889                                 |
| Temple                  | TX    | —                        | 530,000                 | 1,453,900  | —            | —                            | 530,000                          | 1,453,900  | 1,983,900 | 138,129                                 |
| Waco                    | TX    | —                        | 232,105                 | 431,053  | —            | —                            | 232,105                          | 431,053  | 663,158   | 151,589                                 |
| American<br>Fork        | UT    | —                        | 849,848                 | 2,561,827  | —            | —                            | 849,848                          | 2,561,827  | 3,411,675 | 542,259                                 |
| Cottonwood<br>Hghts     | UT    | —                        | 720,000                 | 1,734,194  | —            | —                            | 720,000                          | 1,734,194  | 2,454,194 | 170,529                                 |
| Draper                  | UT    | —                        | 1,220,000               | 1,574,521  | —            | —                            | 1,220,000                        | 1,574,521  | 2,794,521 | 154,829                                 |
| Layton                  | UT    | —                        | 390,000                 | 1,575,711  | —            | —                            | 390,000                          | 1,575,711  | 1,965,711 | 254,749                                 |
| Park City               | UT    | —                        | 780,000                 | 1,082,808  | —            | —                            | 780,000                          | 1,082,808  | 1,862,808 | 175,059                                 |
| South<br>Jordan         | UT    | —                        | 1,620,150               | 1,879,850  | —            | —                            | 1,620,150                        | 1,879,850  | 3,500,000 | 391,639                                 |
| Chesapeake              | VA    | —                        | 620,000                 | 878,059  | —            | —                            | 620,000                          | 878,059  | 1,498,059 | 62,928                                  |
| Chesapeake              | VA    | —                        | 1,030,000               | 423,911  | —            | —                            | 1,030,000                        | 423,911  | 1,453,911 | 30,380                                  |
| Chesapeake              | VA    | —                        | 750,000                 | 806,516  | —            | —                            | 750,000                          | 806,516  | 1,556,516 | 57,800                                  |
| Chesapeake              | VA    | —                        | 1,300,000               | 1,889,265  | —            | —                            | 1,300,000                        | 1,889,265  | 3,189,265 | 135,399                                 |
| Hampton                 | VA    | —                        | 710,000                 | 734,904  | —            | —                            | 710,000                          | 734,904  | 1,444,904 | 52,668                                  |
| Hampton                 | VA    | —                        | 460,000                 | 329,113  | —            | —                            | 460,000                          | 329,113  | 789,113   | 23,586                                  |

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|                |    |   |           |         |   |     |           |         |           |         |
|----------------|----|---|-----------|---------|---|-----|-----------|---------|-----------|---------|
| Hampton        | VA | — | 720,000   | 835,007 | — | —   | 720,000   | 835,007 | 1,555,007 | 59,842  |
| Newport news   | VA | — | 450,000   | 830,388 | — | —   | 450,000   | 830,388 | 1,280,388 | 59,511  |
| Newport News   | VA | — | 350,000   | 573,817 | — | —   | 350,000   | 573,817 | 923,817   | 41,124  |
| Norfolk        | VA | — | 460,000   | 522,772 | — | —   | 460,000   | 522,772 | 982,772   | 37,465  |
| Norfolk        | VA | — | 530,000   | 672,381 | — | —   | 530,000   | 672,381 | 1,202,381 | 148,187 |
| Norfolk        | VA | — | 630,000   | 496,275 | — | —   | 630,000   | 496,275 | 1,126,275 | 35,622  |
| Richmond       | VA | — | 403,549   | 876,981 | — | —   | 403,549   | 876,981 | 1,280,530 | 523,666 |
| Roanoke        | VA | — | 349,628   | 322,545 | — | 153 | 349,628   | 322,698 | 672,326   | 271,633 |
| Suffolk        | VA | — | 790,000   | 504,279 | — | —   | 790,000   | 504,279 | 1,294,279 | 36,140  |
| Virginia beach | VA | — | 760,000   | 417,873 | — | —   | 760,000   | 417,873 | 1,177,873 | 29,948  |
| Virginia Beach | VA | — | 1,070,000 | 342,099 | — | —   | 1,070,000 | 342,099 | 1,412,099 | 24,517  |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1)     | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition |                   | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |  | Total     | Accumulated<br>Depreciation<br>(Note 3) |
|-----------------------------|-------|--------------------------|-------------------------|--|--|-------------------|--|--|-----------|---|
|                             |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |           |   |
| Virginia beach              | VA    | —                        | 930,000                 | 321,534  | —  | —                 | 930,000  | 321,534  | 1,251,534 | 23,043                                  |
| Virginia Beach              | VA    | —                        | 480,000                 | 386,732  | —  | —                 | 480,000  | 386,732  | 866,732   | 27,716                                  |
| Virginia Beach              | VA    | —                        | 670,000                 | 460,364  | —  | —                 | 670,000  | 460,364  | 1,130,364 | 32,993                                  |
| Virginia beach              | VA    | —                        | 890,000                 | 1,358,843  | —  | —                 | 890,000  | 1,358,843  | 2,248,843 | 97,384                                  |
| Warrenton                   | VA    | —                        | 186,723                 | 241,173  | —  | —                 | 186,723  | 241,173  | 427,896   | 160,371                                 |
| Bremerton                   | WA    | —                        | 261,172                 | 373,080  | —  | 2,621             | 261,172  | 375,701  | 636,873   | 332,400                                 |
| Tacoma                      | WA    | —                        | 109,127                 | 202,691  | —  | —                 | 109,127  | 202,691  | 311,818   | 91,549                                  |
| Cudahy                      | WI    | —                        | 470,000                 | 1,208,890  | —  | —                 | 470,000  | 1,208,890  | 1,678,890 | 118,871                                 |
| Franklin                    | WI    | —                        | 1,090,000               | 2,175,218  | —  | —                 | 1,090,000  | 2,175,218  | 3,265,218 | 213,891                                 |
| Menomonee Falls             | WI    | —                        | 1,280,000               | 1,892,112  | —  | —                 | 1,280,000  | 1,892,112  | 3,172,112 | 186,051                                 |
| Milwaukee                   | WI    | —                        | 173,005                 | 499,244  | —  | —                 | 173,005  | 499,244  | 672,249   | 460,131                                 |
| Milwaukee                   | WI    | —                        | 152,509                 | 475,480  | —  | —                 | 152,509  | 475,480  | 627,989   | 423,960                                 |
| Mount Pleasant              | WI    | —                        | 184,002                 | 114,167  | —  | —                 | 184,002  | 114,167  | 298,169   | 75,920                                  |
| New Berlin                  | WI    | —                        | 188,491                 | 466,268  | 55,866   | 507               | 188,491  | 522,641  | 711,132   | 440,671                                 |
| Oshkosh                     | WI    | —                        | 150,000                 | 820,494  | —  | —                 | 150,000  | 820,494  | 970,494   | 80,682                                  |
| West Milwaukee              | WI    | —                        | 780,000                 | 1,747,681  | —  | —                 | 780,000  | 1,747,681  | 2,527,681 | 171,851                                 |
| Automotive<br>Tire Services |       |                          |                         |  |  |                   |  |  |           |   |
| Athens                      | AL    | —                        | 760,031                 | 1,413,494  | —  | —                 | 760,031  | 1,413,494  | 2,173,525 | 685,541                                 |
| Auburn                      | AL    | —                        | 660,210                 | 1,228,112  | —  | —                 | 660,210  | 1,228,112  | 1,888,322 | 595,631                                 |
| Birmingham                  | AL    | —                        | 635,111                 | 1,180,909  | —  | —                 | 635,111  | 1,180,909  | 1,816,020 | 572,731                                 |
| Birmingham                  | AL    | —                        | 620,270                 | 1,153,493  | —  | —                 | 620,270  | 1,153,493  | 1,773,763 | 559,441                                 |
| Daphne                      | AL    | —                        | 876,139                 | 1,629,123  | —  | —                 | 876,139  | 1,629,123  | 2,505,262 | 790,121                                 |
| Decatur                     | AL    | —                        | 635,111                 | 1,181,499  | —  | —                 | 635,111  | 1,181,499  | 1,816,610 | 573,021                                 |
| Decatur                     | AL    | —                        | 1,100,000               | 1,336,744  | —  | —                 | 1,100,000  | 1,336,744  | 2,436,744 | 95,800                                  |
| Dothan                      | AL    | —                        | 455,651                 | 565,343  | —  | —                 | 455,651  | 565,343  | 1,020,994 | 229,561                                 |
| Foley                       | AL    | —                        | 870,031                 | 1,617,357  | —  | —                 | 870,031  | 1,617,357  | 2,487,388 | 784,411                                 |

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|                 |    |   |         |           |   |   |         |           |           |        |
|-----------------|----|---|---------|-----------|---|---|---------|-----------|-----------|--------|
| Gardendale      | AL | — | 610,055 | 1,134,554 | — | — | 610,055 | 1,134,554 | 1,744,609 | 549,99 |
| Hoover          | AL | — | 504,396 | 938,299   | — | — | 504,396 | 938,299   | 1,442,695 | 455,07 |
| Huntsville      | AL | — | 499,843 | 929,863   | — | — | 499,843 | 929,863   | 1,429,706 | 450,97 |
| Huntsville      | AL | — | 635,111 | 1,181,499 | — | — | 635,111 | 1,181,499 | 1,816,610 | 573,02 |
| Madison         | AL | — | 635,111 | 1,181,532 | — | — | 635,111 | 1,181,532 | 1,816,643 | 573,03 |
| Mobile          | AL | — | 635,111 | 1,181,499 | — | — | 635,111 | 1,181,499 | 1,816,610 | 573,02 |
| Mobile          | AL | — | 525,750 | 977,810   | — | — | 525,750 | 977,810   | 1,503,560 | 474,23 |
| Montgomery      | AL | — | 544,181 | 654,046   | — | — | 544,181 | 654,046   | 1,198,227 | 276,48 |
| Orange<br>Beach | AL | — | 630,244 | 1,172,036 | — | — | 630,244 | 1,172,036 | 1,802,280 | 568,43 |
| Pelham          | AL | — | 635,111 | 1,180,909 | — | — | 635,111 | 1,180,909 | 1,816,020 | 572,73 |
| Phenix City     | AL | — | 630,244 | 1,172,024 | — | — | 630,244 | 1,172,024 | 1,802,268 | 568,42 |
| Benton          | AR | — | 976,474 | 2,016,354 | — | — | 976,474 | 2,016,354 | 2,992,828 | 480,56 |
| Tucson          | AZ | — | 178,297 | 396,004   | — | — | 178,297 | 396,004   | 574,301   | 396,00 |
| Arvada          | CO | — | 301,489 | 931,092   | — | — | 301,489 | 931,092   | 1,232,581 | 675,07 |

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 3) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|--|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Aurora                  | CO    | —                        | 221,691                 | 492,382  | —            | —  | 221,691  | 492,382  | 714,073   | 492,382                                 |
| Aurora                  | CO    | —                        | 353,283                 | 1,135,051  | —            | 31,948   | 353,283  | 1,166,999  | 1,520,282 | 813,421                                 |
| Colorado<br>Springs     | CO    | —                        | 280,193                 | 622,317  | —            | —  | 280,193  | 622,317  | 902,510   | 622,317                                 |
| Colorado<br>Springs     | CO    | —                        | 192,988                 | 433,542  | —            | —  | 192,988  | 433,542  | 626,530   | 433,542                                 |
| Denver                  | CO    | —                        | 688,292                 | 1,331,224  | —            | —  | 688,292  | 1,331,224  | 2,019,516 | 851,944                                 |
| Grand<br>Junction       | CO    | —                        | 1,121,415               | 2,315,649  | —            | —  | 1,121,415  | 2,315,649  | 3,437,064 | 551,899                                 |
| Westminster             | CO    | —                        | 526,620                 | 1,099,523  | —            | —  | 526,620  | 1,099,523  | 1,626,143 | 782,523                                 |
| Destin                  | FL    | —                        | 1,034,411               | 1,922,591  | —            | —  | 1,034,411  | 1,922,591  | 2,957,002 | 932,451                                 |
| Fort Walton<br>Beach    | FL    | —                        | 635,111                 | 1,181,032  | —            | —  | 635,111  | 1,181,032  | 1,816,143 | 572,791                                 |
| Fort Walton<br>Beach    | FL    | —                        | 635,111                 | 1,181,032  | —            | —  | 635,111  | 1,181,032  | 1,816,143 | 572,791                                 |
| Lakeland                | FL    | —                        | 500,000                 | 645,402  | —            | —  | 500,000  | 645,402  | 1,145,402 | 524,044                                 |
| Largo                   | FL    | —                        | 540,000                 | 1,168,386  | —            | —  | 540,000  | 1,168,386  | 1,708,386 | 83,734                                  |
| Middleburg              | FL    | —                        | 1,167,247               | 2,410,289  | 5,843        | —  | 1,167,247  | 2,416,132  | 3,583,379 | 579,544                                 |
| Milton                  | FL    | —                        | 635,111                 | 1,181,145  | —            | —  | 635,111  | 1,181,145  | 1,816,256 | 572,851                                 |
| New<br>Smyrna<br>Beach  | FL    | —                        | 570,000                 | 638,386  | —            | —  | 570,000  | 638,386  | 1,208,386 | 45,751                                  |
| Niceville               | FL    | —                        | 920,803                 | 1,711,621  | —            | —  | 920,803  | 1,711,621  | 2,632,424 | 830,133                                 |
| Orlando                 | FL    | —                        | 635,111                 | 1,181,076  | —            | —  | 635,111  | 1,181,076  | 1,816,187 | 572,811                                 |
| Orlando                 | FL    | —                        | 630,244                 | 1,172,023  | —            | —  | 630,244  | 1,172,023  | 1,802,267 | 568,421                                 |
| Oviedo                  | FL    | —                        | 971,996                 | 1,806,780  | —            | —  | 971,996  | 1,806,780  | 2,778,776 | 876,281                                 |
| Pace                    | FL    | —                        | 630,244                 | 1,171,993  | —            | —  | 630,244  | 1,171,993  | 1,802,237 | 568,411                                 |
| Panama City             | FL    | —                        | 635,111                 | 1,181,076  | —            | —  | 635,111  | 1,181,076  | 1,816,187 | 572,811                                 |
| Pensacola               | FL    | —                        | 635,111                 | 1,181,063  | —            | —  | 635,111  | 1,181,063  | 1,816,174 | 572,811                                 |
| Pensacola               | FL    | —                        | 588,305                 | 1,094,130  | —            | —  | 588,305  | 1,094,130  | 1,682,435 | 530,644                                 |
| Port Saint<br>Lucie     | FL    | —                        | 700,000                 | 2,018,138  | —            | —  | 700,000  | 2,018,138  | 2,718,138 | 144,633                                 |
| Saint Cloud             | FL    | —                        | 525,207                 | 976,968  | —            | —  | 525,207  | 976,968  | 1,502,175 | 473,821                                 |
| Sanford                 | FL    | —                        | 630,244                 | 1,172,023  | —            | —  | 630,244  | 1,172,023  | 1,802,267 | 568,421                                 |
| Tallahassee             | FL    | —                        | 419,902                 | 781,405  | —            | —  | 419,902  | 781,405  | 1,201,307 | 378,971                                 |



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|              |    |   |           |           |        |        |           |           |           |         |
|--------------|----|---|-----------|-----------|--------|--------|-----------|-----------|-----------|---------|
| Tallahassee  | FL | — | 611,916   | 1,137,986 | —      | —      | 611,916   | 1,137,986 | 1,749,902 | 551,916 |
| Tampa        | FL | — | 427,395   | 472,030   | —      | —      | 427,395   | 472,030   | 899,425   | 383,295 |
| Union Park   | FL | — | 1,004,103 | 1,866,287 | —      | —      | 1,004,103 | 1,866,287 | 2,870,390 | 905,143 |
| Alpharetta   | GA | — | 630,244   | 1,171,870 | —      | —      | 630,244   | 1,171,870 | 1,802,114 | 568,355 |
| Atlanta      | GA | — | 55,840    | 258,889   | 16,005 | 14,141 | 55,840    | 289,035   | 344,875   | 283,995 |
| Canton       | GA | — | 1,010,000 | 1,352,903 | —      | —      | 1,010,000 | 1,352,903 | 2,362,903 | 245,775 |
| Columbus     | GA | — | 630,244   | 1,171,988 | —      | —      | 630,244   | 1,171,988 | 1,802,232 | 568,415 |
| Conyers      | GA | — | 531,935   | 1,180,296 | —      | —      | 531,935   | 1,180,296 | 1,712,231 | 788,565 |
| Conyers      | GA | — | 635,111   | 1,181,027 | —      | —      | 635,111   | 1,181,027 | 1,816,138 | 572,795 |
| Douglasville | GA | — | 795,842   | 1,643,361 | —      | —      | 795,842   | 1,643,361 | 2,439,203 | 391,665 |
| Duluth       | GA | — | 638,509   | 1,186,594 | —      | —      | 638,509   | 1,186,594 | 1,825,103 | 717,885 |
| Hiram        | GA | — | 635,111   | 1,181,017 | —      | —      | 635,111   | 1,181,017 | 1,816,128 | 572,785 |
| Kennesaw     | GA | — | 519,903   | 967,180   | —      | —      | 519,903   | 967,180   | 1,487,083 | 469,075 |
| Kennesaw     | GA | — | 659,964   | 1,827,997 | —      | —      | 659,964   | 1,827,997 | 2,487,961 | 435,675 |

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| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           | Accrual<br>Depreciation<br>(Note 3) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|-------------------------------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                     |
| Lawrenceville           | GA    | —                        | 635,111                 | 1,181,137  | —            | —                            | 635,111                          | 1,181,137  | 1,816,248 | 572,800                             |
| Lilburn                 | GA    | —                        | 994,894                 | 1,807,565  | —            | —                            | 994,894                          | 1,807,565  | 2,802,459 | 430,800                             |
| Marietta                | GA    | —                        | 500,293                 | 930,657  | —            | —                            | 500,293                          | 930,657  | 1,430,950 | 451,300                             |
| McDonough               | GA    | —                        | 635,111                 | 1,181,032  | —            | —                            | 635,111                          | 1,181,032  | 1,816,143 | 572,700                             |
| McDonough               | GA    | —                        | 910,000                 | 1,400,696  | —            | —                            | 910,000                          | 1,400,696  | 2,310,696 | 254,400                             |
| Peachtree<br>City       | GA    | —                        | 625,316                 | 1,162,827  | —            | —                            | 625,316                          | 1,162,827  | 1,788,143 | 563,900                             |
| Roswell                 | GA    | —                        | 515,617                 | 959,138  | —            | —                            | 515,617                          | 959,138  | 1,474,755 | 465,100                             |
| Sandy Springs           | GA    | —                        | 586,211                 | 1,090,241  | —            | —                            | 586,211                          | 1,090,241  | 1,676,452 | 528,700                             |
| Stockbridge             | GA    | —                        | 632,128                 | 1,175,478  | —            | —                            | 632,128                          | 1,175,478  | 1,807,606 | 570,100                             |
| Union City              | GA    | —                        | 970,000                 | 938,386  | —            | —                            | 970,000                          | 938,386  | 1,908,386 | 67,200                              |
| Aurora                  | IL    | —                        | 513,204                 | 953,885  | —            | —                            | 513,204                          | 953,885  | 1,467,089 | 577,000                             |
| Joliet                  | IL    | —                        | 452,267                 | 840,716  | —            | —                            | 452,267                          | 840,716  | 1,292,983 | 508,600                             |
| Lombard                 | IL    | —                        | 428,170                 | 795,965  | —            | 2,000                        | 428,170                          | 797,965  | 1,226,135 | 483,000                             |
| Niles                   | IL    | —                        | 366,969                 | 682,306  | —            | —                            | 366,969                          | 682,306  | 1,049,275 | 412,700                             |
| Orland Park             | IL    | —                        | 663,087                 | 1,232,240  | —            | —                            | 663,087                          | 1,232,240  | 1,895,327 | 745,500                             |
| Round Lake<br>Beach     | IL    | —                        | 472,132                 | 236,585  | —            | —                            | 472,132                          | 236,585  | 708,717   | 157,300                             |
| Vernon Hills            | IL    | —                        | 524,948                 | 975,668  | —            | —                            | 524,948                          | 975,668  | 1,500,616 | 590,200                             |
| West Dundee             | IL    | —                        | 530,835                 | 986,628  | —            | —                            | 530,835                          | 986,628  | 1,517,463 | 596,900                             |
| Overland Park           | KS    | —                        | 1,101,841               | 2,047,067  | —            | —                            | 1,101,841                        | 2,047,067  | 3,148,908 | 1,238,000                           |
| Wichita                 | KS    | —                        | 935,607                 | 1,989,962  | 6,300        | —                            | 935,607                          | 1,996,262  | 2,931,869 | 475,200                             |
| Winchester              | KY    | —                        | 355,474                 | 929,177  | 20,045       | 22,464                       | 355,474                          | 971,686  | 1,327,160 | 787,400                             |
| Baton Rouge             | LA    | —                        | 1,158,316               | 2,391,847  | —            | —                            | 1,158,316                        | 2,391,847  | 3,550,163 | 570,000                             |
| Allston                 | MA    | —                        | 576,505                 | 1,071,520  | —            | —                            | 576,505                          | 1,071,520  | 1,648,025 | 648,200                             |
| Billerica               | MA    | —                        | 399,043                 | 462,240  | —            | 172                          | 399,043                          | 462,411  | 861,454   | 401,400                             |
| Shrewsbury              | MA    | —                        | 721,065                 | 1,339,913  | —            | —                            | 721,065                          | 1,339,913  | 2,060,978 | 810,600                             |
| Waltham                 | MA    | —                        | 338,955                 | 630,279  | —            | —                            | 338,955                          | 630,279  | 969,234   | 381,300                             |
| Weymouth                | MA    | —                        | 752,234                 | 1,397,799  | —            | —                            | 752,234                          | 1,397,799  | 2,150,033 | 845,600                             |
| Woburn                  | MA    | —                        | 676,968                 | 1,258,018  | —            | —                            | 676,968                          | 1,258,018  | 1,934,986 | 761,000                             |
| Annapolis               | MD    | —                        | 780,806                 | 1,450,860  | —            | —                            | 780,806                          | 1,450,860  | 2,231,666 | 877,700                             |
| Bowie                   | MD    | —                        | 734,558                 | 1,364,970  | —            | —                            | 734,558                          | 1,364,970  | 2,099,528 | 825,800                             |
| Capitol<br>Heights      | MD    | —                        | 701,705                 | 1,303,958  | —            | —                            | 701,705                          | 1,303,958  | 2,005,663 | 788,800                             |
| Germantown              | MD    | —                        | 808,296                 | 1,501,913  | —            | —                            | 808,296                          | 1,501,913  | 2,310,209 | 908,600                             |

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|                     |    |   |           |           |        |   |           |           |                 |
|---------------------|----|---|-----------|-----------|--------|---|-----------|-----------|-----------------|
| Waldorf             | MD | — | 427,033   | 793,854   | —      | — | 427,033   | 793,854   | 1,220,887,480,2 |
| Eagan               | MN | — | 902,443   | 845,536   | —      | — | 902,443   | 845,536   | 1,747,979,689,1 |
| Bridgeton           | MO | — | 1,120,470 | —         | —      | — | 1,120,470 | —         | 1,120,470—      |
| Grandview           | MO | — | 347,150   | 711,024   | —      | — | 347,150   | 711,024   | 1,058,174,577,1 |
| Independence        | MO | — | 721,020   | 1,339,829 | —      | — | 721,020   | 1,339,829 | 2,060,849,810,5 |
| Lake Saint<br>Louis | MO | — | 1,222,303 | 2,019,908 | 59,710 | — | 1,222,303 | 2,079,618 | 3,301,921,487,7 |
| St. Louis           | MO | — | 386,112   | 717,856   | —      | — | 386,112   | 717,856   | 1,103,968,434,2 |
| Charlotte           | NC | — | 508,100   | 457,295   | —      | — | 508,100   | 457,295   | 965,395 285,8   |
| Charlotte           | NC | — | 181,662   | 338,164   | —      | — | 181,662   | 338,164   | 519,826 204,5   |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           |   |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     | Accumulated<br>Depreciation<br>(Note 3) |
| Clemmons                | NC    | —                        | 630,000                 | 1,100,160  | —            | —                            | 630,000                          | 1,100,160  | 1,730,160 | 489                                     |
| Jamestown               | NC    | —                        | 650,000                 | 857,823  | —            | —                            | 650,000                          | 857,823  | 1,507,823 | 381                                     |
| Matthews                | NC    | —                        | 489,063                 | 909,052  | —            | —                            | 489,063                          | 909,052  | 1,398,115 | 549                                     |
| Omaha                   | NE    | —                        | 253,128                 | 810,922  | —            | 32                           | 253,128                          | 810,954  | 1,064,082 | 625                                     |
| Manchester              | NH    | —                        | 722,532                 | 1,342,636  | —            | —                            | 722,532                          | 1,342,636  | 2,065,168 | 812                                     |
| Newington               | NH    | —                        | 690,753                 | 1,283,624  | —            | —                            | 690,753                          | 1,283,624  | 1,974,377 | 776                                     |
| Salem                   | NH    | —                        | 597,833                 | 1,111,059  | —            | —                            | 597,833                          | 1,111,059  | 1,708,892 | 672                                     |
| Deptford                | NJ    | —                        | 619,376                 | 1,151,062  | —            | —                            | 619,376                          | 1,151,062  | 1,770,438 | 696                                     |
| Maple Shade             | NJ    | —                        | 508,285                 | 944,750  | —            | —                            | 508,285                          | 944,750  | 1,453,035 | 571                                     |
| Northfield              | NJ    | —                        | 1,364,997               | 2,361,337  | —            | —                            | 1,364,997                        | 2,361,337  | 3,726,334 | 562                                     |
| Albuquerque             | NM    | —                        | 1,210,015               | 2,498,602  | —            | —                            | 1,210,015                        | 2,498,602  | 3,708,617 | 595                                     |
| Akron                   | OH    | —                        | 242,133                 | 450,467  | —            | —                            | 242,133                          | 450,467  | 692,600   | 272                                     |
| Cambridge               | OH    | —                        | 103,368                 | 192,760  | —            | —                            | 103,368                          | 192,760  | 296,128   | 116                                     |
| Canton                  | OH    | —                        | 337,161                 | 626,948  | —            | —                            | 337,161                          | 626,948  | 964,109   | 379                                     |
| Cleveland               | OH    | —                        | 582,107                 | 1,081,848  | —            | —                            | 582,107                          | 1,081,848  | 1,663,955 | 654                                     |
| Columbus                | OH    | —                        | 385,878                 | 717,422  | —            | —                            | 385,878                          | 717,422  | 1,103,300 | 434                                     |
| Edmond                  | OK    | —                        | 1,240,403               | 2,561,350  | —            | —                            | 1,240,403                        | 2,561,350  | 3,801,753 | 610                                     |
| Oklahoma City           | OK    | —                        | 509,370                 | 752,691  | —            | —                            | 509,370                          | 752,691  | 1,262,061 | 588                                     |
| Oklahoma City           | OK    | —                        | 1,127,056               | 2,327,297  | 15,950       | —                            | 1,127,056                        | 2,343,247  | 3,470,303 | 556                                     |
| Owasso                  | OK    | —                        | 1,078,296               | 2,226,612  | 12,488       | —                            | 1,078,296                        | 2,239,100  | 3,317,396 | 536                                     |
| Tulsa                   | OK    | —                        | 964,367                 | 1,996,137  | 14,191       | —                            | 964,367                          | 2,010,328  | 2,974,695 | 481                                     |
| Yukon                   | OK    | —                        | 1,173,070               | 2,422,313  | 27,799       | —                            | 1,173,070                        | 2,450,111  | 3,623,181 | 586                                     |
| Greensburg              | PA    | —                        | 594,891                 | 1,105,589  | —            | —                            | 594,891                          | 1,105,589  | 1,700,480 | 668                                     |
| Lancaster               | PA    | —                        | 431,050                 | 801,313  | —            | —                            | 431,050                          | 801,313  | 1,232,363 | 484                                     |
| Mechanicsburg           | PA    | —                        | 455,854                 | 847,377  | —            | —                            | 455,854                          | 847,377  | 1,303,231 | 512                                     |
| Monroeville             | PA    | —                        | 723,660                 | 1,344,733  | —            | —                            | 723,660                          | 1,344,733  | 2,068,393 | 813                                     |
| Philadelphia            | PA    | —                        | 334,939                 | 622,821  | —            | —                            | 334,939                          | 622,821  | 957,760   | 376                                     |
| Pittsburgh              | PA    | —                        | 384,756                 | 715,339  | —            | —                            | 384,756                          | 715,339  | 1,100,095 | 432                                     |
| York                    | PA    | —                        | 389,291                 | 723,760  | —            | —                            | 389,291                          | 723,760  | 1,113,051 | 437                                     |
| East<br>Providence      | RI    | —                        | 580,000                 | 1,459,272  | —            | —                            | 580,000                          | 1,459,272  | 2,039,272 | 104                                     |
| Clover                  | SC    | —                        | 610,000                 | 1,360,347  | —            | —                            | 610,000                          | 1,360,347  | 1,970,347 | 974                                     |
| Columbia                | SC    | —                        | 343,785                 | 295,001  | 183,130      | —                            | 343,785                          | 478,131  | 821,916   | 437                                     |
| Little River            | SC    | —                        | 340,000                 | 868,386  | —            | —                            | 340,000                          | 868,386  | 1,208,386 | 622                                     |
| Sioux Falls             | SD    | —                        | 332,979                 | 498,108  | —            | —                            | 332,979                          | 498,108  | 831,087   | 405                                     |

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|                |    |   |           |           |        |   |           |           |           |     |
|----------------|----|---|-----------|-----------|--------|---|-----------|-----------|-----------|-----|
| Goodlettsville | TN | — | 601,306   | 1,117,504 | —      | — | 601,306   | 1,117,504 | 1,718,810 | 676 |
| Hermitage      | TN | — | 560,443   | 1,011,799 | —      | — | 560,443   | 1,011,799 | 1,572,242 | 664 |
| Allen          | TX | — | 1,162,614 | 2,400,722 | 46,748 | — | 1,162,614 | 2,447,470 | 3,610,084 | 593 |
| Arlington      | TX | — | 599,558   | 1,114,256 | —      | — | 599,558   | 1,114,256 | 1,713,814 | 674 |
| Austin         | TX | — | 185,454   | 411,899   | —      | — | 185,454   | 411,899   | 597,353   | 411 |
| Austin         | TX | — | 710,485   | 1,320,293 | —      | — | 710,485   | 1,320,293 | 2,030,778 | 798 |
| Austin         | TX | — | 590,828   | 1,098,073 | —      | — | 590,828   | 1,098,073 | 1,688,901 | 664 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           |   |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Close of Period                  | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     | Accumulated<br>Depreciation<br>(Note 3) |
| Austin                  | TX    | —                        | 569,909                 | 1,059,195  | —            | —                            | 569,909                          | 1,059,195  | 1,629,104 | 640,800                                 |
| Austin                  | TX    | —                        | 532,497                 | 989,715  | —            | —                            | 532,497                          | 989,715  | 1,522,212 | 598,770                                 |
| Austin                  | TX    | —                        | 1,066,021               | 2,201,264  | —            | —                            | 1,066,021                        | 2,201,264  | 3,267,285 | 524,630                                 |
| Carrollton              | TX    | —                        | 568,401                 | 1,056,394  | —            | —                            | 568,401                          | 1,056,394  | 1,624,795 | 639,110                                 |
| Conroe                  | TX    | —                        | 396,068                 | 736,346  | —            | —                            | 396,068                          | 736,346  | 1,132,414 | 445,480                                 |
| Crowley                 | TX    | —                        | 1,103,218               | 2,278,074  | —            | —                            | 1,103,218                        | 2,278,074  | 3,381,292 | 542,940                                 |
| Dallas                  | TX    | —                        | 191,267                 | 424,811  | 47,615       | —                            | 191,267                          | 472,426  | 663,693   | 426,610                                 |
| Fort Worth              | TX    | —                        | 543,950                 | 1,010,984  | —            | —                            | 543,950                          | 1,010,984  | 1,554,934 | 611,640                                 |
| Garland                 | TX    | —                        | 242,887                 | 539,461  | 33,982       | 26,371                       | 242,887                          | 599,814  | 842,701   | 564,550                                 |
| Houston                 | TX    | —                        | 151,018                 | 335,417  | —            | 58                           | 151,018                          | 335,474  | 486,492   | 335,460                                 |
| Houston                 | TX    | —                        | 392,113                 | 729,002  | —            | —                            | 392,113                          | 729,002  | 1,121,115 | 441,040                                 |
| Houston                 | TX    | —                        | 1,030,379               | 1,914,353  | —            | —                            | 1,030,379                        | 1,914,353  | 2,944,732 | 1,158,000                               |
| Houston                 | TX    | —                        | 619,101                 | 1,150,551  | —            | —                            | 619,101                          | 1,150,551  | 1,769,652 | 696,070                                 |
| Houston                 | TX    | —                        | 642,495                 | 1,193,997  | —            | —                            | 642,495                          | 1,193,997  | 1,836,492 | 722,360                                 |
| Houston                 | TX    | —                        | 872,866                 | 1,621,829  | —            | —                            | 872,866                          | 1,621,829  | 2,494,695 | 981,200                                 |
| Houston                 | TX    | —                        | 1,100,000               | 613,509  | —            | —                            | 1,100,000                        | 613,509  | 1,713,509 | 43,968                                  |
| Humble                  | TX    | —                        | 612,414                 | 1,138,132  | —            | —                            | 612,414                          | 1,138,132  | 1,750,546 | 688,560                                 |
| League City             | TX    | —                        | 1,032,003               | 2,131,018  | —            | —                            | 1,032,003                        | 2,131,018  | 3,163,021 | 507,890                                 |
| Leon Valley             | TX    | —                        | 178,221                 | 395,834  | —            | —                            | 178,221                          | 395,834  | 574,055   | 395,830                                 |
| Leon Valley             | TX    | —                        | 529,967                 | 985,046  | —            | —                            | 529,967                          | 985,046  | 1,515,013 | 595,940                                 |
| Mesquite                | TX    | —                        | 591,538                 | 1,099,363  | —            | —                            | 591,538                          | 1,099,363  | 1,690,901 | 665,110                                 |
| Pasadena                | TX    | —                        | 107,391                 | 238,519  | —            | 58                           | 107,391                          | 238,576  | 345,967   | 238,560                                 |
| Pearland                | TX    | —                        | 935,739                 | 1,932,240  | —            | —                            | 935,739                          | 1,932,240  | 2,867,979 | 460,510                                 |
| Plano                   | TX    | —                        | 187,564                 | 417,157  | 700          | 91                           | 187,564                          | 417,948  | 605,512   | 417,150                                 |
| Plano                   | TX    | —                        | 494,407                 | 918,976  | —            | —                            | 494,407                          | 918,976  | 1,413,383 | 555,970                                 |
| Richardson              | TX    | —                        | 555,188                 | 1,031,855  | —            | —                            | 555,188                          | 1,031,855  | 1,587,043 | 624,260                                 |
| Rockwall                | TX    | —                        | 1,178,158               | 2,432,819  | —            | —                            | 1,178,158                        | 2,432,819  | 3,610,977 | 579,820                                 |
| San Antonio             | TX    | —                        | 245,164                 | 544,518  | —            | —                            | 245,164                          | 544,518  | 789,682   | 544,510                                 |
| San Antonio             | TX    | —                        | 688,249                 | 1,278,967  | —            | —                            | 688,249                          | 1,278,967  | 1,967,216 | 773,770                                 |
| Stafford                | TX    | —                        | 706,786                 | 1,313,395  | —            | —                            | 706,786                          | 1,313,395  | 2,020,181 | 794,600                                 |
| Waco                    | TX    | —                        | 401,999                 | 747,362  | —            | —                            | 401,999                          | 747,362  | 1,149,361 | 452,150                                 |
| Weatherford             | TX    | —                        | 971,317                 | 2,005,706  | —            | —                            | 971,317                          | 2,005,706  | 2,977,023 | 478,020                                 |
| Webster                 | TX    | —                        | 600,261                 | 1,115,563  | —            | —                            | 600,261                          | 1,115,563  | 1,715,824 | 674,910                                 |
| Pasadena                | TX    | —                        | 147,535                 | 274,521  | 13,661       | 11,252                       | 147,535                          | 299,434  | 446,969   | 233,760                                 |
| Bountiful               | UT    | —                        | 183,750                 | 408,115  | —            | —                            | 183,750                          | 408,115  | 591,865   | 408,110                                 |

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|                   |    |   |           |           |     |   |           |           |           |        |
|-------------------|----|---|-----------|-----------|-----|---|-----------|-----------|-----------|--------|
| Alexandria        | VA | — | 542,791   | 1,008,832 | —   | — | 542,791   | 1,008,832 | 1,551,623 | 610,34 |
| Alexandria        | VA | — | 592,698   | 1,101,517 | —   | — | 592,698   | 1,101,517 | 1,694,215 | 666,41 |
| Chesapeake        | VA | — | 770,000   | 1,112,334 | —   | — | 770,000   | 1,112,334 | 1,882,334 | 494,98 |
| Chester           | VA | — | 1,204,525 | 2,487,265 | —   | — | 1,204,525 | 2,487,265 | 3,691,790 | 592,79 |
| Lynchburg         | VA | — | 342,751   | 637,329   | —   | — | 342,751   | 637,329   | 980,080   | 385,58 |
| Virginia<br>Beach | VA | — | 780,000   | 1,026,384 | 375 | — | 780,000   | 1,026,759 | 1,806,759 | 456,76 |

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AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized             | Gross Amount at Which Carried at |  |            | Ac-<br>De  |       |
|-------------------------|-------|--------------------------|-------------------------|--|------------------------------|----------------------------------|--|------------|------------|-------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Subsequent to<br>Acquisition | Close of Period                  | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total      |            |       |
| Woodbridge              | VA    | —                        | 774,854                 | 1,439,806  | —                            | —                                | 774,854  | 1,439,806  | 2,214,660  | 87    |
| Lakewood                | WA    | —                        | 187,111                 | 415,579  | —                            | —                                | 187,111  | 415,579    | 602,690    | 415   |
| Brown Deer              | WI    | —                        | 257,408                 | 802,141  | —                            | —                                | 257,408  | 802,141    | 1,059,549  | 643   |
| Delafield               | WI    | —                        | 324,574                 | 772,702  | —                            | —                                | 324,574  | 772,702    | 1,097,276  | 593   |
| Madison                 | WI    | —                        | 452,630                 | 811,977  | —                            | —                                | 452,630  | 811,977    | 1,264,607  | 656   |
| Milwaukee               | WI    | —                        | 1,304,098               | 2,692,877  | —                            | —                                | 1,304,098  | 2,692,877  | 3,996,975  | 641   |
| Oak Creek               | WI    | —                        | 420,465                 | 852,408  | —                            | —                                | 420,465  | 852,408    | 1,272,873  | 689   |
| Beverage                |       |                          |                         |  |                              |                                  |  |            |            |       |
| Calistoga               | CA    | —                        | 12,677,285              | 2,750,715  | —                            | —                                | 12,677,285   | 2,750,715  | 15,428,000 | 958   |
| Calistoga               | CA    | —                        | 5,445,030               | 21,154,970   | —                            | —                                | 5,445,030  | 21,154,970 | 26,600,000 | 7,200 |
| Calistoga               | CA    | —                        | 6,039,131               | 1,576,869  | —                            | —                                | 6,039,131  | 1,576,869  | 7,616,000  | 538   |
| Calistoga               | CA    | —                        | 4,988,527               | 1,999,473  | —                            | —                                | 4,988,527  | 1,999,473  | 6,988,000  | 686   |
| Calistoga               | CA    | —                        | 8,146,907               | 2,067,093  | —                            | —                                | 8,146,907  | 2,067,093  | 10,214,000 | 706   |
| Calistoga               | CA    | —                        | 12,675,172              | 4,907,828  | —                            | —                                | 12,675,172   | 4,907,828  | 17,583,000 | 1,600 |
| Calistoga               | CA    | —                        | 45,184,528              | 10,437,472   | —                            | —                                | 45,184,528   | 10,437,472 | 55,622,000 | 3,500 |
| Calistoga               | CA    | —                        | 10,630,191              | 5,580,929  | —                            | —                                | 10,630,191   | 5,580,929  | 16,211,120 | 1,700 |
| Calistoga               | CA    | —                        | 6,860,862               | 524,117  | —                            | —                                | 6,860,862  | 524,117    | 7,384,979  | 147   |
| Napa                    | CA    | —                        | 6,000,000               | 25,000,000   | —                            | —                                | 6,000,000  | 25,000,000 | 31,000,000 | 8,500 |
| Napa                    | CA    | —                        | 11,253,989              | 2,846,011  | —                            | —                                | 11,253,989   | 2,846,011  | 14,100,000 | 979   |
| Napa                    | CA    | —                        | 17,590,091              | 5,898,149  | —                            | —                                | 17,590,091   | 5,898,149  | 23,488,240 | 2,000 |
| Napa                    | CA    | —                        | 23,471,336              | 6,589,664  | —                            | —                                | 23,471,336   | 6,589,664  | 30,061,000 | 2,200 |
| Napa                    | CA    | —                        | 10,777,485              | 390,515  | —                            | —                                | 10,777,485   | 390,515    | 11,168,000 | 138   |
| Napa                    | CA    | —                        | 4,675,262               | 298,928  | —                            | —                                | 4,675,262  | 298,928    | 4,974,190  | 96    |
| Paicines                | CA    | —                        | 12,058,127              | 1,607,783  | —                            | —                                | 12,058,127   | 1,607,783  | 13,665,910 | 671   |
| Saint Helena            | CA    | —                        | 15,254,700              | 4,150,300  | —                            | —                                | 15,254,700   | 4,150,300  | 19,405,000 | 1,400 |
| Shreveport              | LA    | —                        | 1,320,003               | 8,130,438  | —                            | 147                              | 1,320,003  | 8,130,586  | 9,450,589  | 2,500 |
| Books                   |       |                          |                         |  |                              |                                  |  |            |            |       |
| Tampa                   | FL    | —                        | 998,250                 | 3,696,707  | 129,751                      | 79                               | 998,250  | 3,826,537  | 4,824,787  | 3,200 |
| Child Care              |       |                          |                         |  |                              |                                  |  |            |            |       |
| Hoover                  | AL    | —                        | 63,800                  | 295,791  | 58,263                       | 16,414                           | 63,800   | 370,468    | 434,268    | 337   |
| Conway                  | AR    | —                        | 300,000                 | 1,200,000  | —                            | —                                | 300,000  | 1,200,000  | 1,500,000  | 66    |



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|          |    |   |         |           |       |        |         |           |           |      |
|----------|----|---|---------|-----------|-------|--------|---------|-----------|-----------|------|
| Conway   | AR | — | 580,000 | 785,000   | —     | —      | 580,000 | 785,000   | 1,365,000 | 43,  |
| Avondale | AZ | — | 242,723 | 1,129,139 | —     | —      | 242,723 | 1,129,139 | 1,371,862 | 88,  |
| Chandler | AZ | — | 291,720 | 647,923   | —     | —      | 291,720 | 647,923   | 939,643   | 64,  |
| Chandler | AZ | — | 271,695 | 603,446   | 9,758 | 19,469 | 271,695 | 632,673   | 904,368   | 62,  |
| Mesa     | AZ | — | 308,951 | 1,025,612 | —     | —      | 308,951 | 1,025,612 | 1,334,563 | 79,  |
| Mesa     | AZ | — | 565,882 | 925,957   | —     | —      | 565,882 | 925,957   | 1,491,839 | 1,5, |
| Mesa     | AZ | — | 707,051 | 1,156,953 | —     | —      | 707,051 | 1,156,953 | 1,864,004 | 1,9, |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1)        | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              |                   | Cost Capitalized<br>Subsequent to<br>Acquisition |  | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |   |  |
|--------------------------------|-------|--------------------------|-------------------------|--|--------------|-------------------|--|--|--|---|--|
|                                |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total  | Accumulated<br>Depreciation<br>(Note 3) |  |
| Phoenix                        | AZ    | —                        | 260,719                 | 516,181  | 52,737       | 32,125            | 260,719  | 601,042  | 861,761  | 555,100                                 |  |
| Scottsdale                     | AZ    | —                        | 291,993                 | 648,529  | —            | —                 | 291,993  | 648,529  | 940,522  | 648,529                                 |  |
| Scottsdale                     | AZ    | —                        | 264,504                 | 587,471  | —            | 27,467            | 264,504  | 614,939  | 879,443  | 614,939                                 |  |
| Tempe                          | AZ    | —                        | 292,200                 | 648,989  | —            | 164               | 292,200  | 649,153  | 941,353  | 649,153                                 |  |
| Calabasas<br>Canyon<br>Country | CA    | —                        | 156,430                 | 725,248  | 100,838      | 58,367            | 156,430  | 884,453  | 1,040,883  | 868,620                                 |  |
| Carmichael                     | CA    | —                        | 992,534                 | 1,624,092  | —            | —                 | 992,534  | 1,624,092  | 2,616,626  | 2,707,000                               |  |
| Chino                          | CA    | —                        | 131,035                 | 607,507  | 80,368       | 21,673            | 131,035  | 709,548  | 840,583  | 686,090                                 |  |
| Chula Vista                    | CA    | —                        | 155,000                 | 634,071  | —            | 32,148            | 155,000  | 666,219  | 821,219  | 659,360                                 |  |
| El Cajon                       | CA    | —                        | 350,563                 | 778,614  | —            | 43,353            | 350,563  | 821,967  | 1,172,530  | 821,967                                 |  |
| Escondido                      | CA    | —                        | 157,804                 | 731,621  | 2,540        | 44,802            | 157,804  | 778,963  | 936,767  | 778,250                                 |  |
| Folsom                         | CA    | —                        | 276,286                 | 613,638  | 41,417       | 44,375            | 276,286  | 699,430  | 975,716  | 663,300                                 |  |
| Gold River                     | CA    | —                        | 281,563                 | 625,363  | —            | —                 | 281,563  | 625,363  | 906,926  | 625,363                                 |  |
| Lancaster                      | CA    | —                        | 276,328                 | 613,733  | 24,967       | —                 | 276,328  | 638,700  | 915,028  | 637,770                                 |  |
| Mission<br>Viejo               | CA    | —                        | 649,256                 | 1,062,383  | —            | —                 | 649,256  | 1,062,383  | 1,711,639  | 1,771,000                               |  |
| Oceanside                      | CA    | —                        | 353,891                 | 744,367  | 23,400       | —                 | 353,891  | 767,767  | 1,121,658  | 758,110                                 |  |
| Oceanside                      | CA    | —                        | 145,568                 | 674,889  | 76,014       | 51,857            | 145,568  | 802,760  | 948,328  | 709,170                                 |  |
| Palmdale                       | CA    | —                        | 1,024,386               | 1,676,212  | —            | —                 | 1,024,386  | 1,676,212  | 2,700,598  | 2,794,000                               |  |
| Rancho<br>Cordova              | CA    | —                        | 249,490                 | 554,125  | 9,864        | —                 | 249,490  | 563,989  | 813,479  | 563,989                                 |  |
| Rancho<br>Cucamonga            | CA    | —                        | 721,643                 | 1,180,832  | —            | —                 | 721,643  | 1,180,832  | 1,902,475  | 1,968,000                               |  |
| Rancho<br>Cucamonga            | CA    | —                        | 471,733                 | 1,047,739  | 292,673      | 170               | 471,733  | 1,340,583  | 1,812,316  | 1,164,000                               |  |
| Sacramento                     | CA    | —                        | 692,955                 | 1,133,889  | —            | —                 | 692,955  | 1,133,889  | 1,826,844  | 1,890,000                               |  |
| Santee                         | CA    | —                        | 936,296                 | 1,532,069  | —            | —                 | 936,296  | 1,532,069  | 2,468,365  | 2,553,000                               |  |
| Simi Valley                    | CA    | —                        | 208,585                 | 967,055  | 79,082       | 108               | 208,585  | 1,046,245  | 1,254,830  | 1,030,000                               |  |
| Valencia                       | CA    | —                        | 301,295                 | 669,185  | 70,470       | 46                | 301,295  | 739,701  | 1,040,996  | 730,630                                 |  |
| Vallejo                        | CA    | —                        | 787,308                 | 1,288,279  | —            | —                 | 787,308  | 1,288,279  | 2,075,587  | 2,147,000                               |  |
| Walnut                         | CA    | —                        | 217,365                 | 1,007,753  | 57,287       | 51,049            | 217,365  | 1,116,089  | 1,333,454  | 1,072,000                               |  |
| Arvada                         | CO    | —                        | 365,833                 | 598,616  | —            | —                 | 365,833  | 598,616  | 964,449  | 998,000                                 |  |
| Aurora                         | CO    | —                        | 287,000                 | 637,440  | 20,313       | 18,188            | 287,000  | 675,940  | 962,940  | 667,210                                 |  |
| Broomfield                     | CO    | —                        | 155,306                 | 344,941  | 25,000       | 82                | 155,306  | 370,024  | 525,330  | 369,120                                 |  |
| Colorado<br>Springs            | CO    | —                        | 58,400                  | 271,217  | 25,000       | 82                | 58,400   | 296,299  | 354,699  | 294,870                                 |  |

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|                  |    |   |           |           |         |        |           |           |           |        |
|------------------|----|---|-----------|-----------|---------|--------|-----------|-----------|-----------|--------|
| Colorado Springs | CO | — | 698,702   | 1,143,292 | —       | —      | 698,702   | 1,143,292 | 1,841,994 | 1,905  |
| Colorado Springs | CO | — | 580,287   | 949,529   | —       | —      | 580,287   | 949,529   | 1,529,816 | 1,583  |
| Colorado Springs | CO | — | 1,221,597 | 1,998,910 | —       | —      | 1,221,597 | 1,998,910 | 3,220,507 | 3,332  |
| Fort Collins     | CO | — | 55,200    | 256,356   | 15,030  | 79     | 55,200    | 271,465   | 326,665   | 264,13 |
| Fort Collins     | CO | — | 970,119   | 1,587,414 | —       | —      | 970,119   | 1,587,414 | 2,557,533 | 2,646  |
| Littleton        | CO | — | 161,617   | 358,956   | —       | 82     | 161,617   | 359,038   | 520,655   | 359,03 |
| Longmont         | CO | — | 115,592   | 535,931   | —       | 71     | 115,592   | 536,002   | 651,594   | 536,00 |
| Parker           | CO | — | 153,551   | 341,042   | —       | 82     | 153,551   | 341,124   | 494,675   | 341,12 |
| Westminster      | CO | — | 306,387   | 695,737   | 178,877 | 11,233 | 306,387   | 885,847   | 1,192,234 | 741,92 |
| Bradenton        | FL | — | 160,060   | 355,501   | 25,000  | 79     | 160,060   | 380,580   | 540,640   | 379,69 |
| Clearwater       | FL | — | 42,223    | 269,380   | —       | 79     | 42,223    | 269,459   | 311,682   | 269,45 |

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1)    | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumu<br>Deprecia<br>(Note 5) |
|----------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|-----------|--------------------------------|
|                            |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                |
| Indian<br>Harbour<br>Beach | FL    | —                        | 345,128                    | 564,736  | —  | —                 | 345,128  | 564,736  | 909,864   | 941                            |
| Jacksonville               | FL    | —                        | 48,000                     | 243,060  | —  | —                 | 48,000   | 243,060  | 291,060   | 243,060                        |
| Jacksonville               | FL    | —                        | 184,800                    | 410,447  | 22,872   | —                 | 184,800  | 433,319  | 618,119   | 431,305                        |
| Margate                    | FL    | —                        | 66,686                     | 309,183  | —  | —                 | 66,686   | 309,183  | 375,869   | 309,183                        |
| Melbourne                  | FL    | —                        | 256,439                    | 549,345  | —  | 79                | 256,439  | 549,424  | 805,863   | 549,424                        |
| Niceville                  | FL    | —                        | 73,696                     | 341,688  | —  | —                 | 73,696   | 341,688  | 415,384   | 341,688                        |
| Orange Park                | FL    | —                        | 807,554                    | 1,321,407  | —  | —                 | 807,554  | 1,321,407  | 2,128,961 | 1,202                          |
| Orlando                    | FL    | —                        | 68,001                     | 313,922  | —  | 140               | 68,001   | 314,062  | 382,063   | 314,022                        |
| Orlando                    | FL    | —                        | 159,177                    | 353,538  | —  | 154               | 159,177  | 353,691  | 512,868   | 353,691                        |
| Oviedo                     | FL    | —                        | 166,409                    | 369,598  | 48,532   | 19,157            | 166,409  | 437,287  | 603,696   | 389,828                        |
| Pensacola                  | FL    | —                        | 147,000                    | 326,492  | 20,000   | —                 | 147,000  | 346,492  | 493,492   | 341,700                        |
| Royal Palm<br>Beach        | FL    | —                        | 194,193                    | 431,309  | 25,000   | —                 | 194,193  | 456,309  | 650,502   | 453,644                        |
| Saint<br>Augustine         | FL    | —                        | 44,800                     | 213,040  | 23,090   | —                 | 44,800   | 236,130  | 280,930   | 231,338                        |
| Sunrise                    | FL    | —                        | 245,000                    | 533,280  | 92,266   | 153               | 245,000  | 625,699  | 870,699   | 608,477                        |
| Tampa                      | FL    | —                        | 53,385                     | 199,846  | —  | 154               | 53,385   | 200,000  | 253,385   | 200,000                        |
| Winter Park                | FL    | —                        | 579,986                    | 949,037  | —  | —                 | 579,986  | 949,037  | 1,529,023 | 1,582                          |
| Panama City                | FL    | —                        | 69,500                     | 244,314  | 82,701   | —                 | 69,500   | 327,015  | 396,515   | 302,475                        |
| Dallas                     | GA    | —                        | 150,000                    | 1,467,000  | —  | —                 | 150,000  | 1,467,000  | 1,617,000 | 75,795                         |
| Dallas                     | GA    | —                        | 480,000                    | 2,068,000  | —  | —                 | 480,000  | 2,068,000  | 2,548,000 | 106,847                        |
| Duluth                     | GA    | —                        | 310,000                    | 1,040,008  | —  | —                 | 310,000  | 1,040,008  | 1,350,008 | 799,122                        |
| Ellenwood                  | GA    | —                        | 119,678                    | 275,414  | 58,545   | 272               | 119,678  | 334,231  | 453,909   | 314,534                        |
| Hiram                      | GA    | —                        | 100,000                    | 2,252,000  | —  | —                 | 100,000  | 2,252,000  | 2,352,000 | 116,353                        |
| Lawrenceville              | GA    | —                        | 141,449                    | 316,961  | 153,626  | 14,612            | 141,449  | 485,199  | 626,648   | 449,895                        |
| Lithia Springs             | GA    | —                        | 187,444                    | 363,358  | —  | 84                | 187,444  | 363,442  | 550,886   | 363,442                        |
| Lithonia                   | GA    | —                        | 239,715                    | 524,459  | 24,410   | 380               | 239,715  | 549,249  | 788,964   | 542,536                        |
| Marietta                   | GA    | —                        | 148,620                    | 330,090  | 25,000   | —                 | 148,620  | 355,090  | 503,710   | 354,354                        |
| Marietta                   | GA    | —                        | 295,750                    | 596,299  | 76,426   | —                 | 295,750  | 672,725  | 968,475   | 610,327                        |
| Marietta                   | GA    | —                        | 301,000                    | 668,529  | 71,474   | 19,961            | 301,000  | 759,964  | 1,060,964 | 731,134                        |
| Smyrna                     | GA    | —                        | 274,750                    | 610,229  | —  | —                 | 274,750  | 610,229  | 884,979   | 610,229                        |
| Stockbridge                | GA    | —                        | 168,700                    | 374,688  | 85,264   | 5,382             | 168,700  | 465,334  | 634,034   | 428,945                        |
| Villa Rica                 | GA    | —                        | 110,000                    | 968,000  | —  | —                 | 110,000  | 968,000  | 1,078,000 | 50,013                         |

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|              |    |   |                 |         |        |                 |                   |
|--------------|----|---|-----------------|---------|--------|-----------------|-------------------|
| Woodstock    | GA | — | 752,029,123,553 | —       | —      | 752,029,123,553 | 1,982,582,051     |
| Cedar Rapids | IA | — | 194,950,427,085 | —       | —      | 194,950,427,085 | 622,035 427,085   |
| Iowa City    | IA | — | 186,900,408,910 | —       | —      | 186,900,408,910 | 595,810 408,910   |
| Addison      | IL | — | 125,780,583,146 | —       | 132    | 125,780,583,278 | 709,058 583,278   |
| Algonquin    | IL | — | 241,500,509,629 | 61,048  | 583    | 241,500,571,260 | 812,760 528,057   |
| Aurora       | IL | — | 165,679,398,738 | 105,300 | 21,963 | 165,679,526,001 | 691,680 459,808   |
| Aurora       | IL | — | 468,000,125,926 | —       | —      | 468,000,125,926 | 1,727,926,959,734 |
| Bartlett     | IL | — | 120,824,560,166 | 81,122  | 12,101 | 120,824,653,389 | 774,213 609,212   |
| Batavia      | IL | — | 655,119,107,977 | —       | —      | 655,119,107,977 | 1,727,096,1,787   |
| Carol Stream | IL | — | 122,831,586,416 | —       | 132    | 122,831,586,548 | 709,379 586,548   |

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|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|-----------|----------------------------------|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                  |
| Crystal Lake            | IL    | —                        | 400,000                    | 1,259,424  | —  | —                 | 400,000  | 1,259,424  | 1,659,424 | 963,540                          |
| Glendale Heights        | IL    | —                        | 318,500                    | 707,399  | —  | —                 | 318,500  | 707,399  | 1,025,899 | 707,399                          |
| Hoffman Estates         | IL    | —                        | 318,500                    | 707,399  | —  | 85                | 318,500  | 707,484  | 1,025,984 | 707,484                          |
| Hoffman Estates         | IL    | —                        | 876,842                    | 1,434,785  | —  | —                 | 876,842  | 1,434,785  | 2,311,627 | 2,391                            |
| Homer Glen              | IL    | —                        | 189,477                    | 442,018  | —  | 655               | 189,477  | 442,673  | 632,150   | 442,354                          |
| Lake In The Hills       | IL    | —                        | 375,000                    | 1,127,678  | —  | —                 | 375,000  | 1,127,678  | 1,502,678 | 862,751                          |
| Lemont                  | IL    | —                        | 890,707                    | 1,457,471  | —  | —                 | 890,707  | 1,457,471  | 2,348,178 | 2,429                            |
| Naperville              | IL    | —                        | 425,000                    | 1,230,654  | —  | —                 | 425,000  | 1,230,654  | 1,655,654 | 937,431                          |
| O' Fallon               | IL    | —                        | 141,250                    | 313,722  | —  | 232               | 141,250  | 313,953  | 455,203   | 313,953                          |
| Oswego                  | IL    | —                        | 380,000                    | 1,165,818  | —  | —                 | 380,000  | 1,165,818  | 1,545,818 | 895,791                          |
| Palatine                | IL    | —                        | 121,911                    | 565,232  | —  | 132               | 121,911  | 565,365  | 687,276   | 565,365                          |
| Roselle                 | IL    | —                        | 297,541                    | 561,037  | —  | —                 | 297,541  | 561,037  | 858,578   | 561,037                          |
| Schaumburg              | IL    | —                        | 218,798                    | 485,955  | 20,461   | —                 | 218,798  | 506,416  | 725,214   | 500,880                          |
| Vernon Hills            | IL    | —                        | 132,523                    | 614,430  | —  | 583               | 132,523  | 615,013  | 747,536   | 614,840                          |
| Westmont                | IL    | —                        | 124,742                    | 578,330  | 77,621   | 24,741            | 124,742  | 680,693  | 805,435   | 634,160                          |
| Fishers                 | IN    | —                        | 212,118                    | 419,958  | 26,509   | 11,338            | 212,118  | 457,805  | 669,923   | 442,183                          |
| Highland                | IN    | —                        | 220,460                    | 436,476  | —  | —                 | 220,460  | 436,476  | 656,936   | 436,476                          |
| Indianapolis            | IN    | —                        | 245,000                    | 544,153  | —  | —                 | 245,000  | 544,153  | 789,153   | 544,153                          |
| Indianapolis            | IN    | —                        | 519,208                    | 917,268  | —  | —                 | 519,208  | 917,268  | 1,436,476 | 7,644                            |
| Indianapolis            | IN    | —                        | 475,226                    | 709,671  | —  | —                 | 475,226  | 709,671  | 1,184,897 | 5,914                            |
| Indianapolis            | IN    | —                        | 459,131                    | 883,095  | —  | —                 | 459,131  | 883,095  | 1,342,226 | 7,359                            |
| Lenexa                  | KS    | —                        | 318,500                    | 707,399  | 98,965   | 127               | 318,500  | 806,491  | 1,124,991 | 745,715                          |
| Olathe                  | KS    | —                        | 304,500                    | 676,308  | 87,242   | 44                | 304,500  | 763,594  | 1,068,094 | 728,786                          |
| Overland Park           | KS    | —                        | 357,500                    | 1,115,171  | —  | —                 | 357,500  | 1,115,171  | 1,472,671 | 860,577                          |
| Overland Park           | KS    | —                        | 836,286                    | 1,368,423  | —  | —                 | 836,286  | 1,368,423  | 2,204,709 | 2,281                            |
| Shawnee                 | KS    | —                        | 315,000                    | 699,629  | —  | 251               | 315,000  | 699,879  | 1,014,879 | 699,879                          |
| Shawnee                 | KS    | —                        | 288,246                    | 935,875  | —  | 127               | 288,246  | 936,002  | 1,224,248 | 744,188                          |
| Wichita                 | KS    | —                        | 209,890                    | 415,549  | 33,984   | 16,592            | 209,890  | 466,125  | 676,015   | 460,296                          |
| Lexington               | KY    | —                        | 741,010                    | 1,212,521  | —  | —                 | 741,010  | 1,212,521  | 1,953,531 | 2,021                            |

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|                  |    |   |                   |        |        |                   |                   |
|------------------|----|---|-------------------|--------|--------|-------------------|-------------------|
| Louisville       | KY | — | 540,400,884,262   | —      | —      | 540,400,884,262   | 1,424,662,1474    |
| Baton Rouge      | LA | — | 428,167,700,613   | —      | —      | 428,167,700,613   | 1,128,780,1168    |
| Acton            | MA | — | 315,533,700,813   | —      | —      | 315,533,700,813   | 1,016,346,700,813 |
| Westborough      | MA | — | 359,412,773,877   | 63,037 | 22,260 | 359,412,859,174   | 1,218,586,830,451 |
| Ellicott City    | MD | — | 219,368,630,839   | 26,550 | —      | 219,368,657,389   | 876,757 655,698   |
| Frederick        | MD | — | 203,352,1,017,109 | —      | 2,874  | 203,352,1,019,983 | 1,223,335,835,208 |
| Olney            | MD | — | 342,500,760,701   | 4,400  | 41,272 | 342,500,806,373   | 1,148,873,806,052 |
| Waldorf          | MD | — | 237,207,526,844   | —      | 172    | 237,207,527,015   | 764,222 527,015   |
| Waldorf          | MD | — | 130,430,604,702   | —      | 206    | 130,430,604,908   | 735,338 604,788   |
| Canton           | MI | — | 55,000 378,848    | 2,913  | 304    | 55,000 382,065    | 437,065 381,743   |
| Rochester Hills  | MI | — | 476,136,779,107   | —      | —      | 476,136,779,107   | 1,255,243,1,299   |
| Sterling Heights | MI | — | 377,600,617,870   | —      | —      | 377,600,617,870   | 995,470 1,030     |

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|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|-----------|--|-----------|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land      | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees                     | Total     |           |   |
| Apple Valley            | MN    | —                        | 113,523                 | 526,319  | 87,374       | 13,814   | 113,523   | 627,507  | 741,030   | 564,400   |   |
| Brooklyn Park           | MN    | —                        | 118,111                 | 547,587  | —            | 197  | 118,111   | 547,784  | 665,895   | 547,784   |   |
| Eden Prairie            | MN    | —                        | 124,286                 | 576,243  | —            | 197  | 124,286   | 576,440  | 700,726   | 576,440   |   |
| Plymouth                | MN    | —                        | 134,221                 | 622,350  | —            | 197  | 134,221   | 622,547  | 756,768   | 622,547   |   |
| Saint Paul              | MN    | —                        | 242,165                 | 537,856  | —            | 288  | 242,165   | 538,143  | 780,308   | 538,080   |   |
| Maple Grove             | MN    | —                        | 313,250                 | 660,149  | —            | 288  | 313,250   | 660,437  | 973,687   | 660,380   |   |
| Florissant              | MO    | —                        | 318,500                 | 707,399  | 102,410      | 357  | 318,500   | 810,166  | 1,128,666 | 765,640   |   |
| Gladstone               | MO    | —                        | 294,000                 | 652,987  | 66,439       | 2,763  | 294,000   | 722,189  | 1,016,189 | 667,220   |   |
| Kansas City             | MO    | —                        | 307,784                 | 910,401  | —            | —  | 307,784   | 910,401  | 1,218,185 | 729,310   |   |
| Lee's Summit            | MO    | —                        | 239,627                 | 532,220  | 97,856       | 15,958   | 239,627   | 646,034  | 885,661   | 552,940   |   |
| Lee's Summit            | MO    | —                        | 313,740                 | 939,367  | —            | —  | 313,740   | 939,367  | 1,253,107 | 721,790   |   |
| Jackson                 | MS    | —                        | 248,483                 | 572,522  | 54,227       | 17,780   | 248,483   | 644,529  | 893,012   | 484,080   |   |
| Tupelo                  | MS    | —                        | 121,697                 | 637,691  | 87,858       | 56   | 121,697   | 725,605  | 847,302   | 604,100   |   |
| Cary                    | NC    | —                        | 75,200                  | 262,973  | 15,000       | —  | 75,200    | 277,973  | 353,173   | 273,180   |   |
| Cary                    | NC    | —                        | 1,043,774               | 1,707,936  | —            | —  | 1,043,774 | 1,707,936  | 2,751,710 | 2,847,000 |   |
| Charlotte               | NC    | —                        | 134,582                 | 268,222  | 24,478       | —  | 134,582   | 292,700  | 427,282   | 291,950   |   |
| Concord                 | NC    | —                        | 32,441                  | 190,859  | —            | —  | 32,441    | 190,859  | 223,300   | 190,859   |   |
| Durham                  | NC    | —                        | 175,700                 | 390,234  | 26,312       | —  | 175,700   | 416,546  | 592,246   | 415,400   |   |
| Durham                  | NC    | —                        | 220,728                 | 429,380  | —            | —  | 220,728   | 429,380  | 650,108   | 429,380   |   |
| Durham                  | NC    | —                        | 526,163                 | 860,965  | —            | —  | 526,163   | 860,965  | 1,387,128 | 1,435,000 |   |
| Durham                  | NC    | —                        | 557,643                 | 912,477  | —            | —  | 557,643   | 912,477  | 1,470,120 | 1,521,000 |   |
| Fayetteville            | NC    | —                        | 427,771                 | 699,966  | —            | —  | 427,771   | 699,966  | 1,127,737 | 1,167,000 |   |
| Kernersville            | NC    | —                        | 162,216                 | 316,300  | 28,800       | —  | 162,216   | 345,100  | 507,316   | 320,200   |   |
| Bellevue                | NE    | —                        | 60,568                  | 280,819  | —            | —  | 60,568    | 280,819  | 341,387   | 280,819   |   |
| Omaha                   | NE    | —                        | 60,500                  | 280,491  | —            | 32   | 60,500    | 280,524  | 341,024   | 280,524   |   |
| Omaha                   | NE    | —                        | 53,000                  | 245,720  | 72,027       | 32   | 53,000    | 317,779  | 370,779   | 270,600   |   |
| Omaha                   | NE    | —                        | 142,867                 | 317,315  | —            | 32   | 142,867   | 317,347  | 460,214   | 317,347   |   |
| Omaha                   | NE    | —                        | 359,787                 | 588,722  | —            | —  | 359,787   | 588,722  | 948,509   | 981,000   |   |
| Londonderry             | NH    | —                        | 335,467                 | 745,082  | 127,154      | 11,802   | 335,467   | 884,037  | 1,219,504 | 813,000   |   |
| Lumberton               | NJ    | —                        | 546,051                 | 893,509  | —            | —  | 546,051   | 893,509  | 1,439,560 | 1,489,000 |   |
| Pennsauken              | NJ    | —                        | 576,592                 | 943,482  | —            | —  | 576,592   | 943,482  | 1,520,074 | 1,572,000 |   |



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|                    |         |           |        |       |         |           |           |         |
|--------------------|---------|-----------|--------|-------|---------|-----------|-----------|---------|
| Beavercreek OH —   | 179,552 | 398,786   | —      | —     | 179,552 | 398,786   | 578,338   | 398,786 |
| Centerville OH —   | 174,519 | 387,613   | 91,764 | 6,430 | 174,519 | 485,807   | 660,326   | 402,290 |
| Centerville OH —   | 320,361 | 524,209   | —      | —     | 320,361 | 524,209   | 844,570   | 874     |
| Cincinnati OH —    | 170,778 | 379,305   | —      | 85    | 170,778 | 379,389   | 550,167   | 379,389 |
| Cincinnati OH —    | 341,343 | 558,543   | —      | —     | 341,343 | 558,543   | 899,886   | 931     |
| Cincinnati OH —    | 707,479 | 1,157,655 | —      | —     | 707,479 | 1,157,655 | 1,865,134 | 1,929   |
| Dublin OH —        | 84,000  | 389,446   | —      | —     | 84,000  | 389,446   | 473,446   | 389,446 |
| Englewood OH —     | 74,000  | 343,083   | —      | 85    | 74,000  | 343,168   | 417,168   | 343,168 |
| Huber Heights OH — | 245,000 | 544,153   | —      | —     | 245,000 | 544,153   | 789,153   | 544,153 |
| Pickerington OH —  | 87,580  | 406,055   | —      | —     | 87,580  | 406,055   | 493,635   | 406,055 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition |  | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |           |           | Accumulated<br>Depreciation<br>(Note 4) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|--|--|-----------|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total  |           |           |   |
| Westerville             | OH    | —                        | 82,000                  | 380,173  | —            | —  | 82,000   | 380,173  | 462,173   | 380,173   |   |
| Broken Arrow            | OK    | —                        | 78,705                  | 220,434  | —            | —  | 78,705   | 220,434  | 299,139   | 220,434   |   |
| Midwest City            | OK    | —                        | 67,800                  | 314,338  | —            | —  | 67,800   | 314,338  | 382,138   | 314,338   |   |
| Oklahoma City           | OK    | —                        | 50,800                  | 214,474  | —            | —  | 50,800   | 214,474  | 265,274   | 214,474   |   |
| Oklahoma City           | OK    | —                        | 79,000                  | 366,261  | 17,659       | —  | 79,000   | 383,921  | 462,921   | 383,921   |   |
| Yukon                   | OK    | —                        | 61,000                  | 282,812  | 27,000       | —  | 61,000   | 309,812  | 370,812   | 308,750   |   |
| Yukon (Oklahoma City)   | OK    | —                        | 522,335                 | 854,701  | —            | —  | 522,335  | 854,701  | 1,377,036 | 1,425,000 |   |
| Lansdale                | PA    | —                        | 664,441                 | 1,087,231  | —            | —  | 664,441  | 1,087,231  | 1,751,672 | 1,812,000 |   |
| West Chester            | PA    | —                        | 1,109,622               | 1,815,685  | —            | —  | 1,109,622  | 1,815,685  | 2,925,307 | 3,026,000 |   |
| York                    | PA    | —                        | 488,392                 | 799,161  | —            | —  | 488,392  | 799,161  | 1,287,553 | 1,332,000 |   |
| Charleston              | SC    | —                        | 140,700                 | 312,498  | 25,000       | 153  | 140,700  | 337,652  | 478,352   | 336,200   |   |
| Columbia                | SC    | —                        | 58,160                  | 269,643  | —            | —  | 58,160   | 269,643  | 327,803   | 269,643   |   |
| Columbia                | SC    | —                        | 160,831                 | 313,600  | —            | —  | 160,831  | 313,600  | 474,431   | 313,600   |   |
| Goose Creek             | SC    | —                        | 61,635                  | 192,905  | —            | 153  | 61,635   | 193,058  | 254,693   | 193,058   |   |
| North Charleston        | SC    | —                        | 125,593                 | 278,947  | 12,126       | 14,855   | 125,593  | 305,928  | 431,521   | 303,440   |   |
| Summerville             | SC    | —                        | 44,400                  | 174,500  | —            | 153  | 44,400   | 174,653  | 219,053   | 174,653   |   |
| Memphis                 | TN    | —                        | 238,000                 | 531,342  | 161,804      | 9,063  | 238,000  | 702,209  | 940,209   | 571,610   |   |
| Arlington               | TX    | —                        | 241,500                 | 550,559  | 88,432       | 5,242  | 241,500  | 644,233  | 885,733   | 590,900   |   |
| Austin                  | TX    | —                        | 88,872                  | 222,684  | 124,002      | 281  | 88,872   | 346,967  | 435,839   | 271,600   |   |
| Austin                  | TX    | —                        | 134,383                 | 623,103  | 2,379        | 21,981   | 134,383  | 647,463  | 781,846   | 644,140   |   |
| Austin                  | TX    | —                        | 191,636                 | 425,629  | 15,530       | —  | 191,636  | 441,159  | 632,795   | 441,159   |   |
| Austin                  | TX    | —                        | 217,878                 | 483,913  | 149,228      | 9,167  | 217,878  | 642,308  | 860,186   | 561,870   |   |
| Bedford                 | TX    | —                        | 241,500                 | 550,559  | 34,949       | —  | 241,500  | 585,507  | 827,007   | 585,500   |   |
| Carrollton              | TX    | —                        | 277,850                 | 617,113  | 52,614       | 261  | 277,850  | 669,988  | 947,838   | 649,180   |   |
| Cedar Park              | TX    | —                        | 168,857                 | 375,036  | 5,200        | 139  | 168,857  | 380,375  | 549,232   | 380,375   |   |
| Colleyville             | TX    | —                        | 250,000                 | 1,070,360  | —            | 102  | 250,000  | 1,070,462  | 1,320,462 | 822,540   |   |
| Corinth                 | TX    | —                        | 285,000                 | 1,041,626  | —            | —  | 285,000  | 1,041,626  | 1,326,626 | 807,250   |   |

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|                  |    |   |           |           |        |        |           |           |           |        |
|------------------|----|---|-----------|-----------|--------|--------|-----------|-----------|-----------|--------|
| Cypress          | TX | — | 294,582   | 919,276   | —      | —      | 294,582   | 919,276   | 1,213,858 | 727,80 |
| Cypress          | TX | — | 1,130,058 | 1,849,125 | —      | —      | 1,130,058 | 1,849,125 | 2,979,183 | 3,082  |
| Eules            | TX | — | 234,111   | 519,962   | —      | —      | 234,111   | 519,962   | 754,073   | 519,96 |
| Flower<br>Mound  | TX | — | 202,773   | 442,845   | 32,069 | 16,315 | 202,773   | 491,229   | 694,002   | 484,25 |
| Flower<br>Mound  | TX | — | 281,735   | 1,099,726 | 49,070 | 31,678 | 281,735   | 1,180,475 | 1,462,210 | 908,76 |
| Fort Worth       | TX | — | 85,518    | 399,293   | 51,953 | 12,923 | 85,518    | 464,168   | 549,686   | 436,96 |
| Fort Worth       | TX | — | 238,000   | 528,608   | 73,662 | 91     | 238,000   | 602,362   | 840,362   | 568,55 |
| Fort Worth       | TX | — | 216,160   | 427,962   | —      | 54     | 216,160   | 428,015   | 644,175   | 428,01 |
| Grand<br>Prairie | TX | — | 167,164   | 376,847   | 52,635 | 28,539 | 167,164   | 458,020   | 625,184   | 440,12 |
| Houston          | TX | — | 139,125   | 308,997   | 19,128 | 286    | 139,125   | 328,412   | 467,537   | 328,52 |
| Houston          | TX | — | 149,109   | 323,314   | 27,979 | 245    | 149,109   | 351,538   | 500,647   | 341,54 |
| Houston          | TX | — | 688,723   | 1,126,964 | —      | —      | 688,723   | 1,126,964 | 1,815,687 | 1,878  |
| Humble           | TX | — | 278,915   | 1,034,868 | —      | —      | 278,915   | 1,034,868 | 1,313,783 | 798,60 |
| Katy             | TX | — | 309,898   | 983,041   | —      | —      | 309,898   | 983,041   | 1,292,939 | 784,82 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              |  | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |  |           |            | Accumulated<br>Depreciation<br>(Note 3) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|--|--|-----------|------------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Cost Capitalized<br>Subsequent to<br>Acquisition | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |            |   |
| Lewisville              | TX    | —                        | 192,777                 | 428,121  | 47,371       | 95   | 192,777  | 475,587  | 668,364   | 461,400    |   |
| Mansfield               | TX    | —                        | 181,375                 | 402,839  | 46,878       | 83   | 181,375  | 449,800  | 631,175   | 444,800    |   |
| Plano                   | TX    | —                        | 261,912                 | 581,658  | 52,751       | 298  | 261,912  | 634,707  | 896,619   | 618,700    |   |
| Plano                   | TX    | —                        | 250,514                 | 556,399  | 33,978       | 425  | 250,514  | 590,802  | 841,316   | 579,500    |   |
| Prosper                 | TX    | —                        | 760,608                 | 2,989,392  | —            | —  | 760,608  | 2,989,392  | 3,750,000 | 134,500    |   |
| San Antonio             | TX    | —                        | 130,833                 | 606,596  | 43,050       | 22,373   | 130,833  | 672,019  | 802,852   | 646,100    |   |
| San Antonio             | TX    | —                        | 102,512                 | 475,288  | 54,593       | 16,961   | 102,512  | 546,842  | 649,354   | 514,500    |   |
| San Antonio             | TX    | —                        | 81,530                  | 378,007  | —            | —  | 81,530   | 378,007  | 459,537   | 378,000    |   |
| San Antonio             | TX    | —                        | 181,412                 | 402,923  | —            | 139  | 181,412  | 403,063  | 584,475   | 403,000    |   |
| San Antonio             | TX    | —                        | 234,500                 | 520,831  | —            | 139  | 234,500  | 520,970  | 755,470   | 520,900    |   |
| San Antonio             | TX    | —                        | 217,000                 | 481,967  | 32,529       | —  | 217,000  | 514,496  | 731,496   | 514,400    |   |
| San Antonio             | TX    | —                        | 182,868                 | 406,155  | 18,940       | —  | 182,868  | 425,095  | 607,963   | 425,000    |   |
| San Antonio             | TX    | —                        | 220,500                 | 447,108  | —            | —  | 220,500  | 447,108  | 667,608   | 447,100    |   |
| Sugar Land              | TX    | —                        | 339,310                 | 1,000,876  | —            | —  | 339,310  | 1,000,876  | 1,340,186 | 779,000    |   |
| Mesquite                | TX    | —                        | 139,466                 | 326,525  | 37,647       | 387  | 139,466  | 364,559  | 504,025   | 344,400    |   |
| Layton                  | UT    | —                        | 136,574                 | 269,008  | —            | —  | 136,574  | 269,008  | 405,582   | 269,000    |   |
| Sandy                   | UT    | —                        | 168,089                 | 373,330  | —            | —  | 168,089  | 373,330  | 541,419   | 373,300    |   |
| Centreville             | VA    | —                        | 371,000                 | 824,003  | —            | 463  | 371,000  | 824,466  | 1,195,466 | 824,400    |   |
| Chesapeake              | VA    | —                        | 190,050                 | 422,107  | 24,568       | —  | 190,050  | 446,675  | 636,725   | 445,500    |   |
| Glen Allen              | VA    | —                        | 74,643                  | 346,060  | —            | 153  | 74,643   | 346,214  | 420,857   | 346,200    |   |
| Portsmouth              | VA    | —                        | 171,575                 | 381,073  | 24,932       | —  | 171,575  | 406,005  | 577,580   | 404,800    |   |
| Richmond                | VA    | —                        | 721,039                 | 1,179,843  | —            | —  | 721,039  | 1,179,843  | 1,900,882 | 1,966,000  |   |
| Roanoke                 | VA    | —                        | 412,095                 | 1,357,905  | —            | —  | 412,095  | 1,357,905  | 1,770,000 | 20,360,000 |   |
| Virginia Beach          | VA    | —                        | 534,285                 | 874,255  | —            | —  | 534,285  | 874,255  | 1,408,540 | 1,457,000  |   |
| Bremerton               | WA    | —                        | 405,837                 | 664,076  | —            | —  | 405,837  | 664,076  | 1,069,913 | 1,107,000  |   |
|                         | WA    | —                        | 150,785                 | 699,101  | —            | 107  | 150,785  | 699,207  | 849,992   | 699,200    |   |

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|                    |    |   |           |            |        |     |           |            |            |           |
|--------------------|----|---|-----------|------------|--------|-----|-----------|------------|------------|-----------|
| Federal Way        | WA | — | 261,943   | 581,782    | 27,500 | 107 | 261,943   | 609,388    | 871,331    | 607,831   |
| Gig Harbor         | WA | — | 823,172   | 1,346,964  | —      | —   | 823,172   | 1,346,964  | 2,170,136  | 2,245,000 |
| Kent               | WA | — | 140,763   | 678,809    | 36,500 | —   | 140,763   | 715,309    | 856,072    | 715,309   |
| Kirkland           | WA | — | 301,000   | 668,534    | —      | 107 | 301,000   | 668,641    | 969,641    | 668,641   |
| Puyallup           | WA | — | 195,552   | 434,327    | 27,000 | 107 | 195,552   | 461,434    | 656,986    | 460,133   |
| Redmond            | WA | — | 279,830   | 621,513    | —      | 107 | 279,830   | 621,620    | 901,450    | 621,620   |
| Renton             | WA | — | 111,183   | 515,490    | —      | —   | 111,183   | 515,490    | 626,673    | 515,490   |
| Silverdale         | WA | — | 586,461   | 959,631    | —      | —   | 586,461   | 959,631    | 1,546,092  | 1,599,723 |
| Tacoma             | WA | — | 642,892   | 1,051,970  | —      | —   | 642,892   | 1,051,970  | 1,694,862  | 1,753,854 |
| Appleton           | WI | — | 196,000   | 424,038    | —      | 409 | 196,000   | 424,447    | 620,447    | 424,447   |
| Waukesha           | WI | — | 233,100   | 461,500    | —      | 211 | 233,100   | 461,711    | 694,811    | 461,711   |
| Waukesha           | WI | — | 215,950   | 427,546    | —      | 409 | 215,950   | 427,954    | 643,904    | 427,954   |
| Consumer Appliance |    |   |           |            |        |     |           |            |            |           |
| North Liberty      | IA | — | 6,395,970 | 19,385,806 | 76,574 | —   | 6,395,970 | 19,462,380 | 25,858,350 | 3,300,000 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |            | Ac<br>De<br>(N |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|------------|----------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total      |                |
| Greenville              | OH    | —                        | 1,704,130               | 28,221,803   | 33,377       | 55                           | 1,704,130                        | 28,255,235   | 29,959,365 | 4,0            |
| Marion                  | OH    | —                        | 801,003                 | 25,410,810   | —            | —                            | 801,003                          | 25,410,810   | 26,211,813 | 4,3            |
| Consumer Electronics    |       |                          |                         |  |              |                              |                                  |  |            |                |
| Tampa                   | FL    | —                        | 401,874                 | 933,768  | 103,336      | 32,053                       | 401,874                          | 1,069,157  | 1,471,031  | 92             |
| Smyrna                  | GA    | —                        | 1,094,058               | 3,090,236  | —            | —                            | 1,094,058                        | 3,090,236  | 4,184,294  | 2,6            |
| Columbia                | MD    | —                        | 3,283,579               | 3,105,146  | —            | —                            | 3,283,579                        | 3,105,146  | 6,388,725  | 139            |
| Jackson                 | MI    | —                        | 550,162                 | 571,590  | —            | 210                          | 550,162                          | 571,800  | 1,121,962  | 45             |
| Pineville               | NC    | —                        | 567,864                 | 840,284  | 37,249       | 153                          | 567,864                          | 877,686  | 1,445,550  | 706            |
| Albion                  | NY    | —                        | 170,589                 | 317,424  | 145,229      | 7,680                        | 170,589                          | 470,333  | 640,922    | 273            |
| Wellsville              | NY    | —                        | 161,331                 | 300,231  | 108,853      | 11,520                       | 161,331                          | 420,604  | 581,935    | 25             |
| Westbury                | NY    | —                        | 6,333,590               | 3,952,773  | 489,501      | —                            | 6,333,590                        | 4,442,274  | 10,775,864 | 3,5            |
| Austin                  | TX    | —                        | 3,630,000               | 5,083,734  | —            | —                            | 3,630,000                        | 5,083,734  | 8,713,734  | 88             |
| Fredericksburg          | VA    | —                        | 2,060,000               | 3,638,672  | —            | —                            | 2,060,000                        | 3,638,672  | 5,698,672  | 32             |
| Consumer Goods          |       |                          |                         |  |              |                              |                                  |  |            |                |
| DeKalb                  | IL    | —                        | 3,507,503               | 50,808,610   | —            | —                            | 3,507,503                        | 50,808,610   | 54,316,113 | 8,6            |
| Loves Park              | IL    | —                        | 1,191,147               | 15,857,995   | —            | —                            | 1,191,147                        | 15,857,995   | 17,049,142 | 1,7            |
| Rural Hall              | NC    | —                        | 710,000                 | 17,739,591   | 75,975       | —                            | 710,000                          | 17,815,566   | 18,525,566 | 1,6            |
| Grantsville             | UT    | —                        | 1,719,381               | 40,160,295   | —            | —                            | 1,719,381                        | 40,160,295   | 41,879,676 | 6,8            |
| Convenience Stores      |       |                          |                         |  |              |                              |                                  |  |            |                |
| Daphne                  | AL    | —                        | 140,000                 | 391,637  | —            | —                            | 140,000                          | 391,637  | 531,637    | 23             |
| Mobile                  | AL    | —                        | 190,000                 | 301,637  | —            | —                            | 190,000                          | 301,637  | 491,637    | 178            |
| Mobile                  | AL    | —                        | 180,000                 | 421,637  | —            | —                            | 180,000                          | 421,637  | 601,637    | 249            |
| North Little Rock       | AR    | —                        | 1,138,381               | 2,114,137  | —            | —                            | 1,138,381                        | 2,114,137  | 3,252,518  | 490            |
| Florence                | AZ    | —                        | 150,000                 | 371,637  | —            | —                            | 150,000                          | 371,637  | 521,637    | 219            |
| Gilbert                 | AZ    | —                        | 680,000                 | 1,111,637  | —            | —                            | 680,000                          | 1,111,637  | 1,791,637  | 65             |
| Glendale                | AZ    | —                        | 610,000                 | 531,637  | —            | —                            | 610,000                          | 531,637  | 1,141,637  | 31             |
| Glendale                | AZ    | —                        | 400,000                 | 931,637  | —            | —                            | 400,000                          | 931,637  | 1,331,637  | 55             |
| Maricopa                | AZ    | —                        | 170,000                 | 361,637  | —            | —                            | 170,000                          | 361,637  | 531,637    | 21             |

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|         |    |   |         |           |   |   |         |           |           |    |
|---------|----|---|---------|-----------|---|---|---------|-----------|-----------|----|
| Mesa    | AZ | — | 560,000 | 821,637   | — | — | 560,000 | 821,637   | 1,381,637 | 48 |
| Mesa    | AZ | — | 750,000 | 1,071,637 | — | — | 750,000 | 1,071,637 | 1,821,637 | 63 |
| Mesa    | AZ | — | 810,000 | 1,061,637 | — | — | 810,000 | 1,061,637 | 1,871,637 | 62 |
| Mesa    | AZ | — | 890,000 | 1,081,637 | — | — | 890,000 | 1,081,637 | 1,971,637 | 63 |
| Mesa    | AZ | — | 780,000 | 1,071,637 | — | — | 780,000 | 1,071,637 | 1,851,637 | 63 |
| Mesa    | AZ | — | 900,000 | 1,191,637 | — | — | 900,000 | 1,191,637 | 2,091,637 | 70 |
| Payson  | AZ | — | 210,000 | 351,637   | — | — | 210,000 | 351,637   | 561,637   | 20 |
| Payson  | AZ | — | 260,000 | 311,637   | — | — | 260,000 | 311,637   | 571,637   | 18 |
| Peoria  | AZ | — | 520,000 | 751,637   | — | — | 520,000 | 751,637   | 1,271,637 | 44 |
| Phoenix | AZ | — | 440,000 | 511,637   | — | — | 440,000 | 511,637   | 951,637   | 30 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |  |                   | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |  |           |   |
|-------------------------|-------|--------------------------|-------------------------|--|--|-------------------|--|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Cost Capitalized<br>Subsequent to<br>Acquisition | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     | Accumulated<br>Depreciation<br>(Note 5) |
| Phoenix                 | AZ    | —                        | 360,000                 | 421,637  | —  | —                 | 360,000  | 421,637  | 781,637   | 249,46                                  |
| Phoenix                 | AZ    | —                        | 710,000                 | 591,637  | —  | —                 | 710,000  | 591,637  | 1,301,637 | 350,04                                  |
| Phoenix                 | AZ    | —                        | 320,000                 | 661,637  | —  | —                 | 320,000  | 661,637  | 981,637   | 391,46                                  |
| Phoenix                 | AZ    | —                        | 450,000                 | 651,637  | —  | —                 | 450,000  | 651,637  | 1,101,637 | 385,54                                  |
| Phoenix                 | AZ    | —                        | 430,000                 | 711,637  | —  | —                 | 430,000  | 711,637  | 1,141,637 | 421,04                                  |
| Phoenix                 | AZ    | —                        | 730,000                 | 931,637  | —  | —                 | 730,000  | 931,637  | 1,661,637 | 551,21                                  |
| Phoenix                 | AZ    | —                        | 790,000                 | 1,051,637  | —  | —                 | 790,000  | 1,051,637  | 1,841,637 | 622,21                                  |
| Pinetop                 | AZ    | —                        | 170,000                 | 311,637  | —  | —                 | 170,000  | 311,637  | 481,637   | 184,38                                  |
| Queen<br>Creek          | AZ    | —                        | 520,000                 | 891,637  | —  | —                 | 520,000  | 891,637  | 1,411,637 | 527,54                                  |
| Scottsdale              | AZ    | —                        | 210,000                 | 201,637  | —  | —                 | 210,000  | 201,637  | 411,637   | 119,29                                  |
| Scottsdale              | AZ    | —                        | 660,000                 | 1,031,637  | —  | —                 | 660,000  | 1,031,637  | 1,691,637 | 610,38                                  |
| Sierra Vista            | AZ    | —                        | 110,000                 | 301,637  | —  | —                 | 110,000  | 301,637  | 411,637   | 178,46                                  |
| Tempe                   | AZ    | —                        | 620,000                 | 1,071,637  | —  | —                 | 620,000  | 1,071,637  | 1,691,637 | 634,04                                  |
| Tempe                   | AZ    | —                        | 270,000                 | 461,637  | —  | —                 | 270,000  | 461,637  | 731,637   | 273,13                                  |
| Tolleson                | AZ    | —                        | 460,000                 | 1,231,637  | —  | —                 | 460,000  | 1,231,637  | 1,691,637 | 728,71                                  |
| Tombstone               | AZ    | —                        | 110,000                 | 381,637  | —  | —                 | 110,000  | 381,637  | 491,637   | 225,79                                  |
| Tucson                  | AZ    | —                        | 220,000                 | 311,637  | —  | —                 | 220,000  | 311,637  | 531,637   | 184,38                                  |
| Tucson                  | AZ    | —                        | 550,000                 | 511,637  | —  | —                 | 550,000  | 511,637  | 1,061,637 | 302,71                                  |
| Tucson                  | AZ    | —                        | 126,000                 | 234,565  | —  | —                 | 126,000  | 234,565  | 360,565   | 138,00                                  |
| Wellton                 | AZ    | —                        | 120,000                 | 291,637  | —  | —                 | 120,000  | 291,637  | 411,637   | 172,54                                  |
| Wickenburg              | AZ    | —                        | 150,000                 | 291,637  | —  | —                 | 150,000  | 291,637  | 441,637   | 172,54                                  |
| Clovis                  | CA    | —                        | 990,000                 | 823,746  | —  | —                 | 990,000  | 823,746  | 1,813,746 | 667,111                                 |
| King City               | CA    | —                        | 2,520,000               | 1,888,720  | —  | —                 | 2,520,000  | 1,888,720  | 4,408,720 | 153,76                                  |
| Lake<br>Elsinore        | CA    | —                        | 1,260,000               | 1,570,000  | —  | —                 | 1,260,000  | 1,570,000  | 2,830,000 | 128,11                                  |
| Merced                  | CA    | —                        | 840,000                 | 857,459  | —  | —                 | 840,000  | 857,459  | 1,697,459 | 69,782                                  |
| Oakhurst                | CA    | —                        | 740,000                 | 930,904  | —  | —                 | 740,000  | 930,904  | 1,670,904 | 75,759                                  |
| Richmond                | CA    | —                        | 2,088,655               | 2,611,345  | —  | —                 | 2,088,655  | 2,611,345  | 4,700,000 | 212,61                                  |
| Sacramento              | CA    | —                        | 1,737,297               | 2,172,059  | —  | —                 | 1,737,297  | 2,172,059  | 3,909,356 | 176,84                                  |
| San Jose                | CA    | —                        | 4,630,000               | 1,020,000  | —  | —                 | 4,630,000  | 1,020,000  | 5,650,000 | 83,024                                  |
| Sand City               | CA    | —                        | 2,290,000               | 1,600,000  | —  | —                 | 2,290,000  | 1,600,000  | 3,890,000 | 130,45                                  |
| Santa Cruz              | CA    | —                        | 1,210,000               | 636,085  | —  | —                 | 1,210,000  | 636,085  | 1,846,085 | 51,659                                  |
| Santa Cruz              | CA    | —                        | 1,200,000               | 563,273  | —  | —                 | 1,200,000  | 563,273  | 1,763,273 | 45,850                                  |
| Stockton                | CA    | —                        | 1,051,621               | 1,314,791  | —  | —                 | 1,051,621  | 1,314,791  | 2,366,412 | 107,05                                  |



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|                  |    |   |           |           |   |   |           |           |           |        |
|------------------|----|---|-----------|-----------|---|---|-----------|-----------|-----------|--------|
| Aurora           | CO | — | 1,040,000 | 1,928,302 | — | — | 1,040,000 | 1,928,302 | 2,968,302 | 156,94 |
| Brighton         | CO | — | 510,000   | 1,794,977 | — | — | 510,000   | 1,794,977 | 2,304,977 | 146,07 |
| Colorado Springs | CO | — | 1,103,650 | 2,049,635 | — | — | 1,103,650 | 2,049,635 | 3,153,285 | 475,34 |
| Colorado Springs | CO | — | 800,000   | 1,780,000 | — | — | 800,000   | 1,780,000 | 2,580,000 | 144,82 |
| Colorado Springs | CO | — | 1,157,717 | 1,447,438 | — | — | 1,157,717 | 1,447,438 | 2,605,155 | 117,85 |
| Colorado Springs | CO | — | 1,424,018 | 1,774,083 | — | — | 1,424,018 | 1,774,083 | 3,198,101 | 144,42 |
| Henderson        | CO | — | 1,180,000 | 1,845,489 | — | — | 1,180,000 | 1,845,489 | 3,025,489 | 150,20 |
| Peyton           | CO | — | 1,403,283 | 1,998,754 | — | — | 1,403,283 | 1,998,754 | 3,402,037 | 162,73 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           | Accumulated<br>Depreciation<br>(Note 5) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Vernon                  | CT    | —                        | 179,646                 | 319,372  | —            | 13                           | 179,646                          | 319,385  | 499,031   | 303,940                                 |
| Westbrook               | CT    | —                        | 98,247                  | 373,340  | —            | —                            | 98,247                           | 373,340  | 471,587   | 355,290                                 |
| Camden                  | DE    | —                        | 113,811                 | 174,435  | —            | —                            | 113,811                          | 174,435  | 288,246   | 110,170                                 |
| Camden                  | DE    | —                        | 250,528                 | 379,165  | —            | —                            | 250,528                          | 379,165  | 629,693   | 239,490                                 |
| Dewey                   | DE    | —                        | 147,465                 | 224,665  | —            | —                            | 147,465                          | 224,665  | 372,130   | 141,900                                 |
| Dover                   | DE    | —                        | 278,804                 | 421,707  | —            | —                            | 278,804                          | 421,707  | 700,511   | 266,370                                 |
| Dover                   | DE    | —                        | 367,137                 | 554,207  | —            | —                            | 367,137                          | 554,207  | 921,344   | 350,060                                 |
| Dover                   | DE    | —                        | 367,425                 | 554,884  | —            | —                            | 367,425                          | 554,884  | 922,309   | 350,490                                 |
| Felton                  | DE    | —                        | 307,260                 | 464,391  | —            | —                            | 307,260                          | 464,391  | 771,651   | 293,330                                 |
| Greenwood               | DE    | —                        | 632,303                 | 1,176,711  | —            | —                            | 632,303                          | 1,176,711  | 1,809,014 | 523,630                                 |
| Harrington              | DE    | —                        | 563,812                 | 849,220  | —            | —                            | 563,812                          | 849,220  | 1,413,032 | 536,410                                 |
| Milford                 | DE    | —                        | 310,049                 | 468,575  | —            | —                            | 310,049                          | 468,575  | 778,624   | 295,970                                 |
| New Castle              | DE    | —                        | 589,325                 | 887,488  | —            | —                            | 589,325                          | 887,488  | 1,476,813 | 560,580                                 |
| Smyrna                  | DE    | —                        | 121,774                 | 186,436  | —            | —                            | 121,774                          | 186,436  | 308,210   | 117,750                                 |
| Smyrna                  | DE    | —                        | 401,135                 | 605,332  | —            | —                            | 401,135                          | 605,332  | 1,006,467 | 382,360                                 |
| Townsend                | DE    | —                        | 241,416                 | 365,749  | —            | —                            | 241,416                          | 365,749  | 607,165   | 231,020                                 |
| Wilmington              | DE    | —                        | 280,682                 | 424,525  | —            | —                            | 280,682                          | 424,525  | 705,207   | 268,150                                 |
| Apopka                  | FL    | —                        | 1,607,879               | 2,003,141  | —            | —                            | 1,607,879                        | 2,003,141  | 3,611,020 | 163,060                                 |
| Archer                  | FL    | —                        | 296,238                 | 578,145  | —            | —                            | 296,238                          | 578,145  | 874,383   | 453,840                                 |
| Bradenton               | FL    | —                        | 946,638                 | 1,672,027  | —            | —                            | 946,638                          | 1,672,027  | 2,618,665 | 398,670                                 |
| Bradenton               | FL    | —                        | 414,000                 | 109,000  | —            | —                            | 414,000                          | 109,000  | 523,000   | 25,778                                  |
| Bushnell                | FL    | —                        | 130,000                 | 291,637  | —            | —                            | 130,000                          | 291,637  | 421,637   | 172,540                                 |
| Bushnell                | FL    | —                        | 1,660,211               | 1,302,926  | —            | —                            | 1,660,211                        | 1,302,926  | 2,963,137 | 41,259                                  |
| Cape Coral              | FL    | —                        | 1,460,725               | 1,826,275  | —            | —                            | 1,460,725                        | 1,826,275  | 3,287,000 | 148,690                                 |
| Cape Coral              | FL    | —                        | 260,000                 | 1,667,327  | —            | —                            | 260,000                          | 1,667,327  | 1,927,327 | 135,690                                 |
| Casselberry             | FL    | —                        | 1,370,000               | 2,006,750  | —            | —                            | 1,370,000                        | 2,006,750  | 3,376,750 | 163,340                                 |
| Clearwater              | FL    | —                        | 359,792                 | 311,845  | —            | —                            | 359,792                          | 311,845  | 671,637   | 184,500                                 |
| Clearwater              | FL    | —                        | 1,140,824               | 1,006,445  | —            | —                            | 1,140,824                        | 1,006,445  | 2,147,269 | 31,871                                  |
| Cocoa                   | FL    | —                        | 323,827                 | 287,810  | —            | —                            | 323,827                          | 287,810  | 611,637   | 170,280                                 |
| Coral Springs           | FL    | —                        | 842,439                 | 1,049,534  | —            | —                            | 842,439                          | 1,049,534  | 1,891,973 | 85,438                                  |
| Deerfield Beach         | FL    | —                        | 1,600,000               | 982,745  | —            | —                            | 1,600,000                        | 982,745  | 2,582,745 | 80,013                                  |
| Deltona                 | FL    | —                        | 140,000                 | 321,637  | —            | —                            | 140,000                          | 321,637  | 461,637   | 190,290                                 |
| Englewood               | FL    | —                        | 270,000                 | 331,637  | —            | —                            | 270,000                          | 331,637  | 601,637   | 196,210                                 |

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|                    |   |                     |   |   |                     |                   |
|--------------------|---|---------------------|---|---|---------------------|-------------------|
| Englewood FL       | — | 1,051,545,927,683   | — | — | 1,051,545,927,683   | 1,979,228,293,377 |
| Estero FL          | — | 750,000 1,926,751   | — | — | 750,000 1,926,751   | 2,676,751 156,780 |
| Fort Lauderdale FL | — | 1,589,155 1,986,845 | — | — | 1,589,155 1,986,845 | 3,576,000 161,760 |
| Fort Lauderdale FL | — | 2,630,000 1,487,205 | — | — | 2,630,000 1,487,205 | 4,117,205 121,170 |
| Fort Myers FL      | — | 1,569,552 1,955,393 | — | — | 1,569,552 1,955,393 | 3,524,945 159,180 |
| Fort Myers FL      | — | 1,050,000 1,892,065 | — | — | 1,050,000 1,892,065 | 2,942,065 153,950 |
| Fort Myers FL      | — | 1,195,358 1,702,597 | — | — | 1,195,358 1,702,597 | 2,897,955 138,610 |
| Gainesville FL     | — | 515,834 873,187     | — | — | 515,834 873,187     | 1,389,021 685,450 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           | Accumulated<br>Depreciation<br>(Note 5) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Gainesville             | FL    | —                        | 480,318                 | 600,633  | —            | —                            | 480,318                          | 600,633  | 1,080,951 | 1471,49                                 |
| Gainesville             | FL    | —                        | 347,310                 | 694,859  | —            | —                            | 347,310                          | 694,859  | 1,042,169 | 545,46                                  |
| Gainesville             | FL    | —                        | 339,263                 | 658,807  | —            | —                            | 339,263                          | 658,807  | 998,070   | 517,16                                  |
| Gainesville             | FL    | —                        | 351,921                 | 552,557  | —            | —                            | 351,921                          | 552,557  | 904,478   | 433,75                                  |
| Gainesville             | FL    | —                        | 500,032                 | 850,291  | —            | —                            | 500,032                          | 850,291  | 1,350,323 | 667,47                                  |
| Homosassa<br>Springs    | FL    | —                        | 740,000                 | 621,637  | —            | —                            | 740,000                          | 621,637  | 1,361,637 | 367,79                                  |
| Hudson                  | FL    | —                        | 300,000                 | 351,637  | —            | —                            | 300,000                          | 351,637  | 651,637   | 208,04                                  |
| Intercession<br>City    | FL    | —                        | 161,776                 | 319,861  | —            | —                            | 161,776                          | 319,861  | 481,637   | 189,24                                  |
| Jacksonville            | FL    | —                        | 266,111                 | 494,206  | —            | —                            | 266,111                          | 494,206  | 760,317   | 290,75                                  |
| Jupiter                 | FL    | —                        | 1,591,966               | 2,267,502  | —            | —                            | 1,591,966                        | 2,267,502  | 3,859,468 | 184,61                                  |
| Jupiter                 | FL    | —                        | 2,540,000               | 1,449,889  | —            | —                            | 2,540,000                        | 1,449,889  | 3,989,889 | 118,15                                  |
| Key West                | FL    | —                        | 873,700                 | 627,937  | —            | —                            | 873,700                          | 627,937  | 1,501,637 | 371,52                                  |
| Key West                | FL    | —                        | 492,785                 | 208,852  | —            | —                            | 492,785                          | 208,852  | 701,637   | 123,56                                  |
| Kissimmee               | FL    | —                        | 920,000                 | 2,075,994  | —            | —                            | 920,000                          | 2,075,994  | 2,995,994 | 169,04                                  |
| Kissimmee               | FL    | —                        | 920,000                 | 2,121,172  | —            | —                            | 920,000                          | 2,121,172  | 3,041,172 | 172,69                                  |
| Lake Mary               | FL    | —                        | 1,720,000               | 1,592,384  | —            | —                            | 1,720,000                        | 1,592,384  | 3,312,384 | 129,59                                  |
| Lake Worth              | FL    | —                        | 2,440,000               | 1,113,008  | —            | —                            | 2,440,000                        | 1,113,008  | 3,553,008 | 90,651                                  |
| Lakeland                | FL    | —                        | 527,076                 | 464,561  | —            | —                            | 527,076                          | 464,561  | 991,637   | 274,86                                  |
| Lakeland                | FL    | —                        | 300,000                 | 321,637  | —            | —                            | 300,000                          | 321,637  | 621,637   | 190,29                                  |
| Land O<br>Lakes         | FL    | —                        | 120,000                 | 361,637  | —            | —                            | 120,000                          | 361,637  | 481,637   | 213,96                                  |
| Largo                   | FL    | —                        | 900,000                 | 1,475,882  | —            | —                            | 900,000                          | 1,475,882  | 2,375,882 | 276,16                                  |
| Lehigh<br>Acres         | FL    | —                        | 1,363,701               | 1,942,375  | —            | —                            | 1,363,701                        | 1,942,375  | 3,306,076 | 158,14                                  |
| Lutz                    | FL    | —                        | 480,000                 | 421,637  | —            | —                            | 480,000                          | 421,637  | 901,637   | 249,46                                  |
| Melbourne               | FL    | —                        | 1,285,050               | 1,563,478  | —            | —                            | 1,285,050                        | 1,563,478  | 2,848,528 | 49,510                                  |
| Miramar                 | FL    | —                        | 1,691,444               | 2,114,731  | —            | —                            | 1,691,444                        | 2,114,731  | 3,806,175 | 172,18                                  |
| Miramar                 | FL    | —                        | 1,755,308               | 2,500,157  | —            | —                            | 1,755,308                        | 2,500,157  | 4,255,465 | 203,55                                  |
| Moore<br>Haven          | FL    | —                        | 180,342                 | 331,295  | —            | —                            | 180,342                          | 331,295  | 511,637   | 196,01                                  |
| Mount Dora              | FL    | —                        | 1,423,518               | 2,514,329  | —            | —                            | 1,423,518                        | 2,514,329  | 3,937,847 | 599,51                                  |
| Naples                  | FL    | —                        | 150,000                 | 301,637  | —            | —                            | 150,000                          | 301,637  | 451,637   | 178,46                                  |
| Naples                  | FL    | —                        | 620,000                 | 381,637  | —            | —                            | 620,000                          | 381,637  | 1,001,637 | 225,79                                  |

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|                     |    |   |           |           |   |   |           |           |           |        |
|---------------------|----|---|-----------|-----------|---|---|-----------|-----------|-----------|--------|
| Naples              | FL | — | 1,372,465 | 1,715,927 | — | — | 1,372,465 | 1,715,927 | 3,088,392 | 139,71 |
| Naples              | FL | — | 3,600,000 | 1,536,146 | — | — | 3,600,000 | 1,536,146 | 5,136,146 | 125,15 |
| New Port<br>Richey  | FL | — | 190,000   | 601,637   | — | — | 190,000   | 601,637   | 791,637   | 355,96 |
| North Fort<br>Myers | FL | — | 140,000   | 281,637   | — | — | 140,000   | 281,637   | 421,637   | 166,63 |
| Ocoee               | FL | — | 1,421,322 | 1,770,724 | — | — | 1,421,322 | 1,770,724 | 3,192,046 | 144,14 |
| Okeechobee          | FL | — | 195,075   | 346,562   | — | — | 195,075   | 346,562   | 541,637   | 205,04 |
| Orlando             | FL | — | 240,000   | 301,637   | — | — | 240,000   | 301,637   | 541,637   | 178,46 |
| Orlando             | FL | — | 1,326,905 | 1,653,095 | — | — | 1,326,905 | 1,653,095 | 2,980,000 | 134,57 |
| Orlando             | FL | — | 1,240,000 | 2,690,000 | — | — | 1,240,000 | 2,690,000 | 3,930,000 | 219,14 |
| Orlando             | FL | — | 1,946,307 | 2,772,204 | — | — | 1,946,307 | 2,772,204 | 4,718,511 | 225,70 |
| Orlando             | FL | — | 1,217,982 | 1,522,784 | — | — | 1,217,982 | 1,522,784 | 2,740,766 | 123,98 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           | Accu-<br>Depre-<br>(Note |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|--------------------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                          |
| Orlando                 | FL    | —                        | 1,010,000               | 1,421,356  | —            | —                            | 1,010,000                        | 1,421,356  | 2,431,356 | 115,8                    |
| Orlando                 | FL    | —                        | 1,290,000               | 955,589  | —            | —                            | 1,290,000                        | 955,589  | 2,245,589 | 77,88                    |
| Oviedo                  | FL    | —                        | 950,897                 | 1,184,655  | —            | —                            | 950,897                          | 1,184,655  | 2,135,552 | 296,43                   |
| Palm Bay                | FL    | —                        | 230,880                 | 300,757  | —            | —                            | 230,880                          | 300,757  | 531,637   | 177,9                    |
| Palm Bay                | FL    | —                        | 2,265,855               | 1,711,979  | —            | —                            | 2,265,855                        | 1,711,979  | 3,977,834 | 54,21                    |
| Palm Beach<br>Gardns    | FL    | —                        | 2,040,000               | 1,121,312  | —            | —                            | 2,040,000                        | 1,121,312  | 3,161,312 | 290,93                   |
| Palm Harbor             | FL    | —                        | 510,000                 | 381,637  | —            | —                            | 510,000                          | 381,637  | 891,637   | 225,7                    |
| Panama City             | FL    | —                        | 210,000                 | 431,637  | —            | —                            | 210,000                          | 431,637  | 641,637   | 255,3                    |
| Pensacola               | FL    | —                        | 168,000                 | 312,727  | —            | —                            | 168,000                          | 312,727  | 480,727   | 183,9                    |
| Plantation              | FL    | —                        | 2,260,000               | 1,617,690  | —            | —                            | 2,260,000                        | 1,617,690  | 3,877,690 | 131,5                    |
| Port<br>Charlotte       | FL    | —                        | 170,000                 | 311,637  | —            | —                            | 170,000                          | 311,637  | 481,637   | 184,3                    |
| Port<br>Charlotte       | FL    | —                        | 200,000                 | 356,637  | —            | —                            | 200,000                          | 356,637  | 556,637   | 211,0                    |
| Port Orange             | FL    | —                        | 609,438                 | 512,199  | —            | —                            | 609,438                          | 512,199  | 1,121,637 | 303,0                    |
| Port Saint<br>Lucie     | FL    | —                        | 1,050,000               | 1,968,282  | —            | —                            | 1,050,000                        | 1,968,282  | 3,018,282 | 160,2                    |
| Punta Gorda             | FL    | —                        | 400,000                 | 511,637  | —            | —                            | 400,000                          | 511,637  | 911,637   | 302,7                    |
| Riverview               | FL    | —                        | 1,930,000               | 1,423,752  | —            | —                            | 1,930,000                        | 1,423,752  | 3,353,752 | 292,0                    |
| Sanford                 | FL    | —                        | 1,685,711               | 2,401,027  | —            | —                            | 1,685,711                        | 2,401,027  | 4,086,738 | 195,4                    |
| Sarasota                | FL    | —                        | 2,700,000               | 1,406,134  | —            | —                            | 2,700,000                        | 1,406,134  | 4,106,134 | 114,5                    |
| Stuart                  | FL    | —                        | 2,103,649               | 2,620,786  | —            | —                            | 2,103,649                        | 2,620,786  | 4,724,435 | 213,3                    |
| Tallahassee             | FL    | —                        | 600,000                 | 341,637  | —            | —                            | 600,000                          | 341,637  | 941,637   | 202,1                    |
| Tamarac                 | FL    | —                        | 1,551,449               | 2,209,791  | —            | —                            | 1,551,449                        | 2,209,791  | 3,761,240 | 179,9                    |
| Tampa                   | FL    | —                        | 300,000                 | 301,637  | —            | —                            | 300,000                          | 301,637  | 601,637   | 178,4                    |
| Tampa                   | FL    | —                        | 380,000                 | 361,637  | —            | —                            | 380,000                          | 361,637  | 741,637   | 213,9                    |
| Tampa                   | FL    | —                        | 320,000                 | 591,637  | —            | —                            | 320,000                          | 591,637  | 911,637   | 350,0                    |
| Webster                 | FL    | —                        | 640,000                 | 1,071,637  | —            | —                            | 640,000                          | 1,071,637  | 1,711,637 | 634,0                    |
| West Palm<br>Beach      | FL    | —                        | 1,080,645               | 1,351,079  | —            | —                            | 1,080,645                        | 1,351,079  | 2,431,724 | 110,0                    |
| Winter<br>Springs       | FL    | —                        | 150,000                 | 291,637  | —            | —                            | 150,000                          | 291,637  | 441,637   | 172,5                    |
| Zephyrhills             | FL    | —                        | 944,539                 | 1,495,185  | —            | —                            | 944,539                          | 1,495,185  | 2,439,724 | 27,41                    |
| Augusta                 | GA    | —                        | 620,000                 | 383,232  | —            | —                            | 620,000                          | 383,232  | 1,003,232 | 298,2                    |

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|              |    |   |         |         |   |   |         |         |         |       |
|--------------|----|---|---------|---------|---|---|---------|---------|---------|-------|
| Augusta      | GA | — | 540,000 | 337,853 | — | — | 540,000 | 337,853 | 877,853 | 262,9 |
| Augusta      | GA | — | 510,000 | 392,929 | — | — | 510,000 | 392,929 | 902,929 | 305,8 |
| Augusta      | GA | — | 180,000 | 422,020 | — | — | 180,000 | 422,020 | 602,020 | 328,4 |
| Augusta      | GA | — | 260,000 | 392,171 | — | — | 260,000 | 392,171 | 652,171 | 305,2 |
| Augusta      | GA | — | 240,000 | 451,637 | — | — | 240,000 | 451,637 | 691,637 | 267,2 |
| Calhoun      | GA | — | 122,500 | 228,742 | — | — | 122,500 | 228,742 | 351,242 | 139,1 |
| Calhoun      | GA | — | 262,500 | 488,742 | — | — | 262,500 | 488,742 | 751,242 | 297,3 |
| Cartersville | GA | — | 262,500 | 488,742 | — | — | 262,500 | 488,742 | 751,242 | 297,3 |
| Chatsworth   | GA | — | 140,000 | 261,242 | — | — | 140,000 | 261,242 | 401,242 | 158,9 |
| Chatsworth   | GA | — | 140,000 | 261,242 | — | — | 140,000 | 261,242 | 401,242 | 158,9 |
| Chatsworth   | GA | — | 140,000 | 261,242 | — | — | 140,000 | 261,242 | 401,242 | 158,9 |
| Chickamauga  | GA | — | 181,731 | 338,742 | — | — | 181,731 | 338,742 | 520,473 | 206,0 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 4) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|--|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Dalton                  | GA    | —                        | 171,500                 | 319,742  | —            | —  | 171,500  | 319,742  | 491,242   | 194,500                                 |
| Dalton                  | GA    | —                        | 87,500                  | 163,742  | —            | —  | 87,500   | 163,742  | 251,242   | 99,603                                  |
| Dalton                  | GA    | —                        | 485,650                 | 903,162  | —            | —  | 485,650  | 903,162  | 1,388,812 | 549,411                                 |
| Dalton                  | GA    | —                        | 146,000                 | 272,385  | —            | —  | 146,000  | 272,385  | 418,385   | 165,699                                 |
| Dalton                  | GA    | —                        | 420,000                 | 781,242  | —            | —  | 420,000  | 781,242  | 1,201,242 | 475,242                                 |
| Dalton                  | GA    | —                        | 210,000                 | 391,242  | —            | —  | 210,000  | 391,242  | 601,242   | 237,999                                 |
| Dalton                  | GA    | —                        | 332,500                 | 618,742  | —            | —  | 332,500  | 618,742  | 951,242   | 376,399                                 |
| Dalton                  | GA    | —                        | 437,500                 | 813,742  | —            | —  | 437,500  | 813,742  | 1,251,242 | 495,021                                 |
| Decatur                 | GA    | —                        | 529,383                 | 532,429  | —            | 296  | 529,383  | 532,725  | 1,062,108 | 459,011                                 |
| Decatur                 | GA    | —                        | 1,622,631               | 2,866,018  | —            | —  | 1,622,631  | 2,866,018  | 4,488,649 | 683,377                                 |
| Dunwoody                | GA    | —                        | 545,462                 | 724,254  | —            | 296  | 545,462  | 724,550  | 1,270,012 | 624,299                                 |
| Flintstone              | GA    | —                        | 157,500                 | 293,742  | —            | —  | 157,500  | 293,742  | 451,242   | 178,688                                 |
| La Fayette              | GA    | —                        | 122,500                 | 228,742  | —            | —  | 122,500  | 228,742  | 351,242   | 139,144                                 |
| Lithonia                | GA    | —                        | 386,784                 | 776,436  | —            | —  | 386,784  | 776,436  | 1,163,220 | 668,977                                 |
| Mableton                | GA    | —                        | 491,069                 | 355,957  | —            | —  | 491,069  | 355,957  | 847,026   | 306,666                                 |
| Martinez                | GA    | —                        | 450,000                 | 402,777  | —            | —  | 450,000  | 402,777  | 852,777   | 313,499                                 |
| Martinez                | GA    | —                        | 830,000                 | 871,637  | —            | —  | 830,000  | 871,637  | 1,701,637 | 515,711                                 |
| Norcross                | GA    | —                        | 384,162                 | 651,273  | —            | —  | 384,162  | 651,273  | 1,035,435 | 561,122                                 |
| Ringgold                | GA    | —                        | 226,671                 | 1,168,914  | —            | —  | 226,671  | 1,168,914  | 1,395,585 | 659,866                                 |
| Ringgold                | GA    | —                        | 363,825                 | 716,242  | —            | —  | 363,825  | 716,242  | 1,080,067 | 435,700                                 |
| Ringgold                | GA    | —                        | 482,251                 | 896,851  | —            | —  | 482,251  | 896,851  | 1,379,102 | 545,577                                 |
| Rocky Face              | GA    | —                        | 164,231                 | 306,241  | —            | —  | 164,231  | 306,241  | 470,472   | 186,299                                 |
| Rome                    | GA    | —                        | 210,000                 | 391,242  | —            | —  | 210,000  | 391,242  | 601,242   | 237,999                                 |
| Rome                    | GA    | —                        | 199,199                 | 371,183  | —            | —  | 199,199  | 371,183  | 570,382   | 225,799                                 |
| Rome                    | GA    | —                        | 179,762                 | 375,997  | —            | —  | 179,762  | 375,997  | 555,759   | 228,722                                 |
| Rome                    | GA    | —                        | 315,000                 | 586,242  | —            | —  | 315,000  | 586,242  | 901,242   | 356,622                                 |
| Rossville               | GA    | —                        | 157,500                 | 293,742  | —            | —  | 157,500  | 293,742  | 451,242   | 178,688                                 |
| Summerville             | GA    | —                        | 66,231                  | 124,242  | —            | —  | 66,231   | 124,242  | 190,473   | 75,574                                  |
| Trenton                 | GA    | —                        | 129,231                 | 241,242  | —            | —  | 129,231  | 241,242  | 370,473   | 146,744                                 |
| Adair                   | IA    | —                        | 779,853                 | 1,377,438  | —            | —  | 779,853  | 1,377,438  | 2,157,291 | 328,433                                 |
| Ankeny                  | IA    | —                        | 1,050,000               | 1,848,552  | —            | —  | 1,050,000  | 1,848,552  | 2,898,552 | 113,999                                 |
| Neola                   | IA    | —                        | 784,675                 | 1,385,954  | —            | —  | 784,675  | 1,385,954  | 2,170,629 | 330,466                                 |
| Norwalk                 | IA    | —                        | 500,000                 | 1,268,448  | —            | —  | 500,000  | 1,268,448  | 1,768,448 | 78,221                                  |
| Belvidere               | IL    | —                        | 768,748                 | 1,427,676  | —            | —  | 768,748  | 1,427,676  | 2,196,424 | 517,155                                 |
| Dekalb                  | IL    | —                        | 661,500                 | 1,228,500  | —            | —  | 661,500  | 1,228,500  | 1,890,000 | 445,388                                 |



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|                   |    |   |         |           |   |   |         |           |           |        |
|-------------------|----|---|---------|-----------|---|---|---------|-----------|-----------|--------|
| Godfrey           | IL | — | 374,586 | 733,190   | — | — | 374,586 | 733,190   | 1,107,776 | 631,70 |
| Granite City      | IL | — | 362,287 | 737,255   | — | — | 362,287 | 737,255   | 1,099,542 | 635,20 |
| Hartford          | IL | — | 599,172 | 1,112,747 | — | — | 599,172 | 1,112,747 | 1,711,919 | 403,52 |
| Loves Park        | IL | — | 547,582 | 1,018,023 | — | — | 547,582 | 1,018,023 | 1,565,605 | 450,46 |
| Loves Park        | IL | — | 760,725 | 1,412,775 | — | — | 760,725 | 1,412,775 | 2,173,500 | 512,03 |
| Machesney<br>Park | IL | — | 562,275 | 1,044,225 | — | — | 562,275 | 1,044,225 | 1,606,500 | 378,20 |

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           | Accu-<br>Depr<br>(Note 3) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|---------------------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                           |
| Marengo                 | IL    | —                        | 501,948                 | 932,188  | —            | —                            | 501,948                          | 932,188  | 1,434,136 | 337,9                     |
| Monee                   | IL    | —                        | 918,332                 | 1,148,146  | —            | —                            | 918,332                          | 1,148,146  | 2,066,478 | 93,4                      |
| Rochelle                | IL    | —                        | 607,418                 | 1,129,145  | —            | —                            | 607,418                          | 1,129,145  | 1,736,563 | 499,2                     |
| Rockford                | IL    | —                        | 463,050                 | 859,950  | —            | —                            | 463,050                          | 859,950  | 1,323,000 | 311,8                     |
| Rockford                | IL    | —                        | 388,631                 | 721,744  | —            | —                            | 388,631                          | 721,744  | 1,110,375 | 261,8                     |
| Tuscola                 | IL    | —                        | 752,456                 | 1,397,419  | —            | —                            | 752,456                          | 1,397,419  | 2,149,875 | 507,0                     |
| Albany                  | IN    | —                        | 427,437                 | 796,632  | —            | —                            | 427,437                          | 796,632  | 1,224,069 | 371,5                     |
| Alexandria              | IN    | —                        | 139,219                 | 259,369  | —            | —                            | 139,219                          | 259,369  | 398,588   | 120,0                     |
| Anderson                | IN    | —                        | 147,263                 | 274,307  | —            | —                            | 147,263                          | 274,307  | 421,570   | 127,5                     |
| Anderson                | IN    | —                        | 283,430                 | 529,190  | —            | —                            | 283,430                          | 529,190  | 812,620   | 247,3                     |
| Frankfort               | IN    | —                        | 208,666                 | 390,345  | —            | —                            | 208,666                          | 390,345  | 599,011   | 182,5                     |
| Greenwood               | IN    | —                        | 173,250                 | 323,022  | —            | —                            | 173,250                          | 323,022  | 496,272   | 150,2                     |
| Hartford City           | IN    | —                        | 250,310                 | 467,702  | —            | —                            | 250,310                          | 467,702  | 718,012   | 218,5                     |
| Indianapolis            | IN    | —                        | 129,938                 | 242,134  | —            | —                            | 129,938                          | 242,134  | 372,072   | 112,5                     |
| Indianapolis            | IN    | —                        | 269,294                 | 502,439  | —            | —                            | 269,294                          | 502,439  | 771,733   | 234,4                     |
| Indianapolis            | IN    | —                        | 318,432                 | 593,693  | —            | —                            | 318,432                          | 593,693  | 912,125   | 276,8                     |
| Knox                    | IN    | —                        | 341,250                 | 634,999  | —            | —                            | 341,250                          | 634,999  | 976,249   | 285,5                     |
| Lafayette               | IN    | —                        | 147,263                 | 274,309  | —            | —                            | 147,263                          | 274,309  | 421,572   | 127,5                     |
| Lafayette               | IN    | —                        | 112,613                 | 209,959  | —            | —                            | 112,613                          | 209,959  | 322,572   | 97,62                     |
| Marion                  | IN    | —                        | 209,196                 | 391,495  | —            | —                            | 209,196                          | 391,495  | 600,691   | 182,8                     |
| Michigan City           | IN    | —                        | 227,500                 | 423,749  | —            | —                            | 227,500                          | 423,749  | 651,249   | 190,8                     |
| Mishawaka               | IN    | —                        | 123,983                 | 233,743  | —            | —                            | 123,983                          | 233,743  | 357,726   | 109,7                     |
| Morristown              | IN    | —                        | 366,590                 | 684,082  | —            | —                            | 366,590                          | 684,082  | 1,050,672 | 319,3                     |
| Muncie                  | IN    | —                        | 103,950                 | 193,870  | —            | —                            | 103,950                          | 193,870  | 297,820   | 90,14                     |
| Muncie                  | IN    | —                        | 184,237                 | 344,974  | —            | —                            | 184,237                          | 344,974  | 529,211   | 161,4                     |
| New Albany              | IN    | —                        | 181,459                 | 289,353  | —            | —                            | 181,459                          | 289,353  | 470,812   | 275,3                     |
| New Albany              | IN    | —                        | 262,465                 | 331,796  | —            | —                            | 262,465                          | 331,796  | 594,261   | 315,7                     |
| New Castle              | IN    | —                        | 203,941                 | 381,519  | —            | —                            | 203,941                          | 381,519  | 585,460   | 178,2                     |
| Richmond                | IN    | —                        | 281,248                 | 525,089  | —            | —                            | 281,248                          | 525,089  | 806,337   | 244,9                     |
| Richmond                | IN    | —                        | 255,908                 | 478,528  | —            | —                            | 255,908                          | 478,528  | 734,436   | 223,5                     |
| Rushville               | IN    | —                        | 138,600                 | 258,672  | —            | —                            | 138,600                          | 258,672  | 397,272   | 120,2                     |
| Rushville               | IN    | —                        | 121,275                 | 226,497  | —            | —                            | 121,275                          | 226,497  | 347,772   | 105,3                     |
| South Bend              | IN    | —                        | 372,387                 | 695,064  | —            | —                            | 372,387                          | 695,064  | 1,067,451 | 324,2                     |
| Wabash                  | IN    | —                        | 430,437                 | 802,871  | —            | —                            | 430,437                          | 802,871  | 1,233,308 | 374,4                     |
| Wabash                  | IN    | —                        | 334,923                 | 624,988  | —            | 13                           | 334,923                          | 625,001  | 959,924   | 291,4                     |

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|                |    |   |           |           |   |        |           |           |           |       |
|----------------|----|---|-----------|-----------|---|--------|-----------|-----------|-----------|-------|
| Warsaw         | IN | — | 415,275   | 774,213   | — | 13     | 415,275   | 774,226   | 1,189,501 | 360,8 |
| West Lafayette | IN | — | 1,052,628 | 1,342,855 | — | —      | 1,052,628 | 1,342,855 | 2,395,483 | 625,2 |
| Zionsville     | IN | — | 910,595   | 1,693,926 | — | —      | 910,595   | 1,693,926 | 2,604,521 | 788,7 |
| Berea          | KY | — | 252,077   | 360,815   | — | —      | 252,077   | 360,815   | 612,892   | 343,3 |
| Elizabethtown  | KY | — | 286,106   | 286,106   | — | 93,004 | 286,106   | 379,110   | 665,216   | 280,6 |
| Lebanon        | KY | — | 158,052   | 316,105   | — | 153    | 158,052   | 316,258   | 474,310   | 300,9 |

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           |                     |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|---------------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     | Accu-<br>Dep<br>(No |
| Louisville              | KY    | —                        | 198,926                 | 368,014  | —            | —                            | 198,926                          | 368,014  | 566,940   | 350,                |
| Louisville              | KY    | —                        | 216,849                 | 605,697  | —            | —                            | 216,849                          | 605,697  | 822,546   | 546,                |
| Mount<br>Washington     | KY    | —                        | 327,245                 | 479,593  | —            | —                            | 327,245                          | 479,593  | 806,838   | 424,                |
| Baton Rouge             | LA    | —                        | 500,000                 | 521,637  | —            | —                            | 500,000                          | 521,637  | 1,021,637 | 308,                |
| Baton Rouge             | LA    | —                        | 210,000                 | 361,637  | —            | —                            | 210,000                          | 361,637  | 571,637   | 213,                |
| Bossier City            | LA    | —                        | 230,000                 | 431,637  | —            | —                            | 230,000                          | 431,637  | 661,637   | 255,                |
| Destrehan               | LA    | —                        | 200,000                 | 411,637  | —            | —                            | 200,000                          | 411,637  | 611,637   | 243,                |
| Lafayette               | LA    | —                        | 240,000                 | 391,637  | —            | —                            | 240,000                          | 391,637  | 631,637   | 231,                |
| Pineville               | LA    | —                        | 170,000                 | 371,637  | —            | —                            | 170,000                          | 371,637  | 541,637   | 219,                |
| Shreveport              | LA    | —                        | 192,500                 | 358,227  | —            | —                            | 192,500                          | 358,227  | 550,727   | 210,                |
| Amherst                 | MA    | —                        | 110,969                 | 639,806  | —            | —                            | 110,969                          | 639,806  | 750,775   | 393,                |
| North Reading           | MA    | —                        | 574,601                 | 756,174  | —            | —                            | 574,601                          | 756,174  | 1,330,775 | 465,                |
| Revere                  | MA    | —                        | 1,425,557               | 1,513,027  | —            | —                            | 1,425,557                        | 1,513,027  | 2,938,584 | 27,7                |
| Revere                  | MA    | —                        | 1,479,502               | 799,952  | —            | —                            | 1,479,502                        | 799,952  | 2,279,454 | 4,00                |
| Seekonk                 | MA    | —                        | 298,354                 | 268,518  | —            | —                            | 298,354                          | 268,518  | 566,872   | 255,                |
| Berlin                  | MD    | —                        | 255,951                 | 387,395  | —            | —                            | 255,951                          | 387,395  | 643,346   | 244,                |
| Columbia                | MD    | —                        | 2,418,975               | 2,161,684  | —            | —                            | 2,418,975                        | 2,161,684  | 4,580,659 | 68,4                |
| Crisfield               | MD    | —                        | 219,704                 | 333,024  | —            | —                            | 219,704                          | 333,024  | 552,728   | 210,                |
| Hebron                  | MD    | —                        | 376,251                 | 567,844  | —            | —                            | 376,251                          | 567,844  | 944,095   | 358,                |
| La Plata                | MD    | —                        | 1,017,544               | 2,706,729  | —            | —                            | 1,017,544                        | 2,706,729  | 3,724,273 | 1,77                |
| Laurel                  | MD    | —                        | 390,000                 | 1,653,440  | —            | —                            | 390,000                          | 1,653,440  | 2,043,440 | 135,                |
| Mechanicsville          | MD    | —                        | 1,540,335               | 2,860,928  | —            | —                            | 1,540,335                        | 2,860,928  | 4,401,263 | 1,89                |
| Millersville            | MD    | —                        | 830,737                 | 2,696,245  | —            | —                            | 830,737                          | 2,696,245  | 3,526,982 | 1,78                |
| Breckenridge            | MI    | —                        | 437,500                 | 813,468  | —            | —                            | 437,500                          | 813,468  | 1,250,968 | 365,                |
| Carson City             | MI    | —                        | 262,500                 | 488,468  | —            | —                            | 262,500                          | 488,468  | 750,968   | 220,                |
| Charlevoix              | MI    | —                        | 385,000                 | 715,513  | —            | —                            | 385,000                          | 715,513  | 1,100,513 | 322,                |
| Cheboygan               | MI    | —                        | 280,000                 | 520,513  | —            | —                            | 280,000                          | 520,513  | 800,513   | 234,                |
| Clare                   | MI    | —                        | 306,250                 | 569,718  | —            | —                            | 306,250                          | 569,718  | 875,968   | 256,                |
| Clare                   | MI    | —                        | 229,250                 | 426,718  | —            | —                            | 229,250                          | 426,718  | 655,968   | 191,                |
| Comstock Park           | MI    | —                        | 315,000                 | 586,261  | —            | —                            | 315,000                          | 586,261  | 901,261   | 264,                |
| Farwell                 | MI    | —                        | 437,500                 | 813,468  | —            | —                            | 437,500                          | 813,468  | 1,250,968 | 365,                |
| Flint                   | MI    | —                        | 194,492                 | 476,504  | —            | 139                          | 194,492                          | 476,644  | 671,136   | 439,                |
| Gladwin                 | MI    | —                        | 140,000                 | 260,513  | —            | —                            | 140,000                          | 260,513  | 400,513   | 117,                |
| Grand Rapids            | MI    | —                        | 437,500                 | 813,761  | —            | —                            | 437,500                          | 813,761  | 1,251,261 | 365,                |

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|               |    |   |         |         |   |   |         |         |           |         |
|---------------|----|---|---------|---------|---|---|---------|---------|-----------|---------|
| Kalamazoo     | MI | — | 238,000 | 443,249 | — | — | 238,000 | 443,249 | 681,249   | 199,000 |
| Kalkaska      | MI | — | 437,500 | 813,013 | — | — | 437,500 | 813,013 | 1,250,513 | 366,000 |
| Lake City     | MI | — | 115,500 | 215,013 | — | — | 115,500 | 215,013 | 330,513   | 97,200  |
| Lakeview      | MI | — | 96,250  | 179,718 | — | — | 96,250  | 179,718 | 275,968   | 81,600  |
| Mackinaw City | MI | — | 455,000 | 845,513 | — | — | 455,000 | 845,513 | 1,300,513 | 379,000 |
| Mecosta       | MI | — | 122,500 | 228,468 | — | — | 122,500 | 228,468 | 350,968   | 102,000 |
| Midland       | MI | — | 437,500 | 813,013 | — | — | 437,500 | 813,013 | 1,250,513 | 365,000 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition | Carrying<br>Costs | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  | Accumul<br>Depreciat<br>(Note 5) |         |
|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|----------------------------------|---------|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |  |                   | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |                                  |         |
| Mount Pleasant          | MI    | —                        | 162,750                    | 303,294  | —  | 13                | 162,750  | 303,307  | 466,057                          | 137,368 |
| Mount Pleasant          | MI    | —                        | 463,750                    | 862,218  | —  | —                 | 463,750  | 862,218  | 1,325,968                        | 387,389 |
| Mount Pleasant          | MI    | —                        | 210,000                    | 390,968  | —  | —                 | 210,000  | 390,968  | 600,968                          | 176,387 |
| Mount Pleasant          | MI    | —                        | 437,500                    | 813,468  | —  | —                 | 437,500  | 813,468  | 1,250,968                        | 366,084 |
| Mount Pleasant          | MI    | —                        | 350,000                    | 650,968  | —  | —                 | 350,000  | 650,968  | 1,000,968                        | 292,678 |
| Mount Pleasant          | MI    | —                        | 175,000                    | 325,968  | —  | —                 | 175,000  | 325,968  | 500,968                          | 146,970 |
| Petoskey                | MI    | —                        | 490,000                    | 910,513  | —  | —                 | 490,000  | 910,513  | 1,400,513                        | 408,765 |
| Prudenville             | MI    | —                        | 133,000                    | 247,513  | —  | —                 | 133,000  | 247,513  | 380,513                          | 112,348 |
| Saginaw                 | MI    | —                        | 262,500                    | 488,013  | —  | —                 | 262,500  | 488,013  | 750,513                          | 219,620 |
| Standish                | MI    | —                        | 92,750                     | 172,763  | —  | —                 | 92,750   | 172,763  | 265,513                          | 78,283  |
| Traverse City           | MI    | —                        | 210,000                    | 391,002  | —  | —                 | 210,000  | 391,002  | 601,002                          | 176,403 |
| Walker                  | MI    | —                        | 586,250                    | 1,089,999  | —  | —                 | 586,250  | 1,089,999  | 1,676,249                        | 489,511 |
| Alexandria              | MN    | —                        | 132,924                    | 246,858  | —  | —                 | 132,924  | 246,858  | 379,782                          | 80,376  |
| Andover                 | MN    | —                        | 888,706                    | 1,650,454  | —  | —                 | 888,706  | 1,650,454  | 2,539,160                        | 531,867 |
| Apple Valley            | MN    | —                        | 350,000                    | 650,000  | —  | —                 | 350,000  | 650,000  | 1,000,000                        | 210,054 |
| Baxter                  | MN    | —                        | 350,000                    | 650,000  | —  | —                 | 350,000  | 650,000  | 1,000,000                        | 210,054 |
| Blaine                  | MN    | —                        | 767,270                    | 1,424,929  | —  | —                 | 767,270  | 1,424,929  | 2,192,199                        | 459,323 |
| Bloomington             | MN    | —                        | 262,500                    | 487,500  | —  | —                 | 262,500  | 487,500  | 750,000                          | 157,783 |
| Bloomington             | MN    | —                        | 676,771                    | 1,256,859  | —  | —                 | 676,771  | 1,256,859  | 1,933,630                        | 405,018 |
| Brainerd                | MN    | —                        | 490,000                    | 910,000  | —  | —                 | 490,000  | 910,000  | 1,400,000                        | 294,172 |
| Brooklyn Center         | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325                        | 586,020 |
| Brooklyn Center         | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325                        | 586,263 |
| Brooklyn Center         | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325                        | 586,263 |
| Brooklyn Park           | MN    | —                        | 830,336                    | 1,542,052  | —  | —                 | 830,336  | 1,542,052  | 2,372,388                        | 496,997 |

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|                  |    |   |                   |   |   |                   |                   |
|------------------|----|---|-------------------|---|---|-------------------|-------------------|
| Brooklyn Park    | MN | — | 578,964,107,220   | — | — | 578,964,107,220   | 1,654,184,346,833 |
| Brooklyn Park    | MN | — | 750,697,139,151   | — | — | 750,697,139,151   | 2,144,848,314,536 |
| Burnsville       | MN | — | 615,240,142,589   | — | — | 615,240,142,589   | 1,757,829,368,261 |
| Burnsville       | MN | — | 515,298,956,981   | — | — | 515,298,956,981   | 1,472,279,308,799 |
| Burnsville       | MN | — | 350,000,650,000   | — | — | 350,000,650,000   | 1,000,000,210,054 |
| Burnsville       | MN | — | 932,558,1,731,892 | — | — | 932,558,1,731,892 | 2,664,450,558,062 |
| Chaska           | MN | — | 979,764,1,819,561 | — | — | 979,764,1,819,561 | 2,799,325,586,263 |
| Chaska           | MN | — | 490,000,910,000   | — | — | 490,000,910,000   | 1,400,000,293,687 |
| Chaska           | MN | — | 410,797,762,908   | — | — | 410,797,762,908   | 1,173,705,172,507 |
| Columbia Heights | MN | — | 673,068,1,249,983 | — | — | 673,068,1,249,983 | 1,923,051,402,806 |
| Coon Rapids      | MN | — | 490,000,910,000   | — | — | 490,000,910,000   | 1,400,000,293,687 |
| Cottage Grove    | MN | — | 805,888,1,496,650 | — | — | 805,888,1,496,650 | 2,302,538,482,393 |
| Crystal          | MN | — | 552,641,1,026,332 | — | — | 552,641,1,026,332 | 1,578,973,331,107 |
| Crystal          | MN | — | 740,518,1,375,248 | — | — | 740,518,1,375,248 | 2,115,766,443,342 |
| Eagan            | MN | — | 906,287,1,683,104 | — | — | 906,287,1,683,104 | 2,589,391,542,612 |
| Eagan            | MN | — | 699,277,1,298,658 | — | — | 699,277,1,298,658 | 1,997,935,418,705 |
| Eden Prairie     | MN | — | 947,702,1,760,019 | — | — | 947,702,1,760,019 | 2,707,721,566,867 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  | Accumula<br>Depreciati<br>(Note 5) |         |
|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|------------------------------------|---------|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |                                    | Total   |
| Eden Prairie            | MN    | —                        | 485,526                    | 901,690  | —  | —                 | 485,526  | 901,690  | 1,387,216                          | 291,014 |
| Edina                   | MN    | —                        | 568,893                    | 1,056,516  | —  | —                 | 568,893  | 1,056,516  | 1,625,409                          | 340,816 |
| Elk River               | MN    | —                        | 613,113                    | 1,138,637  | —  | —                 | 613,113  | 1,138,637  | 1,751,750                          | 366,989 |
| Elk River               | MN    | —                        | 456,850                    | 848,435  | —  | —                 | 456,850  | 848,435  | 1,305,285                          | 273,884 |
| Excelsior               | MN    | —                        | 262,500                    | 487,500  | —  | —                 | 262,500  | 487,500  | 750,000                            | 157,783 |
| Falcon<br>Heights       | MN    | —                        | 494,415                    | 918,199  | —  | —                 | 494,415  | 918,199  | 1,412,614                          | 296,325 |
| Farmington              | MN    | —                        | 437,500                    | 812,500  | —  | —                 | 437,500  | 812,500  | 1,250,000                          | 262,325 |
| Forest Lake             | MN    | —                        | 398,985                    | 740,973  | —  | —                 | 398,985  | 740,973  | 1,139,958                          | 239,074 |
| Fridley                 | MN    | —                        | 519,325                    | 964,461  | —  | —                 | 519,325  | 964,461  | 1,483,786                          | 311,205 |
| Fridley                 | MN    | —                        | 706,295                    | 1,311,691  | —  | —                 | 706,295  | 1,311,691  | 2,017,986                          | 422,898 |
| Fridley                 | MN    | —                        | 175,000                    | 325,000  | —  | —                 | 175,000  | 325,000  | 500,000                            | 105,512 |
| Golden<br>Valley        | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325                          | 586,263 |
| Ham Lake                | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325                          | 586,263 |
| Hastings                | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325                          | 586,263 |
| Inver Grove<br>Heigh    | MN    | —                        | 134,705                    | 250,166  | —  | —                 | 134,705  | 250,166  | 384,871                            | 81,198  |
| Inver Grove<br>Heigh    | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325                          | 586,263 |
| Lakeville               | MN    | —                        | 631,855                    | 1,173,446  | —  | —                 | 631,855  | 1,173,446  | 1,805,301                          | 378,429 |
| Lakeville               | MN    | —                        | 654,912                    | 1,216,266  | —  | —                 | 654,912  | 1,216,266  | 1,871,178                          | 392,203 |
| Litchfield              | MN    | —                        | 388,788                    | 722,036  | —  | —                 | 388,788  | 722,036  | 1,110,824                          | 232,983 |
| Little Falls            | MN    | —                        | 175,000                    | 325,000  | —  | —                 | 175,000  | 325,000  | 500,000                            | 105,269 |
| Long Lake               | MN    | —                        | 808,543                    | 1,501,579  | —  | —                 | 808,543  | 1,501,579  | 2,310,122                          | 483,978 |
| Maplewood               | MN    | —                        | 931,427                    | 1,729,793  | —  | —                 | 931,427  | 1,729,793  | 2,661,220                          | 557,145 |
| Maplewood               | MN    | —                        | 175,000                    | 325,000  | —  | —                 | 175,000  | 325,000  | 500,000                            | 105,512 |
| Mendota<br>Heights      | MN    | —                        | 827,026                    | 1,535,906  | —  | —                 | 827,026  | 1,535,906  | 2,362,932                          | 495,020 |
| Mendota<br>Heights      | MN    | —                        | 717,808                    | 1,333,072  | —  | —                 | 717,808  | 1,333,072  | 2,050,880                          | 429,775 |
| Minneapolis             | MN    | —                        | 967,640                    | 1,797,045  | —  | —                 | 967,640  | 1,797,045  | 2,764,685                          | 579,020 |
| Minneapolis             | MN    | —                        | 856,122                    | 1,589,941  | —  | —                 | 856,122  | 1,589,941  | 2,446,063                          | 512,402 |
| Minneapolis             | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325                          | 586,263 |
| Minneapolis             | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325                          | 586,263 |



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|                  |                   |   |   |                   |                   |
|------------------|-------------------|---|---|-------------------|-------------------|
| Minneapolis MN — | 938,237 1,742,440 | — | — | 938,237 1,742,440 | 2,680,677 561,455 |
| Minneapolis MN — | 365,977 679,671   | — | — | 365,977 679,671   | 1,045,648 219,355 |
| Minneapolis MN — | 979,764 1,819,561 | — | — | 979,764 1,819,561 | 2,799,325 586,263 |
| Minneapolis MN — | 738,535 1,371,564 | — | — | 738,535 1,371,564 | 2,110,099 441,914 |
| Minneapolis MN — | 811,510 1,507,090 | — | — | 811,510 1,507,090 | 2,318,600 485,508 |
| Minneapolis MN — | 539,242 1,001,450 | — | — | 539,242 1,001,450 | 1,540,692 323,104 |
| Minneapolis MN — | 175,000 325,000   | — | — | 175,000 325,000   | 500,000 105,269   |
| Minneapolis MN — | 175,000 325,000   | — | — | 175,000 325,000   | 500,000 105,512   |
| Minneapolis MN — | 979,764 1,819,561 | — | — | 979,764 1,819,561 | 2,799,325 586,263 |
| Minneapolis MN — | 350,000 650,000   | — | — | 350,000 650,000   | 1,000,000 209,811 |
| Minneapolis MN — | 759,822 1,411,097 | — | — | 759,822 1,411,097 | 2,170,919 454,631 |
| Minnetonka MN —  | 582,162 1,081,158 | — | — | 582,162 1,081,158 | 1,663,320 243,942 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 5) |
|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|-----------|---|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Monticello Mounds       | MN    | —                        | 589,643                    | 1,095,051  | —  | —                 | 589,643  | 1,095,051  | 1,684,694 | 353,212                                 |
| View                    | MN    | —                        | 743,926                    | 1,381,578  | —  | —                 | 743,926  | 1,381,578  | 2,125,504 | 445,378                                 |
| New Brighton            | MN    | —                        | 585,039                    | 1,086,502  | —  | —                 | 585,039  | 1,086,502  | 1,671,541 | 350,219                                 |
| New Hope                | MN    | —                        | 175,000                    | 325,000  | —  | —                 | 175,000  | 325,000  | 500,000   | 105,269                                 |
| Newport                 | MN    | —                        | 967,228                    | 1,796,280  | —  | —                 | 967,228  | 1,796,280  | 2,763,508 | 578,774                                 |
| Oak Park Heights        | MN    | —                        | 635,158                    | 1,179,579  | —  | —                 | 635,158  | 1,179,579  | 1,814,737 | 380,402                                 |
| Pine City               | MN    | —                        | 644,412                    | 1,196,765  | —  | —                 | 644,412  | 1,196,765  | 1,841,177 | 386,173                                 |
| Princeton               | MN    | —                        | 546,257                    | 1,014,476  | —  | —                 | 546,257  | 1,014,476  | 1,560,733 | 327,294                                 |
| Ramsey                  | MN    | —                        | 650,205                    | 1,207,523  | —  | —                 | 650,205  | 1,207,523  | 1,857,728 | 389,390                                 |
| Richfield               | MN    | —                        | 630,540                    | 1,171,003  | —  | —                 | 630,540  | 1,171,003  | 1,801,543 | 377,643                                 |
| Richfield               | MN    | —                        | 678,216                    | 1,259,543  | —  | —                 | 678,216  | 1,259,543  | 1,937,759 | 406,124                                 |
| Richfield               | MN    | —                        | 436,919                    | 811,421  | —  | —                 | 436,919  | 811,421  | 1,248,340 | 261,735                                 |
| Richfield               | MN    | —                        | 839,497                    | 1,559,065  | —  | —                 | 839,497  | 1,559,065  | 2,398,562 | 502,470                                 |
| Rogers                  | MN    | —                        | 781,303                    | 1,450,991  | —  | —                 | 781,303  | 1,450,991  | 2,232,294 | 467,706                                 |
| Roseville               | MN    | —                        | 403,786                    | 749,887  | —  | —                 | 403,786  | 749,887  | 1,153,673 | 241,941                                 |
| Roseville               | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325 | 586,263                                 |
| Roseville               | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325 | 586,263                                 |
| Roseville               | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325 | 586,263                                 |
| Saint Cloud             | MN    | —                        | 786,129                    | 1,459,954  | —  | —                 | 786,129  | 1,459,954  | 2,246,083 | 470,346                                 |
| Saint Cloud             | MN    | —                        | 175,000                    | 325,000  | —  | —                 | 175,000  | 325,000  | 500,000   | 105,997                                 |
| Saint Cloud             | MN    | —                        | 677,052                    | 1,257,383  | —  | —                 | 677,052  | 1,257,383  | 1,934,435 | 405,429                                 |
| Saint Michael           | MN    | —                        | 561,604                    | 1,042,980  | —  | —                 | 561,604  | 1,042,980  | 1,604,584 | 336,705                                 |
| Saint Paul              | MN    | —                        | 808,755                    | 1,501,973  | —  | —                 | 808,755  | 1,501,973  | 2,310,728 | 483,863                                 |
| Saint Paul              | MN    | —                        | 418,774                    | 777,723  | —  | —                 | 418,774  | 777,723  | 1,196,497 | 250,895                                 |
| Saint Paul              | MN    | —                        | 175,000                    | 325,000  | —  | —                 | 175,000  | 325,000  | 500,000   | 105,269                                 |
| Saint Paul              | MN    | —                        | 832,144                    | 1,545,409  | —  | —                 | 832,144  | 1,545,409  | 2,377,553 | 498,077                                 |
| Saint Paul              | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325 | 586,263                                 |
| Saint Paul              | MN    | —                        | 175,000                    | 325,000  | —  | —                 | 175,000  | 325,000  | 500,000   | 105,269                                 |
| Saint Paul              | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325 | 586,020                                 |
| Saint Paul              | MN    | —                        | 979,764                    | 1,819,561  | —  | —                 | 979,764  | 1,819,561  | 2,799,325 | 586,020                                 |
| Saint Paul              | MN    | —                        | 576,820                    | 1,071,236  | —  | —                 | 576,820  | 1,071,236  | 1,648,056 | 345,309                                 |

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|                 |                   |   |   |                   |                   |
|-----------------|-------------------|---|---|-------------------|-------------------|
| Saint Paul MN — | 979,764,819,561   | — | — | 979,764,819,561   | 2,799,325,586,020 |
| Saint Paul MN — | 531,091,986,311   | — | — | 531,091,986,311   | 1,517,402,318,234 |
| Saint Paul MN — | 592,617,100,575   | — | — | 592,617,100,575   | 1,693,192,354,746 |
| Saint Paul MN — | 739,277,1372,944  | — | — | 739,277,1372,944  | 2,112,221,442,358 |
| Saint Paul MN — | 788,752,1464,824  | — | — | 788,752,1464,824  | 2,253,576,471,913 |
| Saint Paul MN — | 950,678,1765,546  | — | — | 950,678,1765,546  | 2,716,224,568,645 |
| Saint Paul MN — | 175,000,325,000   | — | — | 175,000,325,000   | 500,000 105,269   |
| Saint Paul MN — | 262,500,487,500   | — | — | 262,500,487,500   | 750,000 157,540   |
| Saint Paul MN — | 541,547,1,005,731 | — | — | 541,547,1,005,731 | 1,547,278,324,238 |
| Saint Paul MN — | 827,608,1,536,987 | — | — | 827,608,1,536,987 | 2,364,595,494,883 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           | Accumulated<br>Depreciation<br>(Note 5) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Saint Paul              | MN    | —                        | 789,790                 | 1,466,752  | —            | —                            | 789,790                          | 1,466,752  | 2,256,542 | 472,770                                 |
| Saint Paul              | MN    | —                        | 648,354                 | 1,204,086  | —            | —                            | 648,354                          | 1,204,086  | 1,852,440 | 271,430                                 |
| Saint Paul<br>Park      | MN    | —                        | 1,925,000               | 3,575,000  | —            | —                            | 1,925,000                        | 3,575,000  | 5,500,000 | 1,149,900                               |
| Sauk Rapids             | MN    | —                        | 175,000                 | 325,000  | —            | —                            | 175,000                          | 325,000  | 500,000   | 105,510                                 |
| Savage                  | MN    | —                        | 605,220                 | 1,123,981  | —            | —                            | 605,220                          | 1,123,981  | 1,729,201 | 362,270                                 |
| Savage                  | MN    | —                        | 569,195                 | 1,057,075  | —            | —                            | 569,195                          | 1,057,075  | 1,626,270 | 340,750                                 |
| Savage                  | MN    | —                        | 175,000                 | 325,000  | —            | —                            | 175,000                          | 325,000  | 500,000   | 105,510                                 |
| Shakopee                | MN    | —                        | 522,391                 | 970,156  | —            | —                            | 522,391                          | 970,156  | 1,492,547 | 314,000                                 |
| Shakopee                | MN    | —                        | 688,324                 | 1,278,317  | —            | —                            | 688,324                          | 1,278,317  | 1,966,641 | 412,160                                 |
| Shakopee                | MN    | —                        | 783,764                 | 1,455,562  | —            | —                            | 783,764                          | 1,455,562  | 2,239,326 | 468,930                                 |
| Sherburn                | MN    | —                        | 110,000                 | 2,499,670  | —            | —                            | 110,000                          | 2,499,670  | 2,609,670 | 154,140                                 |
| Vadnais<br>Heights      | MN    | —                        | 931,400                 | 1,729,742  | —            | —                            | 931,400                          | 1,729,742  | 2,661,142 | 557,370                                 |
| White Bear<br>Lake      | MN    | —                        | 943,945                 | 1,753,040  | —            | —                            | 943,945                          | 1,753,040  | 2,696,985 | 564,860                                 |
| White Bear<br>Lake      | MN    | —                        | 860,523                 | 1,598,113  | —            | —                            | 860,523                          | 1,598,113  | 2,458,636 | 515,030                                 |
| Woodbury                | MN    | —                        | 962,500                 | 1,787,500  | —            | —                            | 962,500                          | 1,787,500  | 2,750,000 | 575,700                                 |
| Zimmerman               | MN    | —                        | 979,764                 | 1,819,561  | —            | —                            | 979,764                          | 1,819,561  | 2,799,325 | 586,260                                 |
| Bolivar                 | MO    | —                        | 712,586                 | 1,258,625  | —            | —                            | 712,586                          | 1,258,625  | 1,971,211 | 300,100                                 |
| Bolivar                 | MO    | —                        | 734,876                 | 1,297,996  | —            | —                            | 734,876                          | 1,297,996  | 2,032,872 | 309,490                                 |
| Fair Grove              | MO    | —                        | 331,197                 | 584,987  | 130,304      | —                            | 331,197                          | 715,291  | 1,046,488 | 186,300                                 |
| Hollister               | MO    | —                        | 660,909                 | 1,167,349  | —            | —                            | 660,909                          | 1,167,349  | 1,828,258 | 278,340                                 |
| Monett                  | MO    | —                        | 493,610                 | 871,853  | —            | —                            | 493,610                          | 871,853  | 1,365,463 | 207,880                                 |
| Springfield             | MO    | —                        | 471,920                 | 833,541  | —            | —                            | 471,920                          | 833,541  | 1,305,461 | 198,740                                 |
| Springfield             | MO    | —                        | 794,438                 | 1,403,200  | —            | —                            | 794,438                          | 1,403,200  | 2,197,638 | 334,570                                 |
| Springfield             | MO    | —                        | 805,817                 | 1,423,297  | —            | —                            | 805,817                          | 1,423,297  | 2,229,114 | 339,370                                 |
| Springfield             | MO    | —                        | 600,117                 | 1,059,974  | —            | —                            | 600,117                          | 1,059,974  | 1,660,091 | 252,730                                 |
| Springfield             | MO    | —                        | 735,236                 | 1,298,631  | —            | —                            | 735,236                          | 1,298,631  | 2,033,867 | 309,640                                 |
| Springfield             | MO    | —                        | 782,041                 | 1,381,302  | —            | —                            | 782,041                          | 1,381,302  | 2,163,343 | 329,350                                 |
| Springfield             | MO    | —                        | 1,955,824               | 3,454,530  | —            | —                            | 1,955,824                        | 3,454,530  | 5,410,354 | 823,690                                 |
| Springfield             | MO    | —                        | 839,527                 | 1,482,839  | —            | —                            | 839,527                          | 1,482,839  | 2,322,366 | 353,560                                 |
| Waynesville             | MO    | —                        | 511,912                 | 904,179  | —            | —                            | 511,912                          | 904,179  | 1,416,091 | 215,590                                 |
| Brandon                 | MS    | —                        | 671,486                 | 1,247,588  | —            | —                            | 671,486                          | 1,247,588  | 1,919,074 | 675,770                                 |

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|          |    |   |         |           |   |   |         |           |           |        |
|----------|----|---|---------|-----------|---|---|---------|-----------|-----------|--------|
| Flowood  | MS | — | 437,926 | 813,832   | — | — | 437,926 | 813,832   | 1,251,758 | 440,82 |
| Flowood  | MS | — | 399,972 | 743,347   | — | — | 399,972 | 743,347   | 1,143,319 | 402,64 |
| Jackson  | MS | — | 329,904 | 613,221   | — | — | 329,904 | 613,221   | 943,125   | 332,16 |
| Jackson  | MS | — | 540,108 | 1,003,600 | — | — | 540,108 | 1,003,600 | 1,543,708 | 543,61 |
| Marion   | MS | — | 350,341 | 651,013   | — | — | 350,341 | 651,013   | 1,001,354 | 352,63 |
| Meridian | MS | — | 437,926 | 813,671   | — | — | 437,926 | 813,671   | 1,251,597 | 440,73 |
| Meridian | MS | — | 405,811 | 754,030   | — | — | 405,811 | 754,030   | 1,159,841 | 408,43 |
| Meridian | MS | — | 145,975 | 271,478   | — | — | 145,975 | 271,478   | 417,453   | 147,05 |
| Meridian | MS | — | 280,273 | 520,887   | — | — | 280,273 | 520,887   | 801,160   | 282,14 |
| Meridian | MS | — | 321,146 | 596,794   | — | — | 321,146 | 596,794   | 917,940   | 321,27 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  | Accumula<br>Depreciati<br>(Note 5) |         |
|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|------------------------------------|---------|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |                                    | Total   |
| Newton                  | MS    | —                        | 467,121                    | 867,891  | —  | —                 | 467,121  | 867,891  | 1,335,012                          | 470,108 |
| Pearl                   | MS    | —                        | 544,488                    | 1,011,733  | —  | —                 | 544,488  | 1,011,733  | 1,556,221                          | 548,023 |
| Philadelphia            | MS    | —                        | 472,960                    | 878,735  | —  | —                 | 472,960  | 878,735  | 1,351,695                          | 475,982 |
| Southaven               | MS    | —                        | 310,000                    | 641,637  | —  | —                 | 310,000  | 641,637  | 951,637                            | 379,633 |
| Terry                   | MS    | —                        | 583,901                    | 1,084,930  | —  | —                 | 583,901  | 1,084,930  | 1,668,831                          | 587,671 |
| Waveland                | MS    | —                        | 180,000                    | 331,637  | —  | —                 | 180,000  | 331,637  | 511,637                            | 196,216 |
| Archdale                | NC    | —                        | 410,000                    | 731,637  | —  | —                 | 410,000  | 731,637  | 1,141,637                          | 432,883 |
| Banner Elk              | NC    | —                        | 386,993                    | 720,861  | —  | —                 | 386,993  | 720,861  | 1,107,854                          | 312,307 |
| Banner Elk              | NC    | —                        | 355,330                    | 662,058  | —  | —                 | 355,330  | 662,058  | 1,017,388                          | 286,640 |
| Burgaw                  | NC    | —                        | 198,774                    | 370,653  | —  | —                 | 198,774  | 370,653  | 569,427                            | 160,566 |
| Burgaw                  | NC    | —                        | 457,356                    | 850,877  | —  | —                 | 457,356  | 850,877  | 1,308,233                          | 368,147 |
| Carolina<br>Beach       | NC    | —                        | 457,356                    | 850,929  | —  | —                 | 457,356  | 850,929  | 1,308,285                          | 368,453 |
| Cary                    | NC    | —                        | 255,064                    | 475,849  | —  | —                 | 255,064  | 475,849  | 730,913                            | 206,828 |
| Charlotte               | NC    | —                        | 300,000                    | 291,637  | —  | —                 | 300,000  | 291,637  | 591,637                            | 172,549 |
| Charlotte               | NC    | —                        | 640,000                    | 581,637  | —  | —                 | 640,000  | 581,637  | 1,221,637                          | 344,133 |
| Charlotte               | NC    | —                        | 970,000                    | 1,650,000  | —  | —                 | 970,000  | 1,650,000  | 2,620,000                          | 134,207 |
| Durham                  | NC    | —                        | 720,000                    | 851,637  | —  | —                 | 720,000  | 851,637  | 1,571,637                          | 503,883 |
| Goldsboro               | NC    | —                        | 460,000                    | 740,625  | —  | —                 | 460,000  | 740,625  | 1,200,625                          | 531,992 |
| Hampstead               | NC    | —                        | 562,900                    | 1,046,971  | —  | —                 | 562,900  | 1,046,971  | 1,609,871                          | 452,510 |
| Holly Ridge             | NC    | —                        | 721,215                    | 1,340,986  | —  | —                 | 721,215  | 1,340,986  | 2,062,201                          | 579,710 |
| Hubert                  | NC    | —                        | 404,584                    | 752,872  | —  | —                 | 404,584  | 752,872  | 1,157,456                          | 326,409 |
| Jacksonville            | NC    | —                        | 180,000                    | 371,637  | —  | —                 | 180,000  | 371,637  | 551,637                            | 219,883 |
| Jacksonville            | NC    | —                        | 140,000                    | 260,727  | —  | —                 | 140,000  | 260,727  | 400,727                            | 153,392 |
| Jacksonville            | NC    | —                        | 351,812                    | 654,867  | —  | —                 | 351,812  | 654,867  | 1,006,679                          | 283,536 |
| Kinston                 | NC    | —                        | 550,000                    | 1,057,833  | —  | 153               | 550,000  | 1,057,987  | 1,607,987                          | 897,475 |
| Raleigh                 | NC    | —                        | 740,000                    | 791,637  | —  | —                 | 740,000  | 791,637  | 1,531,637                          | 468,383 |
| Richlands               | NC    | —                        | 492,537                    | 916,235  | —  | —                 | 492,537  | 916,235  | 1,408,772                          | 396,359 |
| Richlands               | NC    | —                        | 376,439                    | 700,603  | —  | —                 | 376,439  | 700,603  | 1,077,042                          | 303,847 |
| Riegelwood              | NC    | —                        | —                          | 453,916  | —  | —                 | —  | 453,916  | 453,916                            | 208,517 |
| Roanoke<br>Rapids       | NC    | —                        | 834,223                    | 1,551,226  | 480  | 50,351            | 834,223  | 1,602,057  | 2,436,280                          | 767,695 |
| Roxboro                 | NC    | —                        | 243,112                    | 368,107  | —  | —                 | 243,112  | 368,107  | 611,219                            | 232,514 |
| Shallotte               | NC    | —                        | 492,537                    | 916,266  | —  | —                 | 492,537  | 916,266  | 1,408,803                          | 396,373 |
|                         | NC    | —                        | 600,000                    | 300,625  | —  | —                 | 600,000  | 300,625  | 900,625                            | 215,926 |

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Southern  
Pines

|               |   |         |         |   |   |         |         |           |         |
|---------------|---|---------|---------|---|---|---------|---------|-----------|---------|
| Wallace NC    | — | —       | 177,408 | — | — | —       | 177,408 | 177,408   | 105,684 |
| Wilmington NC | — | 527,718 | 981,645 | — | — | 527,718 | 981,645 | 1,509,363 | 425,163 |
| Wilmington NC | — | 351,812 | 654,930 | — | — | 351,812 | 654,930 | 1,006,742 | 283,278 |
| Wilmington NC | — | 474,946 | 883,640 | — | — | 474,946 | 883,640 | 1,358,586 | 382,574 |
| Wilmington NC | — | —       | 353,366 | — | — | —       | 353,366 | 353,366   | 269,578 |
| Wilmington NC | — | 364,126 | 677,787 | — | — | 364,126 | 677,787 | 1,041,913 | 293,430 |
| Wilmington NC | — | 439,765 | 818,271 | — | — | 439,765 | 818,271 | 1,258,036 | 353,788 |
| Wilmington NC | — | —       | 805,696 | — | — | —       | 805,696 | 805,696   | 348,644 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           | Accu<br>Depre<br>(Note |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|------------------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                        |
| Wilmington              | NC    | —                        | 386,993                 | 720,288  | —            | —                            | 386,993                          | 720,288  | 1,107,281 | 311,7                  |
| Wilmington              | NC    | —                        | 527,718                 | 981,602  | —            | —                            | 527,718                          | 981,602  | 1,509,320 | 425,1                  |
| Wilmington              | NC    | —                        | 334,222                 | 622,284  | —            | —                            | 334,222                          | 622,284  | 956,506   | 269,7                  |
| Wilmington              | NC    | —                        | 334,222                 | 622,251  | —            | —                            | 334,222                          | 622,251  | 956,473   | 269,4                  |
| Winston<br>Salem        | NC    | —                        | 320,000                 | 311,637  | —            | —                            | 320,000                          | 311,637  | 631,637   | 184,3                  |
| Zebulon                 | NC    | —                        | 306,077                 | 570,587  | —            | —                            | 306,077                          | 570,587  | 876,664   | 247,7                  |
| Bellevue                | NE    | —                        | 929,608                 | 1,597,236  | —            | —                            | 929,608                          | 1,597,236  | 2,526,844 | 34,60                  |
| La Vista                | NE    | —                        | 908,793                 | 1,612,833  | —            | —                            | 908,793                          | 1,612,833  | 2,521,626 | 34,94                  |
| Absecon                 | NJ    | —                        | 1,367,872               | 2,540,604  | —            | —                            | 1,367,872                        | 2,540,604  | 3,908,476 | 1,680                  |
| Mays<br>Landing         | NJ    | —                        | 1,539,117               | 2,858,630  | —            | —                            | 1,539,117                        | 2,858,630  | 4,397,747 | 1,892                  |
| Millville               | NJ    | —                        | 953,891                 | 1,771,782  | —            | —                            | 953,891                          | 1,771,782  | 2,725,673 | 1,172                  |
| Toms River              | NJ    | —                        | 1,265,861               | 2,351,154  | —            | —                            | 1,265,861                        | 2,351,154  | 3,617,015 | 1,555                  |
| Toms River              | NJ    | —                        | 982,526                 | 1,824,961  | —            | —                            | 982,526                          | 1,824,961  | 2,807,487 | 1,207                  |
| Wall<br>Township        | NJ    | —                        | 1,459,957               | 2,712,264  | —            | —                            | 1,459,957                        | 2,712,264  | 4,172,221 | 1,776                  |
| Albuquerque             | NM    | —                        | 200,000                 | 271,637  | —            | —                            | 200,000                          | 271,637  | 471,637   | 160,7                  |
| Adams<br>Center         | NY    | —                        | 2,362,078               | 2,191,965  | —            | —                            | 2,362,078                        | 2,191,965  | 4,554,043 | 69,41                  |
| Amherst                 | NY    | —                        | 660,000                 | 1,820,000  | —            | —                            | 660,000                          | 1,820,000  | 2,480,000 | 148,1                  |
| Amherst                 | NY    | —                        | 268,540                 | 1,523,162  | —            | —                            | 268,540                          | 1,523,162  | 1,791,702 | 48,23                  |
| Canandaigua             | NY    | —                        | 509,072                 | 918,495  | —            | —                            | 509,072                          | 918,495  | 1,427,567 | 29,08                  |
| Canton                  | NY    | —                        | 43,985                  | 952,266  | —            | —                            | 43,985                           | 952,266  | 996,251   | 17,45                  |
| Canton                  | NY    | —                        | 680,957                 | 2,235,047  | —            | —                            | 680,957                          | 2,235,047  | 2,916,004 | 40,97                  |
| Carmel                  | NY    | —                        | 3,636,376               | 2,074,749  | —            | —                            | 3,636,376                        | 2,074,749  | 5,711,125 | 10,37                  |
| Chaumont                | NY    | —                        | 1,009,703               | 1,684,271  | —            | —                            | 1,009,703                        | 1,684,271  | 2,693,974 | 30,87                  |
| Cheektowaga             | NY    | —                        | 136,598                 | 1,776,681  | —            | —                            | 136,598                          | 1,776,681  | 1,913,279 | 38,49                  |
| Elma                    | NY    | —                        | 512,047                 | 1,471,068  | —            | —                            | 512,047                          | 1,471,068  | 1,983,115 | 26,97                  |
| Evans Mills             | NY    | —                        | 1,091,928               | 1,650,817  | —            | —                            | 1,091,928                        | 1,650,817  | 2,742,745 | 30,26                  |
| Fairport                | NY    | —                        | 1,305,548               | 1,325,880  | —            | —                            | 1,305,548                        | 1,325,880  | 2,631,428 | 41,98                  |
| Gouverneur              | NY    | —                        | 785,916                 | 2,579,545  | —            | —                            | 785,916                          | 2,579,545  | 3,365,461 | 47,29                  |
| Ithaca                  | NY    | —                        | 1,029,876               | 754,877  | —            | —                            | 1,029,876                        | 754,877  | 1,784,753 | 23,90                  |
| Kingston                | NY    | —                        | 257,763                 | 456,042  | —            | —                            | 257,763                          | 456,042  | 713,805   | 432,4                  |
| Niagara Falls           | NY    | —                        | 1,156,407               | 1,020,193  | —            | —                            | 1,156,407                        | 1,020,193  | 2,176,600 | 32,30                  |



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|                     |    |   |           |           |   |   |           |           |                 |
|---------------------|----|---|-----------|-----------|---|---|-----------|-----------|-----------------|
| Ogdensburg          | NY | — | 406,027   | 1,829,259 | — | — | 406,027   | 1,829,259 | 2,235,286,33,53 |
| Potsdam             | NY | — | 699,718   | 1,317,994 | — | — | 699,718   | 1,317,994 | 2,017,712,41,73 |
| Rochester           | NY | — | 632,586   | 1,117,323 | — | — | 632,586   | 1,117,323 | 1,749,909,266,4 |
| Rochester           | NY | — | 467,265   | 758,113   | — | — | 467,265   | 758,113   | 1,225,378,24,00 |
| Rochester           | NY | — | 881,230   | 1,332,275 | — | — | 881,230   | 1,332,275 | 2,213,505,24,42 |
| Saratoga<br>Springs | NY | — | 1,320,191 | 1,401,196 | — | — | 1,320,191 | 1,401,196 | 2,721,387,25,68 |
| Tonawanda           | NY | — | 561,048   | 848,213   | — | — | 561,048   | 848,213   | 1,409,261,15,55 |
| Watertown           | NY | — | 1,819,502 | 2,750,790 | — | — | 1,819,502 | 2,750,790 | 4,570,292,50,43 |
| Watertown           | NY | — | 1,414,277 | 1,423,118 | — | — | 1,414,277 | 1,423,118 | 2,837,395,26,09 |
| Webster             | NY | — | 816,696   | 1,520,311 | — | — | 816,696   | 1,520,311 | 2,337,007,48,14 |

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to<br>Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition |                   | Gross Amount at Which Carried<br>at Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumul<br>Depreciat<br>(Note 5) |
|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|-----------|----------------------------------|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                  |
| Webster                 | NY    | —                        | 439,396                    | 1,763,194  | —  | —                 | 439,396  | 1,763,194  | 2,202,590 | 55,834                           |
| West Seneca             | NY    | —                        | 527,017                    | 1,272,369  | —  | —                 | 527,017  | 1,272,369  | 1,799,386 | 40,292                           |
| West Seneca             | NY    | —                        | 945,803                    | 834,396  | —  | —                 | 945,803  | 834,396  | 1,780,199 | 26,423                           |
| Alliance                | OH    | —                        | 454,440                    | 843,960  | —  | —                 | 454,440  | 843,960  | 1,298,400 | 289,628                          |
| Atwater                 | OH    | —                        | 118,555                    | 266,748  | —  | —                 | 118,555  | 266,748  | 385,303   | 253,855                          |
| Bellefontaine           | OH    | —                        | 560,000                    | 1,042,110  | —  | —                 | 560,000  | 1,042,110  | 1,602,110 | 454,720                          |
| Bellefontaine           | OH    | —                        | 455,000                    | 847,110  | —  | —                 | 455,000  | 847,110  | 1,302,110 | 369,330                          |
| Columbus                | OH    | —                        | 147,296                    | 304,411  | —  | —                 | 147,296  | 304,411  | 451,707   | 289,698                          |
| Columbus                | OH    | —                        | 273,085                    | 471,693  | 13,088   | —                 | 273,085  | 484,780  | 757,865   | 443,632                          |
| Cuyahoga<br>Falls       | OH    | —                        | 321,792                    | 1,144,619  | —  | —                 | 321,792  | 1,144,619  | 1,466,411 | 1715,598                         |
| De Graff                | OH    | —                        | 302,750                    | 564,360  | —  | —                 | 302,750  | 564,360  | 867,110   | 246,899                          |
| Eaton                   | OH    | —                        | 164,588                    | 306,934  | —  | —                 | 164,588  | 306,934  | 471,522   | 142,721                          |
| Galion                  | OH    | —                        | 138,981                    | 327,597  | —  | —                 | 138,981  | 327,597  | 466,578   | 311,763                          |
| Jackson<br>Center       | OH    | —                        | 367,500                    | 684,610  | —  | —                 | 367,500  | 684,610  | 1,052,110 | 299,207                          |
| Kenton                  | OH    | —                        | 140,000                    | 262,462  | —  | —                 | 140,000  | 262,462  | 402,462   | 109,496                          |
| Marysville              | OH    | —                        | 507,500                    | 944,610  | —  | —                 | 507,500  | 944,610  | 1,452,110 | 411,742                          |
| Marysville              | OH    | —                        | 700,000                    | 1,302,110  | —  | —                 | 700,000  | 1,302,110  | 2,002,110 | 567,255                          |
| Marysville              | OH    | —                        | 350,000                    | 652,110  | —  | —                 | 350,000  | 652,110  | 1,002,110 | 284,505                          |
| Perrysburg              | OH    | —                        | 211,678                    | 390,680  | —  | 134               | 211,678  | 390,814  | 602,492   | 344,978                          |
| Russells<br>Point       | OH    | —                        | 546,000                    | 1,016,110  | —  | —                 | 546,000  | 1,016,110  | 1,562,110 | 443,410                          |
| Streetsboro             | OH    | —                        | 402,988                    | 533,349  | —  | 114               | 402,988  | 533,462  | 936,450   | 442,793                          |
| Tiffin                  | OH    | —                        | 117,017                    | 273,040  | —  | —                 | 117,017  | 273,040  | 390,057   | 259,843                          |
| Troy                    | OH    | —                        | 355,009                    | 588,111  | —  | 85                | 355,009  | 588,195  | 943,204   | 493,110                          |
| Wadsworth               | OH    | —                        | 266,507                    | 496,917  | —  | 116               | 266,507  | 497,033  | 763,540   | 423,489                          |
| Edmond                  | OK    | —                        | 365,152                    | 716,425  | —  | —                 | 365,152  | 716,425  | 1,081,577 | 159,137                          |
| Edmond                  | OK    | —                        | 352,862                    | 694,398  | —  | —                 | 352,862  | 694,398  | 1,047,260 | 154,583                          |
| Edmond                  | OK    | —                        | 519,976                    | 1,019,075  | —  | —                 | 519,976  | 1,019,075  | 1,539,051 | 226,389                          |
| Edmond                  | OK    | —                        | 962,803                    | 1,887,389  | —  | —                 | 962,803  | 1,887,389  | 2,850,192 | 418,700                          |
| Midwest City            | OK    | —                        | 405,372                    | 795,228  | —  | —                 | 405,372  | 795,228  | 1,200,600 | 176,605                          |
| Midwest City            | OK    | —                        | 445,188                    | 873,239  | —  | —                 | 445,188  | 873,239  | 1,318,427 | 193,897                          |
| Moore                   | OK    | —                        | 306,341                    | 602,193  | —  | —                 | 306,341  | 602,193  | 908,534   | 134,144                          |
| Moore                   | OK    | —                        | 294,864                    | 579,209  | —  | —                 | 294,864  | 579,209  | 874,073   | 128,885                          |

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|                  |    |   |                 |   |   |                 |           |         |
|------------------|----|---|-----------------|---|---|-----------------|-----------|---------|
| Norman           | OK | — | 248,874,489,810 | — | — | 248,874,489,810 | 738,684   | 109,233 |
| Norman           | OK | — | 390,000,523,739 | — | — | 390,000,523,739 | 913,739   | 116,754 |
| Norman           | OK | — | 470,199,922,644 | — | — | 470,199,922,644 | 1,392,843 | 205,178 |
| Norman           | OK | — | 697,964,136,899 | — | — | 697,964,136,899 | 2,066,956 | 303,954 |
| Norman           | OK | — | 163,252,321,345 | — | — | 163,252,321,345 | 484,597   | 71,725  |
| Oklahoma<br>City | OK | — | 453,873,890,815 | — | — | 453,873,890,815 | 1,344,688 | 198,122 |
| Oklahoma<br>City | OK | — | 520,386,102,067 | — | — | 520,386,102,067 | 1,541,453 | 226,830 |
| Oklahoma<br>City | OK | — | 410,750,806,262 | — | — | 410,750,806,262 | 1,217,012 | 179,215 |
| Oklahoma<br>City | OK | — | 421,459,827,243 | — | — | 421,459,827,243 | 1,248,702 | 183,866 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accumulated<br>Depreciation<br>(Note 4) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|--|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Oklahoma City           | OK    | —                        | 166,843                 | 329,194  | —            | —  | 166,843  | 329,194  | 496,037   | 73,629                                  |
| Oklahoma City           | OK    | —                        | 426,956                 | 838,510  | —            | —  | 426,956  | 838,510  | 1,265,466 | 186,521                                 |
| Oklahoma City           | OK    | —                        | 456,873                 | 897,930  | —            | —  | 456,873  | 897,930  | 1,354,803 | 199,650                                 |
| Oklahoma City           | OK    | —                        | 220,000                 | 513,453  | —            | —  | 220,000  | 513,453  | 733,453   | 114,630                                 |
| Oklahoma City           | OK    | —                        | 344,347                 | 676,656  | —            | —  | 344,347  | 676,656  | 1,021,003 | 150,650                                 |
| Oklahoma City           | OK    | —                        | 178,588                 | 352,229  | —            | —  | 178,588  | 352,229  | 530,817   | 78,736                                  |
| Oklahoma City           | OK    | —                        | 200,554                 | 394,926  | —            | —  | 200,554  | 394,926  | 595,480   | 88,200                                  |
| Oklahoma City           | OK    | —                        | 479,805                 | 941,620  | —            | —  | 479,805  | 941,620  | 1,421,425 | 209,050                                 |
| Oklahoma City           | OK    | —                        | 388,491                 | 762,152  | —            | —  | 388,491  | 762,152  | 1,150,643 | 169,270                                 |
| Oklahoma City           | OK    | —                        | 514,604                 | 1,010,798  | —            | —  | 514,604  | 1,010,798  | 1,525,402 | 224,380                                 |
| Oklahoma City           | OK    | —                        | 612,698                 | 1,202,429  | —            | —  | 612,698  | 1,202,429  | 1,815,127 | 267,190                                 |
| Oklahoma City           | OK    | —                        | 221,963                 | 436,376  | —            | —  | 221,963  | 436,376  | 658,339   | 97,224                                  |
| Oklahoma City           | OK    | —                        | 306,360                 | 600,729  | —            | —  | 306,360  | 600,729  | 907,089   | 133,450                                 |
| Oklahoma City           | OK    | —                        | 180,000                 | 618,260  | —            | —  | 180,000  | 618,260  | 798,260   | 137,700                                 |
| Oklahoma City           | OK    | —                        | 440,000                 | 829,361  | —            | —  | 440,000  | 829,361  | 1,269,361 | 184,500                                 |
| Oklahoma City           | OK    | —                        | 411,910                 | 808,611  | —            | —  | 411,910  | 808,611  | 1,220,521 | 179,570                                 |
| Oklahoma City           | OK    | —                        | 471,600                 | 924,640  | —            | —  | 471,600  | 924,640  | 1,396,240 | 205,450                                 |
| Oklahoma City           | OK    | —                        | 481,598                 | 946,011  | —            | —  | 481,598  | 946,011  | 1,427,609 | 210,020                                 |

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|               |    |   |           |           |   |   |           |           |                  |
|---------------|----|---|-----------|-----------|---|---|-----------|-----------|------------------|
| Oklahoma City |    |   |           |           |   |   |           |           |                  |
| Oklahoma City | OK | — | 275,094   | 540,304   | — | — | 275,094   | 540,304   | 815,398 120,20   |
| Oklahoma City | OK | — | 404,894   | 794,787   | — | — | 404,894   | 794,787   | 1,199,681 176,67 |
| Tulsa         | OK | — | 126,545   | 508,266   | — | — | 126,545   | 508,266   | 634,811 437,91   |
| Yukon         | OK | — | 618,155   | 1,213,121 | — | — | 618,155   | 1,213,121 | 1,831,276 269,56 |
| Yukon         | OK | — | 390,000   | 698,226   | — | — | 390,000   | 698,226   | 1,088,226 155,26 |
| Yukon         | OK | — | 713,299   | 1,399,650 | — | — | 713,299   | 1,399,650 | 2,112,949 310,58 |
| Yukon         | OK | — | 813,732   | 1,595,318 | — | — | 813,732   | 1,595,318 | 2,409,050 353,95 |
| Gresham       | OR | — | 1,026,964 | 1,283,964 | — | — | 1,026,964 | 1,283,964 | 2,310,928 104,54 |
| Aliquippa     | PA | — | 226,195   | 452,631   | — | — | 226,195   | 452,631   | 678,826 270,82   |
| Aliquippa     | PA | — | 757,155   | 1,092,170 | — | — | 757,155   | 1,092,170 | 1,849,325 34,585 |
| Aliquippa     | PA | — | 781,433   | 809,944   | — | — | 781,433   | 809,944   | 1,591,377 14,849 |
| Allentown     | PA | — | 3,922,420 | 5,971,779 | — | — | 3,922,420 | 5,971,779 | 9,894,199 1,423, |
| Allentown     | PA | — | 1,063,467 | 1,128,720 | — | — | 1,063,467 | 1,128,720 | 2,192,187 20,693 |
| Ambridge      | PA | — | 807,350   | 1,220,581 | — | — | 807,350   | 1,220,581 | 2,027,931 22,377 |
| Arnold        | PA | — | 905,970   | 1,369,678 | — | — | 905,970   | 1,369,678 | 2,275,648 25,111 |
| Bath          | PA | — | 1,266,254 | 936,591   | — | — | 1,266,254 | 936,591   | 2,202,845 17,171 |
| Beaver        | PA | — | 95,626    | 223,368   | — | — | 95,626    | 223,368   | 318,994 133,64   |
| Beaver        | PA | — | 471,906   | 713,445   | — | — | 471,906   | 713,445   | 1,185,351 13,080 |
| Beaver Falls  | PA | — | 92,207    | 230,758   | — | — | 92,207    | 230,758   | 322,965 138,06   |
| Bechtelsville | PA | — | 948,729   | 1,434,323 | — | — | 948,729   | 1,434,323 | 2,383,052 26,296 |
| Bensalem      | PA | — | 569,763   | 387,611   | — | — | 569,763   | 387,611   | 957,374 238,37   |
| Breinigsville | PA | — | 1,052,880 | 1,591,782 | — | — | 1,052,880 | 1,591,782 | 2,644,662 29,183 |
| Bridgeville   | PA | — | 992,173   | 1,500,003 | — | — | 992,173   | 1,500,003 | 2,492,176 27,500 |

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AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           |        |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|--------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |        |
| Bryn Mawr               | PA    | —                        | 1,093,979               | 1,653,916  | —            | —                            | 1,093,979                        | 1,653,916  | 2,747,895 | 30,000 |
| Butler                  | PA    | —                        | 539,278                 | 815,300  | —            | —                            | 539,278                          | 815,300  | 1,354,578 | 14,000 |
| Butler                  | PA    | —                        | 1,033,307               | 1,562,191  | —            | —                            | 1,033,307                        | 1,562,191  | 2,595,498 | 28,000 |
| Camp Hill               | PA    | —                        | 849,226                 | 1,283,891  | —            | —                            | 849,226                          | 1,283,891  | 2,133,117 | 23,000 |
| Castle Shannon          | PA    | —                        | 765,759                 | 836,367  | —            | —                            | 765,759                          | 836,367  | 1,602,126 | 15,000 |
| Chester Springs         | PA    | —                        | 1,059,079               | 1,628,368  | —            | —                            | 1,059,079                        | 1,628,368  | 2,687,447 | 51,000 |
| Danville                | PA    | —                        | 462,741                 | 1,518,815  | —            | —                            | 462,741                          | 1,518,815  | 1,981,556 | 27,000 |
| Downingtown             | PA    | —                        | 1,722,222               | 576  | —            | —                            | 1,722,222                        | 576  | 1,722,798 | 36,000 |
| Downingtown             | PA    | —                        | 2,806,613               | 1,865,384  | —            | —                            | 2,806,613                        | 1,865,384  | 4,671,997 | 34,000 |
| East Pittsburgh         | PA    | —                        | 785,475                 | 802,232  | —            | —                            | 785,475                          | 802,232  | 1,587,707 | 25,000 |
| Greensburg              | PA    | —                        | 891,873                 | 1,310,204  | —            | —                            | 891,873                          | 1,310,204  | 2,202,077 | 41,000 |
| Greensburg              | PA    | —                        | 1,164,032               | 923,128  | —            | —                            | 1,164,032                        | 923,128  | 2,087,160 | 16,000 |
| Harrisburg              | PA    | —                        | 1,712,406               | 1,510,700  | —            | —                            | 1,712,406                        | 1,510,700  | 3,223,106 | 47,000 |
| Herndon                 | PA    | —                        | 2,112,857               | 1,124,873  | —            | —                            | 2,112,857                        | 1,124,873  | 3,237,730 | 20,000 |
| Irwin                   | PA    | —                        | 676,401                 | 1,022,607  | —            | —                            | 676,401                          | 1,022,607  | 1,699,008 | 18,000 |
| Johnstown               | PA    | —                        | 613,830                 | 928,011  | —            | —                            | 613,830                          | 928,011  | 1,541,841 | 17,000 |
| Latrobe                 | PA    | —                        | 401,440                 | 606,911  | —            | —                            | 401,440                          | 606,911  | 1,008,351 | 11,000 |
| Lewisburg               | PA    | —                        | 1,122,905               | 1,129,924  | —            | —                            | 1,122,905                        | 1,129,924  | 2,252,829 | 20,000 |
| Lock Haven              | PA    | —                        | 498,668                 | 992,999  | —            | —                            | 498,668                          | 992,999  | 1,491,667 | 18,000 |
| Middleburg              | PA    | —                        | 396,279                 | 1,300,673  | —            | —                            | 396,279                          | 1,300,673  | 1,696,952 | 23,000 |
| Millvale                | PA    | —                        | 1,153,220               | 732,509  | —            | —                            | 1,153,220                        | 732,509  | 1,885,729 | 13,000 |
| Milton                  | PA    | —                        | 724,807                 | 1,095,789  | —            | —                            | 724,807                          | 1,095,789  | 1,820,596 | 20,000 |
| Milton                  | PA    | —                        | 781,359                 | 1,181,286  | —            | —                            | 781,359                          | 1,181,286  | 1,962,645 | 21,000 |
| Montandon               | PA    | —                        | 900,186                 | 1,360,934  | —            | —                            | 900,186                          | 1,360,934  | 2,261,120 | 24,000 |
| Mount Pleasant<br>Mills | PA    | —                        | 500,618                 | 1,643,137  | —            | —                            | 500,618                          | 1,643,137  | 2,143,755 | 30,000 |
| Mount<br>Washington     | PA    | —                        | 118,118                 | 231,108  | —            | —                            | 118,118                          | 231,108  | 349,226   | 13,000 |
| Muncy                   | PA    | —                        | 1,336,670               | 2,110,696  | —            | —                            | 1,336,670                        | 2,110,696  | 3,447,366 | 66,000 |
| New London              | PA    | —                        | 1,585,722               | 1,398,938  | —            | —                            | 1,585,722                        | 1,398,938  | 2,984,660 | 44,000 |
| Northumberland          | PA    | —                        | 788,076                 | 981,812  | —            | —                            | 788,076                          | 981,812  | 1,769,888 | 18,000 |
| Penndel                 | PA    | —                        | 739,487                 | 1,003,809  | —            | —                            | 739,487                          | 1,003,809  | 1,743,296 | 61,000 |
| Perryopolis             | PA    | —                        | 148,953                 | 134,299  | —            | —                            | 148,953                          | 134,299  | 283,252   | 80,000 |
| Philadelphia            | PA    | —                        | 808,681                 | 256,843  | —            | —                            | 808,681                          | 256,843  | 1,065,524 | 16,000 |
| Philadelphia            | PA    | —                        | 425,928                 | 167,147  | —            | —                            | 425,928                          | 167,147  | 593,075   | 10,000 |

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|              |    |   |           |           |   |   |           |           |           |    |
|--------------|----|---|-----------|-----------|---|---|-----------|-----------|-----------|----|
| Philadelphia | PA | — | 541,792   | 236,049   | — | — | 541,792   | 236,049   | 777,841   | 14 |
| Philadelphia | PA | — | 614,101   | 277,277   | — | — | 614,101   | 277,277   | 891,378   | 17 |
| Philadelphia | PA | — | 1,011,389 | 491,302   | — | — | 1,011,389 | 491,302   | 1,502,691 | 30 |
| Philadelphia | PA | — | 689,172   | 426,596   | — | — | 689,172   | 426,596   | 1,115,768 | 26 |
| Philadelphia | PA | — | 349,294   | 134,485   | — | — | 349,294   | 134,485   | 483,779   | 84 |
| Philadelphia | PA | — | 2,016,244 | 1,896,105 | — | — | 2,016,244 | 1,896,105 | 3,912,349 | 60 |
| Phoenixville | PA | — | 1,373,934 | 1,212,097 | — | — | 1,373,934 | 1,212,097 | 2,586,031 | 38 |
| Pittsburgh   | PA | — | 497,668   | 320,170   | — | — | 497,668   | 320,170   | 817,838   | 19 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition |           | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |           |        | Accu-<br>Depre-<br>(Note |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|-----------|--|-----------|--------|--------------------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land      | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees                     | Total     |        |                          |
| Pittsburgh              | PA    | —                        | 296,277                 | 287,540  | —            | —  | 296,277   | 287,540  | 583,817   | 172,04 |                          |
| Pittsburgh              | PA    | —                        | 395,417                 | 474,741  | —            | —  | 395,417   | 474,741  | 870,158   | 284,05 |                          |
| Pittsburgh              | PA    | —                        | 779,859                 | 765,778  | —            | —  | 779,859   | 765,778  | 1,545,637 | 14,039 |                          |
| Pittsburgh              | PA    | —                        | 1,916,418               | 1,263,572  | —            | —  | 1,916,418 | 1,263,572  | 3,179,990 | 23,165 |                          |
| Pottsville              | PA    | —                        | 1,154,247               | 1,745,033  | —            | —  | 1,154,247 | 1,745,033  | 2,899,280 | 31,992 |                          |
| Reading                 | PA    | —                        | 1,018,262               | 1,539,445  | —            | —  | 1,018,262 | 1,539,445  | 2,557,707 | 28,222 |                          |
| Reading                 | PA    | —                        | 1,165,538               | 952,038  | —            | —  | 1,165,538 | 952,038  | 2,117,576 | 17,454 |                          |
| Richboro                | PA    | —                        | 1,359,060               | 1,645,736  | —            | —  | 1,359,060 | 1,645,736  | 3,004,796 | 52,115 |                          |
| Selinsgrove             | PA    | —                        | 852,806                 | 627,125  | —            | —  | 852,806   | 627,125  | 1,479,931 | 11,497 |                          |
| South Park              | PA    | —                        | 252,247                 | 436,182  | —            | —  | 252,247   | 436,182  | 688,429   | 260,94 |                          |
| Stroudsburg             | PA    | —                        | 629,294                 | 796,057  | —            | —  | 629,294   | 796,057  | 1,425,351 | 17,24  |                          |
| Sunbury                 | PA    | —                        | 1,160,900               | 1,168,156  | —            | —  | 1,160,900 | 1,168,156  | 2,329,056 | 21,41  |                          |
| Valencia                | PA    | —                        | 440,565                 | 278,492  | —            | —  | 440,565   | 278,492  | 719,057   | 166,62 |                          |
| Verona                  | PA    | —                        | 1,254,411               | —  | —            | 343  | 1,254,411 | 343  | 1,254,754 | 108    |                          |
| Wayne                   | PA    | —                        | 2,115,442               | 1,064,164  | —            | —  | 2,115,442 | 1,064,164  | 3,179,606 | 33,699 |                          |
| West Grove              | PA    | —                        | 698,658                 | 1,074,209  | —            | —  | 698,658   | 1,074,209  | 1,772,867 | 34,017 |                          |
| Williamsport            | PA    | —                        | 1,005,488               | 1,520,134  | —            | —  | 1,005,488 | 1,520,134  | 2,525,622 | 27,865 |                          |
| Willow<br>Grove         | PA    | —                        | 329,934                 | 73,123   | —            | —  | 329,934   | 73,123   | 403,057   | 45,69  |                          |
| Wyomissing              | PA    | —                        | 946,078                 | 1,430,315  | —            | —  | 946,078   | 1,430,315  | 2,376,393 | 26,222 |                          |
| Wyomissing              | PA    | —                        | 1,127,799               | 828,826  | —            | —  | 1,127,799 | 828,826  | 1,956,625 | 15,195 |                          |
| Aiken                   | SC    | —                        | 400,000                 | 402,665  | —            | —  | 400,000   | 402,665  | 802,665   | 313,40 |                          |
| Aiken                   | SC    | —                        | 320,000                 | 432,527  | —            | —  | 320,000   | 432,527  | 752,527   | 336,64 |                          |
| Aiken                   | SC    | —                        | 330,000                 | 472,679  | —            | —  | 330,000   | 472,679  | 802,679   | 367,85 |                          |
| Aiken                   | SC    | —                        | 560,000                 | 543,588  | —            | —  | 560,000   | 543,588  | 1,103,588 | 423,08 |                          |
| Aiken                   | SC    | —                        | 360,000                 | 542,982  | —            | —  | 360,000   | 542,982  | 902,982   | 422,61 |                          |
| Aiken                   | SC    | —                        | 540,000                 | 388,058  | —            | —  | 540,000   | 388,058  | 928,058   | 302,03 |                          |
| Aiken                   | SC    | —                        | 250,000                 | 251,770  | —            | —  | 250,000   | 251,770  | 501,770   | 195,95 |                          |
| Beech Island            | SC    | —                        | 330,000                 | 481,637  | —            | —  | 330,000   | 481,637  | 811,637   | 284,96 |                          |
| Belvedere               | SC    | —                        | 490,000                 | 463,080  | —            | —  | 490,000   | 463,080  | 953,080   | 360,42 |                          |
| Bishopville             | SC    | —                        | 191,738                 | 357,630  | —            | —  | 191,738   | 357,630  | 549,368   | 155,22 |                          |
| Bonneau                 | SC    | —                        | 128,411                 | 240,691  | —            | —  | 128,411   | 240,691  | 369,102   | 104,75 |                          |
| Camden                  | SC    | —                        | 269,136                 | 501,397  | —            | —  | 269,136   | 501,397  | 770,533   | 217,23 |                          |
| Charleston              | SC    | —                        | 862,869                 | 868,263  | —            | —  | 862,869   | 868,263  | 1,731,132 | 15,918 |                          |
| Charleston              | SC    | —                        | 1,042,881               | 1,576,665  | —            | —  | 1,042,881 | 1,576,665  | 2,619,546 | 28,906 |                          |



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|            |    |   |           |           |   |   |           |           |           |        |
|------------|----|---|-----------|-----------|---|---|-----------|-----------|-----------|--------|
| Columbia   | SC | — | 520,000   | 471,637   | — | — | 520,000   | 471,637   | 991,637   | 279,04 |
| Conway     | SC | — | —         | 252,890   | — | — | —         | 252,890   | 252,890   | 169,95 |
| Cordova    | SC | — | 137,207   | 257,025   | — | — | 137,207   | 257,025   | 394,232   | 112,08 |
| Dillon     | SC | — | 1,314,212 | 1,715,895 | — | — | 1,314,212 | 1,715,895 | 3,030,107 | 8,579  |
| Florence   | SC | — | 193,497   | 360,913   | — | — | 193,497   | 360,913   | 554,410   | 156,64 |
| Florence   | SC | — | 337,740   | 628,793   | — | — | 337,740   | 628,793   | 966,533   | 272,28 |
| Georgetown | SC | — | 1,319,133 | 1,456,542 | — | — | 1,319,133 | 1,456,542 | 2,775,675 | 46,124 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized             | Gross Amount at Which Carried at |  |           | Accumulated<br>Depreciation<br>(Note 5) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|------------------------------|----------------------------------|--|-----------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Subsequent to<br>Acquisition | Land                             | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |   |
| Goose Creek             | SC    | —                        | 150,000                 | 241,637  | —            | —                            | 150,000                          | 241,637  | 391,637   | 142,960                                 |
| Goose Creek             | SC    | —                        | 1,371,595               | 1,212,528  | —            | —                            | 1,371,595                        | 1,212,528  | 2,584,123 | 38,397                                  |
| Goose Creek             | SC    | —                        | 1,069,078               | 943,150  | —            | —                            | 1,069,078                        | 943,150  | 2,012,228 | 29,866                                  |
| Goose Creek             | SC    | —                        | 1,344,022               | 1,352,423  | —            | —                            | 1,344,022                        | 1,352,423  | 2,696,445 | 24,794                                  |
| Goose Creek             | SC    | —                        | 794,691                 | 1,417,200  | —            | —                            | 794,691                          | 1,417,200  | 2,211,891 | 125,982                                 |
| Greenville              | SC    | —                        | 390,000                 | 462,847  | —            | —                            | 390,000                          | 462,847  | 852,847   | 360,240                                 |
| Greenville              | SC    | —                        | 300,000                 | 402,392  | —            | —                            | 300,000                          | 402,392  | 702,392   | 313,190                                 |
| Greenville              | SC    | —                        | 370,000                 | 432,695  | —            | —                            | 370,000                          | 432,695  | 802,695   | 336,770                                 |
| Greenville              | SC    | —                        | 620,000                 | 483,604  | —            | —                            | 620,000                          | 483,604  | 1,103,604 | 376,400                                 |
| Greenville              | SC    | —                        | 680,000                 | 423,604  | —            | —                            | 680,000                          | 423,604  | 1,103,604 | 329,700                                 |
| Greer                   | SC    | —                        | 400,000                 | 502,879  | —            | —                            | 400,000                          | 502,879  | 902,879   | 391,400                                 |
| Hemingway               | SC    | —                        | 246,269                 | 459,569  | —            | —                            | 246,269                          | 459,569  | 705,838   | 199,230                                 |
| Hilton Head             | SC    | —                        | 500,000                 | 691,637  | —            | —                            | 500,000                          | 691,637  | 1,191,637 | 409,210                                 |
| Hilton Head             | SC    | —                        | 185,500                 | 344,510  | —            | —                            | 185,500                          | 344,510  | 530,010   | 202,680                                 |
| Irmo                    | SC    | —                        | 690,000                 | 461,637  | —            | —                            | 690,000                          | 461,637  | 1,151,637 | 273,130                                 |
| Jackson                 | SC    | —                        | 170,000                 | 632,626  | —            | —                            | 170,000                          | 632,626  | 802,626   | 492,390                                 |
| Kingstree               | SC    | —                        | —                       | 303,766  | —            | —                            | —                                | 303,766  | 303,766   | 190,730                                 |
| Kingstree               | SC    | —                        | 209,328                 | 390,965  | —            | —                            | 209,328                          | 390,965  | 600,293   | 169,330                                 |
| Ladson                  | SC    | —                        | 1,505,726               | 2,315,102  | —            | —                            | 1,505,726                        | 2,315,102  | 3,820,828 | 73,312                                  |
| Ladson                  | SC    | —                        | 2,343,039               | 1,587,528  | —            | —                            | 2,343,039                        | 1,587,528  | 3,930,567 | 29,105                                  |
| Lake City               | SC    | —                        | 202,292                 | 377,898  | —            | —                            | 202,292                          | 377,898  | 580,190   | 163,970                                 |
| Lexington               | SC    | —                        | 640,000                 | 563,891  | —            | —                            | 640,000                          | 563,891  | 1,203,891 | 438,890                                 |
| Lexington               | SC    | —                        | 540,000                 | 563,588  | —            | —                            | 540,000                          | 563,588  | 1,103,588 | 438,650                                 |
| Lexington               | SC    | —                        | 360,000                 | 843,891  | —            | —                            | 360,000                          | 843,891  | 1,203,891 | 656,820                                 |
| Lugoff                  | SC    | —                        | 200,533                 | 373,990  | —            | —                            | 200,533                          | 373,990  | 574,523   | 162,290                                 |
| Moncks Corner           | SC    | —                        | 351,812                 | 655,578  | —            | —                            | 351,812                          | 655,578  | 1,007,390 | 283,550                                 |
| Moncks Corner           | SC    | —                        | 882,597                 | 2,041,486  | —            | —                            | 882,597                          | 2,041,486  | 2,924,083 | 64,647                                  |
|                         | SC    | —                        | 839,386                 | 928,571  | —            | —                            | 839,386                          | 928,571  | 1,767,957 | 17,024                                  |

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|                                       |    |   |           |           |   |   |           |           |           |        |
|---------------------------------------|----|---|-----------|-----------|---|---|-----------|-----------|-----------|--------|
| Moncks<br>Corner<br>Mount<br>Pleasant | SC | — | 668,443   | 1,242,940 | — | — | 668,443   | 1,242,940 | 1,911,383 | 537,10 |
| Mount<br>Pleasant                     | SC | — | 1,433,246 | 1,442,205 | — | — | 1,433,246 | 1,442,205 | 2,875,451 | 26,440 |
| Mount<br>Pleasant                     | SC | — | 1,445,576 | 1,534,274 | — | — | 1,445,576 | 1,534,274 | 2,979,850 | 28,128 |
| Myrtle<br>Beach                       | SC | — | 492,537   | 916,307   | — | — | 492,537   | 916,307   | 1,408,844 | 396,95 |
| Myrtle<br>Beach                       | SC | — | 703,624   | 1,308,326 | — | — | 703,624   | 1,308,326 | 2,011,950 | 565,32 |
| Myrtle<br>Beach                       | SC | — | —         | 177,502   | — | — | —         | 177,502   | 177,502   | 77,473 |
| Myrtle<br>Beach                       | SC | — | —         | 755,479   | — | — | —         | 755,479   | 755,479   | 326,96 |
| Myrtle<br>Beach                       | SC | — | —         | 328,278   | — | — | —         | 328,278   | 328,278   | 257,77 |
| Myrtle<br>Beach                       | SC | — | —         | 278,019   | — | — | —         | 278,019   | 278,019   | 190,74 |
| North<br>Augusta                      | SC | — | 400,000   | 452,777   | — | — | 400,000   | 452,777   | 852,777   | 352,40 |
| North<br>Augusta                      | SC | — | 490,000   | 1,221,637 | — | — | 490,000   | 1,221,637 | 1,711,637 | 722,79 |
| North<br>Charleston                   | SC | — | 935,330   | 992,721   | — | — | 935,330   | 992,721   | 1,928,051 | 18,200 |
| North<br>Charleston                   | SC | — | 787,641   | 835,969   | — | — | 787,641   | 835,969   | 1,623,610 | 15,326 |

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |  |           | Accu-<br>Depre<br>(Note |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|--|--|-----------|-------------------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                         |
| North<br>Charleston     | SC    | —                        | 1,144,392               | 869,090  | —            | —  | 1,144,392  | 869,090  | 2,013,482 | 15,933                  |
| Orangeburg              | SC    | —                        | 320,000                 | 691,637  | —            | —  | 320,000  | 691,637  | 1,011,637 | 409,200                 |
| Pinewood                | SC    | —                        | 325,426                 | 606,576  | —            | —  | 325,426  | 606,576  | 932,002   | 262,600                 |
| Simpsonville            | SC    | —                        | 530,000                 | 573,485  | —            | —  | 530,000  | 573,485  | 1,103,485 | 446,300                 |
| Spartanburg             | SC    | —                        | 470,000                 | 432,879  | —            | —  | 470,000  | 432,879  | 902,879   | 336,900                 |
| Summerville             | SC    | —                        | 297,500                 | 553,227  | —            | —  | 297,500  | 553,227  | 850,727   | 325,400                 |
| Summerville             | SC    | —                        | 1,310,923               | 1,108,943  | —            | —  | 1,310,923  | 1,108,943  | 2,419,866 | 35,110                  |
| Sumter                  | SC    | —                        | 263,859                 | 491,628  | —            | —  | 263,859  | 491,628  | 755,487   | 213,000                 |
| Sumter                  | SC    | —                        | 362,367                 | 674,512  | —            | —  | 362,367  | 674,512  | 1,036,879 | 292,000                 |
| Sumter                  | SC    | —                        | 181,183                 | 338,087  | —            | —  | 181,183  | 338,087  | 519,270   | 146,700                 |
| Sumter                  | SC    | —                        | 154,797                 | 289,084  | —            | —  | 154,797  | 289,084  | 443,881   | 125,600                 |
| Sumter                  | SC    | —                        | 351,812                 | 654,969  | —            | —  | 351,812  | 654,969  | 1,006,781 | 283,500                 |
| Sumter                  | SC    | —                        | 334,222                 | 622,301  | —            | —  | 334,222  | 622,301  | 956,523   | 269,400                 |
| Sumter                  | SC    | —                        | 281,450                 | 524,296  | —            | —  | 281,450  | 524,296  | 805,746   | 227,100                 |
| Sumter                  | SC    | —                        | 146,002                 | 272,750  | —            | —  | 146,002  | 272,750  | 418,752   | 118,500                 |
| Sumter                  | SC    | —                        | 372,921                 | 694,113  | —            | —  | 372,921  | 694,113  | 1,067,034 | 300,100                 |
| Sumter                  | SC    | —                        | 149,520                 | 279,226  | —            | —  | 149,520  | 279,226  | 428,746   | 121,300                 |
| Sumter                  | SC    | —                        | 262,100                 | 488,361  | —            | —  | 262,100  | 488,361  | 750,461   | 211,600                 |
| Sumter                  | SC    | —                        | 184,701                 | 344,620  | —            | —  | 184,701  | 344,620  | 529,321   | 148,700                 |
| West<br>Columbia        | SC    | —                        | 410,000                 | 693,574  | —            | —  | 410,000  | 693,574  | 1,103,574 | 539,800                 |
| West<br>Columbia        | SC    | —                        | 336,000                 | 624,727  | —            | —  | 336,000  | 624,727  | 960,727   | 367,500                 |
| Elk Point               | SD    | —                        | 390,000                 | 2,410,066  | —            | —  | 390,000  | 2,410,066  | 2,800,066 | 148,600                 |
| Arrington               | TN    | —                        | 385,000                 | 716,242  | —            | —  | 385,000  | 716,242  | 1,101,242 | 435,700                 |
| Athens                  | TN    | —                        | 175,000                 | 326,242  | —            | —  | 175,000  | 326,242  | 501,242   | 198,400                 |
| Athens                  | TN    | —                        | 124,179                 | 231,860  | —            | —  | 124,179  | 231,860  | 356,039   | 141,000                 |
| Benton                  | TN    | —                        | 192,500                 | 358,742  | —            | —  | 192,500  | 358,742  | 551,242   | 218,200                 |
| Chattanooga             | TN    | —                        | 181,731                 | 338,741  | —            | —  | 181,731  | 338,741  | 520,472   | 206,000                 |
| Chattanooga             | TN    | —                        | 162,879                 | 258,792  | —            | —  | 162,879  | 258,792  | 421,671   | 157,400                 |
| Chattanooga             | TN    | —                        | 159,979                 | 298,346  | —            | —  | 159,979  | 298,346  | 458,325   | 181,400                 |
| Chattanooga             | TN    | —                        | 105,000                 | 196,242  | —            | —  | 105,000  | 196,242  | 301,242   | 119,300                 |
| Chattanooga             | TN    | —                        | 245,000                 | 456,242  | —            | —  | 245,000  | 456,242  | 701,242   | 277,500                 |
| Chattanooga             | TN    | —                        | 297,500                 | 553,742  | —            | —  | 297,500  | 553,742  | 851,242   | 336,800                 |

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|                |   |         |           |   |   |         |           |           |       |
|----------------|---|---------|-----------|---|---|---------|-----------|-----------|-------|
| Chattanooga TN | — | 323,750 | 822,529   | — | — | 323,750 | 822,529   | 1,146,279 | 480,4 |
| Chattanooga TN | — | 280,000 | 521,242   | — | — | 280,000 | 521,242   | 801,242   | 317,0 |
| Chattanooga TN | — | 257,250 | 478,992   | — | — | 257,250 | 478,992   | 736,242   | 291,3 |
| Chattanooga TN | — | 283,209 | 527,201   | — | — | 283,209 | 527,201   | 810,410   | 320,7 |
| Chattanooga TN | — | 542,500 | 1,008,742 | — | — | 542,500 | 1,008,742 | 1,551,242 | 613,6 |
| Chattanooga TN | — | 332,500 | 618,742   | — | — | 332,500 | 618,742   | 951,242   | 376,3 |
| Chattanooga TN | — | 260,693 | 559,077   | — | — | 260,693 | 559,077   | 819,770   | 340,0 |
| Chattanooga TN | — | 150,336 | 326,242   | — | — | 150,336 | 326,242   | 476,578   | 198,4 |
| Cleveland TN   | — | 110,009 | 205,545   | — | — | 110,009 | 205,545   | 315,554   | 125,0 |

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|-------------------------|-------|--------------------------|----------------------------|--|--|-------------------|--|--|-----------|----------------------------------|
|                         |       |                          | Land                       | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs | Land   | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Total     |                                  |
| Cleveland               | TN    | —                        | 227,500                    | 423,742  | —  | —                 | 227,500  | 423,742  | 651,242   | 257,770                          |
| Cleveland               | TN    | —                        | 280,000                    | 521,242  | —  | —                 | 280,000  | 521,242  | 801,242   | 317,083                          |
| Cleveland               | TN    | —                        | 245,000                    | 456,242  | —  | —                 | 245,000  | 456,242  | 701,242   | 277,541                          |
| Cleveland               | TN    | —                        | 157,500                    | 293,742  | —  | —                 | 157,500  | 293,742  | 451,242   | 178,687                          |
| Cleveland               | TN    | —                        | 122,500                    | 228,742  | —  | —                 | 122,500  | 228,742  | 351,242   | 139,145                          |
| Cleveland               | TN    | —                        | 300,373                    | 559,077  | —  | —                 | 300,373  | 559,077  | 859,450   | 340,099                          |
| Dayton                  | TN    | —                        | 262,500                    | 488,742  | —  | —                 | 262,500  | 488,742  | 751,242   | 297,312                          |
| Decatur                 | TN    | —                        | 181,731                    | 338,742  | —  | —                 | 181,731  | 338,742  | 520,473   | 206,062                          |
| Dunlap                  | TN    | —                        | 315,000                    | 586,242  | —  | —                 | 315,000  | 586,242  | 901,242   | 356,624                          |
| Etowah                  | TN    | —                        | 192,500                    | 358,742  | —  | —                 | 192,500  | 358,742  | 551,242   | 218,228                          |
| Gallatin                | TN    | —                        | 525,000                    | 976,242  | —  | —                 | 525,000  | 976,242  | 1,501,242 | 593,874                          |
| Gray                    | TN    | —                        | 191,151                    | 355,563  | —  | —                 | 191,151  | 355,563  | 546,714   | 158,224                          |
| Harrison                | TN    | —                        | 484,313                    | 900,680  | —  | —                 | 484,313  | 900,680  | 1,384,993 | 547,908                          |
| Hixson                  | TN    | —                        | 350,000                    | 651,242  | —  | —                 | 350,000  | 651,242  | 1,001,242 | 396,166                          |
| Hixson                  | TN    | —                        | 271,250                    | 504,992  | —  | —                 | 271,250  | 504,992  | 776,242   | 307,197                          |
| Hixson                  | TN    | —                        | 513,215                    | 954,355  | —  | —                 | 513,215  | 954,355  | 1,467,570 | 580,560                          |
| Hixson                  | TN    | —                        | 94,500                     | 176,742  | —  | —                 | 94,500   | 176,742  | 271,242   | 107,512                          |
| Hixson                  | TN    | —                        | 300,373                    | 559,077  | —  | —                 | 300,373  | 559,077  | 859,450   | 340,099                          |
| Kimball                 | TN    | —                        | 332,500                    | 618,742  | —  | —                 | 332,500  | 618,742  | 951,242   | 376,395                          |
| Kingsport               | TN    | —                        | 155,603                    | 289,545  | —  | —                 | 155,603  | 289,545  | 445,148   | 128,846                          |
| Kingsport               | TN    | —                        | 310,303                    | 576,845  | —  | —                 | 310,303  | 576,845  | 887,148   | 256,694                          |
| La Vergne               | TN    | —                        | 561,755                    | 1,073,742  | —  | —                 | 561,755  | 1,073,742  | 1,635,497 | 653,187                          |
| Manchester              | TN    | —                        | 266,119                    | 495,463  | —  | —                 | 266,119  | 495,463  | 761,582   | 301,400                          |
| Manchester              | TN    | —                        | 281,675                    | 524,352  | —  | —                 | 281,675  | 524,352  | 806,027   | 318,975                          |
| Manchester              | TN    | —                        | 319,846                    | 595,242  | —  | —                 | 319,846  | 595,242  | 915,088   | 362,100                          |
| Monteagle               | TN    | —                        | 271,173                    | 504,849  | —  | —                 | 271,173  | 504,849  | 776,022   | 307,110                          |
| Mount Juliet            | TN    | —                        | 397,128                    | 738,764  | —  | —                 | 397,128  | 738,764  | 1,135,892 | 449,409                          |
| Murfreesboro            | TN    | —                        | 549,500                    | 1,021,742  | —  | —                 | 549,500  | 1,021,742  | 1,571,242 | 621,553                          |
| Murfreesboro            | TN    | —                        | 467,810                    | 870,032  | —  | —                 | 467,810  | 870,032  | 1,337,842 | 529,263                          |
| Murfreesboro            | TN    | —                        | 300,373                    | 559,077  | —  | —                 | 300,373  | 559,077  | 859,450   | 340,099                          |
| Nashville               | TN    | —                        | 498,628                    | 927,264  | —  | —                 | 498,628  | 927,264  | 1,425,892 | 564,080                          |
| Ocoee                   | TN    | —                        | 108,553                    | 223,713  | —  | —                 | 108,553  | 223,713  | 332,266   | 136,086                          |
| Ooltewah                | TN    | —                        | 234,231                    | 436,241  | —  | —                 | 234,231  | 436,241  | 670,472   | 265,374                          |
| Ooltewah                | TN    | —                        | 635,909                    | 1,174,710  | —  | —                 | 635,909  | 1,174,710  | 1,810,619 | 717,552                          |
| Ooltewah                | TN    | —                        | 105,000                    | 196,242  | —  | —                 | 105,000  | 196,242  | 301,242   | 119,374                          |

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|               |    |   |                 |   |   |                 |           |         |
|---------------|----|---|-----------------|---|---|-----------------|-----------|---------|
| Roan Mountain | TN | — | 286,303,532,274 | — | — | 286,303,532,274 | 818,577   | 236,860 |
| Shelbyville   | TN | — | 320,229,595,953 | — | — | 320,229,595,953 | 916,182   | 362,532 |
| Smyrna        | TN | — | 426,466,793,251 | — | — | 426,466,793,251 | 1,219,717 | 482,555 |
| Smyrna        | TN | — | 630,000,170,036 | — | — | 630,000,170,036 | 1,800,036 | 575,267 |
| Soddy Daisy   | TN | — | 297,500,553,732 | — | — | 297,500,553,732 | 851,232   | 336,848 |
| Soddy Daisy   | TN | — | 350,000,651,242 | — | — | 350,000,651,242 | 1,001,242 | 396,166 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  |              | Cost Capitalized<br>Subsequent to<br>Acquisition |           | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |           |         | Accumulated<br>Depreciation<br>(Note 4) |
|-------------------------|-------|--------------------------|-------------------------|--|--------------|--|-----------|--|-----------|---------|---|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements | Carrying<br>Costs                                | Land      | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees                     | Total     |         |   |
| Soddy Daisy             | TN    | —                        | 245,000                 | 456,242  | —            | —  | 245,000   | 456,242  | 701,242   | 277,540 |   |
| Sweetwater              | TN    | —                        | 122,500                 | 228,742  | —            | —  | 122,500   | 228,742  | 351,242   | 139,140 |   |
| Sweetwater              | TN    | —                        | 339,231                 | 1,131,287  | —            | —  | 339,231   | 1,131,287  | 1,470,518 | 610,740 |   |
| Sweetwater              | TN    | —                        | 133,000                 | 248,242  | —            | —  | 133,000   | 248,242  | 381,242   | 151,000 |   |
| Alamo                   | TX    | —                        | 2,181,318               | 1,910,571  | —            | —  | 2,181,318 | 1,910,571  | 4,091,889 | 60,500  |   |
| Alton                   | TX    | —                        | 733,241                 | 1,108,540  | —            | —  | 733,241   | 1,108,540  | 1,841,781 | 20,320  |   |
| Aransas Pass            | TX    | —                        | 493,919                 | 857,733  | —            | —  | 493,919   | 857,733  | 1,351,652 | 18,580  |   |
| Austin                  | TX    | —                        | 1,430,000               | 1,184,952  | —            | —  | 1,430,000 | 1,184,952  | 2,614,952 | 96,470  |   |
| Austin                  | TX    | —                        | 1,190,000               | 1,254,093  | —            | —  | 1,190,000 | 1,254,093  | 2,444,093 | 102,120 |   |
| Baytown                 | TX    | —                        | 1,809,431               | 1,596,297  | —            | —  | 1,809,431 | 1,596,297  | 3,405,728 | 50,540  |   |
| Baytown                 | TX    | —                        | 1,560,795               | 2,022,439  | —            | —  | 1,560,795 | 2,022,439  | 3,583,234 | 64,040  |   |
| Baytown                 | TX    | —                        | 889,449                 | 1,977,129  | —            | —  | 889,449   | 1,977,129  | 2,866,578 | 42,830  |   |
| Baytown                 | TX    | —                        | 1,170,266               | 1,769,250  | —            | —  | 1,170,266 | 1,769,250  | 2,939,516 | 32,430  |   |
| Beeville                | TX    | —                        | 250,918                 | 1,015,672  | —            | —  | 250,918   | 1,015,672  | 1,266,590 | 32,160  |   |
| Beeville                | TX    | —                        | 249,196                 | 914,755  | —            | —  | 249,196   | 914,755  | 1,163,951 | 19,820  |   |
| Bishop                  | TX    | —                        | 1,138,213               | 1,855,054  | —            | —  | 1,138,213 | 1,855,054  | 2,993,267 | 58,740  |   |
| Boerne                  | TX    | —                        | 1,675,505               | 918,790  | —            | —  | 1,675,505 | 918,790  | 2,594,295 | 19,900  |   |
| Brackettville           | TX    | —                        | 545,251                 | 1,701,182  | —            | —  | 545,251   | 1,701,182  | 2,246,433 | 53,870  |   |
| Brownsville             | TX    | —                        | 2,180,791               | 1,665,300  | —            | —  | 2,180,791 | 1,665,300  | 3,846,091 | 52,730  |   |
| Brownsville             | TX    | —                        | 1,215,955               | 2,562,372  | —            | —  | 1,215,955 | 2,562,372  | 3,778,327 | 81,140  |   |
| Brownsville             | TX    | —                        | 277,413                 | 616,652  | —            | —  | 277,413   | 616,652  | 894,065   | 13,360  |   |
| Brownsville             | TX    | —                        | 200,678                 | 574,943  | —            | —  | 200,678   | 574,943  | 775,621   | 12,450  |   |
| Brownsville             | TX    | —                        | 1,859,492               | 2,811,247  | —            | —  | 1,859,492 | 2,811,247  | 4,670,739 | 51,540  |   |
| Brownsville             | TX    | —                        | 558,940                 | 845,026  | —            | —  | 558,940   | 845,026  | 1,403,966 | 15,490  |   |
| Buda                    | TX    | —                        | 1,093,391               | 1,681,125  | —            | —  | 1,093,391 | 1,681,125  | 2,774,516 | 53,230  |   |
| Buda                    | TX    | —                        | 2,184,293               | 3,302,293  | —            | —  | 2,184,293 | 3,302,293  | 5,486,586 | 60,540  |   |
| Carrollton              | TX    | —                        | 910,000                 | 1,464,019  | —            | —  | 910,000   | 1,464,019  | 2,374,019 | 119,120 |   |
| College<br>Station      | TX    | —                        | 1,405,752               | 2,478,735  | —            | —  | 1,405,752 | 2,478,735  | 3,884,487 | 78,490  |   |
| Corpus<br>Christi       | TX    | —                        | 1,718,205               | 1,904,444  | —            | —  | 1,718,205 | 1,904,444  | 3,622,649 | 60,300  |   |
| Corpus<br>Christi       | TX    | —                        | 1,521,607               | 1,342,375  | —            | —  | 1,521,607 | 1,342,375  | 2,863,982 | 42,500  |   |
| Corpus<br>Christi       | TX    | —                        | 1,187,611               | 957,255  | —            | —  | 1,187,611 | 957,255  | 2,144,866 | 30,310  |   |



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|                |    |   |           |           |   |   |           |           |           |        |
|----------------|----|---|-----------|-----------|---|---|-----------|-----------|-----------|--------|
| Corpus Christi | TX | — | 383,527   | 1,162,301 | — | — | 383,527   | 1,162,301 | 1,545,828 | 36,806 |
| Corpus Christi | TX | — | 2,993,606 | 2,640,987 | — | — | 2,993,606 | 2,640,987 | 5,634,593 | 83,631 |
| Corpus Christi | TX | — | 3,187,490 | 2,812,033 | — | — | 3,187,490 | 2,812,033 | 5,999,523 | 89,048 |
| Corpus Christi | TX | — | 1,182,128 | 902,700   | — | — | 1,182,128 | 902,700   | 2,084,828 | 28,586 |
| Corpus Christi | TX | — | 707,059   | 1,133,469 | — | — | 707,059   | 1,133,469 | 1,840,528 | 35,893 |
| Corpus Christi | TX | — | 439,937   | 977,923   | — | — | 439,937   | 977,923   | 1,417,860 | 21,188 |
| Corpus Christi | TX | — | 1,367,182 | 2,066,956 | — | — | 1,367,182 | 2,066,956 | 3,434,138 | 37,894 |
| Corpus Christi | TX | — | 514,893   | 778,434   | — | — | 514,893   | 778,434   | 1,293,327 | 14,271 |
| Corpus Christi | TX | — | 529,116   | 597,705   | — | — | 529,116   | 597,705   | 1,126,821 | 10,958 |
| Corpus Christi | TX | — | 724,137   | 1,094,776 | — | — | 724,137   | 1,094,776 | 1,818,913 | 20,071 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized<br>Subsequent to<br>Acquisition | Gross Amount at Which Carried at<br>Close of Period<br>(Notes 3, 4, 6 and 7) |           |  | Total     | A<br>D<br>(M |
|-------------------------|-------|--------------------------|-------------------------|--|--|--|-----------|--|-----------|--------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Improvements                                     | Carrying<br>Costs  | Land      | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |           |              |
| Corpus Christi TX       | —     | —                        | 582,622                 | 880,828  | —  | —  | 582,622   | 880,828  | 1,463,450 | 4            |
| Corpus Christi TX       | —     | —                        | 1,278,063               | 1,932,222  | —  | —  | 1,278,063 | 1,932,222  | 3,210,285 | 9            |
| Corpus Christi TX       | —     | —                        | 1,038,130               | 1,569,482  | —  | —  | 1,038,130 | 1,569,482  | 2,607,612 | 7            |
| Corpus Christi TX       | —     | —                        | 1,319,053               | 959,017  | —  | —  | 1,319,053 | 959,017  | 2,278,070 | 4            |
| Corpus Christi TX       | —     | —                        | 736,135                 | 749,806  | —  | —  | 736,135   | 749,806  | 1,485,941 | 3            |
| Cotulla TX              | —     | —                        | 649,646                 | 5,353,082  | —  | —  | 649,646   | 5,353,082  | 6,002,728 | 10           |
| Dallas TX               | —     | —                        | 1,240,000               | 1,210,248  | —  | —  | 1,240,000 | 1,210,248  | 2,450,248 | 9            |
| Dallas TX               | —     | —                        | 1,407,567               | 1,759,813  | —  | —  | 1,407,567 | 1,759,813  | 3,167,380 | 14           |
| Dallas TX               | —     | —                        | 1,840,000               | 1,217,286  | —  | —  | 1,840,000 | 1,217,286  | 3,057,286 | 9            |
| Dayton TX               | —     | —                        | 1,490,269               | 3,060,020  | —  | —  | 1,490,269 | 3,060,020  | 4,550,289 | 9            |
| Deer Park TX            | —     | —                        | 1,494,282               | 2,259,109  | —  | —  | 1,494,282 | 2,259,109  | 3,753,391 | 4            |
| Del Rio TX              | —     | —                        | 365,849                 | 824,074  | —  | —  | 365,849   | 824,074  | 1,189,923 | 20           |
| Del Rio TX              | —     | —                        | 993,157                 | 876,172  | —  | —  | 993,157   | 876,172  | 1,869,329 | 2            |
| Donna TX                | —     | —                        | 2,424,332               | 1,911,531  | —  | —  | 2,424,332 | 1,911,531  | 4,335,863 | 60           |
| Donna TX                | —     | —                        | 682,214                 | 1,031,396  | —  | —  | 682,214   | 1,031,396  | 1,713,610 | 18           |
| Driscoll TX             | —     | —                        | 1,023,036               | 1,546,663  | —  | —  | 1,023,036 | 1,546,663  | 2,569,699 | 7            |
| Duncanville TX          | —     | —                        | 1,460,000               | 1,664,084  | —  | —  | 1,460,000 | 1,664,084  | 3,124,084 | 13           |
| Eagle Pass TX           | —     | —                        | 779,682                 | 1,733,131  | —  | —  | 779,682   | 1,733,131  | 2,512,813 | 3            |
| Eagle Pass TX           | —     | —                        | 1,377,103               | 2,913,604  | —  | —  | 1,377,103 | 2,913,604  | 4,290,707 | 63           |
| Edinburg TX             | —     | —                        | 2,350,348               | 2,073,499  | —  | —  | 2,350,348 | 2,073,499  | 4,423,847 | 63           |
| Edinburg TX             | —     | —                        | 1,291,272               | 1,139,172  | —  | —  | 1,291,272 | 1,139,172  | 2,430,444 | 30           |
| Edinburg TX             | —     | —                        | 1,104,151               | 1,669,296  | —  | —  | 1,104,151 | 1,669,296  | 2,773,447 | 30           |
| Edinburg TX             | —     | —                        | 843,910                 | 1,275,854  | —  | —  | 843,910   | 1,275,854  | 2,119,764 | 23           |
| Edinburg TX             | —     | —                        | 773,530                 | 820,992  | —  | —  | 773,530   | 820,992  | 1,594,522 | 15           |
| Edinburg TX             | —     | —                        | 1,397,923               | 2,113,430  | —  | —  | 1,397,923 | 2,113,430  | 3,511,353 | 38           |
| El Campo TX             | —     | —                        | 819,232                 | 2,828,348  | —  | —  | 819,232   | 2,828,348  | 3,647,580 | 6            |
| Elmendorf TX            | —     | —                        | 1,910,000               | 771,525  | —  | —  | 1,910,000 | 771,525  | 2,681,525 | 63           |
| Falfurrias TX           | —     | —                        | 1,186,201               | 1,664,570  | —  | —  | 1,186,201 | 1,664,570  | 2,850,771 | 30           |
| Flower Mound TX         | —     | —                        | 1,060,000               | 1,138,688  | —  | —  | 1,060,000 | 1,138,688  | 2,198,688 | 9            |
| Forney TX               | —     | —                        | 860,000                 | 1,996,480  | —  | —  | 860,000   | 1,996,480  | 2,856,480 | 10           |
| Fort Worth TX           | —     | —                        | 1,113,705               | 1,586,295  | —  | —  | 1,113,705 | 1,586,295  | 2,700,000 | 12           |
| Fort Worth TX           | —     | —                        | 1,750,000               | 1,673,026  | —  | —  | 1,750,000 | 1,673,026  | 3,423,026 | 13           |
| Fort Worth TX           | —     | —                        | 1,160,000               | 1,030,180  | —  | —  | 1,160,000 | 1,030,180  | 2,190,180 | 8            |
| Fort Worth TX           | —     | —                        | 1,290,000               | 1,509,613  | —  | —  | 1,290,000 | 1,509,613  | 2,799,613 | 12           |
| Fredericksburg TX       | —     | —                        | 1,062,091               | 1,730,991  | —  | —  | 1,062,091 | 1,730,991  | 2,793,082 | 54           |

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|               |    |   |           |           |   |   |           |           |           |    |
|---------------|----|---|-----------|-----------|---|---|-----------|-----------|-----------|----|
| Garland       | TX | — | 1,390,000 | 2,050,000 | — | — | 1,390,000 | 2,050,000 | 3,440,000 | 10 |
| Geronimo      | TX | — | 747,542   | 1,143,740 | — | — | 747,542   | 1,143,740 | 1,891,282 | 30 |
| Grand Prairie | TX | — | 1,409,192 | 2,007,169 | — | — | 1,409,192 | 2,007,169 | 3,416,361 | 10 |
| Grapevine     | TX | — | 1,689,293 | 2,112,042 | — | — | 1,689,293 | 2,112,042 | 3,801,335 | 17 |
| Harlingen     | TX | — | 311,807   | 693,107   | — | — | 311,807   | 693,107   | 1,004,914 | 15 |
| Harlingen     | TX | — | 1,958,145 | 1,042,687 | — | — | 1,958,145 | 1,042,687 | 3,000,832 | 50 |

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
AS OF DECEMBER 31, 2018

| Description<br>(Note 1) | State | Encumbrances<br>(Note 2) | Initial Cost to Company |  | Cost Capitalized             | Gross Amount at Which Carried at         |  | Total     | Accu<br>Depr<br>(Note |
|-------------------------|-------|--------------------------|-------------------------|--|------------------------------|--|--|-----------|-----------------------|
|                         |       |                          | Land                    | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees | Subsequent to<br>Acquisition | Close of Period<br>(Notes 3, 4, 6 and 7) |  |           |                       |
|                         |       |                          |                         |  | Carrying<br>Costs            | Land                                     | Buildings,<br>Improvements<br>and<br>Acquisition<br>Fees |           |                       |
| Houston                 | TX    | —                        | 1,705,053               | 2,621,575  | —                            | 1,705,053                                | 2,621,575  | 4,326,628 | 83,01                 |
| Houston                 | TX    | —                        | 2,482,470               | 2,190,058  | —                            | 2,482,470                                | 2,190,058  | 4,672,528 | 69,35                 |
| Houston                 | TX    | —                        | 2,032,892               | 1,793,436  | —                            | 2,032,892                                | 1,793,436  | 3,826,328 | 56,79                 |
| Houston                 | TX    | —                        | 2,040,702               | 1,800,326  | —                            | 2,040,702                                | 1,800,326  | 3,841,028 | 57,01                 |
| Houston                 | TX    | —                        | 3,127,112               | 2,815,465  | —                            | 3,127,112                                | 2,815,465  | 5,942,577 | 89,15                 |
| Houston                 | TX    | —                        | 1,325,217               | 1,169,119  | —                            | 1,325,217                                | 1,169,119  | 2,494,336 | 37,02                 |
| Houston                 | TX    | —                        | 2,481,093               | 1,449,481  | —                            | 2,481,093                                | 1,449,481  | 3,930,574 | 45,90                 |
| Houston                 | TX    | —                        | 1,792,729               | 1,140,132  | —                            | 1,792,729                                | 1,140,132  | 2,932,861 | 36,10                 |
| Houston                 | TX    | —                        | 1,355,337               | 1,195,691  | —                            | 1,355,337                                | 1,195,691  | 2,551,028 | 37,86                 |
| Houston                 | TX    | —                        | 935,769                 | 2,080,093  | —                            | 935,769                                  | 2,080,093  | 3,015,862 | 45,06                 |
| Houston                 | TX    | —                        | 2,094,775               | 2,322,872  | —                            | 2,094,775                                | 2,322,872  | 4,417,647 | 11,61                 |
| Irving                  | TX    | —                        | 1,234,395               | 1,537,844  | —                            | 1,234,395                                | 1,537,844  | 2,772,239 | 125,1                 |
| Irving                  | TX    | —                        | 850,000                 | 1,590,527  | —                            | 850,000                                  | 1,590,527  | 2,440,527 | 129,4                 |
| Johnson<br>City         | TX    | —                        | 1,738,116               | 1,832,626  | —                            | 1,738,116                                | 1,832,626  | 3,570,742 | 58,03                 |
| Jourdanton              | TX    | —                        | 547,018                 | 1,139,985  | —                            | 547,018                                  | 1,139,985  | 1,687,003 | 24,70                 |
| Karnes<br>City          | TX    | —                        | 2,135,289               | 4,737,056  | —                            | 2,135,289                                | 4,737,056  | 6,872,345 | 150,0                 |
| Kerrville               | TX    | —                        | 1,468,220               | 1,371,904  | —                            | 1,468,220                                | 1,371,904  | 2,840,124 | 43,44                 |
| Kerrville               | TX    | —                        | 1,427,597               | 1,022,810  | —                            | 1,427,597                                | 1,022,810  | 2,450,407 | 32,38                 |
| Kingwood                | TX    | —                        | 1,407,479               | 1,241,691  | —                            | 1,407,479                                | 1,241,691  | 2,649,170 | 39,32                 |
| Kyle                    | TX    | —                        | 2,053,465               | 2,179,463  | —                            | 2,053,465                                | 2,179,463  | 4,232,928 | 39,95                 |
| Kyle                    | TX    | —                        | 1,389,677               | 2,100,965  | —                            | 1,389,677                                | 2,100,965  | 3,490,642 | 38,51                 |
| Kyle                    | TX    | —                        | 2,272,730               | 3,435,995  | —                            | 2,272,730                                | 3,435,995  | 5,708,725 | 62,99                 |
| Kyle                    | TX    | —                        | 1,044,503               | 1,265,497  | —                            | 1,044,503                                | 1,265,497  | 2,310,000 | 6,327                 |
| La Joya                 | TX    | —                        | 1,245,956               | 4,089,495  | —                            | 1,245,956                                | 4,089,495  | 5,335,451 | 74,97                 |
| La Porte                | TX    | —                        | 861,270                 | 1,914,491  | —                            | 861,270                                  | 1,914,491  | 2,775,761 | 41,48                 |
| La Porte                | TX    | —                        | 1,442,423               | 2,180,707  | —                            | 1,442,423                                | 2,180,707  | 3,623,130 | 39,98                 |
| Laguna<br>Vista         | TX    | —                        | 926,225                 | 2,437,772  | —                            | 926,225                                  | 2,437,772  | 3,363,997 | 77,19                 |
| Lampasas                | TX    | —                        | 1,057,009               | 4,001,533  | —                            | 1,057,009                                | 4,001,533  | 5,058,542 | 73,36                 |