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 Incorporation or Organization)	(IRS Employer Identification Number)

11995 El Camino Real, San Diego, California, 92130
(Address of Principal Executive Offices)

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

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

Title of Each Class	Name of Each Exchange 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 x NO o

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 o NO x

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 x NO o

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 x NO o

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. o

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 x   Accelerated filer o Non-accelerated filer o Smaller reporting company o

Emerging growth company o

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. o

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

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.

Table of Contents

REALTY INCOME CORPORATION

Index to Form 10-K

Table of Contents

PART I

Item 1: Business

THE COMPANY

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.

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. 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.

- 2-

Table of Contents

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.

2018 Dividend increases	Month Declared	Month Paid	Dividend per share	Increase 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.

Table of Contents

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 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)

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 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.

Table of Contents

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 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 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.

Table of Contents

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) depositary shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock, or depositary shares, and (6) any combination of these securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if these securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

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,

Table of Contents

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.

Table of Contents

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

Table of Contents

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.

Table of Contents

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.

Table of Contents

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 Quarter Ended December 31, 2018		For the Years Ended									
			Dec 31, 2018		Dec 31, 2017		Dec 31, 2016		Dec 31, 2015		Dec 31, 2014	
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	%

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	%

* Less than 0.1%

Table of Contents

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[1]	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	%

[1] 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	%

Table of Contents

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 for the Quarter Ended December 31, 2018(1)	Percentage of Retail Rental 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	

	$ 112,559	42.0	%
Totals	$ 268,258	100.0	%

* Less than 0.1%

(1) 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.

Table of Contents

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[1]

Year	Expiring Leases Retail	Non-Retail	Approx. Leasable Sq. Feet	Rental Revenue[2]	% of Rental Revenue
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%

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

Table of Contents

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[(1)]	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	

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.

Table of Contents

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

Table of Contents

- 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

Table of Contents

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

Table of Contents

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.

Table of Contents

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 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,

Table of Contents

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, 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.

Table of Contents

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

Table of Contents

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.

Table of Contents

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.

Table of Contents

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.

Table of Contents

PART II

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

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

	Price Per Share of Common Stock		Distributions
	High	Low	Declared [1]
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

[1] 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.

Table of Contents

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

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.

Table of Contents

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) depositary shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock, or depositary shares, and (6) any combination of these securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if these securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

At-the-Market (ATM) Programs
In 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 DRSPP, 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 DRSPP also allows our current stockholders to buy additional shares of common stock by reinvesting all or a portion of their distributions. Our DRSPP authorizes up to 26,000,000 common shares to be issued. Our DRSPP 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 DRSPP. We did not issue shares under the waiver approval process during 2018. From the inception of our DRSPP 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 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.

Table of Contents

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)[1]	> 1.5 x	4.4x
Maintenance of total unencumbered assets	> 150% of unsecured debt	258.4%

[1] 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

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

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.

Table of Contents

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

Table of Contents

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.

2018 Dividend increases	Month Declared	Month Paid	Dividend per share	Increase 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.

Table of Contents

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 versus 2017	2017 versus 2016
REVENUE					
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

Table of Contents

- 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.

Table of Contents

Total Expenses

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

	2018	2017	2016	Increase (Decrease) 2018 versus 2017	2017 versus 2016
EXPENSES					
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 [2]	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 [1]	$1,280,888	$1,169,686	$1,060,068		
General and administrative expenses as a percentage of total revenue [2]	5.1 %	5.0 %	4.9 %		
Property expenses net of tenant reimbursements as a percentage of total revenue	1.5 %	2.0 %	1.9 %		

(1) Excludes tenant reimbursements revenue.

(2) 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 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)

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%

Table of Contents

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.

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

Table of Contents

NAREIT, and other companies may interpret or define Adjusted EBITDAre differently than we do. Management believes Adjusted EBITDAre 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 EBITDAre 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 EBITDAre is also used to determine vesting of performance share awards granted to our executive officers. Adjusted EBITDAre 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 EBITDAre, which is used by management as a measure of leverage, is calculated by annualizing quarterly Adjusted EBITDAre 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 [1]	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 [2]	18,651	—	—
Impairment loss	1,235	6,679	3,709
Gain on sales of real estate	(5,825)	(23,208)	(6,696)
Quarterly Adjusted EBITDAre	$309,317	$278,783	$256,873
Annualized Adjusted EBITDAre [3]	$1,237,268	$1,115,132	$1,027,492
Total Debt	$6,499,976	$6,111,471	$5,839,605
Debt/Adjusted EBITDAre	5.3	5.5	5.7

(1) Interest expense includes a loss on extinguishment of debt of $42.4 million for the year ended December 31, 2017.
(2) Reflects an $18.7 million severance charge for our former CEO upon his departure in October 2018.
(3) We calculate Annualized Adjusted EBITDAre by multiplying the Quarterly Adjusted EBITDAre 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):

- 46-

Table of Contents

	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.

Table of Contents

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 [1]	539,643	471,151	446,904
FFO available to common stockholders	903,257	772,665	735,395
Executive severance charge [2]	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 [3]	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 [4]	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

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

(2) 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

(3) 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.

Table of Contents

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):

Table of Contents

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 (1)	$6,182.4	4.03	%	$ 338.0	3.23	%
Fair Value (2)	$6,219.7			$ 338.0		

(1) 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.

(2) 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

Table of Contents

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.

Table of Contents

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

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

Table of Contents

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

(dollars in thousands, except per share data)

	2018	2017
ASSETS		
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
LIABILITIES AND EQUITY		
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.

Table of Contents

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.

Table of Contents

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

	Shares of preferred stock	Shares of common stock	Preferred stock and paid in capital	Common stock and paid in capital	Distributions in excess of net income	Accumulated other comprehensive loss	Total stockholders' equity	Noncontrolling interests	Total equity
Balance, December 31, 2015	16,350,000	250,416,757	$395,378	$7,666,428	$(1,530,210)	$—	$6,531,596	$21,737	$6,553
Net income	—	—	—	—	315,571	—	315,571	906	316,47
Distributions paid and payable	—	—	—	—	(642,529)	—	(642,529)	(12,682)	(655,21
Share issuances, net of costs	—	9,449,167	—	557,636	—	—	557,636	—	557,63
Contributions by noncontrolling interests	—	—	—	—	—	—	—	15,906	15,906
Redemption of common units	—	103,182	—	(2,865)	—	—	(2,865)	(6,161)	(9,026
Reallocation of equity	—	—	—	(543)	—	—	(543)	543	—
Share-based compensation, net	—	199,153	—	7,938	—	—	7,938	—	$7,938
Balance, December 31, 2016	16,350,000	260,168,259	$395,378	$8,228,594	$(1,857,168)	$—	$6,766,804	$20,249	$6,787
Net income	—	—	—	—	318,798	—	318,798	520	319,31
Distributions paid and payable	—	—	—	—	(701,020)	—	(701,020)	(2,047)	(703,06
Share issuances, net of costs	—	23,957,741	—	1,388,080	—	—	1,388,080	—	1,388,0
Contributions by noncontrolling interests	—	—	—	—	—	—	—	—	—
Preferred shares redeemed	(16,350,000)	—	(395,378)	—	(13,373)	—	(408,751)	—	(408,75
Reallocation of equity	—	—	—	(485)	—	—	(485)	485	—
	—	87,685	—	8,075	—	—	8,075	—	$8,075

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	364,59
Other comprehensive loss	—	—	—	—	—	(8,098)	(8,098)	—	(8,098
Distributions paid and payable	—	—	—	—	(768,506)	—	(768,506)	(1,996)	(770,50
Share issuances, net of costs	—	19,304,878	—	1,119,297	—		1,119,297	—	1,119,2
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.

Table of Contents

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

	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
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
CASH FLOWS FROM INVESTING ACTIVITIES			
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)
CASH FLOWS FROM FINANCING ACTIVITIES			
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)

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.

Table of Contents

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. W 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

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

Table of Contents

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 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 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

Table of Contents

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):

A. Lease intangible assets, net, consist of the following at:	December 31, 2018	December 31, 2017
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

B. Other assets, net, consist of the following at:	December 31, 2018	December 31, 2017
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

C. Distributions payable consist of the following declared distributions at:	December 31, 2018	December 31, 2017
Common stock distributions	$ 67,636	$ 60,713
Noncontrolling interests distributions	153	86
	$ 67,789	$ 60,799

Table of Contents

D. Accounts payable and accrued expenses consist of the following at:	December 31, 2018	December 31, 2017
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

E. Lease intangible liabilities, net, consist of the following at:	December 31, 2018	December 31, 2017
Below-market leases	$ 404,938	$ 340,906
Accumulated amortization of below-market leases	(94,072)	(72,110)
	$ 310,866	$ 268,796

F. Other liabilities consist of the following at:	December 31, 2018	December 31, 2017
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

Table of Contents

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 decrease to rental revenue	Increase to amortization 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

Table of Contents

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

Table of Contents

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[1]	Weighted Average Stated Interest Rate[2]	Weighted Average Effective Interest Rate[3]	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

[1] 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.
[2] 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.
[3] 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

Table of Contents

8. Notes Payable

A. General

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

	December 31, 2018	December 31, 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.

- 66-

Table of Contents

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 [1]	$400	102.98 %	3.75%
4.650% notes	March 2017	March 2047	$300	99.97 %	4.65%
3.250% notes	December 2017	October 2022 [2]	$500	101.77 %	2.84%
3.650% notes	December 2017	January 2028	$550	99.78 %	3.68%
4.650% notes	December 2017	March 2047 [3]	$250	105.43 %	4.32%
2016 Issuances					
3.000% notes	October 2016	January 2027	$600	98.67 %	3.15%

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

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

(3) 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.

Table of Contents

B. Dividend Reinvestment and Stock Purchase Plan

Our Dividend Reinvestment and Stock Purchase Plan, or our DRSPP, 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 DRSPP also allows our current stockholders to buy additional shares of common stock by reinvesting all or a portion of their distributions. Our DRSPP 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 DRSPP. During 2017, we issued 1,193,653 shares and raised approximately $69.9 million under our DRSPP. From the inception of our DRSPP through December 31, 2018, we have issued 14,229,810 shares and raised $670.9 million.

Our DRSPP 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.

Table of Contents

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 Partnership units[1]	Realty Income, L.P. units[2]	Other Noncontrolling 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

[1] 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).
[2] 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, 2018	December 31, 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

Table of Contents

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.

Table of Contents

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):

At December 31, 2018	Carrying value	Estimated fair value
Mortgages payable assumed in connection with acquisitions [1]	$ 298.4	$ 305.7
Notes and bonds payable [2]	5,400.0	5,430.0

At December 31, 2017		Estimated fair value

	Carrying value	
Notes receivable issued in connection with property sales	$ 5.3	$ 5.3
Mortgages payable assumed in connection with acquisitions [(1)]	320.3	334.2
Notes and bonds payable [(2)]	5,250.0	5,475.3

[(1)] 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.
[(2)] 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 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):

Table of Contents

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

[(1)] 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

Table of Contents

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[1]	Number of shares	Weighted average price[1]	Number of shares	Weighted average price[1]
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

[1] 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.

Table of Contents

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[(1)]	Number of performance shares	Weighted average price[(1)]	Number of performance shares	Weighted average price[(1)]
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

(1) 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.

Table of Contents

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 Number of restricted stock units	Weighted average price[(1)]	2017 Number of restricted stock units	Weighted average price[(1)]	2016 Number of restricted stock units	Weighted average price[(1)]
Outstanding nonvested shares, 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 each period	14,968	$ 54.62	24,869	$ 55.97	18,460	$ 52.65

(1) 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.

Table of Contents

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

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

Table of Contents

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 Paid by Realty Income (1)	Ground Leases Paid by Our Tenants (2)	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.

Table of Contents

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.

Table of Contents

REALTY INCOME CORPORATION AND SUBSIDIARIES
CONSOLIDATED QUARTERLY FINANCIAL DATA
(dollars in thousands, except per share data)
(not covered by Report of Independent Registered Public Accounting Firm)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year[1]
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

[1] 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.

Table of Contents

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.

Table of Contents

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

Table of Contents

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).

Table of Contents

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).
4.23	Officers' Certificate pursuant to Sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee, establishing a series of securities entitled "3.650% Notes due 2028" and re-opening a series of securities entitled "3.250% Notes due 2022" and "4.650% Notes due 2047." (filed as exhibit 4.5 to the Company's Form 8-K, filed on December 6, 2017 and incorporated herein by reference).
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).
4.25	Officers' Certificate pursuant to Sections 201, 301, and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Mellon Trust Company, N.A. as successor trustee, establishing a series of securities entitled "3.875% 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).
10.2	Form of Nonqualified Stock Option Agreement for Independent Directors (filed as Exhibit 10.11 to the Company's Form 10-K for the year ended December 31, 1997, filed on March 20, 1998 (File No. 001-13374) and incorporated herein by reference).
10.3	Form of Restricted Stock Agreement between the Company and Executive Officers under the 2003 Stock Incentive Award Plan of Realty Income Corporation (filed as exhibit 10.11 to the Company's Form 8-K, filed on January 6, 2005 and dated January 1, 2005 (File No. 001-13374) and incorporated herein by reference).

Table of Contents

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).

Table of Contents

10.32	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).
10.33	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).
10.34	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).
Subsidiaries of the Registrant	
*21.1	Subsidiaries of the Company as of February 21, 2019.
Consents of Experts and Counsel	
*23.1	Consent of Independent Registered Public Accounting Firm.
Certifications	
*31.1	Rule 13a-14(a) Certifications as filed by the Chief Executive Officer pursuant to SEC release No. 33-8212 and 34-47551.
*31.2	Rule 13a-14(a) Certifications as filed by the Chief Financial Officer pursuant to SEC release No. 33-8212 and 34-47551.
*32	Section 1350 Certifications as furnished by the Chief Executive Officer and the Chief Financial Officer pursuant to SEC release No. 33-8212 and 34-47551.
Interactive Data Files	
*101	The following materials from Realty Income Corporation's Annual Report on Form 10-K for the year ended December 31, 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.

Table of Contents

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
Sumit Roy
President, Chief Executive Officer

Date: February 21, 2019

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

By: /s/MICHAEL D. MCKEE
Michael D. McKee
Non-Executive Chairman of the Board of Directors

Date: February 21, 2019

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

Date: February 21, 2019

By: /s/SUMIT ROY
Sumit Roy
Director, President, Chief Executive Officer (Principal Executive Officer)

Date: February 21, 2019

By: /s/A. LARRY CHAPMAN

Date: February 21, 2019

A.
Larry
Chapman
Director

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

/s/PRIYA
By: CHERIAN 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: L. Date: February 21, 2019
MERRIMAN
Ronald
L.
Merriman
Director

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

Director

Table of Contents

By:	/s/PAUL M. MEURER Paul M. Meurer Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	Date: February 21, 2019
By:	/s/SEAN P. NUGENT Sean P. Nugent Senior Vice President, Controller (Principal Accounting Officer)	Date: February 21, 2019

Table of Contents

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accu Depre (Note
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 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 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 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 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 Island	NY	—	4,202,093	3,385,021	275,046	—	4,202,093	3,660,066	7,862,159	2,922

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

Table of Contents

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accum Deprec (Note
Thornton	CO	—	693,323	1,896,616	—	—	693,323	1,896,616	2,589,939	1,063,
Fort Myers	FL	—	1,050,000	1,395,464	—	—	1,050,000	1,395,464	2,445,464	169,78
Fort Myers	FL	—	530,000	955,371	—	—	530,000	955,371	1,485,371	116,23
Naples	FL	—	1,590,000	918,896	—	—	1,590,000	918,896	2,508,896	111,79
Cumming	GA	—	661,624	1,822,363	25,000	—	661,624	1,847,363	2,508,987	1,111,
Douglasville	GA	—	679,868	1,935,515	—	—	679,868	1,935,515	2,615,383	1,184,
Lilburn	GA	—	1,150,000	1,670,724	—	—	1,150,000	1,670,724	2,820,724	353,66
Macon	GA	—	1,400,000	1,317,435	—	—	1,400,000	1,317,435	2,717,435	346,96
Morrow	GA	—	725,948	1,846,315	—	—	725,948	1,846,315	2,572,263	1,135,
Peachtree City	GA	—	1,190,380	689,284	23,610	—	1,190,380	712,894	1,903,274	442,56
Roswell	GA	—	1,825,000	1,934,495	—	—	1,825,000	1,934,495	3,759,495	540,56
Warner Robins	GA	—	1,250,000	1,012,258	—	—	1,250,000	1,012,258	2,262,258	279,80
Chicago	IL	—	1,300,000	1,600,000	—	—	1,300,000	1,600,000	2,900,000	157,33
Crystal Lake	IL	—	250,000	1,143,500	—	—	250,000	1,143,500	1,393,500	127,69
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	174,93
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	321,88
Oak Lawn	IL	—	180,000	547,102	—	—	180,000	547,102	727,102	112,14
Oak Lawn	IL	—	370,000	1,116,743	—	—	370,000	1,116,743	1,486,743	225,19
Orland Park	IL	—	120,000	1,015,358	—	—	120,000	1,015,358	1,135,358	204,76
Schaumburg	IL	—	435,815	789,188	102,966	10,000	435,815	902,154	1,337,969	23,283
South Holland	IL	—	80,000	1,548,690	—	—	80,000	1,548,690	1,628,690	312,31
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	164,23
Gary	IN	—	100,000	1,875,652	—	—	100,000	1,875,652	1,975,652	296,97
Hammond	IN	—	230,000	1,217,329	—	—	230,000	1,217,329	1,447,329	192,74
Highland	IN	—	390,000	910,537	—	—	390,000	910,537	1,300,537	144,16
Florence	KY	—	350,000	1,150,428	—	—	350,000	1,150,428	1,500,428	120,79
Ann Arbor	MI	—	680,000	1,433,382	—	—	680,000	1,433,382	2,113,382	231,73
Clawson	MI	—	220,000	517,432	—	—	220,000	517,432	737,432	83,651

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

Table of Contents

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accu Depre (Note
Ham Lake	MN	—	192,610	1,930,958	—	—	192,610	1,930,958	2,123,568	1,084,
Stillwater	MN	—	656,250	1,218,901	187,158	—	656,250	1,406,059	2,062,309	369,30
Olive Branch	MS	—	350,000	1,965,718	—	—	350,000	1,965,718	2,315,718	589,98
Cary	NC	—	610,389	1,492,235	—	—	610,389	1,492,235	2,102,624	753,57
Durham	NC	—	680,969	1,323,140	—	—	680,969	1,323,140	2,004,109	668,18
Wilmington	NC	—	378,813	1,150,679	—	—	378,813	1,150,679	1,529,492	618,49
Las Vegas	NV	—	720,000	1,660,100	1,050,000	—	720,000	2,710,100	3,430,100	431,97
Huber Heights	OH	—	160,000	799,843	—	—	160,000	799,843	959,843	81,317
Moraine	OH	—	170,000	873,745	—	—	170,000	873,745	1,043,745	88,831
Bartlett	TN	—	648,526	1,960,733	—	—	648,526	1,960,733	2,609,259	1,101,
Nashville	TN	—	1,830,000	2,263,339	—	—	1,830,000	2,263,339	4,093,339	357,11
Riverton	UT	—	1,100,000	1,576,390	—	—	1,100,000	1,576,390	2,676,390	365,23
Salt Lake City	UT	—	2,900,000	1,598,391	—	—	2,900,000	1,598,391	4,498,391	435,26
Automotive Parts & Accessories										
Birmingham	AL	—	355,823	660,814	—	—	355,823	660,814	1,016,637	159,69
Brent	AL	—	361,067	1,113,660	—	—	361,067	1,113,660	1,474,727	46,403
Flomaton	AL	—	90,000	808,163	—	—	90,000	808,163	898,163	181,83
Harvest	AL	—	744,737	1,537,832	—	—	744,737	1,537,832	2,282,569	366,51
Hoover	AL	—	863,921	1,269,964	—	—	863,921	1,269,964	2,133,885	52,915
Millbrook	AL	—	108,000	518,741	174,419	—	108,000	693,160	801,160	512,01
Montgomery	AL	—	254,465	502,350	59,819	84	254,465	562,252	816,717	427,09
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	121,99
San Luis	AZ	—	287,508	694,650	—	—	287,508	694,650	982,158	147,03
Tucson	AZ	—	194,250	431,434	—	—	194,250	431,434	625,684	431,43
Grass Valley	CA	—	325,000	384,955	—	—	325,000	384,955	709,955	384,95
Sacramento	CA	—	210,000	466,419	—	—	210,000	466,419	676,419	466,41
Colorado Springs	CO	—	520,000	922,073	—	—	520,000	922,073	1,442,073	87,597

Denver	CO	—	141,400	314,056	—	82	141,400	314,138	455,538	314,13
Denver	CO	—	315,000	699,623	—	161	315,000	699,785	1,014,785	699,78
Littleton	CO	—	252,925	561,758	—	53	252,925	561,811	814,736	561,81
Smyrna	DE	—	232,273	472,855	15,774	—	232,273	488,629	720,902	395,26
Apopka	FL	—	820,000	1,115,761	—	—	820,000	1,115,761	1,935,761	247,32
Deerfield Beach	FL	—	475,000	871,738	2,420	—	475,000	874,158	1,349,158	690,97
Jacksonville	FL	—	330,000	1,196,260	—	—	330,000	1,196,260	1,526,260	121,62
Kissimmee	FL	—	1,000,000	1,169,792	—	—	1,000,000	1,169,792	2,169,792	259,30
Kissimmee	FL	—	580,290	1,290,608	—	—	580,290	1,290,608	1,870,898	225,85
Merritt Island	FL	—	309,652	482,459	44,387	21,831	309,652	548,676	858,328	470,49
Atlanta	GA	—	652,551	763,360	27,163	45,249	652,551	835,772	1,488,323	646,21
Breman	GA	—	405,663	1,251,211	—	—	405,663	1,251,211	1,656,874	52,134

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accum Deprec (Note 5
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 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	5,163,3
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	808,075
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	402,246
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	208,475
Lexington	KY	—	475,041	1,056,527	—	—	475,041	1,056,527	1,531,568	149,675
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

Stanford	KY	—	293,686	1,153,374	—	—	293,686	1,153,374	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	1,110,356	—	—	515,608	1,110,356	1,625,964	46,265
Jonesboro	LA	—	377,428	1,164,124	—	—	377,428	1,164,124	1,541,552	48,505
Kaplan	LA	—	232,224	911,999	—	—	232,224	911,999	1,144,223	177,840
Lafayette	LA	—	740,444	1,528,968	—	—	740,444	1,528,968	2,269,412	364,404

Table of Contents

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accumulat Depreciatio (Note 5)
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 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 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

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

Table of Contents

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accum Depreci (Note 5
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 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 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

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

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accumul Depreciat (Note 5)
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 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 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 Falls	TX	—	295,353	629,185	—	—	295,353	629,185	924,538	17,827
Wichita Falls	TX	—	313,364	667,554	—	—	313,364	667,554	980,918	18,914
Wichita 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

Carrizo Springs	TX	—	418,555	1,290,972	—	—	418,555	1,290,972	1,709,527	53,791
Castroville	TX	—	520,344	1,187,835	—	—	520,344	1,187,835	1,708,179	49,493
Channelview	TX	—	483,804	1,168,921	—	—	483,804	1,168,921	1,652,725	251,318
Cotulla	TX	—	379,438	978,336	—	—	379,438	978,336	1,357,774	40,764
Dallas	TX	—	562,612	1,251,290	—	—	562,612	1,251,290	1,813,902	223,147
Denton	TX	—	368,635	1,047,327	—	—	368,635	1,047,327	1,415,962	214,702
Edinburg	TX	—	320,000	963,916	—	—	320,000	963,916	1,283,916	213,668
Fabens	TX	—	496,612	1,133,658	—	—	496,612	1,133,658	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

Table of Contents

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accumula Depreciati (Note 5)
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 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 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 Service										
Flagstaff	AZ	—	144,821	417,485	8,150	36	144,821	425,671	570,492	348,013

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	1,463,025	—	—	940,000	1,463,025	2,403,025	104,850
Bakersfield	CA	—	980,000	1,487,009	—	—	980,000	1,487,009	2,467,009	106,569
Bakersfield	CA	—	860,000	1,926,663	—	—	860,000	1,926,663	2,786,663	138,078

Table of Contents

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accun Deprec (Note 5
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	134,36
Chula Vista	CA	—	313,293	409,654	26,019	177	313,293	435,850	749,143	374,26
Dublin	CA	—	415,620	1,153,928	—	—	415,620	1,153,928	1,569,548	767,36
Folsom	CA	—	471,813	325,610	—	—	471,813	325,610	797,423	216,52
Indio	CA	—	264,956	265,509	—	—	264,956	265,509	530,465	176,56
Lancaster	CA	—	730,000	1,462,400	—	—	730,000	1,462,400	2,192,400	104,80
Los Angeles	CA	—	580,446	158,876	—	—	580,446	158,876	739,322	105,65
Oxnard	CA	—	186,980	198,236	—	—	186,980	198,236	385,216	131,82
Palmdale	CA	—	1,010,000	2,313,240	—	—	1,010,000	2,313,240	3,323,240	165,78
Simi Valley	CA	—	213,920	161,012	—	—	213,920	161,012	374,932	107,07
Stockton	CA	—	1,395,822	2,882,282	—	—	1,395,822	2,882,282	4,278,104	686,94
Vacaville	CA	—	358,067	284,931	—	—	358,067	284,931	642,998	189,47
Aurora	CO	—	231,314	430,495	—	115	231,314	430,610	661,924	194,55
Broomfield	CO	—	154,930	503,626	—	2,667	154,930	506,294	661,224	453,35
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	369,66
Denver	CO	—	239,024	444,785	—	115	239,024	444,900	683,924	201,00
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	365,00
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	579,88
Vernon	CT	—	81,529	300,518	—	—	81,529	300,518	382,047	198,84
Jacksonville	FL	—	76,585	355,066	28,668	178	76,585	383,912	460,497	363,88
Miami Gardens	FL	—	163,239	262,726	—	—	163,239	262,726	425,965	173,83
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	202,11
Bogart	GA	—	66,807	309,733	—	—	66,807	309,733	376,540	309,73
Duluth	GA	—	222,275	316,925	2,288	89	222,275	319,301	541,576	267,33
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	346,06
Norcross	GA	—	244,124	151,831	—	—	244,124	151,831	395,955	100,96

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 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

Table of Contents

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accu Depre (Note
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 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 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 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 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 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

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

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

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Salisbury	NC	—	235,614	150,592	—	—	235,614	150,592	386,206	100,14
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	210,77
Cherry Hill	NJ	—	463,808	862,240	—	—	463,808	862,240	1,326,048	389,44
Edison	NJ	—	448,936	238,773	—	—	448,936	238,773	687,709	158,78
Glassboro	NJ	—	182,013	312,480	—	—	182,013	312,480	494,493	206,75
Hamilton Square	NJ	—	422,477	291,555	—	—	422,477	291,555	714,032	193,88
Randolph	NJ	—	452,629	390,163	—	—	452,629	390,163	842,792	259,45
Trenton	NJ	—	265,238	298,167	—	—	265,238	298,167	563,405	198,27
West Deptford	NJ	—	212,788	320,283	—	—	212,788	320,283	533,071	212,98
Westfield	NJ	—	705,337	288,720	—	—	705,337	288,720	994,057	191,99
Albuquerque	NM	—	231,553	430,026	—	—	231,553	430,026	661,579	151,22
Las Vegas	NV	—	326,879	359,101	—	—	326,879	359,101	685,980	238,80
Las Vegas	NV	—	316,441	369,768	—	—	316,441	369,768	686,209	245,89
Las Vegas	NV	—	252,169	562,715	—	—	252,169	562,715	814,884	374,20
Las Vegas	NV	—	1,940,015	3,624,877	—	—	1,940,015	3,624,877	5,564,892	863,92
Sparks	NV	—	326,813	306,311	—	—	326,813	306,311	633,124	203,69
Bethpage	NY	—	334,120	621,391	—	—	334,120	621,391	955,511	280,66
East Amherst	NY	—	260,708	484,788	—	—	260,708	484,788	745,496	383,78
East Syracuse	NY	—	250,609	466,264	—	—	250,609	466,264	716,873	369,11
Freeport	NY	—	134,828	251,894	—	—	134,828	251,894	386,722	113,77
Johnson City	NY	—	242,863	451,877	—	—	242,863	451,877	694,740	357,72
Queens Village	NY	—	242,775	451,749	—	—	242,775	451,749	694,524	204,04
Riverhead	NY	—	143,929	268,795	—	—	143,929	268,795	412,724	121,40
West Amherst	NY	—	268,692	499,619	—	—	268,692	499,619	768,311	395,52
Beavercreek	OH	—	205,000	492,538	—	—	205,000	492,538	697,538	429,32
Canal Winchester	OH	—	443,751	825,491	—	—	443,751	825,491	1,269,242	528,08
Centerville	OH	—	305,000	420,448	—	—	305,000	420,448	725,448	377,70

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

Table of Contents

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accumu Deprecia (Note 5)
Columbus	OH	—	371,429	278,734	—	—	371,429	278,734	650,163	159,342
Cuyahoga 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 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 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

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

Table of Contents

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Acc Dep (No
North Wales	PA	—	2,813,873	4,379,809	—	—	2,813,873	4,379,809	7,193,682	1,04
Pittsburgh	PA	—	378,715	685,374	—	—	378,715	685,374	1,064,089	443,
Pittsburgh	PA	—	219,938	408,466	—	—	219,938	408,466	628,404	247,
Pittsburgh	PA	—	175,000	300,150	—	—	175,000	300,150	475,150	171,
Pittsburgh	PA	—	243,750	406,400	—	—	243,750	406,400	650,150	232,
Pittsburgh	PA	—	208,333	416,817	—	—	208,333	416,817	625,150	238,
Pittsburgh	PA	—	121,429	303,721	—	—	121,429	303,721	425,150	173,
Warminster	PA	—	319,918	216,999	—	—	319,918	216,999	536,917	144,
Wexford	PA	—	284,375	240,775	—	—	284,375	240,775	525,150	137,
York	PA	—	249,436	347,424	—	172	249,436	347,595	597,031	292,
Charleston	SC	—	217,250	294,079	6,700	159	217,250	300,938	518,188	256,
Columbia	SC	—	267,622	298,594	4,116	—	267,622	302,710	570,332	249,
Greenville	SC	—	221,946	315,163	—	—	221,946	315,163	537,109	267,
Lexington	SC	—	241,534	342,182	—	—	241,534	342,182	583,716	269,
North Charleston	SC	—	174,980	341,466	14,074	153	174,980	355,692	530,672	286,
Sioux Falls	SD	—	48,833	91,572	—	—	48,833	91,572	140,405	41,3
Antioch	TN	—	400,000	781,228	—	—	400,000	781,228	1,181,228	118,
Athens	TN	—	760,000	1,068,639	—	—	760,000	1,068,639	1,828,639	55,2
Brentwood	TN	—	305,546	505,728	—	—	305,546	505,728	811,274	423,
Columbia	TN	—	540,000	749,813	—	—	540,000	749,813	1,289,813	113,
Gallatin	TN	—	720,000	862,737	—	—	720,000	862,737	1,582,737	130,
Hendersonville	TN	—	175,764	327,096	—	—	175,764	327,096	502,860	208,
Hendersonville	TN	—	680,000	972,437	—	—	680,000	972,437	1,652,437	147,
Hermitage	TN	—	204,296	172,695	—	—	204,296	172,695	376,991	114,
Hermitage	TN	—	480,000	789,017	—	—	480,000	789,017	1,269,017	119,
Knoxville	TN	—	1,570,000	1,822,418	—	—	1,570,000	1,822,418	3,392,418	94,1
Madison	TN	—	175,769	327,068	—	—	175,769	327,068	502,837	208,
Maryville	TN	—	1,090,000	1,092,328	—	—	1,090,000	1,092,328	2,182,328	56,4
Memphis	TN	—	108,094	217,079	—	—	108,094	217,079	325,173	144,
Memphis	TN	—	214,110	193,591	—	—	214,110	193,591	407,701	128,
Memphis	TN	—	215,017	216,794	—	—	215,017	216,794	431,811	143,
Mount Juliet	TN	—	540,000	929,909	—	—	540,000	929,909	1,469,909	141,
Murfreesboro	TN	—	150,411	215,528	—	—	150,411	215,528	365,939	143,
Murfreesboro	TN	—	563,164	814,275	—	—	563,164	814,275	1,377,439	123,

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

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accum Deprec (Note 5
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	132,392
Copperas 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	120,878
Humble	TX	—	257,169	325,652	—	—	257,169	325,652	582,821	216,557
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	151,620
Lake 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	290,638
Lewisville	TX	—	130,238	207,683	—	—	130,238	207,683	337,921	137,417
Pflugerville	TX	—	410,000	1,356,656	—	—	410,000	1,356,656	1,766,656	128,882
Temple	TX	—	530,000	1,453,900	—	—	530,000	1,453,900	1,983,900	138,120
Waco	TX	—	232,105	431,053	—	—	232,105	431,053	663,158	151,587
American Fork	UT	—	849,848	2,561,827	—	—	849,848	2,561,827	3,411,675	542,253
Cottonwood 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	154,828
Layton	UT	—	390,000	1,575,711	—	—	390,000	1,575,711	1,965,711	254,740
Park City	UT	—	780,000	1,082,808	—	—	780,000	1,082,808	1,862,808	175,054
South Jordan	UT	—	1,620,150	1,879,850	—	—	1,620,150	1,879,850	3,500,000	391,633
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	135,397
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

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	48,187
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	523,66
Roanoke	VA	—	349,628	322,545	—	153	349,628	322,698	672,326	271,63
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

Table of Contents

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
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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	160,37
Bremerton	WA	—	261,172	373,080	—	2,621	261,172	375,701	636,873	332,40
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	118,87
Franklin	WI	—	1,090,000	2,175,218	—	—	1,090,000	2,175,218	3,265,218	213,89
Menomonee Falls	WI	—	1,280,000	1,892,112	—	—	1,280,000	1,892,112	3,172,112	186,05
Milwaukee	WI	—	173,005	499,244	—	—	173,005	499,244	672,249	460,13
Milwaukee	WI	—	152,509	475,480	—	—	152,509	475,480	627,989	423,96
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	440,67
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	171,85
Automotive Tire Services										
Athens	AL	—	760,031	1,413,494	—	—	760,031	1,413,494	2,173,525	685,54
Auburn	AL	—	660,210	1,228,112	—	—	660,210	1,228,112	1,888,322	595,63
Birmingham	AL	—	635,111	1,180,909	—	—	635,111	1,180,909	1,816,020	572,73
Birmingham	AL	—	620,270	1,153,493	—	—	620,270	1,153,493	1,773,763	559,44
Daphne	AL	—	876,139	1,629,123	—	—	876,139	1,629,123	2,505,262	790,12
Decatur	AL	—	635,111	1,181,499	—	—	635,111	1,181,499	1,816,610	573,02
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	229,56
Foley	AL	—	870,031	1,617,357	—	—	870,031	1,617,357	2,487,388	784,41

Gardendale	AL	—	610,055	1,134,554	—	—	610,055	1,134,554	1,744,609	549,95
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 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

Table of Contents

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accur Deprec (Note
Aurora	CO	—	221,691	492,382	—	—	221,691	492,382	714,073	492,38
Aurora	CO	—	353,283	1,135,051	—	31,948	353,283	1,166,999	1,520,282	813,42
Colorado Springs	CO	—	280,193	622,317	—	—	280,193	622,317	902,510	622,31
Colorado Springs	CO	—	192,988	433,542	—	—	192,988	433,542	626,530	433,54
Denver	CO	—	688,292	1,331,224	—	—	688,292	1,331,224	2,019,516	851,94
Grand Junction	CO	—	1,121,415	2,315,649	—	—	1,121,415	2,315,649	3,437,064	551,89
Westminster	CO	—	526,620	1,099,523	—	—	526,620	1,099,523	1,626,143	782,52
Destin	FL	—	1,034,411	1,922,591	—	—	1,034,411	1,922,591	2,957,002	932,45
Fort Walton Beach	FL	—	635,111	1,181,032	—	—	635,111	1,181,032	1,816,143	572,79
Fort Walton Beach	FL	—	635,111	1,181,032	—	—	635,111	1,181,032	1,816,143	572,79
Lakeland	FL	—	500,000	645,402	—	—	500,000	645,402	1,145,402	524,04
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	579,54
Milton	FL	—	635,111	1,181,145	—	—	635,111	1,181,145	1,816,256	572,85
New Smyrna 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	830,13
Orlando	FL	—	635,111	1,181,076	—	—	635,111	1,181,076	1,816,187	572,81
Orlando	FL	—	630,244	1,172,023	—	—	630,244	1,172,023	1,802,267	568,42
Oviedo	FL	—	971,996	1,806,780	—	—	971,996	1,806,780	2,778,776	876,28
Pace	FL	—	630,244	1,171,993	—	—	630,244	1,171,993	1,802,237	568,41
Panama City	FL	—	635,111	1,181,076	—	—	635,111	1,181,076	1,816,187	572,81
Pensacola	FL	—	635,111	1,181,063	—	—	635,111	1,181,063	1,816,174	572,81
Pensacola	FL	—	588,305	1,094,130	—	—	588,305	1,094,130	1,682,435	530,64
Port Saint Lucie	FL	—	700,000	2,018,138	—	—	700,000	2,018,138	2,718,138	144,63
Saint Cloud	FL	—	525,207	976,968	—	—	525,207	976,968	1,502,175	473,82
Sanford	FL	—	630,244	1,172,023	—	—	630,244	1,172,023	1,802,267	568,42
Tallahassee	FL	—	419,902	781,405	—	—	419,902	781,405	1,201,307	378,97

Tallahassee	FL	—	611,916	1,137,986	—	—	611,916	1,137,986	1,749,902	551,91
Tampa	FL	—	427,395	472,030	—	—	427,395	472,030	899,425	383,29
Union Park	FL	—	1,004,103	1,866,287	—	—	1,004,103	1,866,287	2,870,390	905,14
Alpharetta	GA	—	630,244	1,171,870	—	—	630,244	1,171,870	1,802,114	568,35
Atlanta	GA	—	55,840	258,889	16,005	14,141	55,840	289,035	344,875	283,99
Canton	GA	—	1,010,000	1,352,903	—	—	1,010,000	1,352,903	2,362,903	245,77
Columbus	GA	—	630,244	1,171,988	—	—	630,244	1,171,988	1,802,232	568,41
Conyers	GA	—	531,935	1,180,296	—	—	531,935	1,180,296	1,712,231	788,56
Conyers	GA	—	635,111	1,181,027	—	—	635,111	1,181,027	1,816,138	572,79
Douglasville	GA	—	795,842	1,643,361	—	—	795,842	1,643,361	2,439,203	391,66
Duluth	GA	—	638,509	1,186,594	—	—	638,509	1,186,594	1,825,103	717,88
Hiram	GA	—	635,111	1,181,017	—	—	635,111	1,181,017	1,816,128	572,78
Kennesaw	GA	—	519,903	967,180	—	—	519,903	967,180	1,487,083	469,07
Kennesaw	GA	—	659,964	1,827,997	—	—	659,964	1,827,997	2,487,961	435,67

Table of Contents

REALITY INCOME CORPORATION AND SUBSIDIARIES
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AS OF DECEMBER 31, 2018

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Lawrenceville	GA	—	635,111	1,181,137	—	—	635,111	1,181,137	1,816,248	572,8
Lilburn	GA	—	994,894	1,807,565	—	—	994,894	1,807,565	2,802,459	430,8
Marietta	GA	—	500,293	930,657	—	—	500,293	930,657	1,430,950	451,3
McDonough	GA	—	635,111	1,181,032	—	—	635,111	1,181,032	1,816,143	572,7
McDonough	GA	—	910,000	1,400,696	—	—	910,000	1,400,696	2,310,696	254,4
Peachtree City	GA	—	625,316	1,162,827	—	—	625,316	1,162,827	1,788,143	563,9
Roswell	GA	—	515,617	959,138	—	—	515,617	959,138	1,474,755	465,1
Sandy Springs	GA	—	586,211	1,090,241	—	—	586,211	1,090,241	1,676,452	528,7
Stockbridge	GA	—	632,128	1,175,478	—	—	632,128	1,175,478	1,807,606	570,1
Union City	GA	—	970,000	938,386	—	—	970,000	938,386	1,908,386	67,25
Aurora	IL	—	513,204	953,885	—	—	513,204	953,885	1,467,089	577,0
Joliet	IL	—	452,267	840,716	—	—	452,267	840,716	1,292,983	508,6
Lombard	IL	—	428,170	795,965	—	2,000	428,170	797,965	1,226,135	483,0
Niles	IL	—	366,969	682,306	—	—	366,969	682,306	1,049,275	412,7
Orland Park	IL	—	663,087	1,232,240	—	—	663,087	1,232,240	1,895,327	745,5
Round Lake Beach	IL	—	472,132	236,585	—	—	472,132	236,585	708,717	157,3
Vernon Hills	IL	—	524,948	975,668	—	—	524,948	975,668	1,500,616	590,2
West Dundee	IL	—	530,835	986,628	—	—	530,835	986,628	1,517,463	596,9
Overland Park	KS	—	1,101,841	2,047,067	—	—	1,101,841	2,047,067	3,148,908	1,238
Wichita	KS	—	935,607	1,989,962	6,300	—	935,607	1,996,262	2,931,869	475,2
Winchester	KY	—	355,474	929,177	20,045	22,464	355,474	971,686	1,327,160	787,4
Baton Rouge	LA	—	1,158,316	2,391,847	—	—	1,158,316	2,391,847	3,550,163	570,0
Allston	MA	—	576,505	1,071,520	—	—	576,505	1,071,520	1,648,025	648,2
Billerica	MA	—	399,043	462,240	—	172	399,043	462,411	861,454	401,4
Shrewsbury	MA	—	721,065	1,339,913	—	—	721,065	1,339,913	2,060,978	810,6
Waltham	MA	—	338,955	630,279	—	—	338,955	630,279	969,234	381,3
Weymouth	MA	—	752,234	1,397,799	—	—	752,234	1,397,799	2,150,033	845,6
Woburn	MA	—	676,968	1,258,018	—	—	676,968	1,258,018	1,934,986	761,0
Annapolis	MD	—	780,806	1,450,860	—	—	780,806	1,450,860	2,231,666	877,7
Bowie	MD	—	734,558	1,364,970	—	—	734,558	1,364,970	2,099,528	825,8
Capitol Heights	MD	—	701,705	1,303,958	—	—	701,705	1,303,958	2,005,663	788,8
Germantown	MD	—	808,296	1,501,913	—	—	808,296	1,501,913	2,310,209	908,6

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 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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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Acc Dep (No
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 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	97,4
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	62,2
Sioux Falls	SD	—	332,979	498,108	—	—	332,979	498,108	831,087	405

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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Austin	TX	—	569,909	1,059,195	—	—	569,909	1,059,195	1,629,104	640,80
Austin	TX	—	532,497	989,715	—	—	532,497	989,715	1,522,212	598,77
Austin	TX	—	1,066,021	2,201,264	—	—	1,066,021	2,201,264	3,267,285	524,63
Carrollton	TX	—	568,401	1,056,394	—	—	568,401	1,056,394	1,624,795	639,11
Conroe	TX	—	396,068	736,346	—	—	396,068	736,346	1,132,414	445,48
Crowley	TX	—	1,103,218	2,278,074	—	—	1,103,218	2,278,074	3,381,292	542,94
Dallas	TX	—	191,267	424,811	47,615	—	191,267	472,426	663,693	426,61
Fort Worth	TX	—	543,950	1,010,984	—	—	543,950	1,010,984	1,554,934	611,64
Garland	TX	—	242,887	539,461	33,982	26,371	242,887	599,814	842,701	564,55
Houston	TX	—	151,018	335,417	—	58	151,018	335,474	486,492	335,46
Houston	TX	—	392,113	729,002	—	—	392,113	729,002	1,121,115	441,04
Houston	TX	—	1,030,379	1,914,353	—	—	1,030,379	1,914,353	2,944,732	1,158,
Houston	TX	—	619,101	1,150,551	—	—	619,101	1,150,551	1,769,652	696,07
Houston	TX	—	642,495	1,193,997	—	—	642,495	1,193,997	1,836,492	722,36
Houston	TX	—	872,866	1,621,829	—	—	872,866	1,621,829	2,494,695	981,20
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	688,56
League City	TX	—	1,032,003	2,131,018	—	—	1,032,003	2,131,018	3,163,021	507,89
Leon Valley	TX	—	178,221	395,834	—	—	178,221	395,834	574,055	395,83
Leon Valley	TX	—	529,967	985,046	—	—	529,967	985,046	1,515,013	595,94
Mesquite	TX	—	591,538	1,099,363	—	—	591,538	1,099,363	1,690,901	665,11
Pasadena	TX	—	107,391	238,519	—	58	107,391	238,576	345,967	238,56
Pearland	TX	—	935,739	1,932,240	—	—	935,739	1,932,240	2,867,979	460,51
Plano	TX	—	187,564	417,157	700	91	187,564	417,948	605,512	417,15
Plano	TX	—	494,407	918,976	—	—	494,407	918,976	1,413,383	555,97
Richardson	TX	—	555,188	1,031,855	—	—	555,188	1,031,855	1,587,043	624,26
Rockwall	TX	—	1,178,158	2,432,819	—	—	1,178,158	2,432,819	3,610,977	579,82
San Antonio	TX	—	245,164	544,518	—	—	245,164	544,518	789,682	544,51
San Antonio	TX	—	688,249	1,278,967	—	—	688,249	1,278,967	1,967,216	773,77
Stafford	TX	—	706,786	1,313,395	—	—	706,786	1,313,395	2,020,181	794,60
Waco	TX	—	401,999	747,362	—	—	401,999	747,362	1,149,361	452,15
Weatherford	TX	—	971,317	2,005,706	—	—	971,317	2,005,706	2,977,023	478,02
Webster	TX	—	600,261	1,115,563	—	—	600,261	1,115,563	1,715,824	674,91
Pasadena	TX	—	147,535	274,521	13,661	11,252	147,535	299,434	446,969	233,76
Bountiful	UT	—	183,750	408,115	—	—	183,750	408,115	591,865	408,11

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 Beach	VA	—	780,000	1,026,384	375	—	780,000	1,026,759	1,806,759	456,76

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Woodbridge	VA	—	774,854	1,439,806	—	—	774,854	1,439,806	2,214,660	871
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	595
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	7,2
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	1,6
Calistoga	CA	—	45,184,528	10,437,472	—	—	45,184,528	10,437,472	55,622,000	3,5
Calistoga	CA	—	10,630,191	5,580,929	—	—	10,630,191	5,580,929	16,211,120	1,7
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	8,5
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	2,0
Napa	CA	—	23,471,336	6,589,664	—	—	23,471,336	6,589,664	30,061,000	2,2
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	1,4
Shreveport	LA	—	1,320,003	8,130,438	—	147	1,320,003	8,130,586	9,450,589	2,5
Books										
Tampa	FL	—	998,250	3,696,707	129,751	79	998,250	3,826,537	4,824,787	3,2
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,

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	882
Chandler	AZ	—	291,720	647,923	—	—	291,720	647,923	939,643	647
Chandler	AZ	—	271,695	603,446	9,758	19,469	271,695	632,673	904,368	629
Mesa	AZ	—	308,951	1,025,612	—	—	308,951	1,025,612	1,334,563	791
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

Table of Contents

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accum Deprec (Note
Phoenix	AZ	—	260,719	516,181	52,737	32,125	260,719	601,042	861,761	555,10
Scottsdale	AZ	—	291,993	648,529	—	—	291,993	648,529	940,522	648,52
Scottsdale	AZ	—	264,504	587,471	—	27,467	264,504	614,939	879,443	614,93
Tempe	AZ	—	292,200	648,989	—	164	292,200	649,153	941,353	649,15
Calabasas	CA	—	156,430	725,248	100,838	58,367	156,430	884,453	1,040,883	868,62
Canyon Country	CA	—	992,534	1,624,092	—	—	992,534	1,624,092	2,616,626	2,707
Carmichael	CA	—	131,035	607,507	80,368	21,673	131,035	709,548	840,583	686,09
Chino	CA	—	155,000	634,071	—	32,148	155,000	666,219	821,219	659,36
Chula Vista	CA	—	350,563	778,614	—	43,353	350,563	821,967	1,172,530	821,96
El Cajon	CA	—	157,804	731,621	2,540	44,802	157,804	778,963	936,767	778,25
Escondido	CA	—	276,286	613,638	41,417	44,375	276,286	699,430	975,716	663,30
Folsom	CA	—	281,563	625,363	—	—	281,563	625,363	906,926	625,36
Gold River	CA	—	276,328	613,733	24,967	—	276,328	638,700	915,028	637,77
Lancaster	CA	—	649,256	1,062,383	—	—	649,256	1,062,383	1,711,639	1,771
Mission Viejo	CA	—	353,891	744,367	23,400	—	353,891	767,767	1,121,658	758,11
Oceanside	CA	—	145,568	674,889	76,014	51,857	145,568	802,760	948,328	709,17
Oceanside	CA	—	1,024,386	1,676,212	—	—	1,024,386	1,676,212	2,700,598	2,794
Palmdale	CA	—	249,490	554,125	9,864	—	249,490	563,989	813,479	563,98
Rancho Cordova	CA	—	721,643	1,180,832	—	—	721,643	1,180,832	1,902,475	1,968
Rancho Cucamonga	CA	—	471,733	1,047,739	292,673	170	471,733	1,340,583	1,812,316	1,164,
Sacramento	CA	—	692,955	1,133,889	—	—	692,955	1,133,889	1,826,844	1,890
Santee	CA	—	936,296	1,532,069	—	—	936,296	1,532,069	2,468,365	2,553
Simi Valley	CA	—	208,585	967,055	79,082	108	208,585	1,046,245	1,254,830	1,030,
Valencia	CA	—	301,295	669,185	70,470	46	301,295	739,701	1,040,996	730,63
Vallejo	CA	—	787,308	1,288,279	—	—	787,308	1,288,279	2,075,587	2,147
Walnut	CA	—	217,365	1,007,753	57,287	51,049	217,365	1,116,089	1,333,454	1,072,
Arvada	CO	—	365,833	598,616	—	—	365,833	598,616	964,449	998
Aurora	CO	—	287,000	637,440	20,313	18,188	287,000	675,940	962,940	667,21
Broomfield	CO	—	155,306	344,941	25,000	82	155,306	370,024	525,330	369,12
Colorado Springs	CO	—	58,400	271,217	25,000	82	58,400	296,299	354,699	294,87

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

Table of Contents

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

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Indian Harbour 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	2,202
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 Beach	FL	—	194,193	431,309	25,000	—	194,193	456,309	650,502	453,644
Saint 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

Woodstock	GA	—	752,029	1,230,553	—	—	752,029	1,230,553	1,982,582	2,051
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	1,259,926	—	—	468,000	1,259,926	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	1,071,977	—	—	655,119	1,071,977	1,727,096	1,787
Carol Stream	IL	—	122,831	586,416	—	132	122,831	586,548	709,379	586,548

Table of Contents

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

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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

Louisville	KY	—	540,400	884,262	—	—	540,400	884,262	1,424,662	1,474
Baton Rouge	LA	—	428,167	700,613	—	—	428,167	700,613	1,128,780	1,168
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

Table of Contents

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

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Apple Valley	MN	—	113,523	526,319	87,374	13,814	113,523	627,507	741,030	564,46
Brooklyn Park	MN	—	118,111	547,587	—	197	118,111	547,784	665,895	547,78
Eden Prairie	MN	—	124,286	576,243	—	197	124,286	576,440	700,726	576,44
Plymouth	MN	—	134,221	622,350	—	197	134,221	622,547	756,768	622,54
Saint Paul	MN	—	242,165	537,856	—	288	242,165	538,143	780,308	538,08
Maple Grove	MN	—	313,250	660,149	—	288	313,250	660,437	973,687	660,38
Florissant	MO	—	318,500	707,399	102,410	357	318,500	810,166	1,128,666	765,64
Gladstone	MO	—	294,000	652,987	66,439	2,763	294,000	722,189	1,016,189	667,22
Kansas City	MO	—	307,784	910,401	—	—	307,784	910,401	1,218,185	729,31
Lee's Summit	MO	—	239,627	532,220	97,856	15,958	239,627	646,034	885,661	552,94
Lee's Summit	MO	—	313,740	939,367	—	—	313,740	939,367	1,253,107	721,79
Jackson	MS	—	248,483	572,522	54,227	17,780	248,483	644,529	893,012	484,08
Tupelo	MS	—	121,697	637,691	87,858	56	121,697	725,605	847,302	604,10
Cary	NC	—	75,200	262,973	15,000	—	75,200	277,973	353,173	273,18
Cary	NC	—	1,043,774	1,707,936	—	—	1,043,774	1,707,936	2,751,710	2,847
Charlotte	NC	—	134,582	268,222	24,478	—	134,582	292,700	427,282	291,95
Concord	NC	—	32,441	190,859	—	—	32,441	190,859	223,300	190,85
Durham	NC	—	175,700	390,234	26,312	—	175,700	416,546	592,246	415,46
Durham	NC	—	220,728	429,380	—	—	220,728	429,380	650,108	429,38
Durham	NC	—	526,163	860,965	—	—	526,163	860,965	1,387,128	1,435
Durham	NC	—	557,643	912,477	—	—	557,643	912,477	1,470,120	1,521
Fayetteville	NC	—	427,771	699,966	—	—	427,771	699,966	1,127,737	1,167
Kernersville	NC	—	162,216	316,300	28,800	—	162,216	345,100	507,316	320,20
Bellevue	NE	—	60,568	280,819	—	—	60,568	280,819	341,387	280,81
Omaha	NE	—	60,500	280,491	—	32	60,500	280,524	341,024	280,52
Omaha	NE	—	53,000	245,720	72,027	32	53,000	317,779	370,779	270,66
Omaha	NE	—	142,867	317,315	—	32	142,867	317,347	460,214	317,34
Omaha	NE	—	359,787	588,722	—	—	359,787	588,722	948,509	981
Londonderry	NH	—	335,467	745,082	127,154	11,802	335,467	884,037	1,219,504	813,00
Lumberton	NJ	—	546,051	893,509	—	—	546,051	893,509	1,439,560	1,489
Pennsauken	NJ	—	576,592	943,482	—	—	576,592	943,482	1,520,074	1,572

Beavercreek	OH	—	179,552	398,786	—	—	179,552	398,786	578,338	398,78
Centerville	OH	—	174,519	387,613	91,764	6,430	174,519	485,807	660,326	402,29
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	379,38
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	389,44
Englewood	OH	—	74,000	343,083	—	85	74,000	343,168	417,168	343,16
Huber Heights	OH	—	245,000	544,153	—	—	245,000	544,153	789,153	544,15
Pickerington	OH	—	87,580	406,055	—	—	87,580	406,055	493,635	406,05

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accu Depre (Note
Westerville	OH	—	82,000	380,173	—	—	82,000	380,173	462,173	380,17
Broken Arrow	OK	—	78,705	220,434	—	—	78,705	220,434	299,139	220,43
Midwest City	OK	—	67,800	314,338	—	—	67,800	314,338	382,138	314,33
Oklahoma City	OK	—	50,800	214,474	—	—	50,800	214,474	265,274	214,47
Oklahoma City	OK	—	79,000	366,261	17,659	—	79,000	383,921	462,921	383,92
Yukon	OK	—	61,000	282,812	27,000	—	61,000	309,812	370,812	308,75
Yukon (Oklahoma City)	OK	—	522,335	854,701	—	—	522,335	854,701	1,377,036	1,425
Lansdale	PA	—	664,441	1,087,231	—	—	664,441	1,087,231	1,751,672	1,812
West Chester	PA	—	1,109,622	1,815,685	—	—	1,109,622	1,815,685	2,925,307	3,026
York	PA	—	488,392	799,161	—	—	488,392	799,161	1,287,553	1,332
Charleston	SC	—	140,700	312,498	25,000	153	140,700	337,652	478,352	336,26
Columbia	SC	—	58,160	269,643	—	—	58,160	269,643	327,803	269,64
Columbia	SC	—	160,831	313,600	—	—	160,831	313,600	474,431	313,60
Goose Creek	SC	—	61,635	192,905	—	153	61,635	193,058	254,693	193,05
North Charleston	SC	—	125,593	278,947	12,126	14,855	125,593	305,928	431,521	303,44
Summerville	SC	—	44,400	174,500	—	153	44,400	174,653	219,053	174,65
Memphis	TN	—	238,000	531,342	161,804	9,063	238,000	702,209	940,209	571,61
Arlington	TX	—	241,500	550,559	88,432	5,242	241,500	644,233	885,733	590,90
Austin	TX	—	88,872	222,684	124,002	281	88,872	346,967	435,839	271,60
Austin	TX	—	134,383	623,103	2,379	21,981	134,383	647,463	781,846	644,14
Austin	TX	—	191,636	425,629	15,530	—	191,636	441,159	632,795	441,15
Austin	TX	—	217,878	483,913	149,228	9,167	217,878	642,308	860,186	561,87
Bedford	TX	—	241,500	550,559	34,949	—	241,500	585,507	827,007	585,50
Carrollton	TX	—	277,850	617,113	52,614	261	277,850	669,988	947,838	649,18
Cedar Park	TX	—	168,857	375,036	5,200	139	168,857	380,375	549,232	380,37
Colleyville	TX	—	250,000	1,070,360	—	102	250,000	1,070,462	1,320,462	822,54
Corinth	TX	—	285,000	1,041,626	—	—	285,000	1,041,626	1,326,626	807,25

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
Euless	TX	—	234,111	519,962	—	—	234,111	519,962	754,073	519,96
Flower Mound	TX	—	202,773	442,845	32,069	16,315	202,773	491,229	694,002	484,25
Flower 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 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

Table of Contents

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accu Depre (Note
Lewisville	TX	—	192,777	428,121	47,371	95	192,777	475,587	668,364	461,44
Mansfield	TX	—	181,375	402,839	46,878	83	181,375	449,800	631,175	444,86
Plano	TX	—	261,912	581,658	52,751	298	261,912	634,707	896,619	618,76
Plano	TX	—	250,514	556,399	33,978	425	250,514	590,802	841,316	579,50
Prosper	TX	—	760,608	2,989,392	—	—	760,608	2,989,392	3,750,000	134,52
San Antonio	TX	—	130,833	606,596	43,050	22,373	130,833	672,019	802,852	646,14
San Antonio	TX	—	102,512	475,288	54,593	16,961	102,512	546,842	649,354	514,50
San Antonio	TX	—	81,530	378,007	—	—	81,530	378,007	459,537	378,00
San Antonio	TX	—	181,412	402,923	—	139	181,412	403,063	584,475	403,06
San Antonio	TX	—	234,500	520,831	—	139	234,500	520,970	755,470	520,97
San Antonio	TX	—	217,000	481,967	32,529	—	217,000	514,496	731,496	514,49
San Antonio	TX	—	182,868	406,155	18,940	—	182,868	425,095	607,963	425,09
San Antonio	TX	—	220,500	447,108	—	—	220,500	447,108	667,608	447,10
Sugar Land	TX	—	339,310	1,000,876	—	—	339,310	1,000,876	1,340,186	779,01
Mesquite	TX	—	139,466	326,525	37,647	387	139,466	364,559	504,025	344,43
Layton	UT	—	136,574	269,008	—	—	136,574	269,008	405,582	269,00
Sandy	UT	—	168,089	373,330	—	—	168,089	373,330	541,419	373,33
Centreville	VA	—	371,000	824,003	—	463	371,000	824,466	1,195,466	824,46
Chesapeake	VA	—	190,050	422,107	24,568	—	190,050	446,675	636,725	445,51
Glen Allen	VA	—	74,643	346,060	—	153	74,643	346,214	420,857	346,21
Portsmouth	VA	—	171,575	381,073	24,932	—	171,575	406,005	577,580	404,86
Richmond	VA	—	721,039	1,179,843	—	—	721,039	1,179,843	1,900,882	1,966
Roanoke	VA	—	412,095	1,357,905	—	—	412,095	1,357,905	1,770,000	20,369
Virginia Beach	VA	—	534,285	874,255	—	—	534,285	874,255	1,408,540	1,457
Bremerton	WA	—	405,837	664,076	—	—	405,837	664,076	1,069,913	1,107
	WA	—	150,785	699,101	—	107	150,785	699,207	849,992	699,20

Federal Way										
Federal Way	WA	—	261,943	581,782	27,500	107	261,943	609,388	871,331	607,83
Gig Harbor	WA	—	823,172	1,346,964	—	—	823,172	1,346,964	2,170,136	2,245
Kent	WA	—	140,763	678,809	36,500	—	140,763	715,309	856,072	715,30
Kirkland	WA	—	301,000	668,534	—	107	301,000	668,641	969,641	668,64
Puyallup	WA	—	195,552	434,327	27,000	107	195,552	461,434	656,986	460,15
Redmond	WA	—	279,830	621,513	—	107	279,830	621,620	901,450	621,62
Renton	WA	—	111,183	515,490	—	—	111,183	515,490	626,673	515,49
Silverdale	WA	—	586,461	959,631	—	—	586,461	959,631	1,546,092	1,599
Tacoma	WA	—	642,892	1,051,970	—	—	642,892	1,051,970	1,694,862	1,753
Appleton	WI	—	196,000	424,038	—	409	196,000	424,447	620,447	424,44
Waukesha	WI	—	233,100	461,500	—	211	233,100	461,711	694,811	461,71
Waukesha	WI	—	215,950	427,546	—	409	215,950	427,954	643,904	427,95
Consumer Appliance										
North Liberty	IA	—	6,395,970	19,385,806	76,574	—	6,395,970	19,462,380	25,858,350	3,300,

Table of Contents

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

			Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			
Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Ac De (No
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
Coumbia	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	454
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	251
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	889
Fredericksburg	VA	—	2,060,000	3,638,672	—	—	2,060,000	3,638,672	5,698,672	321
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	657
Glendale	AZ	—	610,000	531,637	—	—	610,000	531,637	1,141,637	314
Glendale	AZ	—	400,000	931,637	—	—	400,000	931,637	1,331,637	551
Maricopa	AZ	—	170,000	361,637	—	—	170,000	361,637	531,637	213

Mesa	AZ	—	560,000	821,637	—	—	560,000	821,637	1,381,637	486
Mesa	AZ	—	750,000	1,071,637	—	—	750,000	1,071,637	1,821,637	634
Mesa	AZ	—	810,000	1,061,637	—	—	810,000	1,061,637	1,871,637	628
Mesa	AZ	—	890,000	1,081,637	—	—	890,000	1,081,637	1,971,637	639
Mesa	AZ	—	780,000	1,071,637	—	—	780,000	1,071,637	1,851,637	634
Mesa	AZ	—	900,000	1,191,637	—	—	900,000	1,191,637	2,091,637	705
Payson	AZ	—	210,000	351,637	—	—	210,000	351,637	561,637	208
Payson	AZ	—	260,000	311,637	—	—	260,000	311,637	571,637	184
Peoria	AZ	—	520,000	751,637	—	—	520,000	751,637	1,271,637	444
Phoenix	AZ	—	440,000	511,637	—	—	440,000	511,637	951,637	302

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accum Deprec (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 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	67,111
King City	CA	—	2,520,000	1,888,720	—	—	2,520,000	1,888,720	4,408,720	153,76
Lake 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

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

Table of Contents

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accum Deprec (Note 5
Vernon	CT	—	179,646	319,372	—	13	179,646	319,385	499,031	303,94
Westbrook	CT	—	98,247	373,340	—	—	98,247	373,340	471,587	355,29
Camden	DE	—	113,811	174,435	—	—	113,811	174,435	288,246	110,17
Camden	DE	—	250,528	379,165	—	—	250,528	379,165	629,693	239,49
Dewey	DE	—	147,465	224,665	—	—	147,465	224,665	372,130	141,90
Dover	DE	—	278,804	421,707	—	—	278,804	421,707	700,511	266,37
Dover	DE	—	367,137	554,207	—	—	367,137	554,207	921,344	350,06
Dover	DE	—	367,425	554,884	—	—	367,425	554,884	922,309	350,49
Felton	DE	—	307,260	464,391	—	—	307,260	464,391	771,651	293,33
Greenwood	DE	—	632,303	1,176,711	—	—	632,303	1,176,711	1,809,014	523,63
Harrington	DE	—	563,812	849,220	—	—	563,812	849,220	1,413,032	536,41
Milford	DE	—	310,049	468,575	—	—	310,049	468,575	778,624	295,97
New Castle	DE	—	589,325	887,488	—	—	589,325	887,488	1,476,813	560,58
Smyrna	DE	—	121,774	186,436	—	—	121,774	186,436	308,210	117,75
Smyrna	DE	—	401,135	605,332	—	—	401,135	605,332	1,006,467	382,36
Townsend	DE	—	241,416	365,749	—	—	241,416	365,749	607,165	231,02
Wilmington	DE	—	280,682	424,525	—	—	280,682	424,525	705,207	268,15
Apopka	FL	—	1,607,879	2,003,141	—	—	1,607,879	2,003,141	3,611,020	163,06
Archer	FL	—	296,238	578,145	—	—	296,238	578,145	874,383	453,84
Bradenton	FL	—	946,638	1,672,027	—	—	946,638	1,672,027	2,618,665	398,67
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	172,54
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	148,69
Cape Coral	FL	—	260,000	1,667,327	—	—	260,000	1,667,327	1,927,327	135,69
Casselberry	FL	—	1,370,000	2,006,750	—	—	1,370,000	2,006,750	3,376,750	163,34
Clearwater	FL	—	359,792	311,845	—	—	359,792	311,845	671,637	184,50
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	170,28
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	190,29
Englewood	FL	—	270,000	331,637	—	—	270,000	331,637	601,637	196,21

Englewood	FL	—	1,051,545	927,683	—	—	1,051,545	927,683	1,979,228	29,377
Estero	FL	—	750,000	1,926,751	—	—	750,000	1,926,751	2,676,751	156,78
Fort Lauderdale	FL	—	1,589,155	1,986,845	—	—	1,589,155	1,986,845	3,576,000	161,76
Fort Lauderdale	FL	—	2,630,000	1,487,205	—	—	2,630,000	1,487,205	4,117,205	121,17
Fort Myers	FL	—	1,569,552	1,955,393	—	—	1,569,552	1,955,393	3,524,945	159,18
Fort Myers	FL	—	1,050,000	1,892,065	—	—	1,050,000	1,892,065	2,942,065	153,95
Fort Myers	FL	—	1,195,358	1,702,597	—	—	1,195,358	1,702,597	2,897,955	138,61
Gainesville	FL	—	515,834	873,187	—	—	515,834	873,187	1,389,021	685,45

Table of Contents

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

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Description (Note 1)	State	Encumbrances (Note 2)	Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total	Accum Deprec (Note 5
Gainesville	FL	—	480,318	600,633	—	—	480,318	600,633	1,080,951	471,49
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 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 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 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 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 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

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 Richey	FL	—	190,000	601,637	—	—	190,000	601,637	791,637	355,96
North Fort 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

Table of Contents
REALITY INCOME CORPORATION AND SUBSIDIARIES
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION
AS OF DECEMBER 31, 2018

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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	96,43
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 Gardns	FL	—	2,040,000	1,121,312	—	—	2,040,000	1,121,312	3,161,312	90,93
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 Charlotte	FL	—	170,000	311,637	—	—	170,000	311,637	481,637	184,3
Port 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 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 Beach	FL	—	1,080,645	1,351,079	—	—	1,080,645	1,351,079	2,431,724	110,0
Winter 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

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

Table of Contents

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

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Dalton	GA	—	171,500	319,742	—	—	171,500	319,742	491,242	194,50
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	549,41
Dalton	GA	—	146,000	272,385	—	—	146,000	272,385	418,385	165,69
Dalton	GA	—	420,000	781,242	—	—	420,000	781,242	1,201,242	475,24
Dalton	GA	—	210,000	391,242	—	—	210,000	391,242	601,242	237,99
Dalton	GA	—	332,500	618,742	—	—	332,500	618,742	951,242	376,39
Dalton	GA	—	437,500	813,742	—	—	437,500	813,742	1,251,242	495,02
Decatur	GA	—	529,383	532,429	—	296	529,383	532,725	1,062,108	459,01
Decatur	GA	—	1,622,631	2,866,018	—	—	1,622,631	2,866,018	4,488,649	683,37
Dunwoody	GA	—	545,462	724,254	—	296	545,462	724,550	1,270,012	624,29
Flintstone	GA	—	157,500	293,742	—	—	157,500	293,742	451,242	178,68
La Fayette	GA	—	122,500	228,742	—	—	122,500	228,742	351,242	139,14
Lithonia	GA	—	386,784	776,436	—	—	386,784	776,436	1,163,220	668,97
Mableton	GA	—	491,069	355,957	—	—	491,069	355,957	847,026	306,66
Martinez	GA	—	450,000	402,777	—	—	450,000	402,777	852,777	313,49
Martinez	GA	—	830,000	871,637	—	—	830,000	871,637	1,701,637	515,71
Norcross	GA	—	384,162	651,273	—	—	384,162	651,273	1,035,435	561,12
Ringgold	GA	—	226,671	1,168,914	—	—	226,671	1,168,914	1,395,585	659,86
Ringgold	GA	—	363,825	716,242	—	—	363,825	716,242	1,080,067	435,70
Ringgold	GA	—	482,251	896,851	—	—	482,251	896,851	1,379,102	545,57
Rocky Face	GA	—	164,231	306,241	—	—	164,231	306,241	470,472	186,29
Rome	GA	—	210,000	391,242	—	—	210,000	391,242	601,242	237,99
Rome	GA	—	199,199	371,183	—	—	199,199	371,183	570,382	225,79
Rome	GA	—	179,762	375,997	—	—	179,762	375,997	555,759	228,72
Rome	GA	—	315,000	586,242	—	—	315,000	586,242	901,242	356,62
Rossville	GA	—	157,500	293,742	—	—	157,500	293,742	451,242	178,68
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	146,74
Adair	IA	—	779,853	1,377,438	—	—	779,853	1,377,438	2,157,291	328,43
Ankeny	IA	—	1,050,000	1,848,552	—	—	1,050,000	1,848,552	2,898,552	113,99
Neola	IA	—	784,675	1,385,954	—	—	784,675	1,385,954	2,170,629	330,46
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	517,15
Dekalb	IL	—	661							