

REALTY INCOME CORP
Form 10-K
February 14, 2013
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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, 2012

Commission File Number 1-13374

REALTY INCOME CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

33-0580106
(IRS Employer
Identification Number)

600 La Terraza Boulevard, Escondido, California 92025-3873

(Address of Principal Executive Offices)

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

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

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

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

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

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

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

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

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

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

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

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

At June 30, 2012, the aggregate market value of the Registrant's shares of common stock, \$0.01 par value, held by non-affiliates of the Registrant was \$5.5 billion based upon the last reported sale price of \$41.77 per share on the New York Stock Exchange on June 30, 2012, the last business day of the Registrant's most recently completed second fiscal quarter.

At February 1, 2013, the number of shares of common stock outstanding was 178,921,596, the number of shares of Class E preferred stock outstanding was 8,800,000 and the number of shares of Class F preferred stock outstanding was 16,350,000.

DOCUMENTS INCORPORATED BY REFERENCE

Part III, Items 10, 11, 12, 13 and 14 incorporate by reference certain specific portions of the definitive Proxy Statement for Realty Income Corporation's Annual Meeting to be held on May 7, 2013, to be filed pursuant to Regulation 14A. Only those portions of the proxy statement which are specifically incorporated by reference herein shall constitute a part of this annual report.

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PART I

Item 1: Business

THE COMPANY

Realty Income Corporation, The Monthly Dividend Company®, or Realty Income, is a publicly traded real estate company with the primary business objective of generating dependable monthly cash dividends from a consistent and predictable level of cash flow from operations. Our monthly distributions or dividends are supported by the cash flow from our portfolio of properties leased to commercial enterprises. We have in-house acquisition, leasing, legal, credit research, real estate research, portfolio management and capital markets expertise. Over the past 44 years, Realty Income and its predecessors have been acquiring and owning freestanding commercial properties that generate rental revenue under long-term lease agreements.

In 1994, Realty Income was listed on the New York Stock Exchange, or NYSE, and we elected to be taxed as a real estate investment trust, or REIT, requiring us to distribute dividends to our stockholders aggregating at least 90% of our taxable income (excluding net capital gains).

We seek to increase distributions to stockholders and funds from operations, or FFO, per share through both active portfolio management and the acquisition of additional properties.

Generally, our portfolio management efforts seek to achieve:

- Contractual rent increases on existing leases;
- Rent increases at the termination of existing leases, when market conditions permit; and
- The active management of our property portfolio, including re-leasing vacant properties, and selectively selling properties, thereby mitigating our exposure to certain tenants and markets.

In acquiring additional properties, our strategy is primarily to acquire properties that are:

- Freestanding, single-tenant locations;
- Leased to regional and national commercial enterprises; and

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- Leased under long-term, net-lease agreements.

At December 31, 2012, we owned a diversified portfolio:

- Of 3,013 properties;
- With an occupancy rate of 97.2%, or 2,929 properties leased and only 84 properties available for lease;
- Leased to 150 different commercial enterprises doing business in 44 separate industries;
- Located in 49 states;
- With over 37.6 million square feet of leasable space; and
- With an average leasable space per property of approximately 12,500 square feet.

Of the 3,013 properties in the portfolio, 2,996, or 99.4%, are single-tenant properties, and the remaining 17 are multi-tenant properties. At December 31, 2012, of the 2,996 single-tenant properties, 2,913 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.0 years.

We typically acquire properties under long-term leases with regional and national retailers and other commercial enterprises. Our acquisition and investment activities generally focus on businesses providing goods and services that satisfy basic consumer and business needs. In general, our net-lease agreements:

- Are for initial terms of 10 to 20 years;
- Require the tenant to pay minimum monthly rent and property operating expenses (taxes, insurance and maintenance); and
- Provide for future rent increases based on increases in the consumer price index (typically subject to ceilings), additional rent calculated as a percentage of the tenants' gross sales above a specified level, or fixed increases.

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We commenced operations as a REIT on August 15, 1994 through the merger of 25 public and private real estate limited partnerships. Each of the partnerships was formed between 1970 and 1989 for the purpose of acquiring and managing long-term, net-leased properties.

Our ten senior officers owned 0.7% of our outstanding common stock with a market value of \$56.3 million at February 1, 2013. Our directors and ten senior officers, as a group, owned 0.9% of our outstanding common stock with a market value of \$67.0 million at February 1, 2013.

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.

Our 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock is listed on the NYSE under the ticker symbol `OprE` with a cusip number of 756109-708.

Our 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock is listed on the NYSE under the ticker symbol `OprF` with a cusip number of 756109-807.

In February 2013, we had 97 employees as compared to 83 employees in February 2012.

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.

RECENT DEVELOPMENTS

Increases in Monthly Dividends to Common Stockholders

We have continued our 44-year policy of paying monthly dividends. Monthly dividends per common share increased by \$0.0003125 in April 2012 to \$0.1458125, increased by \$0.0003125 in July 2012 to \$0.146125, increased by \$0.005 in September 2012 to \$0.151125, increased by \$0.0003125 in October 2012 to \$0.1514375, increased by \$0.0003125 in January 2013 to \$0.15175, and increased by \$0.0291667 in February 2013 to \$0.1809167. The increase in January 2013 was our 61st consecutive quarterly increase and the increase in February 2013 was our 70th increase in the amount of our dividend since our listing on the NYSE in 1994. In 2012, we paid three monthly cash dividends per common share in the amount of \$0.1455, three in the amount of \$0.1458125, two in the amount of \$0.146125, one in the amount of \$0.151125, and three in the amount of \$0.1514375, totaling \$1.771625. In December 2012, we declared dividends of \$0.15175 per share, which were paid in January 2013. In January 2013 and February 2013, we declared dividends of \$0.1809167 per share, which will be paid in February 2013 and March 2013,

respectively.

The monthly dividend of \$0.1809167 per share represents a current annualized dividend of \$2.171 per share, and an annualized dividend yield of approximately 5.0% based on the last reported sale price of our common stock on the NYSE of \$43.40 on February 1, 2013. 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 2012

During 2012, Realty Income invested \$1.16 billion in real estate, acquiring 423 properties, and properties under development, with an initial weighted average contractual lease rate of 7.2%. The majority of the lease revenue from these properties is generated from investment grade tenants. These 423 properties, and properties under development, are located in 37 states, will contain over 10.5 million leasable square feet, and are 100% leased with an average lease term of 14.6 years. The tenants of the 423 properties acquired operate in 23 industries: aerospace, apparel stores, automotive collision services, automotive parts, consumer appliances, consumer goods, convenience stores, crafts and novelties, diversified industrial, dollar stores, drug stores, equipment services, food processing, health and fitness, insurance, machinery, motor vehicle dealerships, packaging,

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paper, restaurants quick service, theaters, transportation services, and wholesale clubs. None of the investments in these properties caused any one tenant to be 10% or more of our total assets at December 31, 2012.

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

January 2013 Acquisition of American Realty Capital Trust, Inc.

On January 22, 2013, we completed our acquisition of American Realty Capital Trust, Inc., or ARCT, in a transaction valued at approximately \$3.1 billion. Pursuant to the terms and subject to the conditions set forth in the Agreement and Plan of Merger dated as of September 6, 2012, as amended on January 6, 2013, at the effective time of the acquisition, each outstanding share of ARCT common stock was converted into the right to receive a combination of (i) \$0.35 in cash and (ii) 0.2874 shares of our common stock. In connection with the acquisition, at the closing we terminated and repaid the amounts then outstanding of approximately \$552.9 million under ARCT's revolving credit facility and term loan. In conjunction with our acquisition of ARCT in January 2013, we assumed approximately \$516.3 million of mortgages payable. With this acquisition, we added 515 properties to our portfolio. Through 2012, we have incurred \$7.9 million of merger costs. We anticipate that the total merger costs will be approximately \$19 million.

In January 2013, in connection with our acquisition of ARCT, we entered into a \$70 million senior unsecured term loan maturing January 21, 2018. Borrowing under the term loan bears interest at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 1.20%. In conjunction with this term loan, we also acquired an interest rate swap which essentially fixes our per annum interest rate on the term loan at 2.15%.

Portfolio Discussion

Leasing Results

At December 31, 2012, we had 84 properties available for lease out of 3,013 properties in our portfolio, which represents a 97.2% occupancy rate. Since December 31, 2011, when we reported 87 properties available for lease and a 96.7% occupancy rate, we:

- Leased 47 properties;
- Sold 20 properties available for lease; and
- Have 64 new properties available for lease.

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During 2012, 124 properties with expiring leases were leased to either existing or new tenants. The rent on these leases was \$10.6 million, as compared to the previous rent on these same properties of \$10.9 million. At December 31, 2012, our average annualized rental revenue was approximately \$14.56 per square foot on the 2,929 leased properties in our portfolio. At December 31, 2012, we classified 14 properties with a carrying amount of \$19.2 million as held for sale on our balance sheet.

Investments in Existing Properties

In 2012, we capitalized costs of \$6.6 million on existing properties in our portfolio, consisting of \$1.62 million for re-leasing costs and \$4.93 million for building and tenant improvements. In 2011, we capitalized costs of \$4.2 million on existing properties in our portfolio, consisting of \$1.7 million for re-leasing costs and \$2.5 million for building and tenant improvements.

As part of our re-leasing costs, we pay leasing commissions and sometimes provide tenant rent concessions. Leasing commissions are paid based on the commercial real estate industry standard and any rent concessions provided are minimal. 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.

The majority of our building and tenant improvements are related to roof repairs, HVAC improvements, and parking lot resurfacing and replacements. It is not customary for us to offer significant tenant improvements on our properties as tenant incentives. The amounts of our capital expenditures can vary significantly, depending on the rental market, tenant credit worthiness, and the willingness of tenants to pay higher rents over the terms of the leases.

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Note Issuance

In October 2012, we issued \$350 million in aggregate principal amount of 2.00% senior unsecured notes due January 2018, or the 2018 Notes, and \$450 million in aggregate principal amount of 3.25% senior unsecured notes due October 2022, or the 2022 Notes. The price to the investors for the 2018 Notes was 99.910% of the principal amount for an effective yield of 2.017% per annum. The price to the investors for the 2022 Notes was 99.382% of the principal amount for an effective yield of 3.323% per annum. The total net proceeds of \$790.1 million from these offerings were used to repay all outstanding borrowings under our acquisition credit facility, and the remaining proceeds were used for general corporate purposes, including additional property acquisitions.

Universal Shelf Registration

In October 2012, we filed a shelf registration statement with the SEC, which is effective for a term of three years and will expire in October 2015. This replaces our prior shelf registration statement. In accordance with SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific dollar limit. The securities covered by this registration statement include (1) common stock, (2) preferred stock, (3) debt securities, (4) depository shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock or depository shares, and (6) any combination of these securities. We may periodically offer one or more of these securities in amounts, prices, and on terms to be announced when and if the securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

Environmental Insurance Policies

In July 2012, we entered into new ten-year environmental primary and excess insurance policies that expire in July 2022. The limits on our new primary 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.

Authorized Shares

In June 2012, our stockholders approved an increase in the number of authorized shares of our common stock to 370,100,000 and the number of authorized shares of our preferred stock to 69,900,000.

\$1 Billion Acquisition Credit Facility

In May 2012, we entered into a new \$1 billion unsecured acquisition credit facility, which replaced our \$425 million acquisition credit facility that was scheduled to expire in March 2014. The initial term of the new credit facility expires in May 2016 and includes, at our option, a one-year extension. Under this new credit facility, our current investment grade credit ratings provide for financing at LIBOR plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% over LIBOR. The borrowing rate is not subject to an interest rate floor or ceiling. We also have other interest rate options available to us. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation.

2012 Incentive Award Plan

In March 2012, our Board of Directors adopted, and in May 2012, our stockholders approved the Realty Income Corporation 2012 Incentive Award Plan, or the 2012 Plan, to enable us to attract and retain the services of directors, employees and consultants considered essential to our long-term success. The 2012 Plan offers our directors, employees and consultants an opportunity to own stock in Realty Income or rights that will reflect our growth, development and financial success. The 2012 Plan replaced the 2003 Incentive Award Plan of Realty Income Corporation (as amended and restated February 21, 2006), which was set to expire in March 2013.

Issuance and Redemption of Preferred Stock

In February 2012, we issued 14.95 million shares of 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock at a price of \$25.00 per share, including 1.95 million shares purchased by the underwriters upon the exercise of their over-allotment option. In April 2012, we issued an additional 1.4 million shares of our Class F preferred stock at a price of \$25.2863 per share. Of the aggregate net proceeds of approximately \$395.4 million from these issuances, \$127.5 million was used to redeem all of our outstanding 7.375% Class D Cumulative Redeemable Preferred Stock and the balance was used to repay borrowings under our credit facility. The dividend rate difference of 0.75% between the Class D and Class F preferred stock provides us

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savings of \$956,000 annually on the Class D redemption amount of \$127.5 million. Beginning February 15, 2017, the Class F preferred shares are redeemable at our option for \$25.00 per share. The initial dividend of \$0.1702257 per share was paid on March 15, 2012, and covered 37 days. Thereafter, dividends of \$0.138021 per share will be paid monthly, in arrears.

We redeemed all of the 5.1 million shares of our 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock in March 2012 for \$25.00 per share, plus accrued dividends. We incurred a charge of \$3.7 million, representing the Class D preferred stock original issuance costs that we paid in 2004.

Net Income Available to Common Stockholders

Net income available to common stockholders was \$114.5 million in 2012, compared to \$132.8 million in 2011, a decrease of \$18.3 million. On a diluted per common share basis, net income was \$0.86 in 2012, as compared to \$1.05 in 2011. Net income available to common stockholders for 2012 includes \$7.9 million of merger-related costs, which represents \$0.06 on a diluted per common share basis, for the acquisition of ARCT. Additionally, net income available to common stockholders in 2012 includes a \$3.7 million charge for the excess of redemption value over carrying value of the shares of our Class D preferred stock, which represents \$0.03 on a diluted per common share basis.

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

Gains from the sale of properties during 2012 were \$9.9 million, as compared to gains from the sale of properties and excess real estate of \$5.7 million during 2011.

Funds from Operations Available to Common Stockholders (FFO) and Normalized Funds from Operations Available to Common Stockholders (Normalized FFO)

In 2012, our FFO increased by \$11.5 million, or 4.6%, to \$260.9 million versus \$249.4 million in 2011. On a diluted per common share basis, FFO was \$1.96 in 2012, compared to \$1.98 in 2011, a decrease of \$0.02, or 1.0%. FFO in 2012 includes \$7.9 million of merger-related costs, which represents \$0.06 on a diluted per common share basis, and includes a \$3.7 million charge for the excess of redemption value over carrying value of the shares of our Class D preferred stock, which represents \$0.03 on a diluted per common share basis.

We define normalized FFO as FFO excluding the merger-related costs for our acquisition of ARCT. In 2012, our normalized FFO increased by \$19.4 million, or 7.8%, to \$268.8 million, versus \$249.4 million in 2011. On a diluted common share basis, normalized FFO was \$2.02 in 2012, compared to \$1.98 in 2011, an increase of \$0.04, or 2.0%.

See our discussion of FFO and normalized FFO (which are not financial measures under U.S. generally accepted accounting principles, or GAAP), 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 normalized FFO.

Adjusted Funds from Operations Available to Common Stockholders (AFFO)

In 2012, our AFFO increased by \$20.8 million, or 8.2%, to \$274.2 million versus \$253.4 million in 2011. On a diluted per common share basis, AFFO was \$2.06 in 2012, compared to \$2.01 in 2011, an increase of \$0.05, or 2.5%.

See our discussion of AFFO (which is not a financial measure under GAAP), 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, normalized FFO and AFFO.

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DIVIDEND POLICY

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

In order to maintain our tax status as a REIT for federal income tax purposes, we generally are required to distribute dividends to our stockholders aggregating annually at least 90% of our 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 2012, our cash distributions to preferred and common stockholders totaled \$275.8 million, or approximately 131.4% of our estimated taxable income of \$209.9 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 more than sufficient to support our current level of cash distributions to our stockholders. Our 2012 cash distributions to common stockholders totaled \$236.3 million, representing 86.2% of our adjusted funds from operations available to common stockholders of \$274.2 million.

The Class E preferred stockholders receive cumulative distributions at a rate of 6.75% per annum on the \$25.00 per share liquidation preference (equivalent to \$1.6875 per annum per share). The Class F preferred stockholders receive cumulative distributions at a rate of 6.625% per annum on the \$25.00 per share liquidation preference (equivalent to \$1.65625 per annum per share). Dividends on our Class E and Class F preferred stock are current.

Future distributions will be at the discretion of our Board of Directors and will depend on, among other things, our results of operations, FFO, normalized FFO, AFFO, cash flow from operations, financial condition and capital requirements, the annual dividend requirements under the REIT provisions of the Internal Revenue Code of 1986, as amended, our debt service requirements and any other factors our Board of Directors may deem relevant. In addition, our credit facility contains financial covenants that could limit the amount of distributions paid 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% (15% for 2012 dividends). 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 subsidiary, Crest Net Lease, Inc., or Crest) 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).

Distributions in excess of earnings and profits generally will 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 24.5% of the distributions to our common stockholders, made or deemed to have

been made in 2012, were classified as a return of capital for federal income tax purposes. We estimate that in 2013, between 15% and 25% of the distributions may be classified as a return of capital.

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BUSINESS PHILOSOPHY AND STRATEGY

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 from time to time. We may issue common stock when we believe that our share price is at a level that allows for the proceeds of any offering to be accretively invested into additional properties. In addition, we may issue common stock to permanently finance properties that were financed by our credit facility or debt securities. However, we cannot assure you that we will have access to the capital markets at 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 in the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations. 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 \$1 billion credit facility and occasionally 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, 2012, our total outstanding borrowings of senior unsecured notes, mortgages payable and credit facility borrowings were \$2.88 billion, or approximately 32.5% of our total market capitalization of \$8.88 billion.

We define our total market capitalization at December 31, 2012 as the sum of:

- Shares of our common stock outstanding of 133,452,411 multiplied by the last reported sales price of our common stock on the NYSE of \$40.21 per share on December 31, 2012, or \$5.37 billion;
- Aggregate liquidation value (par value of \$25.00 per share) of the Class E preferred stock of \$220 million;
- Aggregate liquidation value (par value of \$25.00 per share) of the Class F preferred stock of \$408.8 million;
- Outstanding borrowings of \$158.0 million on our credit facility;
- Outstanding mortgages payable of \$175.9 million; and
- Outstanding senior unsecured notes and bonds of \$2.55 billion.

At the close of the acquisition of ARCT on January 22, 2013, our total market capitalization increased to over \$12 billion.

Investment Philosophy

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

Investment Strategy

When identifying new properties for acquisition, we generally focus on providing capital to owners and operators of commercial enterprises by acquiring the real estate they consider important to the successful operation of their business.

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We primarily focus on acquiring properties leased to commercial enterprises based on the following guidelines:

- Tenants with reliable and sustainable cash flow;
- Tenants with revenue and cash flow from multiple sources;
- Large owners and users of real estate;
- Real estate that is critical to the tenant's ability to generate revenue (i.e. they need the property in which they operate in order to conduct their business);
- Real estate and tenants that are willing to sign a long-term lease (10 or more years); and
- Property transactions where we can achieve an attractive spread over our cost of capital.

Historically, our investment focus has primarily been on commercial enterprises that have a service component because we believe the lease revenue from these types of businesses is more stable. Because of this investment focus, for the quarter ended December 31, 2012, approximately 70.1% of our retail rental revenue was derived from tenants with a service component in their business. We believe these service-oriented businesses would generally be difficult to duplicate over the Internet and that our properties continue to perform well relative to competition from Internet-based businesses.

Credit Strategy

We typically acquire and lease properties to regional and national commercial enterprises and believe that within this market we can achieve an attractive risk-adjusted return. Since 1970, our occupancy rate at the end of each year has never been below 96%.

We believe the principal financial obligations of most commercial enterprises 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 obligations is less than the tenant's unsecured general obligations. It has been our experience that since tenants must retain their profitable and critical locations in order to survive, in the event of reorganization they are less likely to reject a lease for a profitable and critical location because this would terminate their right to use the property. Thus, as the property owner, we believe we will fare better than unsecured creditors of the same 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 sell locations that are weaker performers.

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

- Industry, company, market conditions and credit profile;
- Store profitability for retail locations, if profitability data is available;
- The importance of the real estate location to the operations of the company's business; and
- Overall real estate characteristics, including property value and comparative rental rates.

Acquisition Strategy

We seek to invest in industries in which several, well-organized, regional and national commercial enterprises are capturing market share through service, quality control, economies of scale, strong consumer brands, advertising, and the selection of prime locations. Our acquisition strategy is to act as a source of capital to regional and national commercial enterprises by acquiring and leasing back their real estate locations. In addition, we frequently acquire large portfolios of properties net leased to multiple tenants in a variety of industries. We undertake thorough research and analysis to identify what we consider to be appropriate industries, tenants and property locations for investment. Our research expertise is instrumental to uncovering net-lease opportunities in markets where our real estate financing program adds value. In selecting potential investments, 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 important locations for regional and national commercial enterprises;

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- Properties that we deem to be profitable for the tenants and/or can generally be characterized as important to the operations of the company's business;
- Properties that are located within attractive demographic areas, relative to the business of our tenants, with high visibility and easy access to major thoroughfares; and
- Properties that can be purchased with the simultaneous execution or assumption of long-term, net-lease agreements, offering both current income and the potential for rent increases.

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.

Portfolio Management Strategy

The active management of the property portfolio is an essential component of our long-term strategy. We continually monitor our portfolio for any changes that could affect the performance of the industries, tenants and locations in which we have invested. We also regularly analyze our portfolio with a view toward optimizing its returns and enhancing our credit quality.

Our executives regularly review and analyze:

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

We have an active portfolio management program that incorporates the sale of assets when we believe the reinvestment of the sale proceeds will:

- Generate higher returns;
- Enhance the credit quality of our real estate portfolio;
- Extend our average remaining lease term; or
- Decrease tenant or industry concentration.

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At December 31, 2012, we classified real estate with a carrying amount of \$19.2 million as held for sale on our balance sheet. In 2013, we intend to continue implementing more active disposition efforts to further enhance the credit quality of our real estate portfolio. As a result, we anticipate selling investment properties from our portfolio that have not yet been specifically identified, from which we anticipate receiving between \$50 million and \$125 million in proceeds during the next 12 months. 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.

Universal Shelf Registration

In October 2012, we filed a shelf registration statement with the SEC, which is effective for a term of three years and will expire in October 2015. This replaces our prior shelf registration statement. 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 the securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

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\$1 Billion Acquisition Credit Facility

In May 2012, we entered into a new \$1 billion unsecured acquisition credit facility, which replaced our \$425 million acquisition credit facility that was scheduled to expire in March 2014. The initial term of the new credit facility expires in May 2016 and includes, at our option, a one-year extension. Under this new credit facility, our current investment grade credit ratings provide for financing at LIBOR, plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% over LIBOR. The borrowing rate is not subject to an interest rate floor or ceiling. We also have other interest rate options available to us. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation. At December 31, 2012, we had a borrowing capacity of \$842 million available on our credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$158 million. The interest rate on borrowings outstanding under our new credit facility, at December 31, 2012, was 1.3% per annum. We must comply with various financial and other covenants in our credit facility. At December 31, 2012, we remain in compliance with these covenants.

We expect to use our credit facility to acquire additional properties and for other corporate purposes. Any additional borrowings will increase our exposure to interest rate risk. We have the right to request an increase in the borrowing capacity of the credit facility, up to \$500 million, to a total borrowing capacity of \$1.5 billion. Any increase in the borrowing capacity is subject to approval by the lending banks participating in our credit facility.

We generally use our credit facility for the short-term financing of new property acquisitions. Thereafter, when capital is available on acceptable terms, we generally seek to refinance those borrowings with the net proceeds of long-term or permanent financing, which may include the issuance of common stock, preferred stock 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 upon acceptable terms.

Cash Reserves

We acquire and lease properties and distribute to stockholders, in the form of monthly cash dividends, 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, 2012, we had cash and cash equivalents totaling \$5.2 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 foreseeable future. We intend, however, to use additional sources of 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 credit ratings. We are currently assigned the following investment grade corporate credit ratings on our senior unsecured notes and bonds: Fitch Ratings has assigned a rating of BBB+ with a stable outlook, Moody's Investors Service has assigned a rating of Baa1 with a negative outlook, and Standard & Poor's Ratings Group has assigned a rating of BBB with a stable outlook to our senior notes.

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Based on our current ratings, the credit facility interest rate is LIBOR plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% basis points over LIBOR. The credit facility provides that the interest rate can range between: (i) LIBOR plus 1.85% if our credit facility is lower than BBB-/Baa3 and (ii) LIBOR plus 1.00% if our credit rating is A-/A3 or higher. In addition, our credit facility provides for a facility commitment fee based on our credit ratings, which range from: (i) 0.45% for a rating lower than BBB-/Baa3, and (ii) 0.15% for a credit rating of A-/A3 or higher.

We also issue senior debt securities from time to time and our credit ratings can impact the interest rates on these transactions. In addition, if our credit ratings or ratings outlook change, our cost to obtain debt financing could increase or decrease.

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

Mortgage Debt

As of December 31, 2012, we had \$165.9 million of mortgages payable, which were assumed in connection with our property acquisitions in 2012 and 2011. Additionally, at December 31, 2012, we had net premiums totaling \$9.9 million on these mortgages. During 2012, we paid \$11.7 million in principal payments, which includes \$10.7 million to pay off one mortgage in March 2012.

We expect to pay off the mortgages payable as soon as prepayment penalties and costs make it economically feasible to do so. We intend to continue our policy of primarily identifying property acquisitions that are free from mortgage indebtedness.

No Unconsolidated Investments

We have no unconsolidated investments, nor do we engage in trading activities involving energy or commodity contracts. Additionally, we have no joint ventures or mandatorily redeemable preferred stock. As such, our financial position and results of operations are not affected by accounting regulations regarding the classification of financial instruments with characteristics of both liabilities and equity.

Competitive Strategy

To successfully pursue our investment philosophy and strategy, we seek to maintain the following competitive advantages:

- *Type of Investment Properties:* We believe net-leased properties, whether purchased individually or as part of larger portfolio purchases, represent an attractive investment opportunity in today's real estate environment. The less intensive day-to-day property management required by net-lease agreements, coupled with the active management of a large portfolio of properties, is an effective investment strategy. The tenants of our freestanding properties generally provide goods and services that satisfy basic consumer needs. In order to grow and expand, they generally need capital. Since the acquisition of real estate is typically the single largest capital expenditure of many of these tenants, our method of purchasing the property and then leasing it back, under a net-lease arrangement, allows the commercial enterprise to free up capital.
- *Investment in New Industries:* We seek to further diversify our portfolio among a variety of industries. We believe diversification will allow us to invest in industries that currently are growing and have characteristics we find attractive. When analyzing new industries, we seek to acquire properties that are critical to the success of a commercial enterprise, through its distribution of the product or service. Other characteristics may include, but are not limited to, industries that are dominated by local store operators where regional and national commercial enterprises can increase market share and dominance by consolidating local operators and streamlining their operations, as well as capitalizing on major demographic shifts in a population base.

- *Diversification:* Diversification of the portfolio by industry type, tenant, and geographic location is key to our objective of providing predictable investment results for our stockholders, therefore further diversification of our portfolio is a continuing objective. At December 31, 2012, we owned a diversified property portfolio that consisted of 3,013 properties located in 49 states, leased to 150 different commercial enterprises doing business in 44 industry segments. Each of the 44 industry segments, represented in our property portfolio, individually accounted for no more than 14.9% of our rental revenue for the quarter ended December 31, 2012.

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- *Management Specialization:* We believe that our management's specialization in acquiring and managing single-tenant properties, operated under net-lease agreements, purchased individually or as part of a larger portfolio, is important to meeting our objectives. We plan to maintain this specialization and will seek to employ and train high-quality professionals in this specialized area of real estate ownership, finance and management.
- *Technology:* We intend to stay at the forefront of technology in our efforts to carry out our operations efficiently and economically. We maintain sophisticated information systems that allow us to analyze our portfolio's performance and actively manage our investments. We believe that technology and information-based systems play an important role in our competitiveness as an investment manager and source of capital to a variety of industries and tenants.

Corporate Responsibility

Realty Income is committed to providing an enjoyable, diverse and safe working atmosphere for our employees, to upholding our responsibilities as a public company operating for the benefit of our shareholders and to being mindful of the environment. As The Monthly Dividend Company®, we believe our primary responsibility is to provide a dividend return to our shareholders. How we manage and use the physical, human and financial resources that enable us to acquire and own the real estate, which provides us with the lease revenue to pay monthly dividends, demonstrates our commitment to corporate responsibility.

Social Responsibility and Ethics. We are committed to being socially responsible and conducting our business according to the highest ethical standards. Our employees enjoy compensation that is in line with those of our peers and competitors, including generous healthcare benefits for employees and their families; participation in a 401K plan with a matching contribution by Realty Income; competitive vacation and time-off benefits; paid maternity leave and an infant-at-work program for new parents. Our employees also have access to members of our Board of Directors to report any suspicion of misconduct, by any member of our senior management or executive team. We also have a long-standing commitment to equal employment opportunity and adhere to all Equal Employer Opportunity Policy guidelines.

With respect to our vendors and tenants we apply the principles of full and fair disclosure in all of our business dealings, as outlined in our Corporate Code of Business Ethics. We are also committed to dealing fairly with all of our customers, suppliers and competitors.

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 shareholders and are focused on maintaining good corporate governance. Practices that illustrate this commitment include:

- Our Board of Directors is comprised of six independent, non-employee directors and one employee director (the Chief Executive Officer and Vice Chairman of the Board)
- Our Board of Directors is elected on an annual basis
- We employ a majority vote standard for elections

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- Our Compensation Committee of the Board of Directors works with independent consultants, in conducting annual compensation reviews for our key executives, and compensates each individual based on reaching certain performance metrics that determine the success of our company
- We adhere to all other corporate governance principles outlined in our Corporate Governance Guidelines document.

Environmental Practices. Our focus on energy related matters is demonstrated by how we manage our day-to-day activities in our corporate headquarters building. With respect to other properties that we own, which are net-leased to our tenants who are responsible for maintaining the buildings, we encourage energy conservation and environmental sustainability practices wherever possible. In our headquarters building we promote energy conservation and encourage the following practices:

- Powering down office equipment at the end of the day
- Setting fax and copier machines to energy saver mode
- Encouraging employees to use duplex copy mode to reduce paper usage whenever possible
- Employing an automated lights out system that is activated 24/7

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- Programming HVAC to only operate during normal business operating hours

In addition, our headquarters building was constructed according to the State of California energy standards and we have installed solar panels on our roof to fulfill our energy requirements. All of the windows on our building are dual-paned to increase energy efficiency and reduce our carbon footprint.

With respect to recycling and reuse practices, we encourage the use of recycled products and the recycling of materials during our operations. Recycling bins are placed in all areas where materials are regularly disposed of and at the individual desks of our employees. Cell phones, wireless devices and office equipment is recycled or donated whenever possible. We also continue to pursue a paperless environment since this reduces costs and saves trees. As a result, we encourage file-sharing networks and environments to produce and edit documents in order to reduce the dissemination of hard copy documents.

PROPERTY PORTFOLIO INFORMATION

At December 31, 2012, we owned a diversified portfolio:

- Of 3,013 properties;
- With an occupancy rate of 97.2%, or 2,929 properties leased and only 84 properties available for lease;
- Leased to 150 different commercial enterprises doing business in 44 separate industries;
- Located in 49 states;
- With over 37.6 million square feet of leasable space; and
- With an average leasable space per property of approximately 12,500 square feet.

At December 31, 2012, of our 3,013 properties, 2,913 were leased under net-lease agreements. A net lease typically requires the tenant to be responsible for minimum 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.

In order to more accurately reflect our exposure to various industries, the following industry table has been modified from similar tables we have prepared in the past to reflect the changes below:

- Some properties previously included in the general merchandise industry were reclassified to the dollar stores industry to better reflect the industry in which the tenant operates; and
- The aviation industry was renamed aerospace.

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

	Percentage of Rental Revenue(1)						
	For the Quarter Ended December 31, 2012	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007
<u>Retail Industries</u>							
Apparel stores	2.4%	1.7 %	1.4%	1.2%	1.1%	1.1%	1.2%
Automotive collision services	1.1	1.1	0.9	1.0	1.1	1.0	1.1
Automotive parts	1.1	1.0	1.2	1.4	1.5	1.6	2.1
Automotive service	2.9	3.1	3.7	4.7	4.8	4.8	5.2
Automotive tire services	4.3	4.7	5.6	6.4	6.9	6.7	7.3
Book stores	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Business services	*	*	*	*	*	*	0.1
Child care	4.1	4.5	5.2	6.5	7.3	7.6	8.4
Consumer electronics	0.5	0.5	0.5	0.6	0.7	0.8	0.9
Convenience stores	14.9	16.3	18.5	17.1	16.9	15.8	14.0
Crafts and novelties	0.7	0.3	0.2	0.3	0.3	0.3	0.3
Dollar stores	4.3	2.2	--	--	--	--	--
Drug stores	3.3	3.5	3.8	4.1	4.3	4.1	2.7
Education	0.6	0.7	0.7	0.8	0.9	0.8	0.8
Entertainment	0.9	0.9	1.0	1.2	1.3	1.2	1.4
Equipment services	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Financial services	0.2	0.2	0.2	0.2	0.2	0.2	0.2
General merchandise	0.5	0.6	0.6	0.8	0.8	0.8	0.7
Grocery stores	3.3	3.7	1.6	0.9	0.7	0.7	0.7
Health and fitness	6.7	6.8	6.4	6.9	5.9	5.6	5.1
Home furnishings	1.0	1.0	1.1	1.3	1.3	2.4	2.6
Home improvement	1.3	1.5	1.7	2.0	2.2	2.1	2.4
Motor vehicle dealerships	2.0	2.1	2.2	2.6	2.7	3.2	3.1
Office supplies	0.7	0.8	0.9	0.9	1.0	1.0	1.1
Pet supplies and services	0.5	0.6	0.7	0.9	0.9	0.8	0.9
Restaurants - casual dining	6.7	7.3	10.9	13.4	13.7	14.3	14.9
Restaurants - quick service	5.7	5.9	6.6	7.7	8.3	8.2	6.6
Shoe stores	0.1	0.1	0.2	0.1	--	--	--
Sporting goods	2.3	2.5	2.7	2.7	2.6	2.3	2.6
Theaters	8.7	9.4	8.8	8.9	9.2	9.0	9.0
Transportation services	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Video rental	0.0	0.0	0.0	0.2	1.0	1.1	1.7
Wholesale clubs	4.4	3.2	0.7	--	--	--	--
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Retail Industries	85.6%	86.7 %	88.6%	95.4%	98.3%	98.2%	97.8%

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	For the Quarter Ended December 31, 2012	Percentage of Rental Revenue(1) For the Years Ended					
		Dec 31, 2012	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007
<u>Non-retail Industries</u>							
Aerospace	1.0	0.9	0.5	--	--	--	--
Beverages	4.7	5.1	5.6	3.0	--	--	--
Consumer appliances	0.3	0.1	--	--	--	--	--
Consumer goods	0.3	0.1	--	--	--	--	--
Diversified industrial	0.2	0.1	--	--	--	--	--
Equipment services	0.5	0.3	0.2	--	--	--	--
Financial services	0.4	0.4	0.3	--	--	--	--
Food processing	1.6	1.3	0.7	--	--	--	--
Insurance	0.1	*	--	--	--	--	--
Machinery	0.3	0.1	--	--	--	--	--
Packaging	1.0	0.7	0.4	--	--	--	--
Paper	0.1	0.1	0.1	--	--	--	--
Telecommunications	0.8	0.8	0.7	--	--	--	--
Transportation services	2.1	2.2	1.6	--	--	--	--
Other	1.0	1.1	1.3	1.6	1.7	1.8	2.2
Non-retail Industries	14.4%	13.3 %	11.4%	4.6%	1.7%	1.8%	2.2%
Totals	100.0%	100.0 %	100.0%	100.0%	100.0%	100.0%	100.0%

* Less than 0.1%

(1) Includes rental revenue for all properties owned by Realty Income at the end of each period presented, including revenue from properties reclassified as discontinued operations. Excludes revenue from properties owned by Crest.

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The following table sets forth certain property type information regarding Realty Income's property portfolio as of December 31, 2012 (dollars in thousands):

Property Type	Number of Properties	Approximate Leasable Square Feet	Rental Revenue for the Quarter Ended December 31, 2012(1)	Percentage of Rental Revenue
Retail	2,941	27,520,200	\$ 111,218	84.9%
Distribution	23	5,181,200	6,131	4.7
Agriculture	15	184,500	5,138	3.9
Manufacturing	10	3,117,100	3,775	2.9
Office	9	824,000	3,110	2.4
Industrial	15	850,500	1,570	1.2
Totals	3,013	37,677,500	\$ 130,942	100.0%

(1) Includes rental revenue for all properties owned by Realty Income at December 31, 2012, including revenue from properties reclassified as discontinued operations of \$1,347. Excludes revenue of \$24 from properties owned by Crest.

Tenant Diversification

The largest tenants based on percentage of total portfolio rental revenue at December 31, 2012 include the following:

L.A. Fitness	5.1%	NPC International/Pizza Hut	2.3%
AMC Theatres	4.6%	Rite Aid	2.2%
Family Dollar	4.4%	Friendly's Ice Cream	2.1%
Diageo	4.4%	Smart & Final	2.1%
BJ's Wholesale Clubs	4.3%	Fed-Ex	2.0%
Northern Tier Energy/Super America	3.8%	FreedomRoads/Camping World	2.0%
Regal Cinemas	3.2%	National Tire & Battery	1.9%
The Pantry	2.7%		

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The following table sets forth certain information regarding the 2,941 retail properties, included in the 3,013 total properties, owned by Realty Income at December 31, 2012, classified according to the business types and the level of services they provide (dollars in thousands):

	Number of Retail Properties	Retail Rental Revenue for the Quarter Ended December 31, 2012(1)	Percentage of Retail Rental Revenue
Retail Industries			
<u>Tenants Providing Services</u>			
Automotive collision services	22	\$ 1,430	1.3%
Automotive service	230	3,778	3.4
Child care	229	5,308	4.8
Education	15	827	0.7
Entertainment	9	1,199	1.1
Equipment services	2	150	0.1
Financial services	16	219	0.2
Health and fitness	53	8,801	7.9
Theaters	44	11,451	10.3
Transportation services	1	187	0.2
Other	14	132	0.1
	635	33,482	30.1
<u>Tenants Selling Goods and Services</u>			
Automotive parts (with installation)	27	481	0.4
Automotive tire services	158	5,642	5.1
Business services	1	4	*
Convenience stores	717	19,415	17.4
Motor vehicle dealerships	17	2,623	2.4
Pet supplies and services	14	666	0.6
Restaurants - casual dining	305	8,199	7.4
Restaurants - quick service	358	7,441	6.7
Video rental	3	-	0.0
	1,600	44,471	40.0
<u>Tenants Selling Goods</u>			
Apparel stores	20	3,197	2.9
Automotive parts	44	975	0.9
Book stores	1	83	0.1
Consumer electronics	8	605	0.5
Crafts and novelties	9	883	0.8
Dollar stores	358	5,579	5.0
Drug stores	60	4,251	3.8
General merchandise	32	697	0.6
Grocery stores	57	4,379	3.9
Home furnishings	43	1,258	1.1
Home improvement	27	1,506	1.4
Office supplies	11	933	0.8
Shoe stores	1	168	0.2
Sporting goods	21	2,944	2.7
Wholesale clubs	14	5,807	5.2
	706	33,265	29.9
Total Retail Properties	2,941	\$ 111,218	100.0%

* Less than 0.1%

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(1) Includes rental revenue for all retail properties owned by Realty Income at December 31, 2012, including revenue from properties reclassified as discontinued operations of \$1,347. Excludes revenue of \$19,724 from non-retail properties and \$24 from properties owned by Crest.

Table of Contents**Lease Expirations**

The following table sets forth certain information regarding Realty Income's property portfolio regarding the timing of the lease term expirations (excluding rights to extend a lease at the option of the tenant) on our 2,913 net leased, single-tenant properties as of December 31, 2012 (dollars in thousands):

Year	Number of Leases Expiring(1)	Approx. Leasable Sq. Feet	Total Portfolio		Initial Expirations(3)			Subsequent Expirations(4)		
			Rental Revenue for the Quarter Ended Dec. 31, 2012(2)	% of Total Rental Revenue	Number of Leases Expiring	Rental Revenue for the Quarter Ended Dec. 31, 2012	% of Total Rental Revenue	Number of Leases Expiring	Rental Revenue for the Quarter Ended Dec. 31, 2012	% of Total Rental Revenue
2013	157	1,209,200	\$ 3,879	3.0%	39	\$1,319	1.0%	118	\$ 2,560	2.0%
2014	155	1,019,400	3,717	2.9	52	1,652	1.3	103	2,065	1.6
2015	161	859,500	3,690	2.9	67	1,774	1.4	94	1,916	1.5
2016	176	1,144,300	3,840	3.0	115	2,380	1.9	61	1,460	1.1
2017	165	1,940,200	5,633	4.4	44	2,902	2.3	121	2,731	2.1
2018	144	2,116,600	6,411	5.0	90	4,691	3.7	54	1,720	1.3
2019	143	1,511,800	7,298	5.7	132	6,815	5.3	11	483	0.4
2020	86	1,986,500	5,455	4.2	76	5,109	4.0	10	346	0.2
2021	163	2,353,000	8,426	6.5	155	7,916	6.1	8	510	0.4
2022	127	3,713,600	7,396	5.7	119	7,153	5.5	8	243	0.2
2023	257	2,294,400	10,634	8.3	250	10,106	7.9	7	528	0.4
2024	62	686,900	2,764	2.1	62	2,764	2.1	--	--	0.0
2025	253	2,707,700	13,478	10.5	248	13,363	10.4	5	115	0.1
2026	153	2,311,400	8,335	6.5	150	8,253	6.4	3	82	0.1
2027-2043	711	10,152,200	37,694	29.3	702	37,509	29.2	9	185	0.1
Totals	2,913	36,006,700	\$128,650	100.0%	2,301	\$113,706	88.5%	612	\$ 14,944	11.5%

(1) Excludes 16 multi-tenant properties and 84 vacant unleased properties, one of which is a multi-tenant property. The lease expirations for properties under construction are based on the estimated date of completion of those properties.

(2) Includes rental revenue of \$1,347 from properties reclassified as discontinued operations and excludes revenue of \$2,292 from 16 multi-tenant properties and from 84 vacant and unleased properties at December 31, 2012. Excludes revenue of \$24 from four properties owned by Crest.

(3) Represents leases to the initial tenant of the property that are expiring for the first time.

(4) Represents lease expirations on properties in the portfolio, which have previously been renewed, extended or re-tenanted.

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Geographic Diversification

The following table sets forth certain state-by-state information regarding Realty Income's property portfolio as of December 31, 2012 (dollars in thousands):

State	Number of Properties	Percent Leased	Approximate Leasable Square Feet	Rental Revenue for the Quarter Ended December 31, 2012(1)	Percentage of Rental Revenue	%
Alabama	71	96%	500,500	\$ 1,831	1.4	%
Alaska	2	100	128,500	307	0.2	
Arizona	96	98	710,300	3,496	2.7	
Arkansas	21	95	135,000	340	0.3	
California	142	100	3,821,700	18,204	13.9	
Colorado	57	96	497,700	1,985	1.5	
Connecticut	25	92	456,500	2,037	1.6	
Delaware	16	100	29,500	391	0.3	
Florida	211	98	2,229,600	8,364	6.4	
Georgia	152	94	1,342,400	5,040	3.8	
Hawaii	--	--	--	--	--	
Idaho	12	92	80,700	329	0.3	
Illinois	111	99	1,428,900	6,264	4.8	
Indiana	87	98	858,400	3,858	2.9	
Iowa	28	89	1,878,400	2,331	1.8	
Kansas	67	96	920,600	1,905	1.5	
Kentucky	26	96	202,200	733	0.6	
Louisiana	44	100	428,500	1,449	1.1	
Maine	3	100	22,500	139	0.1	
Maryland	30	100	492,500	2,661	2.0	
Massachusetts	63	92	572,700	2,279	1.7	
Michigan	69	100	421,900	1,579	1.2	
Minnesota	151	100	1,019,000	6,807	5.2	
Mississippi	77	95	775,300	1,982	1.5	
Missouri	78	99	1,057,800	3,861	2.9	
Montana	2	100	30,000	77	0.1	
Nebraska	22	100	220,400	604	0.5	
Nevada	16	100	333,700	1,054	0.8	
New Hampshire	17	94	234,000	961	0.7	
New Jersey	33	94	267,300	1,941	1.5	
New Mexico	19	100	154,700	421	0.3	
New York	46	98	918,900	4,614	3.5	
North Carolina	99	96	895,400	3,127	2.4	
North Dakota	6	100	36,600	78	0.1	
Ohio	151	97	2,192,200	5,231	4.0	
Oklahoma	57	98	961,500	1,742	1.3	
Oregon	20	100	384,200	1,325	1.0	
Pennsylvania	105	98	1,092,500	4,740	3.6	
Rhode Island	3	100	11,000	37	*	
South Carolina	102	97	564,500	2,571	2.0	
South Dakota	10	100	89,800	186	0.1	
Tennessee	136	96	1,351,500	3,240	2.5	
Texas	328	97	4,271,900	12,205	9.3	
Utah	9	100	159,300	413	0.3	
Vermont	4	100	12,700	133	0.1	
Virginia	115	97	2,429,400	5,351	4.1	
Washington	34	97	293,000	1,147	0.9	
West Virginia	4	100	87,400	134	0.1	
Wisconsin	33	94	653,400	1,375	1.1	
Wyoming	3	100	21,100	63	*	
Totals/Average	3,013	97%	37,677,500	\$ 130,942	100.0	%

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*Less than 0.1%

(1) Includes rental revenue for all properties owned by Realty Income at December 31, 2012, including revenue from properties reclassified as discontinued operations of \$1,347. Excludes revenue of \$24 from properties owned by Crest.

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FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K, including the documents incorporated by reference herein, 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;
- Our recent acquisition of American Realty Capital Trust, Inc.;
- 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;

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- 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 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.

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

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

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

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

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

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

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

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

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

Further, the occurrence of a tenant bankruptcy or insolvency could diminish the income we receive from the tenant's lease or leases. In addition, a bankruptcy court might authorize the tenant to terminate its leases with us. If that happens, our claim against the bankrupt tenant for unpaid future rent would be subject to statutory limitations that most likely would 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 the 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 a 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 cash from operations and our ability to make distributions to stockholders and service indebtedness.

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Eighty-four of our properties were available for lease or sale at December 31, 2012, all but one of which were single-tenant properties. At December 31, 2012, 32 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 2012, each of our tenants accounted for less than 10% of our rental revenue.

For the fourth quarter of 2012, our tenants in the convenience stores industry accounted for 14.9% of our rental revenue. A downturn in this industry, whether nationwide or limited to specific sectors of the United States, could adversely affect tenants in this industry, which in turn could have a material adverse effect on our financial position, results of operations and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions on our common stock and preferred stock.

We believe that the ongoing economic recession has also had an adverse effect on many casual dining restaurants. The impact of bankruptcy filings by any tenants in the casual dining industry could adversely affect us. Individually, each of the other industries in our property portfolio accounted for less than 10% of our rental revenue for the fourth quarter of 2012. Nevertheless, downturns in these other 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 and preferred stock. In addition, we may in the future make additional investments in the convenience stores industry, which would increase this industry's percentage of our rental revenues, thereby increasing the effect that such a downturn in this industry would have on us.

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

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

The acquisition of American Realty Capital Trust, Inc. presents certain risks to our business and operations.

On January 22, 2013, we completed our acquisition of American Realty Capital Trust, Inc., or ARCT, in a transaction valued at approximately \$3.1 billion. Pursuant to the terms and subject to the conditions set forth in the agreement, at the effective time of the acquisition, each outstanding share of ARCT common stock was converted into \$0.35 of cash and 0.2874 shares of our common stock. In connection with the acquisition, we paid \$552.9 million at closing to repay amounts then outstanding and terminated the commitments under ARCT's revolving credit facility. In conjunction with our acquisition of ARCT in January 2013, we assumed approximately \$516.3 million of mortgages payable. With this acquisition, we added 515 properties to our portfolio.

The acquisition presents certain risks to our business and operations, including, among other things, the following:

- We may encounter difficulties and incur substantial expenses in integrating ARCT's properties and systems into our operations and systems and, in any event, the integration may require a substantial amount of time on the part of both our management and employees and therefore divert their attention from other aspects of our business;

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- ARCT's real estate portfolio includes a number of industries which are new to us, including U.S. General Services Administration assets, as well as tenants in the aerospace, financial services, freight, health care, home maintenance, manufacturing, pharmacy, retail banking, technology and telecommunications businesses;
- We may not be able to realize the anticipated benefits of our acquisition of ARCT, or those benefits may be less than we and securities and industry analysts had anticipated, which may adversely affect the market price of our common stock, preferred stock and debt securities;
- Our level of indebtedness has increased in conjunction with the acquisition of ARCT;
- Our future results will suffer if we do not effectively manage our expanded portfolio;
- The market price of our common stock, preferred stock and debt securities may decline, particularly if we do not achieve the perceived benefits of the ARCT acquisition as rapidly or to the extent anticipated by securities or industry analysts or if the effect of the acquisition on our results of operations and financial condition is not consistent with the expectations of these analysts;
- We cannot assure you that we will be able to continue paying dividends on our common stock or preferred stock at the current rates;
- If ARCT failed to qualify as a REIT for U.S. federal income tax purposes, Realty Income may inherit significant tax liabilities, and Realty Income could lose its REIT status should disqualifying activities continue after the acquisition;
- We may incur unanticipated capital expenditures in order to maintain or improve the properties and businesses of ARCT;
- We may encounter difficulties in managing a substantially larger and more complex business with properties in new geographic areas;
- Many of ARCT's tenants operated in industries where we do not have any prior experience, which may make it difficult for us to evaluate their business and operations, and the ARCT acquisition increased our tenant concentration in certain industries;

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- We may need to implement or improve internal controls, procedures, policies and systems with respect to ARCT's properties and businesses, which may require substantial time and expenditure;
- We may continue to incur substantial expenses related to the acquisition, including legal, accounting, and financial advisory expenses;
- We may be required to recognize write-offs, impairment charges or amortization charges resulting from the ARCT acquisition; and
- We may encounter unanticipated or unknown liabilities relating to the acquired businesses and properties.

In addition, eight lawsuits were filed in conjunction with the acquisition of ARCT. All of the below actions name as defendants ARCT, members of the ARCT board of directors, Realty Income, and Tau Acquisition LLC, a Delaware limited liability company and wholly owned subsidiary of Realty Income, or Merger Sub. In each case, the plaintiffs allege that the ARCT directors breached their fiduciary duties to ARCT and/or its stockholders in negotiating and approving the agreement, that the acquisition consideration negotiated in the agreement improperly values ARCT, that the ARCT stockholders will not receive fair value for their ARCT common stock in the acquisition, and that the terms of the agreement impose improper deal-protection devices that purportedly preclude competing offers. The complaints further allege that Realty Income, Merger Sub, and, in some cases, ARCT aided and abetted those alleged breaches of fiduciary duty. The various amended complaints add allegations that disclosures regarding the merger in the joint proxy statement/prospectus filed on October 1, 2012, or the definitive proxy statement/prospectus filed on December 6, 2012, are inadequate. Plaintiffs seek

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injunctive relief, including enjoining or rescinding the acquisition, and an award of other unspecified attorneys' and other fees and costs, in addition to other relief. Realty Income believes that these actions have no merit and intends to respond to them in due course:

Maryland Actions. Since the announcement of the proposed acquisition of ARCT on September 6, 2012, six alleged class actions and/or shareholder derivative actions were filed on behalf of alleged ARCT stockholders and/or ARCT itself in the Circuit Court for Baltimore City, Maryland, under the following captions: *Quaal v. American Realty Capital Trust Inc., et al.*, No. 24-C-12-005306, filed September 7, 2012; *Hill v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005502, filed September 19, 2012; *Goldwurm v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005524, filed September 20, 2012; *Gordon v. Schorsch, et al.*, No. 24-C-12-005571, filed September 21, 2012; *Gregor v. Kahane, et al.*, No. 24-C-12-005563, filed September 21, 2012; and *Rooker v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005924, filed October 5, 2012. On October 23, 2012, defendants moved to dismiss the actions and, on November 8, 2012, moved to stay discovery pending disposition of the motions to dismiss. On November 13, 2012, all plaintiffs except Sydelle Goldwurm filed motions to compel discovery and to expedite discovery. On November 16, 2012, the court consolidated the actions into a single action captioned *In re American Capital Realty Trust, Inc. Shareholder Litigation*, No. 24-C-12-005306 (the Maryland State Action). On November 21, 2012, the court appointed plaintiff Randell Quaal as lead plaintiff and Brower Piven, P.C. as lead counsel for plaintiffs. On December 3, 2012, plaintiff Goldwurm voluntarily dismissed her action in Maryland state court without prejudice. On December 11, 2012, plaintiffs moved for a preliminary injunction and to compel expedited discovery. On December 13, 2012, the court granted defendants' motion to stay discovery and denied plaintiffs' motion to expedite discovery. On December 14, 2012, plaintiffs filed a consolidated amended complaint, and defendants filed amended motions to dismiss the amended complaint on December 21, 2012.

On January 6, 2013, the parties in the Maryland State Action entered into a memorandum of understanding regarding settlement of all claims asserted on behalf of the alleged class of ARCT stockholders. In connection with the settlement contemplated by the memorandum of understanding, the Maryland State Action and all claims asserted in the litigation will be dismissed, subject to court approval. The proposed settlement terms required ARCT to make certain additional disclosures related to the merger, as set forth in a Current Report on Form 8-K filed by ARCT on January 8, 2013. The parties also agreed that plaintiffs may seek attorneys' fees and costs in an as-yet undetermined amount, with ARCT to pay such fees and costs if and to the extent they are approved by the Maryland state court. The memorandum of understanding further contemplates that the parties will enter into a stipulation of settlement, which will be subject to customary conditions, including confirmatory discovery and court approval following notice to ARCT's stockholders. If the parties enter into a stipulation of settlement, a hearing will be scheduled at which the court will consider the fairness, reasonableness, and adequacy of the settlement. There can be no assurance that the parties will ultimately enter into a stipulation of settlement, that the court will approve any proposed settlement, or that any eventual settlement will be under the same terms as those contemplated by the memorandum of understanding.

After the Maryland state court denied plaintiff Goldwurm's motion for appointment of lead plaintiff and lead counsel in the Maryland State Action, plaintiff Goldwurm filed a class action and shareholder derivative action on November 29, 2012, in the United States District Court for the District of Maryland, captioned *Goldwurm v. American Realty Capital Trust, Inc., et al.*, No. 1:12-cv-03516-JKB (the Maryland Federal Action). On December 12, 2012, plaintiff Goldwurm moved for expedited discovery. Defendants moved to stay the federal case on December 13, 2012, and moved to dismiss it on December 19, 2012. On January 11, 2013, plaintiff Goldwurm moved for a temporary restraining order seeking to enjoin the shareholder vote on the proposed merger set to take place on January 16, 2013.

On January 14, 2013, the parties in the Maryland Federal Action entered into an agreement to settle all claims. In connection with the settlement, on January 25, 2013, the parties agreed to voluntarily dismiss the case with prejudice. On January 28, 2013, the Maryland federal court dismissed the action.

New York Actions. Two alleged class actions were filed on behalf of alleged ARCT stockholders in the Supreme Court of the State of New York for New York, New York, under the following captions: *The Carol L. Possehl Living Trust v. American Realty Capital Trust, Inc., et al.*, No. 653300-2012, filed September 20, 2012; and *Salenger v. American Realty Capital Trust, Inc. et al.*, No. 353355-2012, filed September 25, 2012. On October 19, 2012, the court consolidated the actions into a single action captioned *In re American Realty Capital Trust Shareholders Litigation*, No. 653300-2012 (the New York Action) and appointed Robbins Geller Rudman

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& Dowd LLP as lead counsel for plaintiffs. On October 19, 2012, defendants moved for a stay of proceedings. Plaintiffs filed an amended complaint on October 23, 2012. On November 9, 2012, the Court granted defendants' motion to stay the New York Action pending the Maryland state actions.

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

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

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

There may be environmental problems associated with our properties of which we are unaware. In that regard, a number of our properties are leased to operators of convenience stores that sell petroleum-based fuels, as well as to operators of oil change and tune-up facilities 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. Although our leases generally require our tenants to operate in compliance with all applicable federal, state and local environmental laws, ordinances and regulations, and to indemnify us against any environmental liabilities arising from the tenants' activities on the property, we could nevertheless be subject to strict liability by virtue of our ownership interest. There also can be no assurance that our tenants could or would satisfy their indemnification obligations under their leases. The discovery of environmental liabilities attached to our properties could have an adverse effect on our results of operations, our financial condition or our ability to make distributions to stockholders and to pay the principal of and interest on our debt securities and other indebtedness.

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

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

Compliance. We have not been notified by any governmental authority, and are not otherwise aware, of any material noncompliance, liability or claim relating to hazardous substances, toxic substances, or petroleum products in connection with any of our 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 strict liability by virtue of our ownership interest.

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

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

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

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

Qualification as a REIT involves the satisfaction of numerous requirements under highly technical and complex Code provisions, for which there are only limited judicial and administrative interpretations, 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).

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

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

- We would be required to pay federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates;
- We would not be allowed a deduction in computing our taxable income for amounts distributed to our stockholders;

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- 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.

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Distributions requirements imposed by law limit our flexibility.

To maintain our status as a REIT for federal income tax purposes, we generally are required to distribute to our stockholders at least 90% of our 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 on a short-term basis to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT.

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

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

We are subject to risks associated with debt and capital stock financing.

We intend to incur additional indebtedness in the future, including borrowings under our \$1 billion acquisition credit facility. At December 31, 2012, we had \$158 million of outstanding borrowings under our acquisition credit facility, a total of \$2.55 billion of outstanding unsecured senior debt securities and \$175.9 million of outstanding 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 meet required payments on our debt. We also face variable interest rate risk as the interest rate on our acquisition credit facility is variable and could therefore increase over time. We also face the risk that we may be unable to refinance or repay our debt as it comes due. Given past disruptions in the financial markets and the ongoing global financial crisis (which includes concerns that certain European countries may be unable to repay their national debt), we also face the risk that one or more of the participants in our acquisition credit facility may not be able to lend us money.

In addition, our acquisition credit facility contains provisions that could limit or, in certain cases, prohibit the payment of distributions on our common stock and preferred stock. In particular, our acquisition credit facility provides that, if an event of default (as defined in the credit facility) exists, neither we nor any of our subsidiaries may make any distributions on (except distributions payable in shares of a given class of our stock to the shareholders 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 by the credit facility 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 shareholders in order to maintain our status as a REIT for federal income tax purposes,

except that we may repurchase or redeem preferred stock with the net proceeds from the issuance of our common stock or preferred stock. The acquisition credit facility further provides that, in the event of a failure to pay principal, interest or any other amount payable thereunder when due or upon the occurrence of certain events of bankruptcy, insolvency or reorganization with respect to us or with respect to any of our subsidiaries

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that have guaranteed amounts payable under the credit facility or that meet a significance test set forth in the credit facility, we and our subsidiaries may not pay any distributions on (except distributions payable in shares of a given class of our stock to the shareholders of that class), or repurchase or redeem, among other things, any shares of our common stock or preferred stock. If any such event of default under our acquisition credit facility 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 distributions payable on our common stock and preferred stock or prevent us from paying those distributions 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 and preferred stock, including:

- Increasing our vulnerability to general adverse economic and industry conditions;
- Limiting our ability to obtain additional financing to fund future working capital, 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 mortgage loan, we will automatically be in default of any other loan that has cross-default provisions, and we may lose the properties securing these loans.

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, including:

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

In addition, over the last several years, prices of common stock and debt securities in the 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.

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

We are subject to all of the 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 or to bring properties into compliance with applicable federal, state and local laws;
- The need to periodically renovate and repair our properties;
- 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.

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

Under the terms and conditions of the leases currently in force on our properties, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons, air, water, land or property, due to activities conducted on the properties, except for claims arising from the negligence or intentional misconduct of us or our agents. Additionally, tenants are generally required, at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. The insurance policies our tenants are required to maintain for property damage are generally in amounts not less than the full replacement cost of the improvements less slab, foundations, supports and other customarily excluded improvements. Our tenants are generally required to maintain general liability coverage varying between \$1,000,000 and \$10,000,000 depending on the tenant and the industry in which the tenant operates.

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

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

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

Property taxes may increase without notice.

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

We depend on key personnel.

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

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

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

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

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, the ongoing global financial crisis (which includes 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

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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 which are currently difficult to assess, as well as estimates of future performance or receivables collectability which can also be difficult to accurately predict. Although management believes it has been prudent and used reasonable judgment in making these estimates, it is possible that actual results may differ from these estimates.

Changes in accounting standards may adversely impact our financial condition and results of operations.

The SEC is currently considering whether issuers in the U.S. should be required to prepare financial statements in accordance with International Financial Reporting Standards, or IFRS, instead of U.S. generally accepted accounting principles, or GAAP. IFRS is a comprehensive set of accounting standards promulgated by the International Accounting Standards Board, or IASB, which are rapidly gaining worldwide acceptance. If the SEC decides to require IFRS, it expects that U.S. issuers would first report under the new standards beginning in approximately 2015 or later, although the timeframe has not been finalized. Additionally, the Financial Accounting Standards Board, or FASB, is considering various changes to GAAP, some of which may be significant, as part of a joint effort with the IASB to converge accounting standards. Although the FASB and IASB currently have a project on their agenda to examine the accounting for leases, the project may not result in the issuance of a final standard or a standard that would be comparable to current GAAP. If IFRS is adopted, the potential issues associated with lease accounting, along with other potential changes associated with the adoption or convergence with IFRS, may adversely impact our financial condition and results of operations.

Item 1B: Unresolved Staff comments

There are no unresolved staff comments.

Item 2: Properties

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

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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.

The information contained in note 4.C., Litigation, of our notes to consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K is incorporated by reference into this Item 3. Except as set forth therein, there have been no material legal proceedings for the year ended December 31, 2012.

Item 4: Mine Safety Disclosures

None.

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

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

	High	Price Per Share of Common Stock	Low	Distributions Declared(1)
2012				
First quarter	\$ 39.03		\$ 34.31	\$ 0.4368125
Second quarter	41.89		36.88	0.4377500
Third quarter	44.17		40.35	0.4486875
Fourth quarter	41.70		37.35	0.4546250
Total				\$ 1.777875
2011				
First quarter	\$ 36.12		\$ 33.40	\$ 0.4330625

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Second quarter	36.35	32.19	0.4340000
Third quarter	35.03	27.95	0.4349375
Fourth quarter	35.76	29.79	0.4358750
Total			\$ 1.7378750

(1) Common stock cash distributions currently are declared monthly by us based on financial results for the prior months. At December 31, 2012, a distribution of \$0.15175 per common share had been declared and was paid in January 2013.

There were 8,128 registered holders of record of our common stock as of December 31, 2012. We estimate that our total number of shareholders is over 115,000 when we include both registered and beneficial holders of our common stock.

During the fourth quarter of 2012, no shares of stock were withheld for state and federal payroll taxes on the vesting of stock awards, as permitted under the 2012 Incentive Award Plan of Realty Income Corporation.

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As of or for the years ended December 31,	2012	2011	2010	2009	2008
Total assets (book value)	\$ 5,443,363	\$ 4,419,389	\$ 3,535,590	\$ 2,914,787	\$ 2,994,179
Cash and cash equivalents	5,248	4,165	17,607	10,026	46,815
Total debt	2,883,868	2,055,181	1,600,000	1,354,600	1,370,000
Total liabilities	3,030,569	2,164,535	1,688,625	1,426,778	1,439,518
Total stockholders' equity	2,412,794	2,254,854	1,846,965	1,488,009	1,554,661
Net cash provided by operating activities	326,469	298,952	243,368	226,707	246,155
Net change in cash and cash equivalents	1,083	(13,442)	7,581	(36,789)	(146,286)
Total revenue	475,510	410,252	333,437	311,965	310,813
Income from continuing operations	145,971	144,625	115,201	112,596	100,979
Income from discontinued operations	13,181	12,407	15,583	18,531	30,862
Net income	159,152	157,032	130,784	131,127	131,841
Preferred stock dividends	(40,918)	(24,253)	(24,253)	(24,253)	(24,253)
Excess of redemption value over carrying value of preferred shares redeemed	(3,696)	--	--	--	--
Net income available to common stockholders	114,538	132,779	106,531	106,874	107,588
Cash distributions paid to common stockholders	236,348	219,297	182,500	178,008	169,655
Basic and diluted net income per common share	0.86	1.05	1.01	1.03	1.06
Cash distributions paid per common share	1.771625	1.736625	1.721625	1.706625	1.662250
Cash distributions declared per common share	1.777875	1.737875	1.722875	1.707875	1.667250
Basic weighted average number of common shares outstanding	132,817,472	126,142,696	105,869,637	103,577,507	101,178,191
Diluted weighted average number of common shares outstanding	132,884,933	126,189,399	105,942,721	103,581,053	101,209,883

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

GENERAL

Realty Income, The Monthly Dividend Company®, is a publicly traded real estate company with the primary business objective of generating dependable monthly cash dividends from a consistent and predictable level of cash flow from operations. Our monthly distributions or dividends are supported by the cash flow from our portfolio of properties leased to commercial enterprises. We have in-house acquisition, leasing, legal, credit research, real estate research, portfolio management and capital markets expertise. Over the past 44 years, Realty Income and its predecessors have been acquiring and owning freestanding commercial properties that generate rental revenue under long-term lease agreements.

In 1994, Realty Income was listed upon the New York Stock Exchange and we elected to be taxed as a real estate investment trust, or REIT, requiring us to distribute dividends to our stockholders aggregating at least 90% of our taxable income (excluding net capital gains).

We seek to increase distributions to stockholders and FFO per share through both active portfolio management and the acquisition of additional properties.

At December 31, 2012, we owned a diversified portfolio:

- Of 3,013 properties;
- With an occupancy rate of 97.2%, or 2,929 properties leased and only 84 properties available for lease;
- Leased to 150 different commercial enterprises doing business in 44 separate industries;
- Located in 49 states;
- With over 37.6 million square feet of leasable space; and
- With an average leasable space per property of approximately 12,500 square feet.

Of the 3,013 properties in the portfolio, 2,996, or 99.4%, are single-tenant properties, and the remaining 17 are multi-tenant properties. At December 31, 2012, of the 2,996 single-tenant properties, 2,913 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.0 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 from time to time. We may issue common stock when we believe that our share price is at a level that allows for the proceeds of any offering to be accretively invested into additional properties. In addition, we may issue common stock to permanently finance properties that were financed by our credit facility or debt securities. However, we cannot assure you that we will have access to the capital markets at 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 \$1 billion credit facility and occasionally through public securities offerings.

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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, 2012, our total outstanding borrowings of senior unsecured notes and bonds, mortgages payable and credit facility borrowings were \$2.88 billion, or approximately 32.5% of our total market capitalization of \$8.88 billion.

We define our total market capitalization at December 31, 2012 as the sum of:

- Shares of our common stock outstanding of 133,452,411 multiplied by the last reported sales price of our common stock on the NYSE of \$40.21 per share on December 31, 2012, or \$5.37 billion;
- Aggregate liquidation value (par value of \$25.00 per share) of the Class E preferred stock of \$220 million;
- Aggregate liquidation value (par value of \$25.00 per share) of the Class F preferred stock of \$408.8 million;
- Outstanding borrowings of \$158.0 million on our credit facility;
- Outstanding mortgages payable of \$175.9 million; and
- Outstanding senior unsecured notes and bonds of \$2.55 billion.

At the close of the acquisition of American Realty Capital Trust, Inc., or ARCT, on January 22, 2013, our total market capitalization increased to over \$12 billion.

Notes Receivable

As of December 31, 2012, we had \$63.2 million in notes receivable, which are secured by the properties on which the note receivables were placed. Included in this amount are \$35.1 million of notes receivable acquired in 2012, \$8.8 million of notes receivable acquired in 2011, \$18.9 million of notes receivable held by our wholly-owned taxable REIT subsidiary, Crest, and \$0.4 million of notes receivable from a property sale.

Mortgage Debt

As of December 31, 2012, we had \$165.9 million of mortgages payable, which were assumed in connection with our property acquisitions in 2012 and 2011. Additionally, at December 31, 2012, we had net premiums totaling \$9.9 million on these mortgages. During 2012, we paid \$11.7 million in principal payments, which includes \$10.7 million to pay off one mortgage in March 2012. In conjunction with our acquisition of ARCT in January 2013, we assumed approximately \$516.3 million of mortgages payable.

We expect to pay off the mortgages payable as soon as prepayment penalties and costs make it economically feasible to do so. We intend to continue our policy of primarily identifying property acquisitions that are free from mortgage indebtedness.

\$1 Billion Acquisition Credit Facility

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In May 2012, we entered into a new \$1 billion unsecured acquisition credit facility, which replaced our \$425 million acquisition credit facility that was scheduled to expire in March 2014. The initial term of the new credit facility expires in May 2016 and includes, at our option, a one-year extension. Under this new credit facility, our current investment grade credit ratings provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% over LIBOR. The borrowing rate is not subject to an interest rate floor or ceiling. We also have other interest rate options available to us. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation. At December 31, 2012, we had a borrowing capacity of \$842 million available on our credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$158 million. The interest rate on borrowings outstanding under our new credit facility, at December 31, 2012, was 1.3% per annum. We must comply with various financial and other covenants in our credit facility. At December 31, 2012, we remain in compliance with these covenants.

We expect to use our credit facility to acquire additional properties and for other corporate purposes. Any additional borrowings will increase our exposure to interest rate risk. We have the right to request an increase in the borrowing capacity of the credit facility, up to \$500 million, to a total borrowing capacity of \$1.5 billion. Any increase in the borrowing capacity is subject to approval by the lending banks participating in our credit facility.

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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, 2012, we had cash and cash equivalents totaling \$5.2 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 additional sources of capital to fund property acquisitions and to repay future borrowings under our credit facility.

Acquisitions During 2012

During 2012, Realty Income invested \$1.16 billion in real estate, acquiring 423 properties, and properties under development, with an initial weighted average contractual lease rate of 7.2%. The majority of the lease revenue from these properties is generated from investment grade tenants. These 423 properties, and properties under development, are located in 37 states, will contain over 10.5 million leasable square feet, and are 100% leased with an average lease term of 14.6 years. The tenants of the 423 properties acquired operate in 23 industries: aerospace, apparel stores, automotive collision services, automotive parts, consumer appliances, consumer goods, convenience stores, crafts and novelties, diversified industrial, dollar stores, drug stores, equipment services, food processing, health and fitness, insurance, machinery, motor vehicle dealerships, packaging, paper, restaurants quick service, theaters, transportation services, and wholesale clubs. None of the investments in these properties caused any one tenant to be 10% or more of our total assets at December 31, 2012.

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

Of the \$1.16 billion Realty Income invested in 2012, approximately \$35.1 million was used to originate a note receivable, which is secured by the properties on which the note receivable was placed.

During 2012, Crest invested \$890,000 in one property in the restaurant casual industry.

January 2013 Acquisition of American Realty Capital Trust, Inc.

On January 22, 2013, we completed our acquisition of ARCT, in a transaction valued at approximately \$3.1 billion. Pursuant to the terms and subject to the conditions set forth in the Agreement and Plan of Merger dated as of September 6, 2012, as amended on January 6, 2013, at the effective time of the acquisition, each outstanding share of ARCT common stock was converted into the right to receive a combination of: (i) \$0.35 in cash and (ii) 0.2874 shares of our common stock. In connection with the acquisition, at the closing we terminated and repaid the amounts then outstanding of approximately \$552.9 million under ARCT's revolving credit facility and term loan. In conjunction with our acquisition of ARCT in January 2013, we assumed approximately \$516.3

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million of mortgages payable. With this acquisition, we added 515 properties to our portfolio. Through 2012, we have incurred \$7.9 million of merger costs. We anticipate that the total merger costs will be approximately \$19 million.

In January 2013, in conjunction with our acquisition of ARCT, we entered into a \$70 million senior unsecured term loan maturing January 21, 2018. Borrowing under the term loan bears interest at LIBOR, plus 1.20%. In conjunction with this term loan, we also acquired an interest rate swap which essentially fixes our per annum interest rate on the term loan at 2.15%.

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Portfolio Discussion

Leasing Results

At December 31, 2012, we had 84 properties available for lease out of 3,013 properties in our portfolio, which represents a 97.2% occupancy rate. Since December 31, 2011, when we reported 87 properties available for lease and a 96.7% occupancy rate, we:

- Leased 47 properties;
- Sold 20 properties available for lease; and
- Have 64 new properties available for lease.

During 2012, 124 properties with expiring leases were leased to either existing or new tenants. The rent on these leases was \$10.6 million, as compared to the previous rent on these same properties of \$10.9 million. At December 31, 2012, our average annualized rental revenue per square foot was approximately \$14.56 per square foot on the 2,929 leased properties in our portfolio. At December 31, 2012, we classified 14 properties with a carrying amount of \$19.2 million as held for sale on our balance sheet.

Investments in Existing Properties

In 2012, we capitalized costs of \$6.6 million on existing properties in our portfolio, consisting of \$1.62 million for re-leasing costs and \$4.93 million for building and tenant improvements. In 2011, we capitalized costs of \$4.2 million on existing properties in our portfolio, consisting of \$1.7 million for re-leasing costs and \$2.5 million for building improvements.

As part of our re-leasing costs, we pay leasing commissions and sometimes provide tenant rent concessions. Leasing commissions are paid based on the commercial real estate industry standard and any rent concessions provided are minimal. 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.

The majority of our building and tenant improvements are related to roof repairs, HVAC improvements, and parking lot resurfacing and replacements. It is not customary for us to offer significant tenant improvements on our properties as tenant incentives. The amounts of our capital expenditures can vary significantly, depending on the rental market, credit worthiness, and the willingness of tenants to pay higher rents over the terms of the leases.

Impact of Real Estate and Credit Markets

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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, make decisions to adjust our business strategy accordingly. See our discussion of Risk Factors in this annual report.

Increases in Monthly Dividends to Common Stockholders

We continue our 44-year policy of paying monthly dividends. Monthly dividends per common share increased by \$0.0003125 in April 2012 to \$0.1458125, increased by \$0.0003125 in July 2012 to \$0.146125, increased by \$0.005 in September 2012 to \$0.151125, increased by \$0.0003125 in October 2012 to \$0.1514375, increased by \$0.0003125 in January 2013 to \$0.15175, and increased by \$0.0291667 in February 2013 to \$0.1809167. The increase in January 2013 was our 61st consecutive quarterly increase and the increase in February 2013 was our 70th increase in the amount of our dividend since our listing on the NYSE in 1994. In 2012, we paid three monthly cash dividends per common share in the amount of \$0.1455, three in the amount of \$0.1458125, two in the amount of \$0.146125, one in the amount of \$0.151125, and three in the amount of \$0.1514375 totaling \$1.771625. In December 2012, we declared dividends of \$0.15175 per share, which were paid in January 2013. In January 2013 and February 2013, we declared dividends of \$0.1809167 per share, which will be paid in February 2013 and March 2013, respectively.

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The current monthly dividend of \$0.1809167 per share represents a current annualized dividend of \$2.171 per share, and an annualized dividend yield of approximately 5.0% based on the last reported sale price of our common stock on the NYSE of \$43.40 on February 1, 2013. 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.

Note Issuance

In October 2012, we issued \$350 million in aggregate principal amount of 2.00% senior unsecured notes due January 2018, or the 2018 Notes, and \$450 million in aggregate principal amount of 3.25% senior unsecured notes due October 2022, or the 2022 Notes. The price to the investors for the 2018 Notes was 99.910% of the principal amount for an effective yield of 2.017% per annum. The price to the investors for the 2022 Notes was 99.382% of the principal amount for an effective yield of 3.323% per annum. The total net proceeds of approximately \$790.1 million from these offerings were used to repay all outstanding borrowings under our acquisition credit facility, and the remaining proceeds will be used for general corporate purposes, which may include additional property acquisitions.

Universal Shelf Registration

In October 2012, we filed a shelf registration statement with the SEC, which is effective for a term of three years and will expire in October 2015. This replaces our prior shelf registration statement. In accordance with SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific dollar limit. The securities covered by this registration statement include (1) common stock, (2) preferred stock, (3) debt securities, (4) depository shares representing fractional interests in shares of preferred stock, (5) warrants to purchase debt securities, common stock, preferred stock or depository shares, and (6) any combination of these securities. We may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if the securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

Environmental Insurance Policies

In July 2012, we entered into new ten-year environmental primary and excess insurance policies that expire in July 2022. The limits on our new primary 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.

Authorized Shares

In June 2012, our stockholders approved an increase in the number of authorized shares of our common stock to 370,100,000 and the number of authorized shares of our preferred stock to 69,900,000.

2012 Incentive Award Plan

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In March 2012, our Board of Directors adopted, and in May 2012, our stockholders approved the Realty Income Corporation 2012 Incentive Award Plan, or the 2012 Plan, to enable us to attract and retain the services of directors, employees and consultants considered essential to our long-term success. The 2012 Plan offers our directors, employees and consultants an opportunity to own stock in Realty Income or rights that will reflect our growth, development and financial success. The 2012 Plan replaced the 2003 Incentive Award Plan of Realty Income Corporation (as amended and restated February 21, 2006), which was set to expire in March 2013.

Issuances and Redemption of Preferred Stock

In February 2012, we issued 14.95 million shares of our 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock at a price of \$25.00 per share, including 1.95 million shares purchased by the underwriters upon the exercise of their overallocation option. In April 2012, we issued an additional 1.4 million shares of our Class F preferred stock at a price \$25.2863 per share. Of the aggregate net proceeds of approximately \$395.4 million from these issuances, \$127.5 million was used to redeem all of our outstanding 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock and the balance was used to repay

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borrowings under our credit facility. The dividend rate difference of 0.75% between the Class D and Class F preferred stock provides us savings of \$956,000 annually on the Class D redemption amount of \$127.5 million. Beginning February 15, 2017, the Class F preferred shares are redeemable at our option, for \$25.00 per share. The initial dividend of \$0.1702257 per share was paid on March 15, 2012, and covered 37 days. Thereafter, dividends of \$0.138021 per share will be paid monthly, in arrears.

We redeemed all of the 5.1 million shares of our 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock in March 2012 for \$25.00 per share, plus accrued dividends. We incurred a charge of \$3.7 million, representing the Class D preferred stock original issuance costs that we paid in 2004.

Dividend Reinvestment and Stock Purchase Plan

In March 2011, we established a Dividend Reinvestment and Stock Purchase Plan, or the DSPP, to provide our common shareholders, as well as new investors, with a convenient and economical method of purchasing our common stock and reinvesting their distributions. The DSPP also allows our current stockholders to buy additional shares of common stock by reinvesting all or a portion of their distributions. The DSPP authorizes up to 6,000,000 common shares to be issued. During 2012, we issued 55,598 shares and raised approximately \$2.2 million under the DSPP. From the inception of the DSPP through December 31, 2012, we have issued 115,203 shares and raised approximately \$4.2 million.

Credit Agency Ratings

The borrowing interest rates under our credit facility are based upon our credit ratings. We are currently assigned the following investment grade corporate credit ratings on our senior unsecured notes and bonds: Fitch Ratings has assigned a rating of BBB+ with a stable outlook, Moody's Investors Service has assigned a rating of Baa1 with a negative outlook, and Standard & Poor's Ratings Group has assigned a rating of BBB with a stable outlook to our senior notes.

Based on our current ratings, the credit facility interest rate is LIBOR plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% over LIBOR. The credit facility provides that the interest rate can range between: (i) LIBOR plus 1.85% if our credit facility is lower than BBB-/Baa3 and (ii) LIBOR plus 1.00% if our credit rating is A-/A3 or higher. In addition, our credit facility provides for a facility commitment fee based on our credit ratings, which range from: (i) 0.45% for a rating lower than BBB-/Baa3, and (ii) 0.15% for a credit rating of A-/A3 or higher.

We also issue senior debt securities from time to time and our credit ratings can impact the interest rates charged in those transactions. In addition, 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.

Notes Outstanding

Our senior unsecured note and bond obligations consist of the following as of December 31, 2012, sorted by maturity date (dollars in millions):

5.375% notes, issued in March 2003 and due in March 2013	\$ 100
5.5% notes, issued in November 2003 and due in November 2015	150
5.95% notes, issued in September 2006 and due in September 2016	275
5.375% notes, issued in September 2005 and due in September 2017	175
2.00% notes, issued in October 2012 and due in January 2018	350
6.75% notes, issued in September 2007 and due in August 2019	550
5.75% notes, issued in June 2010 and due in January 2021	250
3.25% notes, issued in October 2012 and due in October 2022	450
5.875% bonds, \$100 issued in March 2005 and \$150 issued in June 2011, both due in March 2035	250
	\$ 2,550

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All of our outstanding notes and bonds have fixed interest rates. Interest on all of our 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, 2012, we remain in compliance with these covenants.

In March 2013, we expect to repay \$100 million of our 5.375% notes by utilizing our credit facility.

The following is a summary of the key financial covenants for our senior unsecured notes, as defined and calculated per the terms of our notes. 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 notes only and are not measures of our liquidity or performance. The actual amounts as of December 31, 2012 are:

Note Covenants	Required	Actual
Limitation on incurrence of total debt	≤ 60% of adjusted assets	47.6%
Limitation on incurrence of secured debt	≤ 40% of adjusted assets	2.9%
Debt service coverage (trailing 12 months)	≥ 1.5 x	3.6 x
Maintenance of total unencumbered assets	≥ 150% of unsecured debt	214.4%

The following table summarizes the maturity of each of our obligations as of December 31, 2012 (dollars in millions):

Table of Obligations

Year of Maturity	Credit Facility(1)	Notes and Bonds	Mortgages Payable(2)	Interest (3)	Ground Leases Paid by Realty Income(4)	Ground Leases Paid by Our Tenants(5)	Other (6)	Totals
2013	\$ --	\$ 100.0	\$ 23.1	\$ 138.9	\$ 0.2	\$ 4.3	\$ --	\$ 266.5
2014	--	--	13.7	132.8	0.2	4.1	16.9	167.7
2015	--	150.0	26.1	130.5	0.2	4.1	--	310.9
2016	158.0	275.0	14.4	127.0	0.2	4.0	--	578.6
2017	--	175.0	45.3	111.9	0.2	3.9	--	336.3
Thereafter	--	1,850.0	43.3	437.5	0.4	48.8	--	2,380.0
Totals	\$158.0	\$ 2,550.0	\$ 165.9	\$ 1,078.6	\$1.4	\$ 69.2	\$ 16.9	\$ 4,040.0

(1) The initial term of the credit facility expires in May 2016 and includes, at our option, a one-year extension.

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- (2) Excludes net premiums recorded on the mortgages payable. The balance of these net premiums at December 31, 2012, is \$9.9 million.
- (3) Interest on the credit facility, notes, bonds and mortgages payable has been calculated based on outstanding balances as of December 31, 2012 through their respective maturity dates.
- (4) Realty Income currently pays the ground lessors directly for the rent under the ground leases.
- (5) 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.
- (6) Other consists of \$16.0 million of commitments under construction contracts and \$944,000 of contingent payments for tenant improvements and leasing costs.

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

Preferred Stock Outstanding

In 2006, we issued 8.8 million shares of 6.75% Class E Cumulative Redeemable Preferred Stock. Beginning December 7, 2011, shares of Class E preferred stock were redeemable at our option for \$25.00 per share, plus any accrued and unpaid dividends. Dividends on shares of Class E preferred stock are paid monthly in arrears.

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In February 2012, we issued 14.95 million shares of our 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock at \$25.00 per share, including 1.95 million shares purchased by the underwriters upon the exercise of their over-allotment option. In April 2012, we issued an additional 1.4 million shares of Class F Cumulative Redeemable Preferred Stock at \$25.2863 per share. Beginning February 15, 2017, shares of our Class F preferred stock are redeemable at our option for \$25.00 per share, plus any accrued and unpaid dividends. Dividends on the shares of Class F preferred shares will be paid monthly in arrears.

We are current on our obligations to pay dividends on our Class E and Class F preferred stock.

No Unconsolidated Investments

We have no unconsolidated investments, nor do we engage in trading activities involving energy or commodity contracts. Additionally, we have no joint ventures or mandatorily redeemable preferred stock. As such, our financial position and results of operations are not affected by accounting regulations regarding the classification of financial instruments with characteristics of both liabilities and equity.

RESULTS OF OPERATIONS

Critical Accounting Policies

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

In order to prepare our consolidated financial statements according to the rules and guidelines set forth by GAAP, many subjective judgments must be made with regard to critical accounting policies. One of these judgments is our estimate for useful lives in determining depreciation expense for our properties. Depreciation on a majority of our buildings and improvements is computed using the straight line method over an estimated useful life of 25 to 35 years. If we use a shorter or longer estimated useful life, it could have a material impact on our results of operations. We believe that 25 to 35 years is an appropriate estimate of useful life.

When acquiring a property, we allocate the fair value of real estate acquired to: (1) land, (2) building and improvements, and (3) identified intangible assets and liabilities, based in each case on their estimated fair values. Intangible assets and liabilities consist of above-market or below-market lease value of in-place leases, the value of in-place leases, and tenant relationships, as applicable. In addition, any assumed mortgages receivable or payable are recorded at their estimated fair values.

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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 estimate in this analysis include projected rental rates, estimated holding periods, 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 sheet. 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.

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The following is a comparison of our results of operations for the years ended December 31, 2012, 2011 and 2010.

Rental Revenue

Rental revenue was \$473.7 million for 2012 versus \$408.6 million for 2011, an increase of \$65.1 million, or 15.9%. Rental revenue was \$332.8 million in 2010. The increase in rental revenue in 2012 compared to 2011 is primarily attributable to:

- The 423 properties (10.6 million square feet) acquired by Realty Income in 2012, which generated \$22.7 million of rent in 2012;
- The 164 properties (6.2 million square feet) acquired by Realty Income in 2011, which generated \$79.0 million of rent in 2012 compared to \$31.5 million in 2011, an increase of \$47.5 million;
- Same store rents generated on 2,220 properties (18.6 million square feet) during the entire years of 2012 and 2011, increased by \$364,000, or 0.1%, to \$360.4 million from \$360.0 million;
- A net decrease of \$8.4 million relating to the aggregate of (i) rental revenue from properties (1.3 million square feet) that were available for lease during part of 2012 or 2011, (ii) rental revenue related to 70 properties sold during 2012 and 2011, and (iii) lease termination settlements which, in aggregate, totaled \$7.8 million in 2012 compared to \$16.2 million in 2011; and
- A net increase in straight-line rent and other non-cash adjustments to rent of \$2.3 million in 2012 as compared to 2011.

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 available for lease at any time, (ii) were under development, (iii) we have made an additional investment in, (iv) were involved in eminent domain and rent was reduced, and (v) were re-leased with rent-free periods. Each of the exclusions from the same store pool is separately addressed within the applicable sentences above explaining the changes in rental revenue for the period.

Of the 3,013 properties in the portfolio at December 31, 2012, 2,996, or 99.4%, are single-tenant properties and the remaining 17 are multi-tenant properties. Of the 2,996 single-tenant properties, 2,913, or 97.2%, were net leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.0 years at December 31, 2012. Of our 2,913 leased single-tenant properties, 2,681 or 92.0% were under leases that provide for increases in rents through:

- Primarily 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 \$2.0 million in 2012, \$1.4 million in 2011 and \$1.3 million in 2010 (excluding percentage rent reclassified to discontinued operations of \$124,000 in 2012, \$60,000 in 2011 and \$104,000 in 2010). Percentage rent in 2012 was less than 1% of rental revenue and we anticipate percentage rent to be less than 1% of rental revenue in 2013.

Our portfolio of real estate, leased primarily to regional and national commercial enterprises under net leases, continues to perform well and provides dependable lease revenue supporting the payment of monthly dividends to our stockholders. At December 31, 2012, our portfolio of 3,013 properties was 97.2% leased with 84 properties available for lease as compared to 87 at December 31, 2011. It has been our experience that approximately 2% 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.

Table of Contents**Depreciation and Amortization**

Depreciation and amortization was \$149.6 million in 2012, compared to \$118.9 million in 2011 and \$91.6 million in 2010. The increases in depreciation and amortization in 2012 and 2011 were primarily due to the acquisition of properties in 2012 and 2011, which was partially offset by property sales in those same years. As discussed in the sections entitled *Funds from Operations Available to Common Stockholders* and *Normalized Funds from Operations Available to Common Stockholders* and *Adjusted Funds from Operations Available to Common Stockholders*, depreciation and amortization is a non-cash item that is added back to net income available to common stockholders for our calculation of FFO, normalized FFO and AFFO.

Interest Expense

Interest expense was \$122.5 million in 2012, compared to \$108.3 million in 2011 and \$93.2 million in 2010. The increase in interest expense from 2011 to 2012 was primarily due to an increase in borrowings attributable to the \$150 million re-opening of our 5.875% senior unsecured bonds due 2035 in June 2011, the issuance of our 2.00% senior unsecured notes due January 2018 in October 2012, and the issuance of our 3.25% senior unsecured notes due October 2022 in October 2012, interest on our mortgages payable, and higher credit facility borrowings, which were partially offset by lower average interest rates.

As a result of entering into our new credit facility, we incurred credit facility origination costs of \$7.1 million. At December 31, 2012, \$5.9 million of the \$7.1 million is included in other assets, net, on our consolidated balance sheet, along with \$2.2 million incurred as a result of entering into our previous credit facilities. These costs are being amortized over the remaining term of our current \$1 billion credit facility.

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

	2012	2011	2010
Interest on our credit facility, notes, bonds and mortgages	\$ 117,401	\$ 104,452	\$ 89,916
Interest included in discontinued operations	(601)	(785)	(557)
Credit facility commitment fees	1,684	1,508	1,017
Amortization of credit facility origination costs, deferred financing costs and net mortgage premiums	4,556	3,564	2,871
Interest capitalized	(498)	(438)	(10)
Interest expense	\$ 122,542	\$ 108,301	\$ 93,237
Credit facility, mortgages and notes outstanding			
Average outstanding balances (dollars in thousands)	\$ 2,144,690	\$ 1,754,935	\$ 1,496,150
Average interest rates	5.5%	6.0%	6.0%

At December 31, 2012, the weighted average interest rate on our:

- Notes and bonds payable of \$2.55 billion was 4.99%;
- Mortgages payable of \$175.9 million was 4.38%;

- Credit facility outstanding borrowings of \$158.0 million was 1.28%; and
- Combined outstanding notes, bonds, mortgages and credit facility borrowings of \$2.9 billion was 4.75%.

EBITDA and Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization)

EBITDA and Adjusted EBITDA are non-GAAP financial measures. Our EBITDA and Adjusted EBITDA computation may not be comparable to EBITDA and Adjusted EBITDA reported by other companies that interpret the definitions of EBITDA and Adjusted EBITDA differently than we do. Management believes EBITDA and Adjusted EBITDA to be meaningful measures of a REIT's performance because they are widely followed by industry analysts, lenders and investors and are used by management as measures of performance. In addition, management utilizes Adjusted EBITDA because our \$1 billion credit facility uses a similar metric to measure our compliance with certain covenants. EBITDA and Adjusted EBITDA should be considered along with, but not as alternatives to, net income as measures of our operating performance.

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The following is a reconciliation of net income, our most directly comparable GAAP measure, to Adjusted EBITDA (dollars in thousands):

	2012	2011	2010
Net income	\$ 159,152	\$ 157,032	\$ 130,784
Interest expense	122,542	108,301	93,237
Interest expense included in discontinued operations	601	785	557
Income taxes	1,430	1,470	1,393
Income tax benefit included in discontinued operations	(369)	(351)	(344)
Depreciation and amortization	149,597	118,874	91,641
Depreciation and amortization in discontinued operations	1,710	3,305	4,508
EBITDA	434,663	389,416	321,776
Provisions for impairment	5,139	405	213
Amortization of net premiums on mortgages payable	(665)	(189)	--
Merger-related costs	7,899	--	--
Gain on property sales	--	(540)	--
Gain on property sales in discontinued operations	(9,873)	(5,193)	(8,676)
Adjusted EBITDA	\$ 437,163	\$ 383,899	\$ 313,313

Interest Coverage Ratio

Interest coverage ratio is calculated as: Adjusted EBITDA divided by interest expense, including interest recorded as discontinued operations and amortization of net premiums on mortgages payable. We consider interest coverage ratio to be an appropriate supplemental measure of a company's ability to meet its interest expense obligations. Our calculation of interest coverage ratio may be different from the calculation used by other companies and, therefore, comparability may be limited. This information should not be considered as an alternative to any GAAP liquidity measures.

Dollars in thousands	2012	2011	2010
Adjusted EBITDA	\$ 437,163	\$ 383,899	\$ 313,313
Divided by interest expense(1)	\$ 122,478	\$ 108,897	\$ 93,794
Interest coverage ratio	3.6	3.5	3.3

(1) See below reconciliation of interest expense used for calculation of interest coverage ratio (dollars in thousands):

	2012	2011	2010
Interest expense	\$ 122,542	\$ 108,301	\$ 93,237
Interest expense included in discontinued operations	601	785	557
Amortization of net premiums on mortgages payable	(665)	(189)	--
	\$ 122,478	\$ 108,897	\$ 93,794

Fixed Charge Coverage Ratio

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

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Dollars in thousands	2012	2011	2010
Adjusted EBITDA	\$ 437,163	\$ 383,899	\$ 313,313
Divided by interest expense plus preferred stock dividends(1)	\$ 163,396	\$ 133,150	\$ 118,047
Fixed charge coverage ratio	2.7	2.9	2.7

(1) See footnote 1 above for reconciliation of interest expense used for calculation of fixed charge coverage ratio. This calculation excludes the charge of \$3.7 million for the excess of redemption value over carrying value of the Class D preferred shares redeemed during 2012.

Table of Contents**General and Administrative Expenses**

General and administrative expenses increased by \$7.0 million to \$38.0 million in 2012, as compared to \$31.0 million in 2011. General and administrative expenses were \$25.3 million in 2010. Included in general and administrative expenses are acquisition transaction costs of \$2.4 million for 2012, \$1.5 million for 2011 and \$368,000 for 2010. General and administrative expenses increased during 2012 primarily due to increases in employee costs, acquisition transaction costs and proxy costs. In February 2013, we had 97 employees, as compared to 83 employees in February 2012 and 79 employees in February 2011.

Dollars in thousands	2012	2011	2010
General and administrative expenses	\$ 37,998	\$ 30,954	\$ 25,311
Total revenue, including discontinued operations(1)	483,691	422,226	346,540
General and administrative expenses as a percentage of total revenue	7.9%	7.3%	7.3%

(1)Excludes gain on sales.

Property Expenses

Property expenses 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, 2012, 84 properties were available for lease, as compared to 87 at December 31, 2011 and 84 at December 31, 2010.

Property expenses were \$7.3 million in 2012, \$6.0 million in 2011 and \$5.8 million in 2010. The increase in property expenses in 2012 is primarily attributable to higher insurance costs, maintenance and utilities, and legal fees associated with properties available for lease, partially offset by a decrease in bad debt expense.

Merger-Related Costs

Merger-related costs include, but are not limited to, advisor fees, legal fees, accounting fees, printing fees and transfer taxes related to our acquisition of ARCT. Merger-related costs, were \$7.9 million in 2012. On a diluted per common share basis, this expense represented \$0.06.

Income Taxes

Income taxes were \$1.4 million in 2012, as compared to \$1.5 million in 2011 and \$1.4 million in 2010. These amounts are for city and state income and franchise taxes paid by Realty Income.

Discontinued Operations

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Operations from 14 investment properties classified as held for sale at December 31, 2012, plus properties previously sold, have been classified as discontinued operations. The following is a summary of income from discontinued operations on our consolidated statements of income (dollars in thousands):

Income from discontinued operations	2012	2011	2010
Gain on sales of investment properties	\$ 9,873	\$ 5,193	\$ 8,676
Rental revenue	7,938	11,881	13,071
Other revenue	243	93	32
Depreciation and amortization	(1,710)	(3,305)	(4,508)
Property expenses	(1,649)	(1,902)	(2,463)
Provisions for impairment	(2,335)	(395)	(171)
Crest's income from discontinued operations	821	842	946
Income from discontinued operations	\$ 13,181	\$ 12,407	\$ 15,583
Per common share, basic and diluted(1)	\$ 0.10	\$ 0.10	\$ 0.15

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

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Crest's Assets and Property Sales

At December 31, 2012, Crest had an inventory of four properties, three of which are classified as held for investment. In addition to the four properties, Crest also held notes receivable of \$18.9 million at December 31, 2012 and \$19.0 million at December 31, 2011. During 2011, the principal balance of one note receivable was paid in full, from which we received proceeds of approximately \$2.9 million.

During 2012, Crest acquired one property for \$890,000, but did not sell any properties. During 2011 and 2010, Crest did not buy or sell any properties.

Gain on Sales of Investment Properties by Realty Income

During 2012, we sold 44 investment properties for \$50.6 million, which resulted in a gain of \$9.9 million. The results of operations for these properties have been reclassified as discontinued operations for all periods presented.

During 2011, we sold 26 investment properties for \$22.0 million, which resulted in a gain of \$5.2 million. The results of operations for these properties have been reclassified as discontinued operations. Additionally, we sold excess real estate from five properties for \$2.1 million, which resulted in a gain of \$540,000. This gain is included in other revenue on our consolidated statement of income for 2011, because this excess real estate was associated with properties that continue to be owned as part of our core operations.

During 2010, we sold 28 investment properties and excess land from one property for \$27.2 million, which resulted in a gain of \$8.7 million. The results of operations for these properties have been reclassified as discontinued operations.

We have an active portfolio management program that incorporates the sale of assets when we believe the reinvestment of the sale proceeds will:

- Generate higher returns;
- Enhance the credit quality of our real estate portfolio;
- Extend our average remaining lease term; or
- Decrease tenant or industry concentration.

At December 31, 2012, we classified real estate with a carrying amount of \$19.2 million as held for sale on our balance sheet. In 2013, we intend to continue implementing more active disposition efforts to further enhance the credit quality of our real estate

portfolio. As a result, we anticipate selling investment properties from our portfolio that have not yet been specifically identified, from which we anticipate receiving between \$50 million and \$125 million in proceeds during the next 12 months. 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 proceeds from the sales of any properties in new properties.

Provisions for Impairment on Real Estate Acquired for Resale by Crest

During 2012 and 2011, Crest did not record any provisions for impairment.

During 2010, Crest recorded total provisions for impairment of \$807,000 on three properties held for investment at December 31, 2010. These provisions for impairment are included in continuing operations on our consolidated statement of income for 2010.

Provisions for Impairment on Realty Income Investment Properties

During 2012, Realty Income recorded total provisions for impairment of \$5.1 million. Provisions for impairment of \$2.3 million are included in income from discontinued operations on seven properties. Additionally, during 2012, Realty Income recorded provisions for impairment of \$2.8 million on three properties held for investment at December 31, 2012. These provisions for impairment are included in income from continuing operations.

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During 2011, Realty Income recorded total provisions for impairment of \$405,000 on four properties. These provisions for impairment are included in income from discontinued operations, except for \$10,000 which is included in income from continuing operations.

During 2010, Realty Income recorded total provisions for impairment of \$213,000 on four properties. Provisions for impairment of \$171,000 are included in income from discontinued operations. Since one of these properties was subsequently reclassified from held for sale to held for investment during 2011, a provision for impairment of \$42,000 is included in income from continuing operations.

Preferred Stock Dividends

Preferred stock dividends totaled \$40.9 million in 2012 and \$24.3 million in 2011 and 2010.

Excess of Redemption Value over Carrying Value of Preferred Shares Redeemed

When we redeemed our Class D preferred stock in March 2012, we incurred a charge of \$3.7 million for the excess of redemption value over the carrying value. This charge, representing the Class D preferred stock original issuance cost that was paid in 2004, was recorded as a reduction to net income available to common stockholders when the shares were redeemed during 2012. On a diluted per common share basis, this charge was \$0.03.

Net Income Available to Common Stockholders

Net income available to common stockholders was \$114.5 million in 2012, a decrease of \$18.3 million as compared to \$132.8 million in 2011. Net income available to common stockholders in 2010 was \$106.5 million. Net income available to common stockholders for 2012 includes \$7.9 million of merger-related costs, which represents \$0.06 on a diluted per common share basis, for the acquisition of ARCT. Additionally, net income available to common stockholders in 2012 includes a \$3.7 million charge for the excess of redemption value over carrying value of the shares of our Class D preferred stock, which represents \$0.03 on a diluted per common share basis.

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

Gains from the sale of properties during 2012 were \$9.9 million, as compared to gains from the sale of properties and excess real estate of \$5.7 million during 2011 and an \$8.7 million gain from the sale of properties during 2010.

FUNDS FROM OPERATIONS AVAILABLE TO COMMON STOCKHOLDERS (FFO) AND NORMALIZED FUNDS FROM OPERATIONS AVAILABLE TO COMMON STOCKHOLDERS (Normalized FFO)

FFO for 2012 increased by \$11.5 million, or 4.6%, to \$260.9 million, as compared to \$249.4 million in 2011 and \$193.9 million in 2010. FFO for 2012 includes \$7.9 million for merger-related costs, and also includes a \$3.7 million charge associated with the Class D preferred stock redemption.

We define normalized FFO as FFO excluding the merger-related costs for our 2013 acquisition of ARCT. Normalized FFO for 2012 increased by \$19.4 million, or 7.8%, to \$268.8 million, as compared to \$249.4 million in 2011 and \$193.9 million in 2010.

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

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	2012	2011	2010
Net income available to common stockholders	\$ 114,538	\$ 132,779	\$ 106,531
Depreciation and amortization:			
Continuing operations	149,597	118,874	91,641
Discontinued operations	1,710	3,305	4,508
Depreciation of furniture, fixtures and equipment	(249)	(238)	(291)
Provisions for impairment on Realty Income investment properties	5,139	405	213
Gain on sale of excess real estate and investment properties:			
Continuing operations	--	(540)	--
Discontinued operations	(9,873)	(5,193)	(8,676)
FFO available to common stockholders	260,862	249,392	193,926
Merger-related costs	7,899	--	--
Normalized FFO available to common stockholders	\$ 268,761	\$ 249,392	\$ 193,926
FFO per common share, basic and diluted:	\$ 1.96	\$ 1.98	\$ 1.83
Normalized FFO per common share, basic and diluted:	\$ 2.02	\$ 1.98	\$ 1.83
Distributions paid to common stockholders	\$ 236,348	\$ 219,297	\$ 182,500
Normalized FFO in excess of distributions paid to common stockholders	\$ 32,413	\$ 30,095	\$ 11,426
Weighted average number of common shares used for computation per share:			
Basic	132,817,472	126,142,696	105,869,637
Diluted	132,884,933	126,189,399	105,942,721

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, reduced by gains on the sale of investment properties and extraordinary items. We define normalized FFO, a non-GAAP measure, as FFO excluding the merger-related costs for our 2013 acquisition of ARCT.

We consider FFO and normalized FFO to be appropriate supplemental measures of a REIT's operating performance as they are based on a net income analysis of property portfolio performance that adds back items such as depreciation and impairments for FFO, and adds back merger-related costs, for normalized 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)

AFFO for 2012 increased by \$20.8 million, or 8.2%, to \$274.2 million, as compared to \$253.4 million in 2011 and \$197.3 million in 2010. We consider AFFO to be an appropriate supplemental measure of our performance. Most companies in our industry use a similar measurement, but they may use the term CAD (for Cash Available for Distribution), FAD (for Funds Available for Distribution), or other terms.

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The following is a reconciliation of net income available to common stockholders (which we believe is the most comparable GAAP measure) to FFO, normalized 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):

	2012	2011	2010
Net income available to common stockholders	\$ 114,538	\$ 132,779	\$ 106,531
Cumulative adjustments to calculate FFO(1)	146,324	116,613	87,395
FFO available to common stockholders	260,862	249,392	193,926
Merger-related costs	7,899	--	--
Normalized FFO available to common stockholders	268,761	249,392	193,926
Excess of redemption value over carrying value of Class D preferred share redemption	3,696	--	--
Amortization of share-based compensation	10,001	7,873	6,166
Amortization of deferred financing costs(2)	2,177	1,881	1,548
Provisions for impairment on real estate acquired for resale by Crest	--	--	807
Capitalized leasing costs and commissions	(1,619)	(1,722)	(1,501)
Capitalized building improvements	(4,935)	(2,450)	(2,077)
Other adjustments(3)	(3,898)	(1,602)	(1,613)
Total AFFO available to common stockholders	\$ 274,183	\$ 253,372	\$ 197,256
AFFO per common share, basic and diluted:	\$ 2.06	\$ 2.01	\$ 1.86
Distributions paid to common stockholders	\$ 236,348	\$ 219,297	\$ 182,500
AFFO in excess of distributions paid to common stockholders	\$ 37,835	\$ 34,075	\$ 14,756
Weighted average number of common shares used for computation per share:			
Basic	132,817,472	126,142,696	105,869,637
Diluted	132,884,933	126,189,399	105,942,721

(1) See reconciling items for FFO presented under Funds from Operations Available To Common Stockholders (FFO) and Normalized Funds from Operations Available to Common Stockholders (Normalized FFO).

(2) Includes the amortization of costs incurred and capitalized when our senior notes were issued in March 2003, November 2003, March 2005, September 2005, September 2006, September 2007, June 2010, June 2011 and October 2012. Additionally, this includes the amortization of deferred financing costs incurred and capitalized in connection with our assumption of the mortgages payable. These costs are being amortized over the lives of the respective mortgages. No costs associated with our credit facility agreements or annual fees paid to credit rating agencies have been included.

(3) Includes straight-line rent revenue and the amortization of above and below-market leases.

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 by which 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 the measurement of the particular company's on-going operating performance. Therefore, we believe that AFFO is an appropriate supplemental performance metric, and that the most appropriate GAAP performance metric to which AFFO should be reconciled is net income available to common stockholders.

Presentation of the information regarding FFO, normalized 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, normalized FFO and AFFO in the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO, normalized 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, normalized FFO and AFFO should not be considered as alternatives to reviewing our cash flows from operating.

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investing, and financing activities. In addition, FFO, normalized FFO and AFFO should not be considered as measures of liquidity, of our ability to make cash distributions, or of 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), and/or fixed increases. We expect that inflation will cause these lease provisions to result in rent increases over time. During times when inflation is greater than increases in rent, as provided for in the leases, rent increases may not keep up with the rate of inflation.

Of our 3,013 properties in our portfolio, approximately 96.7% or 2,913 are leased to tenants under net leases where the tenant is responsible for property expenses. Net leases tend to reduce our exposure to rising property expenses due to inflation. Inflation and increased costs may have an adverse impact on our tenants if increases in their operating expenses exceed increases in revenue.

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

As of December 31, 2012, the impact of recent accounting pronouncements on our business is not considered to be material.

Item 7A: Quantitative and Qualitative Disclosures about Market Risk

We are exposed to interest rate changes primarily as a result of our credit facility and long-term notes 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.

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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, 2012. This information is presented to evaluate the expected cash flows and sensitivity to interest rate changes (dollars in millions):

Expected Maturity Data

Year of maturity	Fixed rate debt	Average interest rate on fixed rate debt	Variable rate debt	Average interest rate on variable rate debt
2013(1)	\$ 122.9	5.68%	\$ 0.1	2.56%
2014(2)	13.5	6.21	0.2	2.56
2015(3)	152.3	5.51	23.8	4.70
2016(4)	289.3	5.95	158.2	1.29
2017(5)	220.1	5.45	0.2	2.56
Thereafter(6)	1,885.8	4.78	7.5	2.56
Totals(7)	\$ 2,683.9	5.01%	\$190.0	1.77%
Fair Value(8)	\$ 2,972.1		\$189.7	

(1) \$100 million of fixed rate senior notes mature in March 2013, \$22.9 million of fixed rate mortgages mature and \$152,000 of a variable rate mortgage mature in 2013.

(2) \$13.5 million of fixed rate mortgages and \$161,000 of a variable rate mortgage mature in 2014.

(3) \$150 million of fixed rate senior notes mature in November 2015, \$2.3 million of fixed rate mortgages and \$23.8 million of variable rate

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mortgages mature in 2015. The interest rate on variable rate mortgages of \$23.6 million is capped at 5.5%.

(4) \$275 million of fixed rate senior notes mature in September 2016, \$14.3 million of fixed rate mortgages and \$181,000 of a variable rate mortgage mature in 2016. Additionally, the credit facility expires in May 2016.

(5) \$175 million of fixed rate senior notes mature in September 2017, \$45.1 million of fixed rate mortgages and \$194,000 of a variable rate mortgage mature in 2017.

(6) As it relates to fixed rate senior notes, \$350 million matures in January 2018, \$550 million matures in August 2019, \$250 million matures in January 2021, \$450 million matures in October 2022 and \$250 million matures in March 2035. Additionally, \$35.8 million of fixed rate mortgages and \$7.5 million of a variable rate mortgage mature at dates thereafter.

(7) Excludes net premiums recorded on mortgages payable. The balance of these net premiums is \$9.9 million at December 31, 2012.

(8) We base the estimated fair value of the fixed rate senior notes at December 31, 2012 on the indicative market prices and recent trading activity of our notes payable. We base the estimated fair value of our fixed rate and variable rate mortgages at December 31, 2012 on the current 5-year, 7-year or 10-year Treasury yield curve, plus an applicable credit-adjusted spread. We believe that the carrying value of the credit facility balance reasonably approximates its estimated fair value at December 31, 2012.

The table incorporates only those exposures that exist as of December 31, 2012. 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, have fixed interest rates. Interest on our credit facility balance is variable. Based on our credit facility balance of \$158.0 million at December 31, 2012, a 1% change in interest rates would change our interest costs by \$1.6 million per year.

Item 8: Financial Statements and Supplementary Data

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- A. Reports of Independent Registered Public Accounting Firm
- B. Consolidated Balance Sheets,
December 31, 2012 and 2011
- C. Consolidated Statements of Income,
Years ended December 31, 2012, 2011 and 2010
- D. Consolidated Statements of Stockholders' Equity,
Years ended December 31, 2012, 2011 and 2010
- E. Consolidated Statements of Cash Flows,

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Years ended December 31, 2012, 2011 and 2010

- F. Notes to Consolidated Financial Statements
- G. Consolidated Quarterly Financial Data
(unaudited) for 2012 and 2011
- H. Schedule III Real Estate and Accumulated Depreciation

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

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Realty Income Corporation:

We have audited the accompanying consolidated balance sheets of Realty Income Corporation and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2012. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of Realty Income Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Realty Income Corporation and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Realty Income Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 14, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

San Diego, California

February 14, 2013

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Realty Income Corporation:

We have audited Realty Income Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Realty Income Corporation's management is responsible for 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 Realty Income Corporation's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 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.

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

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

In our opinion, Realty Income Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Realty Income Corporation and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2012, and our report dated February 14, 2013 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

San Diego, California

February 14, 2013

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REALTY INCOME CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2012 and 2011

(dollars in thousands, except per share data)

	2012	2011
ASSETS		
Real estate, at cost:		
Land	\$ 1,999,820	\$ 1,749,378
Buildings and improvements	3,920,865	3,222,603
Total real estate, at cost	5,920,685	4,971,981
Less accumulated depreciation and amortization	(897,767)	(814,126)
Net real estate held for investment	5,022,918	4,157,855
Real estate held for sale, net	19,219	2,153
Net real estate	5,042,137	4,160,008
Cash and cash equivalents	5,248	4,165
Accounts receivable, net	21,659	15,375
Goodwill	16,945	17,206
Other assets, net	357,374	222,635
Total assets	\$ 5,443,363	\$ 4,419,389
LIABILITIES AND STOCKHOLDERS EQUITY		
Distributions payable	\$ 23,745	\$ 21,405
Accounts payable and accrued expenses	70,426	58,770
Other liabilities, net	52,530	29,179
Lines of credit payable	158,000	237,400
Mortgages payable, net	175,868	67,781
Notes payable	2,550,000	1,750,000
Total liabilities	3,030,569	2,164,535
Commitments and contingencies		
Stockholders' equity:		
Preferred stock and paid in capital, par value \$0.01 per share, 69,900,000 shares authorized and 25,150,000 shares issued and outstanding as of December 31, 2012, and 20,000,000 shares authorized and 13,900,000 shares issued and outstanding as of December 31, 2011	609,363	337,790
Common stock and paid in capital, par value \$0.01 per share, 370,100,000 shares authorized and 133,452,411 shares issued and outstanding as of December 31, 2012, and 200,000,000 shares authorized and 133,223,338 shares issued and outstanding as of December 31, 2011	2,572,092	2,563,048
Distributions in excess of net income	(768,661)	(645,984)
Total stockholders' equity	2,412,794	2,254,854
Total liabilities and stockholders' equity	\$ 5,443,363	\$ 4,419,389

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

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REALTY INCOME CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31, 2012, 2011 and 2010

(dollars in thousands, except per share data)

	2012	2011	2010
REVENUE			
Rental	\$ 473,741	\$ 408,640	\$ 332,780
Other	1,769	1,612	657
Total revenue	475,510	410,252	333,437
EXPENSES			
Depreciation and amortization	149,597	118,874	91,641
Interest	122,542	108,301	93,237
General and administrative	37,998	30,954	25,311
Property	7,269	6,018	5,805
Income taxes	1,430	1,470	1,393
Merger-related costs	7,899	--	--
Provisions for impairment	2,804	10	849
Total expenses	329,539	265,627	218,236
Income from continuing operations	145,971	144,625	115,201
Income from discontinued operations	13,181	12,407	15,583
Net income	159,152	157,032	130,784
Preferred stock dividends	(40,918)	(24,253)	(24,253)
Excess of redemption value over carrying value of preferred shares redeemed	(3,696)	--	--
Net income available to common stockholders	\$ 114,538	\$ 132,779	\$ 106,531
Amounts available to common stockholders per common share:			
Income from continuing operations:			
Basic	\$ 0.76	\$ 0.95	\$ 0.86
Diluted	\$ 0.76	\$ 0.95	\$ 0.86
Net income:			
Basic	\$ 0.86	\$ 1.05	\$ 1.01
Diluted	\$ 0.86	\$ 1.05	\$ 1.01
Weighted average common shares outstanding:			
Basic	132,817,472	126,142,696	105,869,637
Diluted	132,884,933	126,189,399	105,942,721

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

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REALTY INCOME CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

Years Ended December 31, 2012, 2011 and 2010

(dollars in thousands)

	Shares of preferred stock	Shares of common stock	Preferred stock and paid in capital	Common stock and paid in capital	Distributions in excess of net income	Total
Balance, December 31, 2009	13,900,000	104,286,705	\$ 337,790	\$ 1,629,237	\$ (479,018)	\$ 1,488,009
Net income	--	--	--	--	130,784	130,784
Distributions paid and payable	--	--	--	--	(208,878)	(208,878)
Shares issued in stock offerings, net of offering costs of \$22,471	--	13,558,500	--	432,591	--	432,591
Share-based compensation	--	213,783	--	4,459	--	4,459
Balance, December 31, 2010	13,900,000	118,058,988	337,790	2,066,287	(557,112)	1,846,965
Net income	--	--	--	--	157,032	157,032
Distributions paid and payable	--	--	--	--	(245,904)	(245,904)
Shares issued in stock offerings, net of offering costs of \$25,200	--	14,925,000	--	489,236	--	489,236
Shares issued pursuant to dividend reinvestment and stock purchase plan, net	--	59,605	--	1,930	--	1,930
Share-based compensation	--	179,745	--	5,595	--	5,595
Balance, December 31, 2011	13,900,000	133,223,338	337,790	2,563,048	(645,984)	2,254,854
Net income	--	--	--	--	159,152	159,152
Distributions paid and payable	--	--	--	--	(278,133)	(278,133)
Shares issued in stock offerings, net of offering costs of \$13,773	16,350,000	--	395,377	--	--	395,377
Shares issued pursuant to dividend reinvestment and stock purchase plan, net	--	55,598	--	2,051	--	2,051
Preferred shares redeemed	(5,100,000)	--	(123,804)	--	(3,696)	(127,500)
Share-based compensation	--	173,475	--	6,993	--	6,993
Balance, December 31, 2012	25,150,000	133,452,411	\$ 609,363	\$ 2,572,092	\$ (768,661)	\$ 2,412,794

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

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REALTY INCOME CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2012, 2011 and 2010

(dollars in thousands)

	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 159,152	\$ 157,032	\$ 130,784
Adjustments to net income:			
Depreciation and amortization	149,597	118,874	91,641
Income from discontinued operations	(13,181)	(12,407)	(15,583)
Gain on sale of real estate	--	(540)	--
Amortization of share-based compensation	10,001	7,873	6,166
Amortization of net premiums on mortgages payable	(665)	(189)	--
Provisions for impairment on real estate held for investment	2,804	10	849
Other non-cash adjustments	(301)	--	--
Cash provided by discontinued operations:			
Real estate	7,353	10,914	11,586
Collection of notes receivable by Crest	90	3,032	138
Changes in assets and liabilities:			
Accounts receivable and other assets	2,775	5,209	5,270
Accounts payable, accrued expenses and other liabilities	8,844	9,144	12,517
Net cash provided by operating activities	326,469	298,952	243,368
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment properties	(1,015,725)	(953,175)	(713,198)
Improvements to real estate, including leasing costs	(6,554)	(4,172)	(3,578)
Loans receivable	(34,876)	(1,593)	--
Proceeds from sales of real estate:			
Continuing operations	23	2,078	--
Discontinued operations	50,563	22,049	25,779
Restricted escrow deposits	(1,805)	(50)	(6,361)
Net cash used in investing activities	(1,008,374)	(934,863)	(697,358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash distributions to common stockholders	(236,348)	(219,297)	(182,500)
Cash dividends to preferred stockholders	(39,445)	(24,253)	(24,253)
Borrowings on lines of credit	1,074,000	612,800	612,200
Payments on lines of credit	(1,153,400)	(375,400)	(616,800)
Principal payments on mortgages	(11,729)	(279)	--
Proceeds from preferred stock offerings, net	395,377	--	--
Redemption of preferred stock	(127,500)	--	--
Proceeds from common stock offerings, net	--	489,236	432,591
Proceeds from bonds issued	800,000	150,000	--
Proceeds from notes payable issued, net	--	--	246,131
Debt issuance costs	(16,979)	(9,864)	(4,091)
Proceeds from dividend reinvestment and stock purchase plan, net	2,159	1,894	--
Other items	(3,147)	(2,368)	(1,707)
Net cash provided by financing activities	682,988	622,469	461,571

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Net increase (decrease) in cash and cash equivalents	1,083	(13,442)	7,581
Cash and cash equivalents, beginning of year	4,165	17,607	10,026
Cash and cash equivalents, end of year	\$ 5,248	\$ 4,165	\$ 17,607

For supplemental disclosures, see note 16.

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

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REALTY INCOME CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012, 2011 and 2010

1. Organization and Operation

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

At December 31, 2012, we owned 3,013 properties, located in 49 states, containing over 37.6 million leasable square feet, along with four properties owned by our wholly-owned taxable REIT subsidiary, Crest Net Lease, Inc., or Crest.

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 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 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 the federal income taxes of Crest, which are included in discontinued operations. The income taxes recorded on our consolidated statements of income represent amounts paid by Realty Income 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.

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

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	2012(1)	2011	2010
Net income available to common stockholders	\$ 114,538	\$ 132,779	\$ 106,531
Preferred stock dividends	40,918	24,253	24,253
Depreciation and amortization timing differences	45,398	32,215	23,024
Merger-related costs	7,877	--	--
Excess of redemption value over carrying value of preferred shares redeemed	3,696	--	--
Tax loss on the sale of real estate less than book gain	(12,559)	(7,772)	(10,063)
Elimination of net revenue and expenses from Crest	444	418	1,337
Compensation deduction per Section 162(m) of the Code	7,599	4,896	2,915
Adjustment for share-based compensation	(351)	(622)	562
Adjustment for straight-line rent and above/below-market lease amortization	(3,899)	(1,562)	(1,613)
Adjustment for acquisition expenses	2,211	1,503	368
Adjustment for an increase in prepaid rent	2,773	3,584	4,223
Other adjustments	1,286	(565)	(30)
Taxable net income, before our dividends paid deduction	\$ 209,931	\$ 189,127	\$ 151,507

(1) The 2012 information presented is a reconciliation of our net income available to common stockholders to estimated taxable net income.

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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.

Absent an election to the contrary, if a REIT acquires property that is or has been owned by a C corporation in a transaction in which the tax basis of the property in the hands of the REIT is determined by reference to the tax basis of the property in the hands of the C corporation, and the REIT recognizes gain on the disposition of such property during the 10 year period beginning on the date on which it acquired the property, then the REIT will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of the fair value of the property over the REIT's adjusted basis in the property, in each case determined as of the date the REIT acquired the property. The 10 year period described above has been reduced to 5 years for property dispositions occurring in 2013 (but not with respect to dispositions in later years). In August 2007, we acquired 100% of the stock of a C corporation that owned real property. At the time of acquisition, the C corporation became a Qualified REIT Subsidiary, and was deemed to be liquidated for Federal income tax purposes; the real property was deemed to be transferred to us with a carryover tax basis. As of December 31, 2012, we have built-in gains of \$70.3 million with respect to such property. We do not expect that we will be required to pay income tax on the built-in gains in these properties. It is our intent, and we have the ability, to defer any dispositions of these properties to periods when the related gains would not be subject to the built-in gain income tax or otherwise to defer the recognition of the built-in gain related to these properties. However, our plans could change and it may be necessary to dispose of one or more of these properties in a taxable transaction after 2013 but before August 28, 2017, in which case we would be required to pay corporate level tax with respect to the built-in gains on these properties as described above.

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

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

	2012	2011	2010
Weighted average shares used for the basic net income per share computation	132,817,472	126,142,696	105,869,637
Incremental shares from share-based compensation	67,461	46,703	73,084
Adjusted weighted average shares used for diluted net income per share computation	132,884,933	126,189,399	105,942,721
Unvested shares from share-based compensation that were anti-dilutive	17,570	13,020	87,600

Discontinued Operations. Operations from 14 investment properties classified as held for sale at December 31, 2012, plus properties previously sold, are reported as discontinued operations. Their respective results of operations have been reclassified as income from discontinued operations on our consolidated statements of income. We do not depreciate properties that are classified as held for sale.

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If the 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.

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

The following is a summary of income from discontinued operations on our consolidated statements of income (dollars in thousands):

Income from discontinued operations	2012	2011	2010
Gain on sales of investment properties	\$ 9,873	\$ 5,193	\$ 8,676
Rental revenue	7,938	11,881	13,071
Other revenue	243	93	32
Depreciation and amortization	(1,710)	(3,305)	(4,508)
Property expenses	(1,649)	(1,902)	(2,463)
Provisions for impairment	(2,335)	(395)	(171)
Crest's income from discontinued operations	821	842	946
Income from discontinued operations	\$ 13,181	\$ 12,407	\$ 15,583
Per common share, basic and diluted(1)	\$ 0.10	\$ 0.10	\$ 0.15

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

Revenue Recognition and Accounts Receivable. All leases are accounted for as operating leases. Under this method, 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.

We recognize an allowance for doubtful accounts relating to accounts receivable for amounts deemed uncollectible. We consider tenant specific issues, such as financial stability and ability to pay, when determining collectability of accounts receivable and appropriate allowances to record. The allowance for doubtful accounts was \$448,000 at December 31, 2012 and \$507,000 at December 31, 2011.

Other revenue includes non-operating interest earned from notes receivable and investments in money market funds of \$1.2 million in 2012, \$502,000 in 2011 and \$96,000 in 2010.

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of Realty Income, Crest, and other entities for which we make operating and financial decisions (i.e. control), after elimination of all material intercompany balances and transactions. We have no unconsolidated investments.

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

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

Allocation of the Purchase Price of Real Estate Acquisitions. When acquiring a property, we allocate the fair value of real estate acquired to: (1) land, (2) building and improvements, and (3) identified intangible assets and liabilities, based in each case on their estimated fair values. Intangible assets and liabilities consist of above-market or below-market lease value of in-place leases, the value of in-place leases, and tenant relationships, as applicable. In addition, any assumed mortgages payable are recorded at their estimated fair values.

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Our estimated fair value determinations are based on management's judgment, which is based on 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 either internally or by an independent valuation firm. When real estate valuations are utilized, the measurement of fair value related to the allocation of the purchase price of real estate acquisitions is derived principally from observable market data (and thus should be categorized as level 2 on FASB's three-level valuation hierarchy). Our other methodologies for measuring fair value related to the allocation of the purchase price of real estate acquisitions (except for independent third-party real estate valuations) include 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 on a real estate valuation for each property, prepared either internally or by an independent valuation firm, and consider estimates of carrying costs during the expected lease-up periods, current market conditions, as well as costs to execute similar leases. In allocating the fair value to identified intangibles for above-market or below-market leases, an amount is recorded based on the present value of the difference between (i) the contractual amount to be paid pursuant to the in-place lease and (ii) our estimate of fair market lease rate for the corresponding in-place lease, measured over the remaining term of the lease.

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

The aggregate value of other acquired intangible assets consists of the fair value of in-place leases and tenant relationships, as applicable. The value of in-place leases, exclusive of the value of above-market and below-market in-place leases, is amortized to expense over the remaining periods of the respective leases.

The following table presents the impact during the next five years and thereafter related to the net decrease to rental revenue from the amortization of the acquired above-market and below-market lease intangibles and the increase to amortization expense from the amortization of the in-place lease intangibles for properties owned at December 31, 2012 (in thousands):

	Net decrease to rental revenue	Increase to amortization expense
2013	\$ (1,314)	\$ 22,110
2014	(1,399)	21,899
2015	(1,345)	21,105
2016	(1,341)	21,026
2017	(1,332)	20,475
Thereafter	(2,610)	99,698
Totals	\$ (9,341)	\$ 206,313

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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. These assumed mortgage payables are amortized as a reduction to interest expense over the remaining term of the respective mortgages.

Depreciation and Amortization. Land, buildings and improvements are recorded and stated at cost. Major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives, while ordinary repairs and maintenance are expensed as incurred. Buildings and improvements that are under redevelopment, or are being developed, are carried at cost and no depreciation is recorded on these assets. Additionally, amounts essential to the development of the property, such as pre-construction, development, construction, interest and any other costs incurred during the period of

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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 15 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

Provisions for Impairment. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. 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 estimate in this analysis include projected rental rates, estimated holding periods, 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.

In 2012, Realty Income recorded total provisions for impairment of \$5.1 million. Provisions for impairment of \$2.3 million are included in income from discontinued operations on seven properties in the following industries: one in the automotive parts industry, one in the automotive tire services industry, one in the automotive service industry, one in the child care industry, one in the convenience store industry, one in the home improvement industry, and one in the restaurant-casual industry. Additionally, during 2012, Realty Income recorded provisions for impairment of \$2.8 million on three properties held for investment at December 31, 2012 in the restaurant-casual industry. These provisions for impairment are included in income from continuing operations.

In 2011, Realty Income recorded total provisions for impairment of \$405,000 on two properties in the automotive service industry, one property in the motor vehicle dealerships industry, and one property in the pet supplies and services industry. These provisions for impairment are included in income from discontinued operations, except for \$10,000 which is included in income from continuing operations.

In 2010, Realty Income recorded total provisions for impairment of \$213,000 on three properties in the restaurant industry and one property in the child care industry. Provisions for impairment of \$171,000 are included in income from discontinued operations. Since one of these properties was subsequently reclassified from held for sale to held for investment during 2011, a provision for impairment of \$42,000 is included in income from continuing operations. Additionally, during 2010, Crest recorded total provisions for impairment of \$807,000 on three properties held for investment at December 31, 2010 and 2011. These provisions for impairment are included in income from continuing operations.

Asset Retirement Obligations. We analyze our future legal obligations associated with the other-than-temporary removal of tangible long-lived assets, also referred to as asset retirement obligations. When we determine that we have a legal obligation to

provide services upon the retirement of a tangible long-lived asset, we record a liability for this obligation based on the estimated fair value of this obligation and adjust the carrying amount of the related long-lived asset by the same amount. This asset is amortized over its estimated useful life. The estimated fair value of the asset retirement obligation is calculated by discounting the future cash flows using a credit-adjusted risk-free interest rate.

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. Under the amendments issued in conjunction with *ASU No. 2011-08, Intangibles Goodwill and Other (Topic 350)*, an entity, through an assessment of qualitative factors, is not required to calculate the estimated fair value of a reporting unit, in connection with the two-step goodwill impairment test, unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. We elected to continue testing goodwill for impairment during the second quarter of each year as well as when events or circumstances occur, indicating that our goodwill might be impaired. During our tests for impairment of goodwill, during the second quarters of 2012, 2011 and 2010, we determined that the estimated fair values of our reporting units exceeded their carrying values. We did not record any impairment on our existing goodwill during 2012, 2011 or 2010.

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

Use of Estimates. The consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles, 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.

Par Value Change. In August 2011, we changed the par value of our common and preferred stock from \$1.00 per share to \$0.01 per share. This change did not have an impact on the amount of our total stockholders' equity.

Reclassifications. We report, in discontinued operations, the results of operations of properties that either have been disposed of or are classified as held for sale. As a result of these discontinued operations, certain of the 2011 and 2010 balances have been reclassified to conform to the 2012 presentation.

3. Supplemental Detail for Certain Components of Consolidated Balance Sheets

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

December 31,	2012	2011
Value of in-place leases, net	\$ 206,313	\$ 123,255
Value of above-market leases, net	35,812	30,081
Loans receivable	35,126	2,178
Deferred bond financing costs, net	29,687	22,209
Notes receivable issued in connection with property sales	19,300	19,401
Prepaid expenses	9,489	9,833
Note receivable acquired in connection with an acquisition	8,780	8,780
Credit facility origination costs, net	8,188	3,141
Restricted escrow deposits	1,805	50
Deferred financing costs on mortgages payable, net	1,541	751
Corporate assets, net	909	849
Other items	424	2,107
	\$ 357,374	\$ 222,635

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

December 31,	2012	2011
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Common stock distributions	\$ 20,251	\$ 19,384
Preferred stock dividends	3,494	2,021
	\$ 23,745	\$ 21,405

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

December 31,	2012	2011
Bond interest payable	\$ 40,061	\$ 35,195
Accrued costs on properties under development	8,595	4,766
Other items	21,770	18,809
	\$ 70,426	\$ 58,770

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D. *Other Liabilities, Net.* Other liabilities, net, consist of the following (dollars in thousands) at:

December 31,	2012	2011
Value of in-place below-market leases, net	\$ 26,471	\$ 6,423
Rent received in advance	20,929	18,149
Security deposits	5,130	4,607
	\$ 52,530	\$ 29,179

4. American Realty Capital Trust

A. Acquisition

On January 22, 2013, we completed our acquisition of American Realty Capital Trust, Inc., or ARCT. Pursuant to the terms and subject to the conditions set forth in the Agreement and Plan of Merger dated as of September 6, 2012, as amended on January 6, 2013, at the effective time of the acquisition, each outstanding share of ARCT common stock was converted into the right to receive a combination of: (i) \$0.35 in cash and (ii) 0.2874 shares of our common stock. In connection with the acquisition, at the closing we terminated and repaid the amounts then outstanding of approximately \$552.9 million under ARCT's revolving credit facility and term loan. With this acquisition, we added 515 properties to our portfolio. Below is the preliminary allocation of the purchase price of the ARCT acquisition, based on the closing price of our common stock of \$44.04 per share on January 22, 2013:

Consideration associated with equity issued	\$	2,027,753
Cash consideration paid to previous owners of ARCT		59,142
Total preliminary purchase consideration	\$	2,086,895

We will account for the ARCT acquisition in accordance with *ASC 805, Business Combinations*, and are in the process of completing our allocation of the purchase price for this acquisition, which we expect to finalize during 2013. The following table summarizes our preliminary purchase price allocation, which represents our current best estimate of fair value. These estimates could change significantly as we complete our purchase price allocation analysis.

Assets:		
Total real estate and related intangible assets	\$	3,178,862
Cash and cash equivalents, accounts receivable, and other assets, net		45,667
Total Assets		3,224,529
Liabilities:		
Lines of credit payable		317,207
Term loan		235,000
Mortgage notes payable		538,888
Accounts payable, accrued expenses, and other liabilities, net		32,577

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Total Liabilities	1,123,672
Non-controlling interest	13,962
Estimated fair value of net assets acquired	\$ 2,086,895

B. Transaction Costs

In connection with our acquisition of ARCT, we expect to incur total merger-related transaction costs of approximately \$19 million, which include, but are not limited to, advisor fees, legal fees, accounting fees, printing fees and transfer taxes. We incurred \$7.9 million of the estimated \$19 million of total merger-related transaction costs, during 2012, which are included in income from continuing operations. At December 31, 2012, we had contingent payments of approximately \$6 million due to various banks for fairness opinions related to our acquisition of ARCT, which is included as part of the estimated \$19 million of merger-related costs disclosed above.

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C. Litigation

All of the below actions name as defendants ARCT, members of the ARCT board of directors, Realty Income, and Tau Acquisition LLC, a Delaware limited liability company and wholly owned subsidiary of Realty Income, or Merger Sub. In each case, the plaintiffs allege that the ARCT directors breached their fiduciary duties to ARCT and/or its stockholders in negotiating and approving the agreement, that the acquisition consideration negotiated in the agreement improperly values ARCT, that the ARCT stockholders will not receive fair value for their ARCT common stock in the acquisition, and that the terms of the agreement impose improper deal-protection devices that purportedly preclude competing offers. The complaints further allege that Realty Income, Merger Sub, and, in some cases, ARCT aided and abetted those alleged breaches of fiduciary duty. The various amended complaints add allegations that disclosures regarding the proposed merger in the joint proxy statement/prospectus filed on October 1, 2012, or the definitive proxy statement/prospectus filed on December 6, 2012, are inadequate. Plaintiffs seek injunctive relief, including enjoining or rescinding the acquisition, and an award of other unspecified attorneys' and other fees and costs, in addition to other relief.

Realty Income believes that these actions have no merit and intends to respond to them in due course.

Maryland Actions. Since the announcement of the proposed acquisition of ARCT on September 6, 2012, six alleged class actions and/or shareholder derivative actions were filed on behalf of alleged ARCT stockholders and/or ARCT itself in the Circuit Court for Baltimore City, Maryland, under the following captions: *Quaal v. American Realty Capital Trust Inc., et al.*, No. 24-C-12-005306, filed September 7, 2012; *Hill v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005502, filed September 19, 2012; *Goldwurm v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005524, filed September 20, 2012; *Gordon v. Schorsch, et al.*, No. 24-C-12-005571, filed September 21, 2012; *Gregor v. Kahane, et al.*, No. 24-C-12-005563, filed September 21, 2012; and *Rooker v. American Realty Capital Trust, Inc., et al.*, No. 24-C-12-005924, filed October 5, 2012. On October 23, 2012, defendants moved to dismiss the actions and, on November 8, 2012, moved to stay discovery pending disposition of the motions to dismiss. On November 13, 2012, all plaintiffs except Sydelle Goldwurm filed motions to compel discovery and to expedite discovery. On November 16, 2012, the court consolidated the actions into a single action captioned *In re American Capital Realty Trust, Inc. Shareholder Litigation*, No. 24-C-12-005306 (the Maryland State Action). On November 21, 2012, the court appointed plaintiff Randell Quaal as lead plaintiff and Brower Piven, P.C. as lead counsel for plaintiffs. On December 3, 2012, plaintiff Goldwurm voluntarily dismissed her action in Maryland state court without prejudice. On December 11, 2012, plaintiffs moved for a preliminary injunction and to compel expedited discovery. On December 13, 2012, the court granted defendants' motion to stay discovery and denied plaintiffs' motion to expedite discovery. On December 14, 2012, plaintiffs filed a consolidated amended complaint, and defendants filed amended motions to dismiss the amended complaint on December 21, 2012.

On January 6, 2013, the parties in the Maryland State Action entered into a memorandum of understanding regarding settlement of all claims asserted on behalf of the alleged class of ARCT stockholders. In connection with the settlement contemplated by the memorandum of understanding, the Maryland State Action and all claims asserted in the litigation will be dismissed, subject to court approval. The proposed settlement terms required ARCT to make certain additional disclosures related to the merger, as set forth in a Current Report on Form 8-K filed by ARCT on January 8, 2013. The parties also agreed that plaintiffs may seek attorneys' fees and costs in an as-yet undetermined amount, with ARCT to pay such fees and costs if and to the extent they are approved by the Maryland state court. The memorandum of understanding further contemplates that the parties will enter into a stipulation of settlement, which will be subject to customary conditions, including confirmatory discovery and court approval following notice to ARCT's stockholders. If the parties enter into a stipulation of settlement, a hearing will be scheduled at which the court will consider the fairness, reasonableness, and adequacy of the settlement. There can be no assurance that the parties will ultimately enter into a stipulation of settlement, that the court will approve any proposed settlement, or that any eventual settlement will be under the same terms as those contemplated by the memorandum of understanding.

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After the Maryland state court denied plaintiff Goldwurm's motion for appointment of lead plaintiff and lead counsel in the Maryland State Action, plaintiff Goldwurm filed a class action and shareholder derivative action on November 29, 2012, in the United States District Court for the District of Maryland, captioned *Goldwurm v. American Realty Capital Trust, Inc., et al.*, No. 1:12-cv-03516-JKB (the Maryland Federal Action). On December 12, 2012, plaintiff Goldwurm moved for expedited discovery. Defendants moved to stay the federal case on December 13, 2012, and moved to dismiss it on December 19, 2012. On January 11, 2013, plaintiff

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Goldwurm moved for a temporary restraining order seeking to enjoin the shareholder vote on the proposed merger set to take place on January 16, 2013.

On January 14, 2013, the parties in the Maryland Federal Action entered into an agreement to settle all claims. In connection with the settlement, on January 25, 2013, the parties agreed to voluntarily dismiss the case with prejudice. On January 28, 2013, the Maryland federal court dismissed the action.

New York Actions. Two alleged class actions were filed on behalf of alleged ARCT stockholders in the Supreme Court of the State of New York for New York, New York, under the following captions: *The Carol L. Possehl Living Trust v. American Realty Capital Trust, Inc., et al.*, No. 653300-2012, filed September 20, 2012; and *Salenger v. American Realty Capital Trust, Inc. et al.*, No. 353355-2012, filed September 25, 2012. On October 19, 2012, the court consolidated the actions into a single action captioned *In re American Realty Capital Trust Shareholders Litigation*, No. 653300-2012 (the New York Action) and appointed Robbins Geller Rudman & Dowd LLP as lead counsel for plaintiffs. On October 19, 2012, defendants moved for a stay of proceedings. Plaintiffs filed an amended complaint on October 23, 2012. On November 9, 2012, the Court granted defendants' motion to stay the New York Action pending the Maryland state actions.

5. Investments in Real Estate

We acquire the land, buildings and improvements that are necessary for the successful operations of commercial enterprises.

A. 2012 and 2011 Acquisitions

During 2012, Realty Income invested \$1.16 billion in real estate, acquiring 423 properties, and properties under development, with an initial weighted average contractual lease rate of 7.2%. The initial weighted average contractual lease rate is computed by dividing the estimated aggregate base rent for the first year of each lease by the estimated total cost of the properties. The 423 properties, and properties under development, are located in 37 states, will contain over 10.5 million leasable square feet, and are 100% leased with an average lease term of 14.6 years. The tenants of the 423 properties acquired operate in 23 industries: aerospace, apparel stores, automotive collision services, automotive parts, consumer appliances, consumer goods, convenience stores, crafts and novelties, diversified industrial, dollar stores, drug stores, equipment services, food processing, health and fitness, insurance, machinery, motor vehicle dealerships, packaging, paper, restaurants - quick service, theaters, transportation services, and wholesale clubs. None of the investments in these properties caused any one tenant to be 10% or more of our total assets at December 31, 2012. Acquisition transaction costs of \$2.4 million were recorded to general and administrative expense on our consolidated statement of income for 2012.

These 2012 aggregate acquisitions were allocated as follows: \$284.5 million to land, \$770.0 million to buildings and improvements, \$107.2 million to intangible assets, \$34.9 million to other assets, net, and \$32.5 million to intangible and assumed liabilities, which includes mortgage premiums of \$10.0 million. The majority of our 2012 acquisitions were cash purchases, except for eight transactions that included the assumption of \$110.5 million of mortgages payable. There was no contingent consideration associated with these acquisitions.

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The properties acquired during 2012 generated total revenues of \$23.9 million and income from continuing operations of \$9.8 million.

The purchase price allocation for \$106.4 million of the \$1.16 billion invested by us in 2012 is based on a preliminary measurement of fair value that is subject to change. The allocation for these properties represents our current best estimate of fair value and we expect to finalize the valuations and complete the purchase price allocation in the first quarter of 2013.

In comparison, during 2011, Realty Income invested \$1.02 billion in new real estate, including 164 new properties, and properties under development, with an initial weighted average contractual lease rate of 7.8%. These 164 new properties, and properties under development, are located in 26 states, contain over 6.2 million leasable square feet, and are 100% leased with an average lease term of 13.4 years. The tenants of the 164 properties acquired operate in 16 industries: aerospace, automotive collision services, beverages, drug store, equipment services, financial services, food processing, grocery stores, health and fitness, packaging, paper, restaurants quick service, telecommunications, theaters, transportation services, and wholesale club.

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Acquisition transaction costs of \$1.5 million were recorded to general and administrative expense on our consolidated statement of income for 2011.

The 2011 aggregate acquisitions were allocated as follows: \$239.3 million to land, \$645.0 million to buildings and improvements, \$137.0 million to intangible assets and \$5.1 million to intangible and assumed liabilities, which includes mortgage premiums of \$820,000. The majority of our 2011 acquisitions were cash purchases, except for one that also included the assumption of \$8.8 million in notes receivable and four that also included the assumption of \$67.4 million of mortgages payable. There was no contingent consideration associated with these acquisitions.

In 2012, we capitalized costs of \$6.6 million on existing properties in our portfolio, consisting of \$1.62 million for re-leasing costs and \$4.93 million for building and tenant improvements. In 2011, we capitalized costs of \$4.2 million on existing properties in our portfolio, consisting of \$1.7 million for re-leasing costs and \$2.5 million for building improvements.

B. Unaudited Pro Forma Information

The following pro forma total revenue and income from continuing operations, for 2012 and 2011, assumes all of our 2012 property acquisitions, and our acquisition of ARCT in January 2013, occurred on January 1, 2011 (in millions). This pro forma supplemental information does not include the impact of any synergies or lower borrowing costs that we have or may achieve as a result of the acquisitions or any strategies that management has or may consider in order to continue to efficiently manage our operations. Additionally, this information does not purport to be indicative of what our operating results would have been had the acquisitions occurred on January 1, 2011, and may not be indicative of future operating results. For purposes of calculating these pro-forma amounts, we assumed that the following transaction occurred on January 1, 2011: (1) the issuance of our \$350 million of 2% notes due January 2018 and our \$450 million of 3.25% notes due in October 2022, and (2) payment of the estimated merger-related costs of \$19 million related to our acquisition of ARCT. Other than these items specified above, no material, non-recurring pro-forma adjustments were included in the calculation of this information.

	Total revenue	Income from continuing operations
Supplemental pro forma for the year ended December 31, 2012	\$ 717.9	\$ 188.2
Supplemental pro forma for the year ended December 31, 2011	\$ 669.3	\$ 156.4

C. Properties With Existing Leases

Of the \$1.16 billion Realty Income invested in 2012, approximately \$552.5 million was used to acquire 129 properties with existing leases. Associated with these 129 properties, we recorded \$98.6 million as the intangible value of the in-place leases, \$8.5 million as the intangible value of above-market leases and \$21.1 million as the intangible value of below-market leases. Of the \$1.02 billion we invested in 2011, approximately \$592.1 million was used to acquire 94 properties with existing leases. Associated with these 94 properties, we recorded \$109.9 million as the intangible value of the in-place leases, \$27.1 million as the intangible value of above-market leases and \$3.5 million as the intangible value of below-market leases.

The value of the in-place and above-market leases is recorded to other assets, net, on our consolidated balance sheet, and the value of the below-market leases is recorded to other liabilities, net, on our consolidated balance sheet. The value of the in-place leases is amortized as depreciation and amortization expense. The amount amortized to expense for 2012 was \$15.6 million, for 2011 was \$8.3 million and for 2010 was \$1.4 million. 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 value of the above-market and below-market leases is amortized as rental revenue on our consolidated statements of income. All of these amounts are amortized over the expected lives of the respective leases. The amounts amortized as a net (decrease) increase to rental income for capitalized above-market and below-market leases for 2012 was \$(1.8) million, for 2011 was \$(1.1) million and for 2010 was \$154,000.

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D. Crest

During 2012, Crest invested \$890,000 in one property in the restaurant casual industry, while Crest did not invest in any properties during 2011. At December 31, 2012, Crest owned four properties for \$3.9 million, of which \$3.0 million was classified as held for investment. At December 31, 2011, Crest owned three properties for \$3.0 million. Additionally, Crest also held notes receivable of \$18.9 million at December 31, 2012 and \$19.0 million at December 31, 2011.

6. Notes Receivable

Of the \$1.16 billion Realty Income invested in 2012, approximately \$35.1 million was loaned in the form of a note receivable, which is secured by the properties on which the note receivable was placed. The note receivable is recorded to other assets, net, on our consolidated balance sheet as of December 31, 2012 and matures in March 2014. We receive monthly interest income on this note receivable at an interest rate of 7.6%. As part of the origination of the note receivable, we received a fee of \$260,000, which is recorded in accounts payable and accrued expenses on our consolidated balance sheet as of December 31, 2012. This loan origination fee is being amortized to interest income over the remaining term of the note receivable, using a method that approximates the effective-interest method.

In 2011, Realty Income assumed a note receivable in conjunction with a property acquisition, which is secured by the property on which the note receivable was placed. This note receivable is recorded to other assets, net, on our consolidated balance sheets as of December 31, 2012 and 2011, and matures in December 2013. We receive interest income on this note receivable at an interest rate of 8.1%.

7. Credit Facility

In May 2012, we entered into a new \$1 billion unsecured acquisition credit facility, which replaced our \$425 million acquisition credit facility that was scheduled to expire in March 2014. The initial term of the new credit facility expires in May 2016 and includes, at our option, a one-year extension option. Under this new credit facility, our current investment grade credit ratings provide for financing at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 1.075% with a facility commitment fee of 0.175%, for all-in drawn pricing of 1.25% over LIBOR. The borrowing rate is not subject to an interest rate floor or ceiling. We also have other interest rate options available to us. Our credit facility is unsecured and, accordingly, we have not pledged any assets as collateral for this obligation.

As a result of entering into our new credit facility, we incurred credit facility origination costs of \$7.1 million. At December 31, 2012, \$5.9 million of the \$7.1 million is included in other assets, net, on our consolidated balance sheet, along with \$2.2 million incurred as a result of entering into our previous credit facilities. These costs are being amortized over the remaining term of our current \$1 billion credit facility.

At December 31, 2012, we had a borrowing capacity of \$842 million available on our credit facility (subject to customary conditions to borrowing) and an outstanding balance of \$158 million, as compared to an outstanding balance of \$237.4 million at December 31, 2011.

The average interest rate on outstanding borrowings under our credit facilities was 1.6% during 2012, 2.1% during 2011, and was 1.3% during 2010. At December 31, 2012, the effective interest rate was 1.3%. Our current and prior credit facilities are and were subject to various leverage and interest coverage ratio limitations. At December 31, 2012, we remain in compliance with these covenants.

8. Mortgages Payable

During 2012 and 2011, we assumed mortgages totaling \$110.5 million and \$67.4 million, respectively. These mortgages are secured by the properties on which the debt was placed. Although this mortgage debt is non-recourse, there are limited customary exceptions for items such as bankruptcy, misrepresentation, fraud, misapplication of payments, environmental liabilities, failure to pay taxes, insurance premiums, liens on the property, and uninsured losses. We expect to pay off the mortgages as soon as prepayment penalties and costs make it economically feasible to do so. We intend to continue our policy of primarily identifying property acquisitions that are free from mortgage indebtedness. In 2012, we repaid one mortgage in full for \$10.7 million.

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During 2012, aggregate net premiums totaling \$10.0 million were recorded upon assumption of the mortgages for above-market interest rates, as compared to net premiums totaling \$820,000 recorded in 2011. Amortization of these net premiums is recorded as a reduction to interest expense over the remaining term of the respective notes, using a method that approximates the effective-interest method. These 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, 2012, we remain in compliance with these covenants.

As a result of assuming these mortgages payable, we incurred deferred financing costs of \$1.1 million during 2012 and \$917,000 during 2011, which were classified as part of other assets, net, on our consolidated balance sheets. The balance of these deferred financing costs was \$1.5 million at December 31, 2012, and \$751,000 at December 31, 2011, which is being amortized over the remaining term of each mortgage.

The following is a summary of our mortgages payable as of December 31, 2012 and 2011, sorted by maturity date (dollars in thousands):

At December 31, 2012

Maturity Date(1)	Stated Interest Rate(2)	Effective Interest Rate	Remaining Principal Balance(1)	Amortized Premium (Discount) Balance	Mortgage Payable Balance
12/1/13	6.3%	4.6%	\$ 11,987	\$ 172	\$ 12,159
12/28/13(3)	8.3%	8.3%	4,510	--	4,510
12/28/13(3)	8.3%	8.3%	4,270	--	4,270
9/1/14	6.3%	5.1%	11,509	196	11,705
6/10/15	4.7%	4.8%	23,625	(48)	23,577
1/10/16	6.0%	3.7%	12,982	794	13,776
1/8/17	5.7%	3.8%	6,883	454	7,337
2/8/17	5.8%	4.0%	29,510	1,829	31,339
6/6/17	5.7%	2.7%	10,150	1,201	11,351
10/1/20	6.0%	4.2%	8,765	907	9,672
9/3/21(4)	2.6%	4.0%	8,359	(771)	7,588
7/8/22	6.4%	4.0%	29,308	4,675	33,983
4/1/25	6.9%	5.1%	4,069	532	4,601
			\$ 165,927	\$ 9,941	\$ 175,868

At December 31, 2011

Maturity Date(1)	Stated Interest Rate(2)	Effective Interest Rate	Remaining Principal Balance(1)	Amortized Premium (Discount) Balance	Mortgage Payable Balance
5/6/12	5.9%	5.2%	\$ 10,664	\$ 26	\$ 10,690
12/1/13	6.3%	4.6%	12,410	314	12,724
12/28/13(3)	8.3%	8.3%	4,510	--	4,510
12/28/13(3)	8.3%	8.3%	4,270	--	4,270

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9/1/14	6.3%	5.1%	11,671	359	12,030
6/10/15	4.7%	4.8%	23,625	(68)	23,557
			\$ 67,150	\$ 631	\$ 67,781

(1) The mortgages require monthly payments, with a principal payment due at maturity.

(2) The mortgages are at fixed interest rates, except for: (1) the mortgage maturing on June 10, 2015 with a floating variable interest rate calculated as the sum of the current 1 month LIBOR plus 4.5%, not to exceed an all-in interest rate of 5.5%, and (2) the mortgage maturing on September 3, 2021 with a floating interest rate calculated as the sum of the current 1 month LIBOR plus 2.4%.

(3) As part of the assumption of these mortgages payable related to our 2011 acquisitions, we also acquired an \$8.8 million note receivable, upon which we will receive interest income at a stated rate of 8.14% through December 28, 2013.

(4) As part of the assumption of this mortgage payable related to our 2012 acquisitions, we also acquired an interest rate swap which essentially fixes the interest rate on this mortgage payable at 6.0%.

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

December 31,	2012	2011
5.375% notes, issued in March 2003 and due in March 2013	\$ 100	\$ 100
5.5% notes, issued in November 2003 and due in November 2015	150	150
5.95% notes, issued in September 2006 and due in September 2016	275	275
5.375% notes, issued in September 2005 and due in September 2017	175	175
2.0% notes, issued in October 2012 and due in January 2018	350	--
6.75% notes, issued in September 2007 and due in August 2019	550	550
5.75% notes, issued in June 2010 and due in January 2021	250	250
3.25% notes, issued in October 2012 and due in October 2022	450	--
5.875% bonds, \$100 issued in March 2005 and \$150 issued in June 2011, both due in March 2035	250	250
	\$ 2,550	\$ 1,750

The following table summarizes the maturity of our notes and bonds payable as of December 31, 2012 (dollars in millions):

Year of Maturity	Notes and Bonds
2013	\$ 100
2014	--
2015	150
2016	275
2017	175
Thereafter	1,850
Totals	\$ 2,550

Interest incurred on all of the notes and bonds was \$110.4 million for 2012, \$101.5 million for 2011 and \$89.7 million for 2010. 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, 2012, we remain in compliance with these covenants.

B. Note Issuances

In October 2012, we issued \$350 million in aggregate principal amount of 2.00% senior unsecured notes due January 2018, or the 2018 Notes, and \$450 million in aggregate principal amount of 3.25% senior unsecured notes due October 2022, or the 2022 Notes. The price to the investors for the 2018 Notes was 99.910% of the principal amount for an effective yield of 2.017% per annum. The price to the investors for the 2022 Notes was 99.382% of the principal amount for an effective yield of 3.323% per annum. The total net proceeds of approximately \$790.1 million from these offerings were used to repay all outstanding borrowings under our acquisition credit facility, and the remaining proceeds were used for general corporate purposes, including additional property acquisitions. Interest is paid semiannually on both the 2018 and 2022 Notes.

In June 2010, we issued \$250 million in aggregate principal amount of 5.75% senior unsecured notes due January 2021, or the 2021 Notes. The price to the investor for the 2021 Notes was 99.404% of the principal amount for an effective yield of 5.826% per annum. The net proceeds of \$246.1 million from this offering were used to repay borrowings under our acquisition credit facility, which were incurred to fund property acquisitions. Interest is paid semiannually on the 2021 Notes.

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C. *Re-opening of Unsecured Bonds due 2035*

In June 2011, we re-opened our 5.875% senior unsecured bonds due 2035, or the 2035 Bonds, and issued \$150 million in aggregate principal amount of these 2035 Bonds. The public offering price for the additional 2035 Bonds was 94.578% of the principal amount for an effective yield of 6.318% per annum. Those 2035 Bonds constituted an additional issuance of, and a single series with, the \$100 million in aggregate principal amount of the 2035 Bonds that we issued in March 2005. The net proceeds of \$140.1 million were used to fund property acquisitions. Interest is paid semiannually on the 2035 Bonds.

10. Issuance and Redemption of Preferred Stock

A. In 2004, we issued 5.1 million shares of 7.375% Monthly Income Class D Cumulative Redeemable Preferred stock. In March 2012, we redeemed all of the 5.1 million shares of our 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock for \$25.00 per share, plus accrued dividends. We incurred a charge of \$3.7 million, representing the Class D preferred stock original issuance costs that we paid in 2004. In 2012, we paid dividends to holders of our Class D preferred stock totaling \$0.3841147 per share, or \$2.0 million. During 2011 and 2010, we paid twelve monthly dividends to holders of our Class D preferred stock totaling \$1.8437508 per share, or \$9.4 million.

B. In 2006, we issued 8.8 million shares of 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock. Since December 2011, the Class E preferred shares are redeemable at our option, for \$25.00 per share. During 2012, 2011 and 2010, we paid twelve monthly dividends to holders of our Class E preferred stock totaling \$1.6875 per share, or \$14.9 million, and at December 31, 2012, a monthly dividend of \$0.140625 per share was payable and was paid in January 2013.

C. In February 2012, we issued 14.95 million shares of our 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock at a price of \$25.00 per share, including 1.95 million shares purchased by the underwriters upon the exercise of their overallotment option. In April 2012, we issued an additional 1.4 million shares of our Class F preferred stock at a price of \$25.2863 per share. After aggregate underwriting discounts and other offering costs totaling \$13.8 million, we received total net proceeds of \$395.4 million for the February and April offerings combined, of which \$127.5 million was used to redeem all of our outstanding 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock and the balance was used to repay a portion of the borrowings under our credit facility. Beginning February 15, 2012, the Class F preferred shares are redeemable at our option, for \$25.00 per share. The initial dividend of \$0.1702257 per share was paid on March 15, 2012 and covered 37 days. Thereafter, dividends of \$0.138021 per share will be paid monthly in arrears on the Class F preferred stock. During 2012, we paid ten monthly dividends to holders of our Class F preferred stock totaling \$1.4124147, or \$22.6 million, and at December 31, 2012, a monthly dividend of \$0.138021 per share was payable and was paid in January 2013.

We are current in our obligations to pay dividends on our Class E and Class F preferred stock.

11. Issuance of Common Stock

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In September 2011, we issued 6,300,000 shares of common stock at a price of \$34.00 per share. After underwriting discounts and other offering costs of \$10.6 million, the net proceeds of \$203.6 million were used to repay borrowings under our acquisition credit facility, which were used to fund property acquisitions.

In March 2011, we issued 8,625,000 shares of common stock at a price of \$34.81 per share. After underwriting discounts and other offering costs of \$14.6 million, the net proceeds of \$285.6 million were used to fund property acquisitions.

In December 2010, we issued 7,360,000 shares of common stock at a price of \$33.70 per share. The net proceeds of \$235.7 million were used to repay borrowings of \$179.8 million under our acquisition credit facility and to fund property acquisitions during December 2010. The remaining net proceeds were used for general corporate purposes and working capital.

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

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 the years:

Month	2012	2011	2010
January	\$ 0.1455000	\$ 0.1442500	\$ 0.1430000
February	0.1455000	0.1442500	0.1430000
March	0.1455000	0.1442500	0.1430000
April	0.1458125	0.1445625	0.1433125
May	0.1458125	0.1445625	0.1433125
June	0.1458125	0.1445625	0.1433125
July	0.1461250	0.1448750	0.1436250
August	0.1461250	0.1448750	0.1436250
September	0.1511250	0.1448750	0.1436250
October	0.1514375	0.1451875	0.1439375
November	0.1514375	0.1451875	0.1439375
December	0.1514375	0.1451875	0.1439375
Total	\$ 1.7716250	\$ 1.7366250	\$ 1.7216250

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

	2012	2011	2010
Ordinary income	\$ 1.3367481	\$ 1.3787863	\$ 1.2598879
Nontaxable distributions	0.4348769	0.3578387	0.4617371
Totals	\$ 1.7716250	\$ 1.7366250	\$ 1.7216250

At December 31, 2012, a distribution of \$0.15175 per common share was payable and was paid in January 2013. At December 31, 2011, a distribution of \$0.1455 per common share was payable and was paid in January 2012.

B. Class D Preferred Stock

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Prior to the redemption of the Class D Preferred Stock in March 2012, dividends of \$0.1536459 per share were paid monthly in arrears on the Class D preferred stock. We declared dividends to holders of our Class D preferred stock totaling \$2.0 million in 2012 and \$9.4 million in 2011 and 2010. For 2012, 2011 and 2010, dividends paid per share in the amounts of \$0.3841147, \$1.8437508, and \$1.8437508, respectively, were characterized as ordinary income for federal income tax purposes.

C. *Class E Preferred Stock*

Dividends of \$0.140625 per share are paid monthly in arrears on the Class E preferred stock. We declared dividends to holders of our Class E preferred stock totaling \$14.9 million in 2012, 2011 and 2010. For 2012, 2011 and 2010, dividends paid per share in the amount of \$1.6875 were characterized as ordinary income for federal income tax purposes.

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D. *Class F Preferred Stock*

Dividends of \$0.138021 per share are paid monthly in arrears on the Class F preferred stock. We declared dividends to holders of our Class F preferred stock totaling \$22.6 million in 2012. For 2012, the dividends paid per share of \$1.4124147 to our Class F preferred stockholders were characterized as ordinary income for federal income tax purposes.

13. Operating Leases

A. At December 31, 2012, we owned 3,013 properties in 49 states, plus an additional four properties owned by Crest. Of the 3,013 properties, 2,996, or 99.4%, are single-tenant properties, and the remaining 17 are multi-tenant properties. At December 31, 2012, 84 properties were vacant and available for lease or sale.

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

Rent based on a percentage of a tenants gross sales (percentage rents) was \$2.1 million for 2012 and \$1.4 million for 2011 and 2010, including amounts recorded to discontinued operations of \$124,000 in 2012, \$60,000 in 2011 and \$104,000 in 2010.

At December 31, 2012, minimum future annual rents to be received on the operating leases for the next five years and thereafter are as follows (dollars in thousands):

2013	\$	526,616
2014		512,274
2015		497,075
2016		483,389
2017		464,982
Thereafter		3,399,120
Total	\$	5,883,456

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, 2012, 2011 or 2010.

14. Gain on Sales of Investment Properties

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During 2012, we sold 44 investment properties for \$50.6 million, which resulted in a gain of \$9.9 million. The results of operations for these properties have been reclassified as discontinued operations for all periods presented.

During 2011, we sold 26 investment properties for \$22.0 million, which resulted in a gain of \$5.2 million. The results of operations for these properties have been reclassified as discontinued operations for all periods presented. Additionally, we sold excess real estate from five properties for \$2.1 million, which resulted in a gain of \$540,000. This gain is included in other revenue on our consolidated statement of income for 2011, because this excess real estate was associated with properties that continue to be owned as part of our core operations.

During 2010, we sold 28 investment properties and excess land from one property for \$27.2 million, which resulted in a gain of \$8.7 million. The results of operations for these properties have been reclassified as discontinued operations.

During 2012, 2011 and 2010, Crest did not sell any properties.

Table of Contents**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, lines of credit payable 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 or acquired in connection with an acquisition, mortgages payable and our senior notes and bonds payable, which are disclosed below (dollars in millions):

	Carrying value per balance sheet	Estimated fair value
At December 31, 2012		
Notes receivable issued in connection with property sales	\$ 18.9	\$ 20.1
Note receivable issued in connection with an acquisition	\$ 8.8	\$ 8.8
Mortgages payable assumed in connection with acquisitions	\$ 175.9	\$ 176.7
Notes payable	\$ 2,550.0	\$ 2,827.1
At December 31, 2011		
Notes receivable issued in connection with property sales	\$ 19.0	\$ 19.6
Note receivable issued in connection with an acquisition	\$ 8.8	\$ 8.8
Mortgages payable assumed in connection with acquisitions	\$ 67.8	\$ 68.2
Notes payable	\$ 1,750.0	\$ 1,901.9

The estimated fair values of our notes receivable issued in connection with property sales or acquired in connection with an acquisition, and our mortgages payable have been calculated by discounting the future cash flows using an interest rate based upon the current 5-year, 7-year or 10-year Treasury yield curve, plus an applicable credit-adjusted spread. Because this methodology includes unobservable inputs that reflect our own internal assumptions and calculations, the measurement of estimated fair values related to our notes receivable and mortgages payable is categorized as level 3 on the three-level valuation hierarchy.

The estimated fair values of our senior notes and bonds payable is 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 2 on the three-level valuation hierarchy.

16. Supplemental Disclosures of Cash Flow Information

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Interest paid was \$112.5 million in 2012, \$102.0 million in 2011 and \$82.6 million in 2010.

Interest capitalized to properties under development was \$498,000 in 2012, \$438,000 in 2011 and \$10,000 in 2010.

Income taxes paid were \$1.0 million in 2012, \$871,000 in 2011 and \$907,000 in 2010.

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

A. Share-based compensation expense was \$10.0 million for 2012, \$7.9 million for 2011 and \$6.2 million for 2010.

B. See Provisions for Impairment in note 2 for a discussion of provisions for impairments recorded by Realty Income and Crest.

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C. For eight properties we acquired during 2012, we assumed \$110.5 million of mortgages payable to third-party lenders and recorded \$10.0 million of net premiums. See note 8 for a discussion of these transactions.

D. For four properties we acquired during 2011, we assumed \$67.4 million of mortgages payable to third-party lenders and recorded \$820,000 of net premiums. Additionally, we assumed an \$8.8 million note receivable. See note 8 for a discussion of these transactions.

E. In 2010, we recorded a \$799,000 receivable for the sale of an investment property as a result of an eminent domain action. We received cash for this eminent domain action in 2012. The \$799,000 receivable is included in other assets, net, on our consolidated balance sheet at December 31, 2011.

F. In 2010, we recorded a \$600,000 receivable for the sale of excess land, which was included on our consolidated balance sheet at that time. We received cash for this excess land in 2011.

G. In accordance with our policy, we recorded increases to our estimated legal obligations related to asset retirement obligations on two land leases in the following amounts: \$31,000 in 2012, \$152,000 in 2011 and \$82,000 in 2010. These asset retirement obligations account for the difference between our obligations to the landlord under the two land leases and our subtenant's obligations to us under the subleases.

H. Accrued costs on properties under development resulted in an increase in buildings and improvements and accounts payable of \$3.8 million at December 31, 2012 and \$3.7 million at December 31, 2011.

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 our employee's contributions, up to 3% of the employee's compensation. Our aggregate matching contributions each year have been immaterial to our results of operations.

18. Common Stock Incentive Plan

In March 2012, our Board of Directors adopted, and in May 2012, our 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, employees and

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consultants considered essential to our long-term success. The 2012 Plan offers our directors, employees and consultants an opportunity to own stock in Realty Income 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, or SARs, restricted stock units and other awards, will be no more than 3,985,734 shares. The 2012 Plan, which has a term of 10 years from the date it was adopted by our Board of Directors, replaced the 2003 Incentive Award Plan of Realty Income Corporation (as amended and restated February 21, 2006), or the 2003 Plan, which was set to expire in March 2013. No further awards will be granted under the 2003 Plan. The disclosures below incorporate activity for both the 2003 Plan and the 2012 Plan.

The amount of share-based compensation costs recognized in general and administrative expense on our consolidated statements of income was \$10.0 million during 2012, was \$7.9 million during 2011 and was \$6.2 million during 2010.

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The following table summarizes our common stock grant activity under our 2003 Plan and 2012 Plan, or the Incentive Award Plans. Our common stock grants vest over periods ranging from immediately to 10 years.

	2012		2011		2010	
	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	925,526	\$ 20.21	924,294	\$ 19.69	853,234	\$ 19.14
Shares granted	261,811	35.06	247,214	33.94	278,200	28.99
Shares vested	(290,877)	27.47	(245,487)	25.26	(206,153)	23.70
Shares forfeited	(910)	31.67	(495)	31.37	(987)	26.03
Outstanding nonvested shares, end of year	895,550	\$ 19.94	925,526	\$ 20.21	924,294	\$ 19.69

(1) Grant date fair value.

During 2012, we issued 261,811 shares of common stock under our Incentive Award Plans. These shares vest over the following service periods: 26,484 vested immediately, 68,600 vest over a service period of two years, 16,000 vest over a service period of three years and 150,727 vest over a service period of five years.

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.

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

For employees age 55 and below at the grant date, shares vest in 20% increments on each of the first five anniversaries of the grant date;

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For employees age 56 at the grant date, shares vest in 25% increments on each of the first four anniversaries of the grant date;

For employees age 57 at the grant date, shares vest in 33.33% increments on each of the first three anniversaries of the grant date;

For employees age 58 at the grant date, shares vest in 50% increments on each of the first two anniversaries of the grant date;

For employees age 59 at the grant date, shares are 100% vested on the first anniversary of the grant date; and

For employees age 60 and above at the grant date, shares vest immediately on the grant date.

After they have been employed for six full months, all non-executive employees receive 200 shares of nonvested stock which vests over a five year period. Additionally, depending on certain company performance metrics, non-executive employees may receive grants of nonvested stock which vests over a five year period.

As of December 31, 2012, the remaining unamortized share-based compensation expense totaled \$17.9 million, which is being amortized on a straight-line basis over the service period of each applicable award. The amount of share-based compensation is based on the fair value of the stock at the grant date. We define the grant date as the date the recipient and Realty Income have a mutual understanding of the key terms and condition of the award, and the recipient of the grant begins to benefit from, or be adversely affected by, subsequent changes in the price of the shares.

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Due to a historically low turnover rate, we do not estimate a forfeiture rate for our nonvested shares. Accordingly, unexpected forfeitures will lower share-based compensation expense during the applicable period. Under the terms of our Incentive Award Plans, we pay non-refundable dividends to the holders of our nonvested shares. Applicable accounting guidance requires that the dividends paid to holders of these nonvested shares be charged as compensation expense to the extent that they relate to nonvested shares that do not or are not expected to vest. However, since we do not estimate forfeitures given our historical trends, we did not record any amount to compensation expense related to dividends paid in 2012, 2011 or 2010.

As of December 31, 2012 and 2011, there were no remaining stock options outstanding. All outstanding options were fully vested as of December 31, 2006. Stock options, none of which were granted after January 1, 2002, were granted with an exercise price equal to the underlying stock's fair value at the date of grant.

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

	2011		2010	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding options, beginning of year	2,454	\$14.70	5,846	\$14.70
Options exercised	(2,454)	14.70	(3,392)	14.70
Outstanding and exercisable options, end of year	--	\$ --	2,454	\$14.70

The intrinsic value of a stock option is the amount by which the market value of the underlying stock at December 31 of each year exceeds the exercise price of the option. The market value of our stock was \$34.20 at December 31, 2010. The total intrinsic value of options exercised during the years ended December 31, 2011 and 2010 was \$48,000 and \$61,000, respectively. The aggregate intrinsic value of options outstanding and exercisable was \$48,000 at December 31, 2010.

19. Dividend Reinvestment and Stock Purchase Plan

In March 2011, we established a Dividend Reinvestment and Stock Purchase Plan, or the DSPP, to provide our common stockholders, as well as new investors, with a convenient and economical method of purchasing our common stock and reinvesting their distributions. The DSPP also allows our current stockholders to buy additional shares of common stock by reinvesting all or a portion of their distributions. The DSPP authorizes up to 6,000,000 common shares to be issued. During 2012, we issued 55,598 shares and raised approximately \$2.2 million under the DSPP. During 2011, we issued 59,605 shares and raised approximately \$2.0 million under the DSPP. From the inception of the DSPP through December 31, 2012, we have issued 115,203 shares and raised approximately \$4.2 million.

20. Segment Information

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We evaluate performance and make resource allocation decisions on an industry by industry basis. For financial reporting purposes, we have grouped our tenants into 45 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, revenue is the only component of segment profit and loss we measure.

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The following tables set forth certain information regarding the properties owned by us, classified according to the business of the respective tenants, as of December 31, 2012 (dollars in thousands):

Assets, as of December 31:	2012	2011
Segment net real estate:		
Automotive service	\$ 96,830	\$ 99,974
Automotive tire services	184,601	191,797
Beverages	310,555	314,832
Child care	61,747	66,213
Convenience stores	670,103	690,246
Dollar stores	450,566	1,327
Drug stores	159,482	154,015
Food Processing	102,964	52,349
Grocery stores	219,216	224,893
Health and fitness	330,503	293,624
Restaurants - casual dining	450,182	469,025
Restaurants - quick service	251,084	277,648
Sporting goods	77,737	80,351
Theaters	381,123	383,452
Transportation services	130,203	107,632
Wholesale clubs	308,202	154,964
29 non-reportable segments	857,039	597,666
Total segment net real estate	5,042,137	4,160,008
Intangible assets:		
Automotive tire services	470	529
Beverages	3,313	3,571
Dollar stores	12,475	--
Drug stores	14,885	14,422
Food Processing	21,785	15,899
Grocery stores	5,650	6,096
Health and fitness	15,056	1,566
Restaurants - quick service	3,464	4,037
Sporting goods	4,862	5,324
Theaters	28,475	31,162
Transportation services	27,997	28,944
Other - non-reportable segments	103,693	41,786
Goodwill:		
Automotive service	471	472
Automotive tire services	865	866
Child care	5,276	5,353
Convenience stores	2,064	2,073
Restaurants - casual dining	2,430	2,461
Restaurants - quick service	1,176	1,318
Other - non reportable segments	4,663	4,663
Other corporate assets	142,156	88,839
Total assets	\$ 5,443,363	\$ 4,419,389

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For the years ended December 31,	2012	Revenue 2011	2010
Segment rental revenue:			
Automotive service	\$ 14,961	\$ 15,168	\$ 15,308
Automotive tire services	22,604	22,595	22,345
Beverages	24,553	23,458	10,292
Child care	21,342	21,508	21,487
Convenience stores	77,905	77,481	58,514
Dollar stores	10,324	143	143
Drug stores	16,594	15,809	13,962
Food Processing	6,213	2,953	--
Grocery stores	17,836	7,149	3,204
Health and fitness	32,782	26,769	23,730
Restaurants - casual dining	34,510	44,632	44,649
Restaurants - quick service	28,109	24,671	23,565
Sporting goods	11,798	11,176	9,144
Theaters	45,073	36,812	30,634
Transportation services	11,516	7,586	750
Wholesale clubs	15,217	3,059	--
29 non-reportable segments	82,404	67,671	55,053
Total rental revenue	473,741	408,640	332,780
Other revenue	1,769	1,612	657
Total revenue	\$ 475,510	\$ 410,252	\$ 333,437

21. 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, 2012, we had contingent payments of \$944,000 for tenant improvements and leasing costs. In addition, as of December 31, 2012, we had committed \$16.0 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, 2012, minimum future rental payments for the next five years and thereafter are as follows (dollars in thousands):

	Ground Leases Paid by Realty Income (1)	Ground Leases Paid by Our Tenants (2)	Total
2013	\$ 181	\$ 4,249	\$ 4,430
2014	189	4,111	4,300
2015	191	4,074	4,265
2016	201	4,038	4,239
2017	210	3,944	4,154
Thereafter	424	48,769	49,193
Total	\$ 1,396	\$ 69,185	\$ 70,581

(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.

22. Subsequent Events

In January 2013 and February 2013, we declared the following dividends, which will be paid in February 2013 and March 2013, respectively:

- \$0.1809167 per share to our common stockholders;
- \$0.140625 per share to our Class E preferred stockholders; and
- \$0.138021 per share to our Class F preferred stockholders.

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Our stockholders and ARCT stockholders approved our acquisition of ARCT at special meetings of common stockholders on January 16, 2013. The acquisition of ARCT was completed on January 22, 2013. See note 4 for additional information.

In conjunction with our acquisition of ARCT, we assumed approximately \$516.3 million of mortgages payable, which are secured by the properties on which the debt was placed. Of this amount, approximately \$495.1 million is considered non-recourse with limited customary exceptions for items such as bankruptcy, misrepresentation, fraud, misapplication of payments, environmental liabilities, failure to pay taxes, insurance premiums, liens on the property, and uninsured losses. Approximately \$6.6 million of the assumed mortgage debt from ARCT has full recourse to Realty Income and the remaining \$14.6 million of the assumed debt is not guaranteed by Realty Income.

In January 2013, in conjunction with our acquisition of ARCT, we entered into a \$70 million senior unsecured term loan maturing January 21, 2018. Borrowing under the term loan bears interest at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 1.20%. In conjunction with this term loan, we also acquired an interest rate swap which essentially fixes our per annum interest rate on the term loan at 2.15%.

REALTY INCOME CORPORATION AND SUBSIDIARIES

	CONSOLIDATED QUARTERLY FINANCIAL DATA		
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(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(2)
2012(1)					
Total revenue	\$ 112,639	\$ 114,023	\$ 118,710	\$ 130,139	\$ 475,510
Depreciation and amortization expense	34,686	35,046	37,552	42,313	149,597
Interest expense	28,952	28,806	29,720	35,065	122,542
Other expenses	11,745	11,437	16,902	17,315	57,400
Income from continuing operations	37,256	38,734	34,536	35,446	145,971
Income from discontinued operations	2,007	4,673	2,922	3,578	13,181
Net income	39,263	43,407	37,458	39,024	159,152
Net income available to common stockholders	26,071	32,950	26,976	28,542	114,538
Net income per common share:					
Basic and diluted	0.20	0.25	0.20	0.21	0.86
Dividends paid per common share	0.4365000	0.4374375	0.4433750	0.4543125	1.7716250
2011(1)					
Total revenue	\$ 94,703	\$ 99,102	\$ 104,692	\$ 111,755	\$ 410,252
Depreciation and amortization expense	25,878	28,168	31,114	33,714	118,874
Interest expense	25,122	25,647	28,550	28,983	108,301
Other expenses	9,632	9,653	8,897	10,270	38,452
Income from continuing operations	34,071	35,634	36,131	38,788	144,625

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Income from discontinued operations	1,928	3,614	4,649	2,216	12,407
Net income	35,999	39,248	40,780	41,004	157,032
Net income available to common stockholders	29,936	33,185	34,717	34,941	132,779
Net income per common share:					
Basic and diluted	0.25	0.26	0.27	0.26	1.05
Dividends paid per common share	0.4327500	0.4336875	0.4346250	0.4355625	1.7366250

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

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

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

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

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Item 9A: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in 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 recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of and for the year ended December 31, 2012, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

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

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

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

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Management has used the framework set forth in the report entitled "Internal Control - Integrated Framework" 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 14, 2013 by,

Thomas A Lewis, Chief Executive Officer and Vice Chairman

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

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Changes in Internal Controls

There were no changes to our internal control over financial reporting that occurred during the quarter ended December 31, 2012 that have materially affected, or are reasonably likely to material affect, our internal control over financial reporting. As of December 31, 2012, there were no material weaknesses in our internal controls, and therefore, no corrective actions were taken.

Limitations on the Effectiveness of Controls

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

Item 9B: Other Information

None.

PART III

Item 10: Directors, Executive Officers and Corporate Governance

The information required by this item is set forth under the captions Board of Directors and Executive Officers of the Company and Section 16(a) Beneficial Ownership Reporting Compliance in our definitive Proxy Statement for the 2013 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 7, 2013.

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 2013 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 2013 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 2013 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 2013 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A, and is incorporated herein by reference.

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PART IV

Item 15: Exhibits and Financial Statement Schedules

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

1. Financial Statements (see Item 8)

a. Reports of Independent Registered Public Accounting Firm

b. Consolidated Balance Sheets,
December 31, 2012 and 2011

c. Consolidated Statements of Income,
Years ended December 31, 2012, 2011 and 2010

d. Consolidated Statements of Stockholders' Equity,
Years ended December 31, 2012, 2011 and 2010

e. Consolidated Statements of Cash Flows,
Years ended December 31, 2012, 2011 and 2010

f. Notes to Consolidated Financial Statements

g. Consolidated Quarterly Financial Data,

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(unaudited) for 2012 and 2011

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

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger, dated as of September 6, 2012, by and among Realty Income Corporation, Tau Acquisition LLC and American Realty Capital Trust, Inc. (filed as exhibit 2.1 to the Company's Form 8-K, filed on September 6, 2012 and incorporated herein by reference).
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 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 and incorporated herein by reference), amendment No. 3 dated July 29, 2011 (filed as exhibit 3.1 to the Company's Form 8-K, filed on August 2, 2011 and incorporated herein by reference); and amendment No. 4 dated June 21, 2012 (filed as exhibit 3.1 to the Company's Form 8-K, filed on June 21, 2012 and incorporated herein by reference).

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- 3.2 Amended and Restated Bylaws of the Company dated December 12, 2007 (filed as exhibit 3.1 to the Company's Form 8-K, filed on December 13, 2007 and incorporated herein by reference), as amended on May 13, 2008 (amendment filed as exhibit 3.1 to the Company's Form 8-K, filed on May 14, 2008 and incorporated herein by reference), February 7, 2012 (filed as exhibit 3.1 to the Company's Form 8-K, filed on February 13, 2012 and incorporated herein by reference) and February 21, 2012 (filed as exhibit 3.1 to the Company's Form 8-K, filed on February 22, 2012 and incorporated herein by reference).
- 3.3 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating the 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock, dated November 30, 2006 (filed as exhibit 3.5 to the Company's Form 8-A, filed on December 5, 2006 and incorporated herein by reference).
- 3.4 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating the 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock, dated February 3, 2012 (the First Class F Articles Supplementary) (filed as exhibit 3.1 to the Company's Form 8-K, filed on February 3, 2012 and incorporated herein by reference).
- 3.5 Certificate of Correction to the First Class F Articles Supplementary, dated April 11, 2012 (filed as exhibit 3.2 to the Company's Form 8-K, filed on April 17, 2012 and incorporated herein by reference).
- 3.6 Articles Supplementary to the Articles of Incorporation of the Company classifying and designating additional shares of the 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock, dated April 17, 2012 (filed as exhibit 3.3 to the Company's Form 8-K, filed on April 17, 2012 and incorporated herein by reference).

Instruments defining the rights of security holders, including indentures

- 4.1 Indenture dated as of October 28, 1998 between the Company and The Bank of New York (filed as exhibit 4.1 to the Company's Form 8-K, filed on October 28, 1998 and incorporated herein by reference).
- 4.2 Form of 5.375% Senior Notes due 2013 (filed as exhibit 4.2 to the Company's Form 8-K, filed on March 7, 2003 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 5.375% Senior Notes due 2013 (filed as exhibit 4.3 to the Company's Form 8-K, filed on March 7, 2003 and incorporated herein by reference).
- 4.4 Form of 5.50% Senior Notes due 2015 (filed as exhibit 4.2 to the Company's Form 8-K, filed on November 24, 2003 and incorporated herein by reference).
- 4.5 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.50% Senior Notes due 2015 (filed as exhibit 4.3 to the Company's Form 8-K, filed on

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November 24, 2003 and incorporated herein by reference).

- 4.6 Form of 5.875% Senior Notes due 2035 (filed as exhibit 4.2 to the Company's Form 8-K, filed on March 11, 2005 and incorporated herein by reference).
- 4.7 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.875% Senior Debentures due 2035 (filed as exhibit 4.3 to the Company's Form 8-K, filed on March 11, 2005 and incorporated herein by reference).

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- 4.8 Form of 5.375% Senior Notes due 2017 (filed as exhibit 4.2 to the Company's Form 8-K, filed on September 16, 2005 and incorporated herein by reference).
- 4.9 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.375% Senior Notes due 2017 (filed as exhibit 4.3 to the Company's Form 8-K, filed on September 16, 2005 and incorporated herein by reference).
- 4.10 Form of 5.95% Senior Notes due 2016 (filed as exhibit 4.2 to the Company's Form 8-K, filed on September 18, 2006 and incorporated herein by reference).
- 4.11 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York, as Trustee, establishing a series of securities entitled 5.95% Senior Notes due 2016 (filed as exhibit 4.3 to the Company's Form 8-K, filed on September 18, 2006 and incorporated herein by reference).
- 4.12 Form of 6.75% Notes due 2019 (filed as exhibit 4.2 to Company's Form 8-K, filed on September 5, 2007 and incorporated herein by reference).
- 4.13 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Trust Company, N.A., as Trustee, establishing a series of securities entitled 6.75% Senior Notes due 2019 (filed as exhibit 4.3 to the Company's Form 8-K, filed on September 5, 2007 and incorporated herein by reference).
- 4.14 Form of 5.750% Notes due 2021 (filed as exhibit 4.2 to Company's Form 8-K, filed on June 29, 2010 and incorporated herein by reference).
- 4.15 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Mellon Trust Company, N.A., as Successor Trustee, establishing a series of securities entitled 5.750% Notes due 2021 (filed as exhibit 4.3 to the Company's Form 8-K, filed on June 29, 2010 and incorporated herein by reference).
- 4.16 Form of Common Stock Certificate (filed as exhibit 4.16 to the Company's Form 10-Q for the quarter ended September 30, 2011 and incorporated herein by reference).
- 4.17 Form of Preferred Stock Certificate representing the 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock (filed as exhibit 4.1 to the Company's Form 8-A, filed on December 5, 2006 and incorporated herein by reference).
- 4.18 Form of Preferred Stock Certificate representing the 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock (filed as exhibit 4.1 to the Company's Form 8-K, filed on February 3, 2012 and incorporated herein by reference).
- 4.19 Officer's Certificate pursuant to sections 201, 301 and 303 of the Indenture dated October 28, 1998 between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee, establishing a series of securities entitled 2.000% Notes due 2018 and establishing a series of securities entitled 3.250% Notes due 2022 (filed as exhibit 4.4 to the Company's Form 8-K, filed on October 10, 2012 and incorporated herein by reference).
- 4.20 Form of 2.000% Note due 2018 (filed as exhibit 4.2 to Company's Form 8-K, filed on October 10, 2012 and incorporated herein by reference).

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- 4.21 Form of 3.250% Note due 2022 (filed as exhibit 4.3 to Company's Form 8-K, filed on October 10, 2012 and incorporated herein by reference).

Material Contracts

- 10.1 Form indemnification agreement between the Company and each executive officer and each director of the Board of Directors of the Company (filed as exhibit 10.1 to the Company's Form 8-K, filed on May 4, 2011 and dated May 3, 2011 and incorporated herein by reference).
- 10.2 1994 Stock Option and Incentive Plan (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (registration number 33-95708), dated August 11, 1995 and incorporated herein by reference).
- 10.3 First Amendment to the 1994 Stock Option and Incentive Plan, dated June 12, 1997 (filed as Exhibit 10.9 to the Company's Form 8-B, filed on July 29, 1997 and incorporated herein by reference).
- 10.4 Second Amendment to the 1994 Stock Option and Incentive Plan, dated December 16, 1997 (filed as Exhibit 10.9 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).
- 10.5 Management Incentive Plan (filed as Exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).
- 10.6 Form of Nonqualified Stock Option Agreement for Independent Directors (filed as Exhibit 10.11 to the Company's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).
- 10.7 Form of Restricted Stock Agreement between the Company and Executive Officers under the 2003 Stock Incentive Award Plan of Realty Income Corporation (filed as exhibit 10.11 to the Company's Form 8-K, filed on January 6, 2005 and dated January 1, 2005 and incorporated herein by reference).
- 10.8 2003 Stock Incentive Award Plan of Realty Income Corporation, as amended and restated February 21, 2006 (filed as exhibit 10.10 to the Company's Form 10-K for the year ended December 31, 2005 and incorporated herein by reference).
- 10.9 Amendment dated May 15, 2007 to the Amended and Restated 2003 Stock Incentive Award Plan of Realty Income Corporation (filed as exhibit 10.1 to the Company's Form 10-Q, for the quarter ended June 30, 2007 and incorporated herein by reference).
- 10.10 Form of Restricted Stock Agreement under the 2003 Stock Incentive Award Plan of Realty Income Corporation (filed as exhibit 10.2 to the Company's Form 10-Q, for the quarter ended June 30, 2007 and incorporated herein by reference).
- 10.11 Amended and Restated Form of Employment Agreement between the Company and its Executive Officers (filed as exhibit 10.1 to the Company's Form 8-K, filed on January 7, 2010 and dated January 5, 2010 and incorporated herein by reference).

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- 10.12 Form of Restricted Stock Agreement for John P. Case (filed as exhibit 10.1 to the Company's Form 10-Q, for the quarter ended March 31, 2010 and incorporated herein by reference).
- 10.13 Credit Agreement dated December 13, 2010 (filed as exhibit 10.1 to the Company's Form 8-K, filed on December 13, 2010 and incorporated herein by reference).
- 10.14 Dividend Reinvestment and Stock Purchase Plan (filed as Company's Registration Statement 333-158169 on Form 424B5, filed on and dated March 23, 2011 and incorporated herein by reference).

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10.15	The First Amendment to Credit Agreement among the Company, as Borrower, each of the Lenders party thereto (as defined in the original Credit Agreement, dated December 13, 2010), and Wells Fargo Bank, National Association (filed as exhibit 10.1 to the Company's Form 8-K, filed on March 29, 2011 and dated March 25, 2011 and incorporated herein by reference).
10.16	Dividend Reinvestment and Stock Purchase Plan (filed pursuant to Rule 424(b)5) under the Securities Act of 1933, as amended, on March 22, 2012, as a prospectus supplement to the Company's prospectus dated March 2, 2012 (File No. 333-179872) and incorporated herein by reference).
10.17	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).
10.18	Amended and Restated Credit Agreement dated May 10, 2012 (filed as exhibit 10.1 to the Company's Form 8-K, filed on May 11, 2012 and incorporated herein by reference).
10.19	Form of Restricted Stock Agreement for Employees under the Realty Income Corporation 2012 Incentive Award Plan (filed as exhibit 10.1 to the Company's Form 8-K, filed on January 8, 2013 and incorporated herein by reference).
10.20	Form of Restricted Stock Agreement for Non-Employee Directors under the Realty Income Corporation 2012 Incentive Award Plan (filed as exhibit 10.2 to the Company's Form 8-K, filed on January 8, 2013 and incorporated herein by reference).
10.21	Term Loan Agreement, dated as of January 22, 2013, by and among Tau Operating Partnership, L.P. and Lenders (as defined therein) (filed as exhibit 10.1 to the Company's Form 8-K, filed on January 22, 2013 and incorporated herein by reference).

Statement of Ratios

*12.1	Statements re computation of ratios.
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Subsidiaries of the Registrant

*21.1	Subsidiaries of the Company as of February 14, 2013.
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Consents of Experts and Counsel

*23.1	Consent of Independent Registered Public Accounting Firm.
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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

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The following materials from Realty Income Corporation's Annual Report on Form 10-K for the year ended December 31, 2012, formatted in Extensible Business Reporting Language: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, (v) Notes to Consolidated Financial Statements, and (vi) Schedule III Real Estate and Accumulated Depreciation.

* Filed herewith.

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SIGNATURES

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

REALTY INCOME CORPORATION

By: /s/THOMAS A. LEWIS Date: February 14, 2013
Thomas A. Lewis
Vice Chairman of the Board of Directors,
Chief Executive Officer

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

By: /s/MICHAEL D. MCKEE Date: February 14, 2013
Michael D. McKee
Non-Executive Chairman of the Board of Directors

By: /s/THOMAS A. LEWIS Date: February 14, 2013
Thomas A. Lewis
Vice Chairman of the Board of Directors,
Chief Executive Officer
(Principal Executive Officer)

By: /s/KATHLEEN R. ALLEN, Ph.D. Date: February 14, 2013
Kathleen R. Allen, Ph.D.
Director

By: /s/A. LARRY CHAPMAN Date: February 14, 2013
A. Larry Chapman
Director

By: /s/PRIYA CHERIAN HUSKINS Date: February 14, 2013
Priya Cherian Huskins
Director

By: /s/GREGORY T. MCLAUGHLIN Date: February 14, 2013
Gregory T. McLaughlin
Director

By: /s/RONALD L. MERRIMAN Date: February 14, 2013
Ronald L. Merriman
Director

By: /s/PAUL M. MEURER Date: February 14, 2013
Paul M. Meurer
Executive Vice President, Chief Financial Officer and Treasurer

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(Principal Financial Officer)

By: /s/GREGORY J. FAHEY
Gregory J. Fahey
Senior Vice President, Controller
(Principal Accounting Officer)

Date: February 14, 2013

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7) Buildings, Improvements and Acquisition			Accumulated Depreciation (Note 5)	Date of Construction
		Land	Fees	Improvements	Improvements	Carrying Costs	Land	Fees	Total		
<u>Aerospace</u>											
Batesville	MS	8,765,446	2,160,849	17,219,291	None	None	2,160,849	17,219,291	19,380,140	258,289	
DFW Airport	TX	23,496,251	0	37,503,886	13,600	None	0	37,517,486	37,517,486	2,310,596	
<u>Apparel</u>											
Mesa	AZ	None	619,035	867,013	6,484	43,549	619,035	917,046	1,536,081	527,798	
Elk Grove	CA	None	804,327	2,668,492	None	None	804,327	2,668,492	3,472,819	31,132	
Hanford	CA	None	562,812	3,468,215	None	None	562,812	3,468,215	4,031,027	40,463	
Lodi	CA	None	3,153,559	2,661,260	None	None	3,153,559	2,661,260	5,814,819	31,048	
Manteca	CA	None	1,565,672	4,440,141	None	None	1,565,672	4,440,141	6,005,813	37,802	
Moreno											
Valley	CA	None	1,699,937	3,113,035	None	None	1,699,937	3,113,035	4,812,972	36,319	
Redlands	CA	None	3,006,680	2,242,430	None	None	3,006,680	2,242,428	5,249,108	26,162	
Sacramento	CA	None	3,446,351	4,460,201	None	None	3,446,351	4,460,201	7,906,552	52,036	
South Lake											
Tahoe	CA	None	3,110,000	3,176,091	None	None	3,110,000	3,176,091	6,286,091	280,555	
Sun Valley	CA	None	4,631,964	4,710,912	None	None	4,631,964	4,710,912	9,342,876	54,961	
Vacaville	CA	None	1,299,816	3,375,574	None	None	1,299,816	3,375,574	4,675,390	39,382	
Danbury	CT	None	1,096,861	6,217,688	116,255	56	1,096,861	6,333,999	7,430,860	3,851,964	
Manchester	CT	None	771,660	3,653,539	1,661	161	771,660	3,655,361	4,427,021	2,162,361	
Manchester	CT	None	1,250,464	5,917,037	3,555	None	1,250,464	5,920,592	7,171,056	3,502,378	
Deerfield											
Beach	FL	None	3,160,000	4,832,848	6,603	None	3,160,000	4,839,451	7,999,451	427,411	
Missoula	MT	None	163,100	362,249	None	10	163,100	362,259	525,359	362,250	
Staten Island	NY	None	4,202,093	3,385,021	14,018	None	4,202,093	3,399,039	7,601,132	2,003,719	
Dallas	TX	None	1,210,000	2,675,265	None	None	1,210,000	2,675,265	3,885,265	236,315	
The Colony	TX	None	2,580,000	2,214,133	20,700	None	2,580,000	2,234,833	4,814,833	198,428	
<u>Automotive collision</u>											
<u>services</u>											
Colorado											
Springs	CO	None	1,085,560	2,137,425	None	None	1,085,560	2,137,425	3,222,985	78,293	
Denver	CO	None	480,348	2,127,792	None	None	480,348	2,127,792	2,608,140	51,743	06/08/12
Highlands											
Ranch	CO	None	583,289	2,139,057	None	None	583,289	2,139,057	2,722,346	744,394	07/10/07
Littleton	CO	None	601,388	2,169,898	None	None	601,388	2,169,898	2,771,286	608,359	02/02/06
Parker	CO	None	868,768	2,653,745	None	None	868,768	2,653,745	3,522,513	747,806	09/07/12
Thornton	CO	None	693,323	1,896,616	None	128	693,323	1,896,744	2,590,067	608,229	10/05/04
Cumming	GA	None	661,624	1,822,363	None	None	661,624	1,822,363	2,483,987	672,568	09/18/03
Douglasville	GA	None	679,868	1,935,515	None	None	679,868	1,935,515	2,615,383	720,072	08/11/03
Macon	GA	None	1,400,000	1,317,435	None	None	1,400,000	1,317,435	2,717,435	30,716	05/11/12
Morrow	GA	None	725,948	1,846,315	None	None	725,948	1,846,315	2,572,263	692,303	07/07/03
Peachtree											
City	GA	None	1,190,380	689,284	None	None	1,190,380	689,284	1,879,664	275,407	12/16/02
Roswell	GA	None	1,825,000	1,934,495	None	None	1,825,000	1,934,495	3,759,495	76,129	12/22/11

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Warner											
Robins	GA	None	1,250,000	1,012,258	None	None	1,250,000	1,012,258	2,262,258	36,792	01/11/12
Ham Lake	MN	None	192,610	1,930,958	None	None	192,610	1,930,958	2,123,568	621,337	07/01/04
Stillwater	MN	None	656,250	1,218,750	None	None	656,250	1,218,750	1,875,000	6,094	
Olive Branch	MS	None	350,000	1,965,718	None	None	350,000	1,965,718	2,315,718	118,077	06/29/11
Cary	NC	None	610,389	1,492,235	None	None	610,389	1,492,235	2,102,624	395,442	
Durham	NC	None	680,969	1,323,140	None	24	680,969	1,323,164	2,004,133	350,654	
Wilmington	NC	None	378,813	1,150,679	None	None	378,813	1,150,679	1,529,492	342,333	07/15/05
Bartlett	TN	None	648,526	1,960,733	None	None	648,526	1,960,733	2,609,259	630,924	08/03/04
Riverton	UT	None	1,100,000	1,525,708	None	None	1,100,000	1,525,708	2,625,708	20	In-progress
Salt Lake City	UT	None	2,900,000	1,598,391	None	None	2,900,000	1,598,391	4,498,391	51,509	02/17/12

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total				
<u>Automotive</u>												
<u>parts</u>												
Birmingham	AL	None	355,823	660,814	None	None	355,823	660,814	1,016,637	1,101		12/0
Millbrook	AL	None	108,000	518,741	88,207	211	108,000	607,159	715,159	294,116	12/10/98	01/2
Montgomery	AL	None	254,465	502,350	10,819	295	254,465	513,464	767,929	296,721		06/3
Phoenix	AZ	None	231,000	513,057	None	62	231,000	513,119	744,119	513,059		11/0
Phoenix	AZ	None	222,950	495,178	None	102	222,950	495,280	718,230	459,418		11/0
Tucson	AZ	None	194,250	431,434	None	None	194,250	431,434	625,684	431,434		10/3
Grass Valley	CA	None	325,000	384,955	None	None	325,000	384,955	709,955	379,385		05/2
Sacramento	CA	None	210,000	466,419	None	127	210,000	466,546	676,546	466,547		11/2
Turlock	CA	None	222,250	493,627	None	None	222,250	493,627	715,877	493,627		12/3
Denver	CO	None	141,400	314,056	None	82	141,400	314,138	455,538	314,075		11/1
Denver	CO	None	315,000	699,623	None	290	315,000	699,913	1,014,913	689,735		05/1
Littleton	CO	None	252,925	561,758	None	181	252,925	561,939	814,864	559,881		02/1
Smyrna	DE	None	232,273	472,855	15,774	None	232,273	488,629	720,902	272,118		08/0
Deerfield												
Beach	FL	None	475,000	871,738	2,420	31,798	475,000	905,956	1,380,956	499,395		01/2
Merritt Island	FL	None	309,652	482,459	25,854	21,831	309,652	530,144	839,796	318,239		11/2
Atlanta	GA	None	652,551	763,360	27,163	45,476	652,551	835,999	1,488,550	439,881		12/1
Council Bluffs	IA	None	194,355	431,668	None	None	194,355	431,668	626,023	425,470		05/1
Boise	ID	None	158,400	351,812	None	5,428	158,400	357,240	515,640	347,793		05/0
Lewiston	ID	None	138,950	308,612	None	None	138,950	308,612	447,562	308,612		09/1
Moscow	ID	None	117,250	260,417	None	None	117,250	260,417	377,667	260,417		09/1
Peoria	IL	None	193,868	387,737	(85,899)	85	193,868	301,923	495,791	256,946		11/2
Brazil	IN	None	183,952	453,831	8,942	173	183,952	462,946	646,898	253,701		03/3
Muncie	IN	None	148,901	645,660	147,678	28,327	148,901	821,665	970,566	496,907		11/2
Plainfield	IN	None	453,645	908,485	42,619	47,114	453,645	998,218	1,451,863	551,556		01/3
Princeton	IN	None	134,209	560,113	None	211	134,209	560,324	694,533	309,170		03/3
Vincennes	IN	None	185,312	489,779	10,598	173	185,312	500,550	685,862	270,410		03/3
Kansas City	KS	None	222,000	455,881	18,738	146	222,000	474,765	696,765	460,084		05/1
Alma	MI	None	155,000	600,282	13,902	122	155,000	614,306	769,306	329,066	04/29/99	02/1
Lansing	MI	None	265,000	574,931	132,237	303	265,000	707,471	972,471	361,823	04/30/99	12/0
Sturgis	MI	None	109,558	550,274	10,272	94	109,558	560,640	670,198	310,387		12/3
Batesville	MS	None	190,124	485,670	None	173	190,124	485,843	675,967	280,936		07/2
Horn Lake	MS	None	142,702	514,779	3,945	211	142,702	518,935	661,637	299,696		06/3
Richland	MS	None	243,565	558,645	10,302	211	243,565	569,158	812,723	293,584		12/2
Omaha	NE	None	196,000	435,321	None	32	196,000	435,353	631,353	429,074		05/2
Omaha	NE	None	199,100	412,042	None	32	199,100	412,074	611,174	406,087		05/2
Rio Rancho	NM	None	211,577	469,923	None	None	211,577	469,923	681,500	468,230		02/2
Las Vegas	NV	None	161,000	357,585	260,000	None	161,000	617,585	778,585	504,919		10/2
Canton	OH	None	396,560	597,553	None	25,682	396,560	623,235	1,019,795	348,783		08/1
Centerville	OH	None	601,408	758,192	9,017	38,193	601,408	805,402	1,406,810	446,279		06/3
Hamilton	OH	None	183,000	515,727	2,941	122	183,000	518,790	701,790	284,714	04/07/99	12/0
Del City	OK	None	634,664	1,178,662	None	None	634,664	1,178,662	1,813,326	1,964		12/0
Albany	OR	None	152,250	338,153	None	None	152,250	338,153	490,403	338,153		08/2
Beaverton	OR	None	210,000	466,419	None	None	210,000	466,419	676,419	466,419		08/2

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Portland	OR	None	190,750	423,664	None	None	190,750	423,664	614,414	423,664	08/1
Portland	OR	None	147,000	326,493	None	None	147,000	326,493	473,493	326,493	08/2
Salem	OR	None	136,500	303,170	None	None	136,500	303,170	439,670	303,170	08/2
Butler	PA	None	339,929	633,078	20,558	230	339,929	653,866	993,795	375,431	08/0

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total				
Dover	PA	None	265,112	593,341	None	None	265,112	593,341	858,453	345,126		06/30
Enola	PA	None	220,228	546,026	11,416	172	220,228	557,614	777,842	310,715		11/15
Hanover	PA	None	132,500	719,511	None	232	132,500	719,743	852,243	385,295	07/26/99	05/15
Harrisburg	PA	None	327,781	608,291	7,138	172	327,781	615,601	943,382	355,141		06/30
Harrisburg	PA	None	283,417	352,473	3,100	172	283,417	355,745	639,162	201,788		09/30
Lancaster	PA	None	199,899	774,838	24,235	None	199,899	799,073	998,972	457,204		08/15
New Castle	PA	None	180,009	525,774	91,802	230	180,009	617,806	797,815	320,875		06/30
Reading	PA	None	379,000	658,722	10,100	232	379,000	669,054	1,048,054	365,567	06/09/99	12/01
Arlington	TN	None	381,083	707,726	None	None	381,083	707,726	1,088,809	1,180		12/01
Columbia	TN	None	273,120	431,716	None	211	273,120	431,927	705,047	234,024		06/30
Laredo	TX	None	807,044	1,498,795	None	None	807,044	1,498,795	2,305,839	2,498		12/01
Bellevue	WA	None	185,500	411,997	None	107	185,500	412,104	597,604	412,026		08/01
Bellingham	WA	None	168,000	373,133	None	107	168,000	373,240	541,240	373,161		08/21
Hazel Dell	WA	None	168,000	373,135	None	None	168,000	373,135	541,135	367,685		05/21
Kenmore	WA	None	199,500	443,098	None	107	199,500	443,205	642,705	443,127		08/21
Kent	WA	None	199,500	443,091	None	107	199,500	443,198	642,698	443,120		08/01
Lakewood	WA	None	191,800	425,996	None	107	191,800	426,103	617,903	426,024		08/15
Moses Lake	WA	None	138,600	307,831	None	107	138,600	307,938	446,538	307,860		08/15
Renton	WA	None	185,500	412,003	None	107	185,500	412,110	597,610	412,032		09/15
Seattle	WA	None	162,400	360,697	None	107	162,400	360,804	523,204	360,726		08/21
Silverdale	WA	None	183,808	419,777	None	107	183,808	419,884	603,692	419,806		09/15
Tacoma	WA	None	196,000	435,324	None	107	196,000	435,431	631,431	435,353		10/15
Vancouver	WA	None	180,250	400,343	None	None	180,250	400,343	580,593	400,343		08/21
Wenatchee	WA	None	148,400	329,602	None	107	148,400	329,709	478,109	329,631		08/21

Automotive
service

Flagstaff	AZ	None	144,821	417,485	6,150	10	144,821	423,645	568,466	240,217	04/11/02	08/21
Mesa	AZ	None	210,620	475,072	None	None	210,620	475,072	685,692	201,901		05/15
Phoenix	AZ	None	189,341	546,984	None	110	189,341	547,094	736,435	232,575		05/15
Phoenix	AZ	None	384,608	279,824	None	None	384,608	279,824	664,432	118,923		05/15
Sierra Vista	AZ	None	175,114	345,508	None	None	175,114	345,508	520,622	146,839		05/15
Tucson	AZ	None	226,596	437,972	None	None	226,596	437,972	664,568	186,136		05/15
Tucson	AZ	None	287,369	533,684	None	None	287,369	533,684	821,053	59,595		03/21
Bakersfield	CA	None	65,165	206,927	None	None	65,165	206,927	272,092	87,942		05/15
Chula Vista	CA	None	313,293	409,654	None	None	313,293	409,654	722,947	272,420	05/01/96	01/15
Dublin	CA	None	415,620	1,153,928	None	None	415,620	1,153,928	1,569,548	490,417		05/15
Folsom	CA	None	471,813	325,610	None	None	471,813	325,610	797,423	138,382		05/15
Indio	CA	None	264,956	265,509	None	None	264,956	265,509	530,465	112,839		05/15
Los Angeles	CA	None	580,446	158,876	None	None	580,446	158,876	739,322	67,520		05/15
Oxnard	CA	None	186,980	198,236	None	None	186,980	198,236	385,216	84,249		05/15
Simi Valley	CA	None	213,920	161,012	None	None	213,920	161,012	374,932	68,428		05/15
Vacaville	CA	None	358,067	284,931	None	None	358,067	284,931	642,998	121,094		05/15
Aurora	CO	None	231,314	430,495	None	115	231,314	430,610	661,924	91,179		09/01
Broomfield	CO	None	154,930	503,626	None	2,564	154,930	506,190	661,120	330,010	08/22/96	03/15
Denver	CO	None	79,717	369,587	None	208	79,717	369,795	449,512	369,724		10/01

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Denver	CO	None	239,024	444,785	None	115	239,024	444,900	683,924	94,203	09/0
Lakewood	CO	None	70,422	132,296	None	None	70,422	132,296	202,718	28,003	09/0
Longmont	CO	None	87,385	163,169	None	115	87,385	163,284	250,669	34,595	09/0

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total				
Thornton	CO	None	276,084	415,464	None	115	276,084	415,579	691,663	265,104	12/31/96	10/31/99
Hartford	CT	None	248,540	482,460	35,465	1,034	248,540	518,959	767,499	315,798		09/30/99
Southington	CT	None	225,882	672,910	None	172	225,882	673,082	898,964	418,256		06/06/99
Vernon	CT	None	81,529	300,518	None	None	81,529	300,518	382,047	126,718		06/27/00
Jacksonville Lauderdale Lakes	FL	None	76,585	355,066	6,980	420	76,585	362,466	439,051	358,410		12/23/88
Miami Gardens	FL	None	65,987	305,931	None	79	65,987	306,010	371,997	305,972		02/19/88
Orange City	FL	None	163,239	262,726	None	None	163,239	262,726	425,965	110,783		06/27/00
Pensacola	FL	None	99,613	139,008	None	None	99,613	139,008	238,621	59,076		05/14/00
Seminole	FL	None	308,067	573,708	23,430	2,874	308,067	600,012	908,079	154,657		11/22/00
Sunrise	FL	None	68,000	315,266	None	None	68,000	315,266	383,266	315,266		12/23/88
Tampa	FL	None	80,253	372,070	None	None	80,253	372,070	452,323	372,070		02/14/88
Tampa	FL	None	70,000	324,538	None	None	70,000	324,538	394,538	324,538		12/27/88
Tampa	FL	None	67,000	310,629	None	None	67,000	310,629	377,629	310,629		12/27/88
Tampa	FL	None	86,502	401,041	None	79	86,502	401,120	487,622	401,082		07/23/88
Atlanta	GA	None	309,474	574,737	None	None	309,474	574,737	884,211	64,179		03/25/10
Bogart	GA	None	66,807	309,733	None	None	66,807	309,733	376,540	309,733		12/20/88
Douglasville	GA	None	214,771	129,519	None	None	214,771	129,519	344,290	55,044		05/14/00
Duluth	GA	None	222,275	316,925	368	2,393	222,275	319,686	541,961	190,365	10/24/97	06/20/99
Duluth	GA	None	290,842	110,056	None	None	290,842	110,056	400,898	46,772		05/14/00
Gainesville	GA	None	53,589	248,452	None	None	53,589	248,452	302,041	248,452		12/19/88
Kennesaw	GA	None	266,865	139,425	None	None	266,865	139,425	406,290	59,254		05/14/00
Marietta	GA	None	60,900	293,461	67,871	499	60,900	361,831	422,731	313,138		12/26/88
Marietta	GA	None	69,561	346,024	None	41	69,561	346,065	415,626	346,039		06/03/88
Norcross	GA	None	244,124	151,831	None	None	244,124	151,831	395,955	64,526		05/14/00
Norcross	GA	None	503,773	937,121	39,032	21,600	503,773	997,753	1,501,526	254,268		11/22/00
Riverdale	GA	None	58,444	270,961	None	None	58,444	270,961	329,405	270,961		01/15/88
Rome	GA	None	56,454	261,733	None	None	56,454	261,733	318,187	261,733		12/19/88
Snellville	GA	None	253,316	132,124	None	None	253,316	132,124	385,440	56,151		05/14/00
Tucker	GA	None	78,646	364,625	514	None	78,646	365,139	443,785	364,640		12/18/88
Arlington Hts	IL	None	441,437	215,983	None	None	441,437	215,983	657,420	91,791		05/14/00
Chicago Round Lake Beach	IL	None	329,076	255,294	None	None	329,076	255,294	584,370	108,498		05/14/00
Westchester	IL	None	472,132	236,585	None	None	472,132	236,585	708,717	100,547		05/14/00
Anderson	IN	None	421,239	184,812	None	None	421,239	184,812	606,051	78,543		05/14/00
Indianapolis	IN	None	232,170	385,661	None	179	232,170	385,840	618,010	232,075		12/19/99
Michigan City	IN	None	231,384	428,307	None	130	231,384	428,437	659,821	279,174		09/27/99
Warsaw	IN	None	392,638	297,650	(3,065)	None	389,573	297,650	687,223	126,500		05/14/00
Olathe	KS	None	140,893	228,116	None	None	140,893	228,116	369,009	96,948		05/14/00
Topeka	KS	None	217,995	367,055	None	21	217,995	367,076	585,071	229,412	04/22/97	11/11/99
Louisville	KY	None	32,022	60,368	None	None	32,022	60,368	92,390	12,778		09/04/00
Newport East	KY	None	56,054	259,881	None	None	56,054	259,881	315,935	259,881		12/17/88
Falmouth	MA	None	323,511	289,017	49,586	85	323,511	338,688	662,199	180,802		09/17/99
Falmouth	MA	None	191,302	340,539	None	None	191,302	340,539	531,841	144,727		05/14/00

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East											
Wareham	MA	None	149,680	278,669	None	None	149,680	278,669	428,349	118,432	05/14/0
Fairhaven	MA	None	138,957	289,294	None	None	138,957	289,294	428,251	122,948	05/14/0
Gardner	MA	None	138,990	289,361	None	None	138,990	289,361	428,351	122,976	05/14/0
Hyannis	MA	None	180,653	458,522	None	None	180,653	458,522	639,175	193,344	06/27/0
Lenox	MA	None	287,769	535,273	None	232	287,769	535,505	823,274	295,478	03/31/9
Newburyport	MA	None	274,698	466,449	None	None	274,698	466,449	741,147	196,686	06/27/0

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent		Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
North Reading MA	None	180,546	351,161	None	None	180,546	351,161	531,707	149,241		05/14
Orleans MA	None	138,212	394,065	None	None	138,212	394,065	532,277	167,475		05/14
Aberdeen MD	None	223,617	225,605	None	None	223,617	225,605	449,222	95,130		06/27
Bethesda MD	None	282,717	525,928	None	None	282,717	525,928	808,645	111,321		09/04
Capital Heights MD	None	547,173	219,979	(12,319)	None	534,854	219,979	754,833	93,487		05/14
Clinton MD	None	70,880	328,620	11,440	None	70,880	340,060	410,940	332,719		11/15
Lexington Park MD	None	111,396	335,288	(7,600)	None	103,796	335,288	439,084	142,494		05/14
Kalamazoo MI	None	391,745	296,975	(2,196)	None	389,549	296,975	686,524	126,213		05/14
Portage MI	None	402,409	286,441	(2,112)	None	400,297	286,441	686,738	121,736		05/14
Southfield MI	None	275,952	350,765	None	None	275,952	350,765	626,717	149,073		05/14
Troy MI	None	214,893	199,299	None	None	214,893	199,299	414,192	84,700		05/14
St. Cloud MN	None	203,338	258,626	None	None	203,338	258,626	461,964	109,054		06/27
Independence MO	None	297,641	233,152	None	53	297,641	233,205	530,846	149,617		12/20
Asheville NC	None	441,746	242,565	None	None	441,746	242,565	684,311	103,088		05/14
Concord NC	None	237,688	357,976	None	None	237,688	357,976	595,664	207,115		11/05
Durham NC	None	55,074	255,336	None	1,490	55,074	256,826	311,900	256,370		11/13
Durham NC	None	354,676	361,203	3,400	168	354,676	364,771	719,447	224,405	08/29/97	03/31
Fayetteville NC	None	224,326	257,733	None	337	224,326	258,070	482,396	155,279		12/03
Greensboro NC	None	286,068	244,606	None	None	286,068	244,606	530,674	103,949		05/14
Matthews NC	None	295,580	338,472	10,000	13,703	295,580	362,175	657,755	208,759	08/28/98	02/27
Pineville NC	None	254,460	355,630	None	10	254,460	355,640	610,100	217,488	08/28/97	04/16
Raleigh NC	None	89,145	413,301	None	None	89,145	413,301	502,446	413,301		10/28
Raleigh NC	None	398,694	263,621	None	None	398,694	263,621	662,315	160,334		10/01
Salisbury NC	None	235,614	150,592	None	None	235,614	150,592	386,206	64,000		05/14
Fargo ND	None	53,973	100,262	None	None	53,973	100,262	154,235	21,222		09/04
Lincoln NE	None	337,138	316,958	None	None	337,138	316,958	654,096	134,704		05/14
Scotts Bluff NE	None	33,307	63,355	None	None	33,307	63,355	96,662	13,410		09/04
Cherry Hill NJ	None	463,808	862,240	None	None	463,808	862,240	1,326,048	182,507		09/04
Edison NJ	None	448,936	238,773	None	None	448,936	238,773	687,709	101,475		05/14
Glassboro NJ	None	182,013	312,480	None	None	182,013	312,480	494,493	131,762		06/27
Hamilton Square NJ	None	422,477	291,555	None	None	422,477	291,555	714,032	123,907		05/14
Hamilton Township NJ	None	265,238	298,167	None	None	265,238	298,167	563,405	126,717		05/14
Pleasantville NJ	None	77,105	144,693	None	None	77,105	144,693	221,798	30,627		09/04
Randolph NJ	None	452,629	390,163	None	None	452,629	390,163	842,792	165,817		05/14
Westfield NJ	None	705,337	288,720	None	None	705,337	288,720	994,057	122,701		05/14
Albuquerque NM	None	231,553	430,026	None	None	231,553	430,026	661,579	48,020		03/25
Las Vegas NV	None	326,879	359,101	None	None	326,879	359,101	685,980	152,616		05/14
Las Vegas NV	None	316,441	369,768	None	None	316,441	369,768	686,209	157,150		05/14
Las Vegas NV	None	252,169	562,715	None	None	252,169	562,715	814,884	239,152		05/14
Sparks NV	None	326,813	306,311	None	None	326,813	306,311	633,124	130,180		05/14
Albion NY	None	170,589	317,424	None	None	170,589	317,424	488,013	175,104		03/31
Bethpage NY	None	334,120	621,391	None	None	334,120	621,391	955,511	131,528		09/04
Commack NY	None	400,427	744,533	None	None	400,427	744,533	1,144,960	157,593		09/04

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Dansville	NY	None	181,664	337,991	None	None	181,664	337,991	519,655	186,450	03/31
East Amherst	NY	None	260,708	484,788	None	156	260,708	484,944	745,652	267,534	03/31
East Syracuse	NY	None	250,609	466,264	None	156	250,609	466,420	717,029	257,312	03/31
Freeport	NY	None	134,828	251,894	None	None	134,828	251,894	386,722	53,317	09/04
Johnson City	NY	None	242,863	451,877	None	156	242,863	452,033	694,896	249,375	03/31

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Queens											
Village	NY	None	242,775	451,749	None	None	242,775	451,749	694,524	95,620	09/04/
Riverhead	NY	None	143,929	268,795	None	None	143,929	268,795	412,724	56,895	09/04/
Wellsville	NY	None	161,331	300,231	None	None	161,331	300,231	461,562	165,619	03/31/
West Amherst	NY	None	268,692	499,619	None	156	268,692	499,775	768,467	275,716	03/31/
Akron	OH	None	139,126	460,334	None	139	139,126	460,473	599,599	281,573	09/18/
Beaver Creek	OH	None	349,091	251,127	None	None	349,091	251,127	600,218	83,290	09/17/
Beavercreek Canal	OH	None	205,000	492,538	None	None	205,000	492,538	697,538	311,119	02/13/97 09/09/
Winchester	OH	None	443,751	825,491	None	None	443,751	825,491	1,269,242	329,866	12/19/02 08/21/
Centerville	OH	None	305,000	420,448	None	None	305,000	420,448	725,448	276,795	07/24/96 06/28/
Cincinnati	OH	None	293,005	0	(124,330)	85	293,005	(124,245)	168,760	20	09/17/
Cincinnati	OH	None	211,185	392,210	None	None	211,185	392,210	603,395	143,157	11/03/
Cincinnati	OH	None	305,556	244,662	None	None	305,556	244,662	550,218	81,146	09/17/
Cincinnati	OH	None	589,286	160,932	None	None	589,286	160,932	750,218	53,375	09/17/
Cincinnati	OH	None	159,375	265,842	None	None	159,375	265,842	425,217	88,171	09/17/
Cincinnati	OH	None	350,000	300,217	None	None	350,000	300,217	650,217	96,570	12/20/
Cleveland	OH	None	215,111	216,517	None	None	215,111	216,517	431,628	91,298	06/27/
Columbus	OH	None	71,098	329,627	None	None	71,098	329,627	400,725	329,627	10/02/
Columbus	OH	None	75,761	351,247	None	None	75,761	351,247	427,008	351,247	10/24/
Columbus	OH	None	432,110	386,553	None	None	432,110	386,553	818,663	148,822	05/27/
Columbus	OH	None	466,696	548,133	None	None	466,696	548,133	1,014,829	211,030	05/27/
Columbus	OH	None	337,679	272,484	None	None	337,679	272,484	610,163	90,373	09/17/
Columbus	OH	None	190,000	260,162	None	None	190,000	260,162	450,162	86,287	09/17/
Columbus	OH	None	371,429	278,734	None	None	371,429	278,734	650,163	92,446	09/17/
Cuyahoga											
Falls	OH	None	253,750	271,400	None	None	253,750	271,400	525,150	90,014	09/17/
Dayton	OH	None	70,000	324,538	None	122	70,000	324,660	394,660	324,639	10/31/
Dublin	OH	None	437,887	428,046	None	None	437,887	428,046	865,933	164,797	05/27/
Eastlake	OH	None	321,347	459,774	None	209	321,347	459,983	781,330	313,557	12/22/
Fairfield	OH	None	323,408	235,024	44,232	3,330	323,408	282,586	605,994	147,316	09/17/
Fairlawn	OH	None	280,000	270,150	None	None	280,000	270,150	550,150	89,599	09/17/
Findlay	OH	None	283,515	397,004	None	114	283,515	397,118	680,633	238,906	12/24/
Hamilton	OH	None	252,608	413,279	None	None	252,608	413,279	665,887	256,919	03/31/97 10/04/
Huber											
Heights	OH	None	282,000	449,381	None	None	282,000	449,381	731,381	286,854	12/03/96 07/18/
Lima	OH	None	241,132	114,085	None	None	241,132	114,085	355,217	37,838	09/17/
Marion	OH	None	100,000	275,162	None	None	100,000	275,162	375,162	88,511	12/20/
Mason	OH	None	310,990	405,373	None	None	310,990	405,373	716,363	156,068	05/27/
Middleburg											
Hghts	OH	None	317,308	307,842	None	None	317,308	307,842	625,150	102,101	09/17/
Milford	OH	None	353,324	269,997	(36,723)	85	314,484	272,199	586,683	165,383	09/18/
Mt. Vernon	OH	None	216,115	375,357	None	114	216,115	375,471	591,586	225,878	12/30/
Norwalk	OH	None	200,205	366,000	None	114	200,205	366,114	566,319	220,247	12/19/
Parma	OH	None	268,966	381,184	None	None	268,966	381,184	650,150	126,426	09/17/
Reynoldsburg	OH	None	267,750	497,371	None	None	267,750	497,371	765,121	164,961	09/15/
Reynoldsburg	OH	None	374,000	176,162	None	None	374,000	176,162	550,162	58,427	09/17/

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S. Euclid	OH	None	337,593	451,944	None	None	337,593	451,944	789,537	173,998	05/27/
Sandusky	OH	None	264,708	404,011	None	343	264,708	404,354	669,062	243,347	12/19/
Solon	OH	None	794,305	222,797	None	None	794,305	222,797	1,017,102	85,777	05/27/
Springboro	OH	None	191,911	522,902	None	None	191,911	522,902	714,813	330,141	03/07/
Springfield	OH	None	320,000	280,217	None	None	320,000	280,217	600,217	92,938	09/17/
Springfield	OH	None	189,091	136,127	None	None	189,091	136,127	325,218	45,148	09/17/
Stow	OH	None	310,000	415,150	None	None	310,000	415,150	725,150	137,691	09/17/

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total				
Toledo	OH	None	120,000	230,217	None	None	120,000	230,217	350,217	76,355		09/17/95
Toledo	OH	None	250,000	175,217	None	25	250,000	175,242	425,242	58,134		09/17/95
Toledo	OH	None	320,000	280,217	None	None	320,000	280,217	600,217	92,938		09/17/95
Toledo	OH	None	250,000	530,217	None	None	250,000	530,217	780,217	175,855		09/17/95
West Chester	OH	None	446,449	768,644	None	None	446,449	768,644	1,215,093	289,908	06/27/03	03/11/03
Zanesville	OH	None	125,000	300,162	None	None	125,000	300,162	425,162	99,553		09/17/95
Midwest City	OK	None	106,312	333,551	None	5	106,312	333,556	439,868	191,874	08/06/98	08/08/98
Tulsa	OK	None	133,648	249,702	None	None	133,648	249,702	383,350	52,853		09/04/95
Portland	OR	None	251,499	345,952	None	None	251,499	345,952	597,451	141,839		09/26/95
Salem	OR	None	337,711	253,855	None	None	337,711	253,855	591,566	107,887		05/14/95
Bethel Park	PA	None	299,595	331,264	None	114	299,595	331,378	630,973	199,356		12/19/95
Bethlehem	PA	None	275,328	389,067	None	629	275,328	389,696	665,024	234,593		12/19/95
Bethlehem	PA	None	229,162	310,526	None	172	229,162	310,698	539,860	186,870		12/24/95
Bridgeville	PA	None	275,000	375,150	None	None	275,000	375,150	650,150	124,424		09/17/95
Coraopolis	PA	None	225,000	375,150	None	None	225,000	375,150	600,150	124,424		09/17/95
Harrisburg	PA	None	131,529	220,317	(2,515)	None	129,013	220,318	349,331	93,631		05/14/95
Monroeville	PA	None	275,000	250,150	None	None	275,000	250,150	525,150	82,966		09/17/95
Philadelphia	PA	None	858,500	877,744	2,319	1,701	858,500	881,764	1,740,264	658,188	05/19/95	12/05/95
Pittsburgh	PA	None	378,715	685,374	None	None	378,715	685,374	1,064,089	279,073	08/22/02	01/17/02
Pittsburgh	PA	None	219,938	408,466	None	None	219,938	408,466	628,404	149,090		11/03/95
Pittsburgh	PA	None	175,000	300,150	None	None	175,000	300,150	475,150	99,549		09/17/95
Pittsburgh	PA	None	243,750	406,400	None	None	243,750	406,400	650,150	134,789		09/17/95
Pittsburgh	PA	None	208,333	416,817	None	None	208,333	416,817	625,150	138,244		09/17/95
Pittsburgh	PA	None	121,429	303,721	None	None	121,429	303,721	425,150	100,734		09/17/95
Warminster	PA	None	323,847	216,999	(3,929)	None	319,918	216,999	536,917	92,221		05/14/95
Wexford	PA	None	284,375	240,775	None	None	284,375	240,775	525,150	79,857		09/17/95
York	PA	None	249,436	347,424	None	404	249,436	347,828	597,264	209,273		12/30/95
Charleston	SC	None	217,250	294,079	6,700	159	217,250	300,938	518,188	181,377	07/14/97	03/13/97
Columbia	SC	None	267,622	298,594	None	428	267,622	299,022	566,644	176,137		03/31/98
Greenville	SC	None	221,946	315,163	None	168	221,946	315,331	537,277	191,808	09/05/97	03/31/97
Lexington	SC	None	241,534	342,182	None	302	241,534	342,484	584,018	188,032		09/24/95
North												
Charleston	SC	None	174,980	341,466	5,875	5,413	174,980	352,754	527,734	203,816	08/06/98	03/12/98
Sioux Falls	SD	None	48,833	91,572	None	None	48,833	91,572	140,405	19,383		09/04/95
Brentwood	TN	None	305,546	505,728	None	None	305,546	505,728	811,274	302,586	03/13/98	05/28/98
Hendersonville	TN	None	175,764	327,096	None	None	175,764	327,096	502,860	130,293		01/21/95
Hermitage	TN	None	204,296	172,695	None	None	204,296	172,695	376,991	73,393		05/14/95
Madison	TN	None	175,769	327,068	None	None	175,769	327,068	502,837	130,282		01/21/95
Memphis	TN	None	108,094	217,079	None	None	108,094	217,079	325,173	92,256		05/14/95
Memphis	TN	None	214,110	193,591	None	None	214,110	193,591	407,701	82,273		05/14/95
Memphis	TN	None	215,017	216,794	None	None	215,017	216,794	431,811	91,415		06/27/95
Murfreesboro	TN	None	150,411	215,528	None	None	150,411	215,528	365,939	91,597		05/14/95
Nashville	TN	None	342,960	227,440	None	None	342,960	227,440	570,400	139,067		09/17/95
Carrollton	TX	None	174,284	98,623	None	None	174,284	98,623	272,907	41,913		05/14/95
Carrollton	TX	None	177,041	199,088	None	None	177,041	199,088	376,129	84,611		05/14/95
Dallas	TX	None	234,604	325,951	12,719	15,373	234,604	354,043	588,647	216,697	08/09/96	02/19/96
Fort Worth	TX	None	83,530	111,960	None	None	83,530	111,960	195,490	47,581		05/14/95

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Houston	TX	None	285,000	369,697	None	234	285,000	369,931	654,931	224,902	08/08/97	08/08/97
Humble	TX	None	257,169	325,652	None	None	257,169	325,652	582,821	138,400		05/14/97

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	D Acc
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Lake											
Jackson TX	None	197,170	256,376	None	None	197,170	256,376	453,546	108,958		05/
Lewisville TX	None	199,942	324,736	None	149	199,942	324,885	524,827	212,764	08/02/96	02/
Lewisville TX	None	130,238	207,683	None	None	130,238	207,683	337,921	87,573		06/
Mansfield TX	None	420,000	780,000	None	None	420,000	780,000	1,200,000	87,100		03/
Waco TX	None	232,105	431,053	None	None	232,105	431,053	663,158	48,134		03/
Wylie TX	None	252,000	468,000	None	None	252,000	468,000	720,000	52,260		03/
Richmond VA	None	403,549	876,981	None	None	403,549	876,981	1,280,530	313,191	07/08/04	10/
Roanoke VA	None	349,628	322,545	None	153	349,628	322,698	672,326	194,126		12/
Warrenton VA	None	186,723	241,173	None	None	186,723	241,173	427,896	102,495		05/
Bremerton WA	None	261,172	373,080	None	2,621	261,172	375,701	636,873	240,912	03/19/97	07/
Tacoma WA	None	109,127	202,691	None	None	109,127	202,691	311,818	42,903		09/
Milwaukee WI	None	173,005	499,244	None	None	173,005	499,244	672,249	340,318		12/
Milwaukee WI	None	152,509	475,480	None	197	152,509	475,677	628,186	309,946		09/
New Berlin WI	None	188,491	466,268	None	586	188,491	466,854	655,345	318,101		12/
Racine WI	None	184,002	114,167	None	None	184,002	114,167	298,169	48,519		05/
Automotive tire services											
Athens AL	None	760,031	1,413,494	None	None	760,031	1,413,494	2,173,525	346,302		11/
Auburn AL	None	660,210	1,228,112	None	500	660,210	1,228,612	1,888,822	301,258		11/
Birmingham AL	None	635,111	1,180,909	None	500	635,111	1,181,409	1,816,520	289,694		11/
Daphne AL	None	876,139	1,629,123	None	500	876,139	1,629,623	2,505,762	399,506		11/
Decatur AL	None	635,111	1,181,499	None	500	635,111	1,181,999	1,817,110	289,838		11/
Dothan AL	None	455,651	565,343	None	None	455,651	565,343	1,020,994	93,841	10/17/08	06/
Foley AL	None	870,031	1,617,357	None	500	870,031	1,617,857	2,487,888	396,623		11/
Gardendale AL	None	610,055	1,134,554	None	500	610,055	1,135,054	1,745,109	277,815		11/
Hoover AL	None	504,396	938,299	None	None	504,396	938,299	1,442,695	229,879		11/
Hoover AL	None	620,270	1,153,493	None	None	620,270	1,153,493	1,773,763	282,602		11/
Huntsville AL	None	499,843	929,863	None	500	499,843	930,363	1,430,206	228,187		11/
Huntsville AL	None	635,111	1,181,499	None	None	635,111	1,181,499	1,816,610	289,463		11/
Madison AL	None	635,111	1,181,532	None	None	635,111	1,181,532	1,816,643	289,471		11/
Mobile AL	None	635,111	1,181,499	None	None	635,111	1,181,499	1,816,610	289,463		11/
Mobile AL	None	525,750	977,810	None	None	525,750	977,810	1,503,560	239,559		11/
Montgomery AL	None	544,181	654,046	None	500	544,181	654,546	1,198,727	119,836		01/
Orange											
Beach AL	None	630,244	1,172,036	None	500	630,244	1,172,536	1,802,780	287,520		11/
Pelham AL	None	635,111	1,180,909	None	None	635,111	1,180,909	1,816,020	289,319		11/
Phenix City AL	None	630,244	1,172,024	None	500	630,244	1,172,524	1,802,768	287,517		11/
Tucson AZ	None	178,297	396,004	None	None	178,297	396,004	574,301	362,637		01/
Arvada CO	None	301,489	931,092	None	None	301,489	931,092	1,232,581	451,617	09/22/00	11/
Aurora CO	None	221,691	492,382	None	None	221,691	492,382	714,073	450,895		01/
Aurora CO	None	353,283	1,135,051	None	None	353,283	1,135,051	1,488,334	535,403	01/03/01	03/
Colorado											
Springs CO	None	280,193	622,317	None	None	280,193	622,317	902,510	569,881		01/
CO	None	192,988	433,542	None	None	192,988	433,542	626,530	349,002		05/

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Colorado Springs												
Denver	CO	None	688,292	1,331,224	None	None	688,292	1,331,224	2,019,516	532,265	01/10/03	05/10/03
Westminster	CO	None	526,620	1,099,523	None	None	526,620	1,099,523	1,626,143	518,643	01/12/01	01/12/01
Destin	FL	None	1,034,411	1,922,591	None	None	1,034,411	1,922,591	2,957,002	471,031		11/11/03
Ft. Walton												
Bch	FL	None	635,111	1,181,032	None	500	635,111	1,181,532	1,816,643	289,724		11/11/03
Ft. Walton												
Bch	FL	None	635,111	1,181,032	None	500	635,111	1,181,532	1,816,643	289,724		11/11/03
Lakeland	FL	None	500,000	645,402	None	None	500,000	645,402	1,145,402	369,143	06/04/98	12/04/98

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)		Initial Cost to Company		Cost Capitalized		Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	Date of Construction	D
			Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Milton	FL	None	635,111	1,181,145	None	None	635,111	1,181,145	1,816,256	289,377		11
Niceville	FL	None	920,803	1,711,621	None	None	920,803	1,711,621	2,632,424	419,343		11
Orlando	FL	None	635,111	1,181,076	None	500	635,111	1,181,576	1,816,687	289,734		11
Orlando	FL	None	630,244	1,172,023	None	None	630,244	1,172,023	1,802,267	287,142		11
Oviedo	FL	None	971,996	1,806,780	None	None	971,996	1,806,780	2,778,776	442,657		11
Pace	FL	None	630,244	1,171,993	None	500	630,244	1,172,493	1,802,737	287,509		11
Panama City	FL	None	635,111	1,181,076	None	500	635,111	1,181,576	1,816,687	289,734		11
Pensacola	FL	None	635,111	1,181,063	None	None	635,111	1,181,063	1,816,174	289,356		11
Pensacola	FL	None	588,305	1,094,130	None	None	588,305	1,094,130	1,682,435	268,058		11
Sanford	FL	None	630,244	1,172,023	None	None	630,244	1,172,023	1,802,267	287,142		11
St. Cloud	FL	None	525,207	976,968	None	None	525,207	976,968	1,502,175	239,353		11
Tallahassee	FL	None	419,902	781,405	None	None	419,902	781,405	1,201,307	191,440		11
Tallahassee	FL	None	611,916	1,137,986	None	500	611,916	1,138,486	1,750,402	279,178		11
Tampa	FL	None	427,395	472,030	None	None	427,395	472,030	899,425	270,004	06/10/98	12
Union Park	FL	None	1,004,103	1,866,287	None	None	1,004,103	1,866,287	2,870,390	457,236		11
Alpharetta	GA	None	630,244	1,171,870	None	500	630,244	1,172,370	1,802,614	287,479		11
Atlanta	GA	None	55,840	258,889	16,005	14,141	55,840	289,035	344,875	263,122		11
Columbus	GA	None	630,244	1,171,988	None	None	630,244	1,171,988	1,802,232	287,133		11
Conyers	GA	None	531,935	1,180,296	None	None	531,935	1,180,296	1,712,231	505,245	03/28/02	11
Conyers	GA	None	635,111	1,181,027	None	None	635,111	1,181,027	1,816,138	289,348		11
Duluth	GA	None	638,509	1,186,594	None	None	638,509	1,186,594	1,825,103	433,103		11
Hiram	GA	None	635,111	1,181,017	None	None	635,111	1,181,017	1,816,128	289,345		11
Kennesaw	GA	None	519,903	967,180	None	None	519,903	967,180	1,487,083	236,955		11
Lawrenceville	GA	None	635,111	1,181,137	None	500	635,111	1,181,637	1,816,748	289,750		11
Marietta	GA	None	500,293	930,657	None	None	500,293	930,657	1,430,950	228,007		11
McDonough	GA	None	635,111	1,181,032	None	500	635,111	1,181,532	1,816,643	289,724		11
Peachtree												
City	GA	None	625,316	1,162,827	None	None	625,316	1,162,827	1,788,143	284,889		11
Roswell	GA	None	515,617	959,138	None	None	515,617	959,138	1,474,755	234,985		11
Sandy												
Springs	GA	None	586,211	1,090,241	None	None	586,211	1,090,241	1,676,452	267,105		11
Stockbridge	GA	None	632,128	1,175,478	None	500	632,128	1,175,978	1,808,106	288,363		11
Aurora	IL	None	513,204	953,885	None	None	513,204	953,885	1,467,089	348,164		11
Joliet	IL	None	452,267	840,716	None	None	452,267	840,716	1,292,983	306,857		11
Lombard	IL	None	428,170	795,965	None	2,000	428,170	797,965	1,226,135	291,366		11
Niles	IL	None	366,969	682,306	None	None	366,969	682,306	1,049,275	249,038		11
Orland Park	IL	None	663,087	1,232,240	None	None	663,087	1,232,240	1,895,327	449,763		11
Vernon Hills	IL	None	524,948	975,668	None	None	524,948	975,668	1,500,616	356,115		11
West Dundee	IL	None	530,835	986,628	None	None	530,835	986,628	1,517,463	360,115		11
Overland												
Park	KS	None	1,101,841	2,047,067	None	None	1,101,841	2,047,067	3,148,908	747,175		11
Winchester	KY	None	355,474	929,177	20,045	22,651	355,474	971,873	1,327,347	545,863	06	06
Allston	MA	None	576,505	1,071,520	None	None	576,505	1,071,520	1,648,025	391,099		11
Billerica	MA	None	399,043	462,240	None	172	399,043	462,412	861,455	290,384	04	04
Shrewsbury	MA	None	721,065	1,339,913	None	None	721,065	1,339,913	2,060,978	489,064		11
Waltham	MA	None	338,955	630,279	None	None	338,955	630,279	969,234	230,048		11
Weymouth	MA	None	752,234	1,397,799	None	None	752,234	1,397,799	2,150,033	510,192		11

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Woburn	MA	None	676,968	1,258,018	None	None	676,968	1,258,018	1,934,986	459,172	11
Annapolis	MD	None	780,806	1,450,860	None	None	780,806	1,450,860	2,231,666	529,560	11
Bowie	MD	None	734,558	1,364,970	None	None	734,558	1,364,970	2,099,528	498,210	11

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Capital Heights MD	None	701,705	1,303,958	None	None	701,705	1,303,958	2,005,663	475,940		11/2/98
Germantown MD	None	808,296	1,501,913	None	None	808,296	1,501,913	2,310,209	548,194		11/2/98
Waldorf MD	None	427,033	793,854	None	None	427,033	793,854	1,220,887	289,752		11/2/98
Eagan MN	None	902,443	845,536	None	None	902,443	845,536	1,747,979	486,209	06/19/98	02/2/99
Ferguson MO	None	386,112	717,856	None	None	386,112	717,856	1,103,968	262,013		11/2/98
Grandview MO	None	347,150	711,024	None	None	347,150	711,024	1,058,174	406,502	08/20/98	02/2/99
Independence MO	None	721,020	1,339,829	None	None	721,020	1,339,829	2,060,849	489,033		11/2/98
Charlotte NC	None	508,100	457,295	None	None	508,100	457,295	965,395	176,058		05/2/99
Charlotte NC	None	181,662	338,164	None	None	181,662	338,164	519,826	123,426		11/2/98
Clemmons NC	None	630,000	1,100,160	None	None	630,000	1,100,160	1,730,160	225,533		11/0/98
Jamestown NC	None	650,000	857,823	None	None	650,000	857,823	1,507,823	175,854		11/0/98
Matthews NC	None	489,063	909,052	None	None	489,063	909,052	1,398,115	331,800		11/2/98
Omaha NE	None	253,128	810,922	None	32	253,128	810,954	1,064,082	431,192	07/22/99	03/0/00
Manchester NH	None	722,532	1,342,636	None	None	722,532	1,342,636	2,065,168	490,058		11/2/98
Newington NH	None	690,753	1,283,624	None	None	690,753	1,283,624	1,974,377	468,519		11/2/98
Salem NH	None	597,833	1,111,059	None	None	597,833	1,111,059	1,708,892	405,532		11/2/98
Deptford NJ	None	619,376	1,151,062	None	None	619,376	1,151,062	1,770,438	420,134		11/2/98
Maple Shade NJ	None	508,285	944,750	None	None	508,285	944,750	1,453,035	344,830		11/2/98
Woodbury NJ	None	212,788	320,283	None	None	212,788	320,283	533,071	136,117		05/1/99
Akron OH	None	242,133	450,467	None	None	242,133	450,467	692,600	164,416		11/2/98
Cambridge OH	None	103,368	192,760	None	None	103,368	192,760	296,128	70,353		11/2/98
Canton OH	None	337,161	626,948	None	None	337,161	626,948	964,109	228,832		11/2/98
Cleveland OH	None	582,107	1,081,848	None	None	582,107	1,081,848	1,663,955	394,871		11/2/98
Columbus OH	None	385,878	717,422	None	None	385,878	717,422	1,103,300	261,855		11/2/98
Oklahoma City OK	None	509,370	752,691	None	None	509,370	752,691	1,262,061	407,878	04/14/99	09/2/00
Oklahoma City OK	None	404,815	771,625	None	None	404,815	771,625	1,176,440	418,119	04/09/99	10/1/00
Greensburg PA	None	594,891	1,105,589	None	None	594,891	1,105,589	1,700,480	403,536		11/2/98
Lancaster PA	None	431,050	801,313	None	None	431,050	801,313	1,232,363	292,475		11/2/98
Mechanicsburg PA	None	455,854	847,377	None	None	455,854	847,377	1,303,231	309,288		11/2/98
Monroeville PA	None	723,660	1,344,733	None	None	723,660	1,344,733	2,068,393	490,823		11/2/98
Philadelphia PA	None	334,939	622,821	None	None	334,939	622,821	957,760	227,326		11/2/98
Pittsburgh PA	None	384,756	715,339	None	None	384,756	715,339	1,100,095	261,095		11/2/98
York PA	None	389,291	723,760	None	None	389,291	723,760	1,113,051	264,168		11/2/98
Columbia SC	None	343,785	295,001	183,130	None	343,785	478,131	821,916	338,959	05/27/97	02/0/00
Sioux Falls SD	None	332,979	498,108	None	None	332,979	498,108	831,087	286,426	06/01/99	02/2/00
Goodlettsville TN	None	601,306	1,117,504	None	None	601,306	1,117,504	1,718,810	407,885		11/2/98
Hermitage TN	None	560,443	1,011,799	None	None	560,443	1,011,799	1,572,242	421,379	10/15/01	05/0/00
Arlington TX	None	599,558	1,114,256	None	None	599,558	1,114,256	1,713,814	406,699		11/2/98
Austin TX	None	185,454	411,899	None	None	185,454	411,899	597,353	375,784		02/0/00
Austin TX	None	710,485	1,320,293	None	None	710,485	1,320,293	2,030,778	481,902		11/2/98
Austin TX	None	590,828	1,098,073	None	None	590,828	1,098,073	1,688,901	400,792		11/2/98
Austin TX	None	569,909	1,059,195	None	None	569,909	1,059,195	1,629,104	386,602		11/2/98
Austin TX	None	532,497	989,715	None	None	532,497	989,715	1,522,212	361,242		11/2/98
Carrollton TX	None	568,401	1,056,394	None	None	568,401	1,056,394	1,624,795	385,580		11/2/98
Conroe TX	None	396,068	736,346	None	None	396,068	736,346	1,132,414	268,762		11/2/98
Dallas TX	None	191,267	424,811	None	73	191,267	424,884	616,151	389,080		01/2/00
Fort Worth TX	None	543,950	1,010,984	None	None	543,950	1,010,984	1,554,934	369,005		11/2/98

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Garland

TX

None 242,887

539,461

None

None 242,887

539,461

782,348

494,006

01/1

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company				Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total				
Harlingen TX	None	134,599	298,948	None	None	134,599	298,948	433,547	273,759			
Houston TX	None	151,018	335,417	None	None	151,018	335,417	486,435	307,155			
Houston TX	None	392,113	729,002	None	None	392,113	729,002	1,121,115	266,082			
Houston TX	None	1,030,379	1,914,353	None	None	1,030,379	1,914,353	2,944,732	698,735			
Houston TX	None	619,101	1,150,551	None	None	619,101	1,150,551	1,769,652	419,947			
Houston TX	None	642,495	1,193,997	None	None	642,495	1,193,997	1,836,492	435,805			
Houston TX	None	872,866	1,621,829	None	None	872,866	1,621,829	2,494,695	591,964			
Humble TX	None	612,414	1,138,132	None	None	612,414	1,138,132	1,750,546	415,414			
Leon Valley TX	None	178,221	395,834	None	None	178,221	395,834	574,055	362,481			
Leon Valley TX	None	529,967	985,046	None	None	529,967	985,046	1,515,013	359,537			
Mesquite TX	None	591,538	1,099,363	None	None	591,538	1,099,363	1,690,901	401,263			
Pasadena TX	None	107,391	238,519	None	None	107,391	238,519	345,910	218,421			
Plano TX	None	187,564	417,157	700	None	187,564	417,857	605,421	381,828			
Plano TX	None	494,407	918,976	None	None	494,407	918,976	1,413,383	335,422			
Richardson TX	None	555,188	1,031,855	None	None	555,188	1,031,855	1,587,043	376,623			
San Antonio TX	None	245,164	544,518	None	None	245,164	544,518	789,682	496,774			
San Antonio TX	None	688,249	1,278,967	None	None	688,249	1,278,967	1,967,216	466,819			
Stafford TX	None	706,786	1,313,395	None	None	706,786	1,313,395	2,020,181	479,385			
Waco TX	None	401,999	747,362	None	None	401,999	747,362	1,149,361	272,783			
Webster TX	None	600,261	1,115,563	None	None	600,261	1,115,563	1,715,824	407,176			
Bountiful UT	None	183,750	408,115	None	111	183,750	408,226	591,976	373,807			
Alexandria VA	None	542,791	1,008,832	None	None	542,791	1,008,832	1,551,623	368,220			
Alexandria VA	None	592,698	1,101,517	None	None	592,698	1,101,517	1,694,215	402,049			
Chesapeake VA	None	770,000	1,112,334	None	None	770,000	1,112,334	1,882,334	228,028			
Lynchburg VA	None	342,751	637,329	None	None	342,751	637,329	980,080	232,621			
Virginia Beach VA	None	780,000	1,026,384	None	None	780,000	1,026,384	1,806,384	210,409			
Woodbridge VA	None	774,854	1,439,806	None	None	774,854	1,439,806	2,214,660	525,525			
Tacoma WA	None	187,111	415,579	None	None	187,111	415,579	602,690	380,563			
Brown Deer WI	None	257,408	802,141	None	None	257,408	802,141	1,059,549	450,598		12/15/99	
Delafield WI	None	324,574	772,702	None	None	324,574	772,702	1,097,276	410,165		07/29/99	
Madison WI	None	452,630	811,977	None	None	452,630	811,977	1,264,607	461,530		10/20/99	
Oak Creek WI	None	420,465	852,408	None	None	420,465	852,408	1,272,873	484,511		08/07/99	
Beverages												
Calistoga CA	None	12,677,285	2,750,715	None	None	12,677,285	2,750,715	15,428,000	285,732			
Calistoga CA	None	5,445,030	21,154,970	None	None	5,445,030	21,154,970	26,600,000	2,150,755			
Calistoga CA	None	6,039,131	1,576,869	None	None	6,039,131	1,576,869	7,616,000	160,315			
Calistoga CA	None	4,988,527	1,999,473	None	None	4,988,527	1,999,473	6,988,000	204,414			
Calistoga CA	None	8,146,907	2,067,093	None	None	8,146,907	2,067,093	10,214,000	210,154			
Calistoga CA	None	12,675,172	4,907,828	None	None	12,675,172	4,907,828	17,583,000	500,043			
Calistoga CA	None	45,184,528	10,437,472	None	None	45,184,528	10,437,472	55,622,000	1,063,979			
Calistoga CA	None	10,630,191	5,580,929	None	None	10,630,191	5,580,929	16,211,120	456,297			
Napa CA	None	6,000,000	25,000,000	None	None	6,000,000	25,000,000	31,000,000	2,541,667			
Napa CA	None	11,253,989	2,846,011	None	None	11,253,989	2,846,011	14,100,000	291,613			
Napa CA	None	17,590,091	5,898,149	None	None	17,590,091	5,898,149	23,488,240	625,246			

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Napa	CA	None	10,777,485	390,515	None	None	10,777,485	390,515	11,168,000	38,291
Napa	CA	None	4,675,262	298,928	None	None	4,675,262	298,928	4,974,190	24,412

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Napa	CA	None	6,860,862	524,117	None	None	6,860,862	524,117	7,384,979	21,838	
Paicines	CA	None	12,058,127	1,607,783	None	None	12,058,127	1,607,783	13,665,910	170,800	
St. Helena	CA	None	15,254,700	4,150,300	None	None	15,254,700	4,150,300	19,405,000	429,660	
St. Helena	CA	None	23,471,336	6,589,664	None	None	23,471,336	6,589,664	30,061,000	674,000	
Shreveport	LA	None	1,320,003	8,130,438	None	147	1,320,003	8,130,585	9,450,588	555,622	
<u>Book stores</u>											
Tampa	FL	None	998,250	3,696,707	124,751	79	998,250	3,821,537	4,819,787	2,337,874	
<u>Business services</u>											
Midland	TX	None	45,500	101,058	None	None	45,500	101,058	146,558	101,058	
<u>Child care</u>											
Birmingham	AL	None	63,800	295,791	None	84	63,800	295,875	359,675	295,820	
Avondale	AZ	None	242,723	1,129,139	None	None	242,723	1,129,139	1,371,862	611,704	04/20/99
Chandler	AZ	None	291,720	647,923	None	171	291,720	648,094	939,814	648,066	
Chandler	AZ	None	271,695	603,446	9,758	19,469	271,695	632,673	904,368	605,849	
Glendale	AZ	None	115,000	285,172	39,971	22,341	115,000	347,484	462,484	328,846	
Mesa	AZ	None	308,951	1,025,612	None	None	308,951	1,025,612	1,334,563	545,321	07/26/99
Phoenix	AZ	None	318,500	707,397	35,595	70	318,500	743,062	1,061,562	692,390	
Phoenix	AZ	None	260,719	516,181	None	32,296	260,719	548,477	809,196	466,302	
Scottsdale	AZ	None	291,993	648,529	None	171	291,993	648,700	940,693	648,672	
Scottsdale	AZ	None	264,504	587,471	None	27,528	264,504	614,999	879,503	536,676	
Tempe	AZ	None	292,200	648,989	None	16,676	292,200	665,665	957,865	655,822	
Tucson	AZ	None	304,500	676,303	None	123	304,500	676,426	980,926	657,011	
Tucson	AZ	None	283,500	546,878	None	316	283,500	547,194	830,694	531,428	
Calabasas	CA	None	156,430	725,248	100,838	58,741	156,430	884,827	1,041,257	794,361	
Carmichael	CA	None	131,035	607,507	50,368	10,947	131,035	668,822	799,857	613,743	
Chino	CA	None	155,000	634,071	None	22	155,000	634,093	789,093	634,087	
Chula Vista	CA	None	350,563	778,614	None	43,353	350,563	821,967	1,172,530	796,296	
El Cajon	CA	None	157,804	731,621	2,540	44,802	157,804	778,963	936,767	740,596	
Escondido	CA	None	276,286	613,638	5,000	44,389	276,286	663,027	939,313	637,447	
Folsom	CA	None	281,563	625,363	None	46	281,563	625,409	906,972	625,385	
Mission Viejo	CA	None	353,891	744,367	12,500	None	353,891	756,867	1,110,758	610,849	
Oceanside	CA	None	145,568	674,889	17,000	None	145,568	691,889	837,457	683,449	
Palmdale	CA	None	249,490	554,125	9,864	None	249,490	563,989	813,479	547,098	
Rancho Cordova	CA	None	276,328	613,733	24,967	None	276,328	638,700	915,028	600,331	
Rancho Cucamonga	CA	None	471,733	1,047,739	49,000	80	471,733	1,096,819	1,568,552	1,063,334	
Roseville	CA	None	297,343	660,411	27,496	None	297,343	687,907	985,250	679,205	
Sacramento	CA	None	290,734	645,732	None	127	290,734	645,859	936,593	645,859	

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Simi Valley	CA	None	208,585	967,055	65,400	31	208,585	1,032,486	1,241,071	992,202
Valencia	CA	None	301,295	669,185	67,995	46	301,295	737,226	1,038,521	682,665
Walnut	CA	None	217,365	1,007,753	1,200	51,164	217,365	1,060,117	1,277,482	1,026,442
Aurora	CO	None	287,000	637,440	None	278	287,000	637,718	924,718	637,611
Broomfield	CO	None	155,306	344,941	25,000	211	155,306	370,152	525,458	360,308
Colorado										
Springs	CO	None	58,400	271,217	25,000	211	58,400	296,428	354,828	286,418
Fort Collins	CO	None	55,200	256,356	None	79	55,200	256,435	311,635	256,369
Greenwood										
Village	CO	None	131,216	608,372	6,862	21,268	131,216	636,502	767,718	623,006
Littleton	CO	None	161,617	358,956	None	82	161,617	359,038	520,655	358,976

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Longmont	CO	None	115,592	535,931	None	71	115,592	536,002	651,594	535,948	03/25/99
Louisville	CO	None	58,089	269,313	18,159	82	58,089	287,554	345,643	269,455	06/22/99
Parker	CO	None	153,551	341,042	None	211	153,551	341,253	494,804	341,186	10/19/99
Westminster	CO	None	306,387	695,737	None	504	306,387	696,241	1,002,628	654,148	09/27/99
Bradenton	FL	None	160,060	355,501	25,000	79	160,060	380,580	540,640	368,024	05/05/99
Clearwater	FL	None	42,223	269,380	None	79	42,223	269,459	311,682	269,421	12/22/99
Jacksonville	FL	None	48,000	243,060	None	420	48,000	243,480	291,480	243,280	12/22/99
Jacksonville	FL	None	184,800	410,447	22,872	189	184,800	433,508	618,308	405,098	03/30/99
Margate	FL	None	66,686	309,183	None	240	66,686	309,423	376,109	309,342	12/16/99
Melbourne	FL	None	256,439	549,345	None	79	256,439	549,424	805,863	446,919	04/16/99
Niceville	FL	None	73,696	341,688	None	420	73,696	342,108	415,804	341,907	12/03/99
Orlando	FL	None	68,001	313,922	None	189	68,001	314,111	382,112	314,092	09/04/99
Orlando	FL	None	159,177	353,538	None	154	159,177	353,692	512,869	353,584	07/02/99
Orlando	FL	None	190,050	422,107	5,707	342	190,050	428,156	618,206	405,444	03/30/99
Oviedo	FL	None	166,409	369,598	None	154	166,409	369,752	536,161	369,645	11/20/99
Panama City	FL	None	69,500	244,314	82,701	4,560	69,500	331,575	401,075	270,715	06/15/99
Pensacola	FL	None	147,000	326,492	20,000	240	147,000	346,732	493,732	316,744	03/28/99
Royal Palm Beach	FL	None	194,193	431,309	25,000	None	194,193	456,309	650,502	428,297	11/15/99
St. Augustine	FL	None	44,800	213,040	23,090	189	44,800	236,319	281,119	222,612	12/22/99
Sunrise	FL	None	245,000	533,280	92,266	28,616	245,000	654,162	899,162	560,051	05/25/99
Tampa	FL	None	53,385	199,846	None	154	53,385	200,000	253,385	199,893	12/22/99
Duluth	GA	None	310,000	1,040,008	None	None	310,000	1,040,008	1,350,008	549,520	08/25/99
Ellenwood	GA	None	119,678	275,414	58,545	479	119,678	334,438	454,116	276,167	11/16/99
Lawrenceville	GA	None	141,449	314,161	133,888	14,614	141,449	462,663	604,112	336,443	07/07/99
Lithia Springs	GA	None	187,444	363,358	None	84	187,444	363,442	550,886	335,249	12/28/99
Lithonia	GA	None	239,715	524,459	24,410	26,132	239,715	575,001	814,716	489,346	08/20/99
Marietta	GA	None	148,620	330,090	25,000	205	148,620	355,295	503,915	338,455	09/16/99
Marietta	GA	None	292,250	649,095	71,161	10,464	292,250	730,720	1,022,970	629,474	12/02/99
Marietta	GA	None	295,750	596,299	None	17,678	295,750	613,977	909,727	584,181	12/30/99
Marietta	GA	None	301,000	668,529	71,474	19,961	301,000	759,964	1,060,964	656,989	12/30/99
Smyrna	GA	None	274,750	610,229	None	415	274,750	610,644	885,394	588,809	11/15/99
Stockbridge	GA	None	168,700	374,688	47,047	84	168,700	421,819	590,519	372,612	03/28/99
Cedar Rapids	IA	None	194,950	427,085	None	None	194,950	427,085	622,035	357,968	09/24/99
Iowa City	IA	None	186,900	408,910	None	None	186,900	408,910	595,810	342,647	09/24/99
Addison	IL	None	125,780	583,146	None	134	125,780	583,280	709,060	583,213	03/25/99
Algonquin	IL	None	241,500	509,629	28,260	134	241,500	538,023	779,523	459,271	07/10/99
Aurora	IL	None	165,679	398,738	27,450	21,087	165,679	447,275	612,954	414,117	12/21/99
Aurora	IL	None	468,000	1,259,926	None	None	468,000	1,259,926	1,727,926	657,352	10/26/99
Bartlett	IL	None	120,824	560,166	54,360	8,536	120,824	623,062	743,886	562,792	03/25/99
Carol Stream	IL	None	122,831	586,416	None	134	122,831	586,550	709,381	586,484	03/25/99
Crystal Lake	IL	None	400,000	1,259,424	None	None	400,000	1,259,424	1,659,424	661,278	09/28/99
Glendale Heights	IL	None	318,500	707,399	None	172	318,500	707,571	1,026,071	682,330	11/16/99
Hoffman Estates	IL	None	318,500	707,399	None	257	318,500	707,656	1,026,156	672,422	03/31/99
Homer Glen	IL	None	189,477	442,018	None	85	189,477	442,103	631,580	442,038	10/29/99

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Lake in the Hills	IL	None	375,000	1,127,678	None	None	375,000	1,127,678	1,502,678	592,108	09/03/99	05/14/00
Naperville	IL	None	425,000	1,230,654	None	None	425,000	1,230,654	1,655,654	642,074	10/06/99	05/19/00
O Fallon	IL	None	141,250	313,722	None	232	141,250	313,954	455,204	313,787		10/30/00
Oswego	IL	None	380,000	1,165,818	None	None	380,000	1,165,818	1,545,818	615,994	08/18/99	06/30/00
Palatine	IL	None	121,911	565,232	None	134	121,911	565,366	687,277	565,300		03/25/00
Roselle	IL	None	297,541	561,037	None	172	297,541	561,209	858,750	539,210		12/30/00

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Schaumburg IL	None	218,798	485,955	20,461	None	218,798	506,416	725,214	493,948		12/17/99
Vernon Hills IL	None	132,523	614,430	None	134	132,523	614,564	747,087	614,498		03/25/99
Westmont IL	None	124,742	578,330	None	266	124,742	578,596	703,338	578,489		03/25/99
Fishers IN	None	212,118	419,958	None	372	212,118	420,330	632,448	369,184		12/27/99
Highland IN	None	220,460	436,476	None	314	220,460	436,790	657,250	383,634		12/26/99
Indianapolis IN	None	245,000	544,153	None	211	245,000	544,364	789,364	489,209		06/29/99
Lenexa KS	None	318,500	707,399	14,200	None	318,500	721,599	1,040,099	682,788		03/31/99
Olathe KS	None	304,500	676,308	66,918	186	304,500	743,412	1,047,912	676,660		09/28/99
Overland Park KS	None	357,500	1,115,171	None	None	357,500	1,115,171	1,472,671	592,936	07/23/99	05/14/99
Shawnee KS	None	315,000	699,629	None	302	315,000	699,931	1,014,931	677,371		10/27/99
Shawnee KS	None	288,246	935,875	None	None	288,246	935,875	1,224,121	519,451	12/29/98	08/24/99
Wichita KS	None	108,569	352,287	(70,181)	109	108,569	282,215	390,784	48,717		12/16/99
Wichita KS	None	209,890	415,549	33,984	16,592	209,890	466,125	676,015	380,737		12/26/99
Lexington KY	None	210,427	420,883	None	187	210,427	421,070	631,497	363,057		08/20/99
Acton MA	None	315,533	700,813	None	278	315,533	701,091	1,016,624	681,042		09/30/99
Marlborough MA	None	352,765	776,488	None	232	352,765	776,720	1,129,485	749,008		11/04/99
Westborough MA	None	359,412	773,877	63,037	22,543	359,412	859,457	1,218,869	754,775		11/01/99
Ellicott City MD	None	219,368	630,839	26,550	None	219,368	657,389	876,757	621,542		12/19/99
Frederick MD	None	203,352	1,017,109	None	302	203,352	1,017,411	1,220,763	588,278		07/06/99
Olney MD	None	342,500	760,701	4,400	41,605	342,500	806,706	1,149,206	779,340		12/18/99
Waldorf MD	None	130,430	604,702	None	580	130,430	605,282	735,712	605,012		09/26/99
Waldorf MD	None	237,207	526,844	None	172	237,207	527,016	764,223	526,885		12/31/99
Canton MI	None	55,000	378,848	2,913	11,071	55,000	392,832	447,832	388,312		10/06/99
Apple Valley MN	None	113,523	526,319	None	197	113,523	526,516	640,039	526,411		03/26/99
Brooklyn Park MN	None	118,111	547,587	None	197	118,111	547,784	665,895	547,679		03/26/99
Eden Prairie MN	None	124,286	576,243	None	197	124,286	576,440	700,726	576,335		03/27/99
Maple Grove MN	None	313,250	660,149	None	278	313,250	660,427	973,677	592,070		07/11/99
Plymouth MN	None	134,221	622,350	None	197	134,221	622,547	756,768	622,442		12/12/99
White Bear Lake MN	None	242,165	537,856	None	278	242,165	538,134	780,299	479,986		08/30/99
Florissant MO	None	181,300	402,672	34,635	12,499	181,300	449,806	631,106	399,443		03/29/99
Florissant MO	None	318,500	707,399	78,556	10,975	318,500	796,930	1,115,430	695,526		03/30/99
Gladstone MO	None	294,000	652,987	None	9,295	294,000	662,282	956,282	638,177		09/29/99
Lee s Summit MO	None	239,627	532,220	None	179	239,627	532,399	772,026	494,725		09/27/99
Lee s Summit MO	None	330,000	993,787	None	None	330,000	993,787	1,323,787	528,393	07/26/99	06/17/99
Lee s Summit MO	None	313,740	939,367	None	None	313,740	939,367	1,253,107	496,346	09/08/99	06/30/99
North Kansas City MO	None	307,784	910,401	None	None	307,784	910,401	1,218,185	510,821	09/28/99	08/21/99
Jackson MS	None	248,483	572,522	17,627	17,780	248,483	607,929	856,412	312,369		11/16/99
Pearl MS	None	121,801	270,524	18,837	4,207	121,801	293,568	415,369	274,768		11/15/99
Tupelo MS	None	121,697	637,691	26,216	9,587	121,697	673,494	795,191	421,503		11/26/99
Cary NC	None	75,200	262,973	15,000	187	75,200	278,160	353,360	267,285		01/25/99
Charlotte NC	None	134,582	268,222	24,478	139	134,582	292,839	427,421	275,359		11/16/99
Concord NC	None	32,441	190,859	None	326	32,441	191,185	223,626	191,102		12/23/99
Durham NC	None	175,700	390,234	26,312	187	175,700	416,733	592,433	389,305		03/29/99

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Durham	NC	None	220,728	429,380	None	321	220,728	429,701	650,429	396,414	12/29/
Kernersville	NC	None	162,216	316,300	None	223	162,216	316,523	478,739	292,160	12/14/
Bellevue	NE	None	60,568	280,819	None	179	60,568	280,998	341,566	280,971	12/16/
Omaha	NE	None	60,500	280,491	None	211	60,500	280,702	341,202	280,646	08/01/
Omaha	NE	None	53,000	245,720	22,027	211	53,000	267,958	320,958	254,214	10/11/
Omaha	NE	None	142,867	317,315	None	178	142,867	317,493	460,360	317,464	12/09/
Londonderry	NH	None	335,467	745,082	None	278	335,467	745,360	1,080,827	695,380	08/18/

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Clementon NJ	None	279,851	554,060	18,899	None	279,851	572,959	852,810	472,966		09/09/9
Las Vegas NV	None	201,250	446,983	None	126	201,250	447,109	648,359	401,819		06/29/9
Beavercreek OH	None	179,552	398,786	None	122	179,552	398,908	578,460	398,887		06/30/8
Centerville OH	None	174,519	387,613	None	237	174,519	387,850	562,369	387,770		07/23/8
Dublin OH	None	84,000	389,446	None	230	84,000	389,676	473,676	389,671		10/08/8
Englewood OH	None	74,000	343,083	None	258	74,000	343,341	417,341	343,276		10/23/8
Forest Park OH	None	170,778	379,305	None	85	170,778	379,390	550,168	379,325		09/28/8
Huber Heights OH	None	245,000	544,153	None	122	245,000	544,275	789,275	483,607		09/27/9
Pickerington OH	None	87,580	406,055	None	116	87,580	406,171	493,751	406,111		12/11/8
Westerville OH	None	82,000	380,173	None	122	82,000	380,295	462,295	380,274		10/08/8
Westerville OH	None	294,350	646,557	None	122	294,350	646,679	941,029	575,541		09/26/9
Broken Arrow OK	None	78,705	220,434	None	None	78,705	220,434	299,139	220,434		01/27/8
Midwest City Oklahoma OK	None	67,800	314,338	None	None	67,800	314,338	382,138	314,338		08/14/8
Oklahoma City OK	None	50,800	214,474	None	173	50,800	214,647	265,447	214,621		06/15/8
Oklahoma City OK	None	79,000	366,261	17,659	173	79,000	384,093	463,093	382,032		11/14/8
Yukon OK	None	61,000	282,812	27,000	173	61,000	309,985	370,985	301,696		05/02/8
Charleston SC	None	125,593	278,947	None	514	125,593	279,461	405,054	275,327		05/26/8
Charleston SC	None	140,700	312,498	25,000	376	140,700	337,874	478,574	313,740		03/28/8
Columbia SC	None	58,160	269,643	None	139	58,160	269,782	327,942	269,781		11/14/8
Columbia SC	None	160,831	313,600	None	223	160,831	313,823	474,654	289,668		12/14/8
Goose Creek SC	None	61,635	192,905	None	376	61,635	193,281	254,916	193,152		12/22/8
Summerville SC	None	44,400	174,500	None	321	44,400	174,821	219,221	174,648		12/22/8
Sumter SC	None	56,010	268,903	59,453	641	56,010	328,997	385,007	269,457		06/18/8
Memphis TN	None	238,263	504,897	None	None	238,263	504,897	743,160	490,466		09/29/8
Memphis TN	None	238,000	528,608	2,734	111	238,000	531,453	769,453	515,780		09/30/8
Arlington TX	None	82,109	380,677	12,321	197	82,109	393,195	475,304	383,496		12/13/8
Arlington TX	None	238,000	528,604	(23,265)	605	238,000	505,944	743,944	520,350		09/26/8
Arlington TX	None	241,500	550,559	33,725	101	241,500	584,385	825,885	552,684		09/22/8
Austin TX	None	103,600	230,532	8,750	16	103,600	239,298	342,898	238,627		10/29/8
Austin TX	None	88,872	222,684	54,562	15,026	88,872	292,272	381,144	260,340		01/12/8
Austin TX	None	134,383	623,103	2,379	13,967	134,383	639,449	773,832	628,126		12/23/8
Austin TX	None	236,733	640,023	39,352	139	236,733	679,514	916,247	564,516		09/27/8
Austin TX	None	191,636	425,629	15,530	294	191,636	441,453	633,089	422,282		12/22/8
Austin TX	None	217,878	483,913	29,469	None	217,878	513,382	731,260	473,826		06/22/8
Bedford TX	None	241,500	550,559	34,949	73	241,500	585,581	827,081	540,603		09/22/8
Carrollton TX	None	277,850	617,113	12,086	18,544	277,850	647,743	925,593	637,928		12/11/8
Cedar Park TX	None	168,857	375,036	5,200	282	168,857	380,518	549,375	365,786		11/21/8
Colleyville TX	None	250,000	1,070,360	None	102	250,000	1,070,462	1,320,462	565,555	08/17/99	05/14/9
Converse TX	None	217,000	481,963	None	294	217,000	482,257	699,257	468,426		09/28/8
Corinth TX	None	285,000	1,041,626	None	None	285,000	1,041,626	1,326,626	557,265	06/04/99	05/19/9
Euless TX	None	234,111	519,962	None	217	234,111	520,179	754,290	520,170		05/08/8
	None	202,773	442,845	32,069	16,315	202,773	491,229	694,002	457,081		04/20/8

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Flower												
Mound												
Flower												
Mound	TX	None	281,735	1,099,726	3,500	37	281,735	1,103,263	1,384,998	595,673	04/23/99	01/13/99
Fort Worth	TX	None	85,518	396,495	33,279	6,266	85,518	436,040	521,558	418,550		12/03/8
Fort Worth	TX	None	238,000	528,608	73,662	4,191	238,000	606,461	844,461	521,934		09/26/8
Fort Worth	TX	None	216,160	427,962	None	149	216,160	428,111	644,271	373,192		02/07/9
Garland	TX	None	211,050	468,749	19,867	95	211,050	488,711	699,761	436,383		12/12/8
Grand												
Prairie	TX	None	167,164	371,276	58,206	16,412	167,164	445,894	613,058	385,071		12/13/8
Houston	TX	None	60,000	278,175	22,168	725	60,000	301,068	361,068	285,918		05/01/8
Houston	TX	None	139,125	308,997	19,128	229	139,125	328,354	467,479	319,944		05/22/8

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	D Ac
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Houston TX	None	141,296	313,824	12,442	5,289	141,296	331,555	472,851	324,359		07
Houston TX	None	219,100	486,631	None	261	219,100	486,892	705,992	472,874		09
Houston TX	None	149,109	323,314	27,979	10,061	149,109	361,354	510,463	308,733		06
Houston TX	None	294,582	919,276	None	None	294,582	919,276	1,213,858	507,183	01/11/99	08
Humble TX	None	278,915	1,034,868	None	None	278,915	1,034,868	1,313,783	550,235	07/19/99	05
Katy TX	None	309,898	983,041	None	None	309,898	983,041	1,292,939	548,890	11/30/98	08
Lewisville TX	None	192,777	428,121	36,000	95	192,777	464,216	656,993	430,953		01
Mansfield TX	None	181,375	402,839	46,878	17,274	181,375	466,991	648,366	400,643		12
Mesquite TX	None	85,000	394,079	9,855	12,885	85,000	416,819	501,819	409,076		10
Mesquite TX	None	139,466	326,525	39,638	13,047	139,466	379,210	518,676	316,355		10
Pasadena TX	None	60,000	278,173	21,315	15,075	60,000	314,563	374,563	289,116		10
Plano TX	None	261,912	581,658	30,831	18,268	261,912	630,757	892,669	611,824		01
Plano TX	None	250,514	556,399	19,869	10,306	250,514	586,574	837,088	566,772		12
Round Rock TX	None	80,525	373,347	None	19,117	80,525	392,464	472,989	383,500		12
Round Rock TX	None	186,380	413,957	33,093	None	186,380	447,050	633,430	413,500		04
San Antonio TX	None	130,833	606,596	14,000	192	130,833	620,788	751,621	606,671		03
San Antonio TX	None	102,512	475,288	35,211	None	102,512	510,499	613,011	475,447		12
San Antonio TX	None	81,530	378,007	None	266	81,530	378,273	459,803	378,196		12
San Antonio TX	None	139,125	308,997	30,885	13,386	139,125	353,268	492,393	330,747		05
San Antonio TX	None	181,412	402,923	None	396	181,412	403,319	584,731	403,192		07
San Antonio TX	None	234,500	520,831	None	282	234,500	521,113	755,613	521,006		12
San Antonio TX	None	217,000	481,967	32,529	115	217,000	514,611	731,611	486,690		10
San Antonio TX	None	182,868	406,155	18,940	None	182,868	425,095	607,963	406,786		12
San Antonio TX	None	220,500	447,108	None	115	220,500	447,223	667,723	424,991		03
Sugar Land TX	None	339,310	1,000,876	None	None	339,310	1,000,876	1,340,186	538,803	05/30/99	01
Layton UT	None	136,574	269,008	None	314	136,574	269,322	405,896	247,052		02
Sandy UT	None	168,089	373,330	None	314	168,089	373,644	541,733	340,879		02
Centreville VA	None	371,000	824,003	None	592	371,000	824,595	1,195,595	766,116		09
Chesapeake VA	None	190,050	422,107	24,568	None	190,050	446,675	636,725	417,629		03
Glen Allen VA	None	74,643	346,060	None	283	74,643	346,343	420,986	346,207		06
Portsmouth VA	None	171,575	381,073	24,932	None	171,575	406,005	577,580	382,551		12
Virginia Beach VA	None	69,080	320,270	29,024	13,825	69,080	363,119	432,199	335,186		11
Federal Way WA	None	150,785	699,101	None	107	150,785	699,208	849,993	699,129		12
Federal Way WA	None	261,943	581,782	27,500	107	261,943	609,389	871,332	577,631		11
Kent WA	None	128,300	539,141	None	None	128,300	539,141	667,441	539,141		06
Kent WA	None	140,763	678,809	36,500	None	140,763	715,309	856,072	694,518		12
Kirkland WA	None	301,000	668,534	None	107	301,000	668,641	969,641	663,752		03
Puyallup WA	None	195,552	434,327	27,000	107	195,552	461,434	656,986	435,093		12
Redmond WA	None	279,830	621,513	None	107	279,830	621,620	901,450	621,542		07
Renton WA	None	111,183	515,490	None	None	111,183	515,490	626,673	515,490		03
Appleton WI	None	196,000	424,038	None	581	196,000	424,619	620,619	380,508		07
Waukesha WI	None	233,100	461,500	None	581	233,100	462,081	695,181	405,663		12
Waukesha WI	None	215,950	427,546	None	581	215,950	428,127	644,077	375,836		12

Consumer

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appliances

Greenville	OH	None	820,230	12,985,433	None	None	820,230	12,985,433	13,805,663	238,066	07
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Consumer

electronics

Mary Esther	FL	None	149,696	363,263	62,464	76	149,696	425,803	575,499	249,338	11
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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Tampa	FL	None	401,874	933,768	103,336	31,913	401,874	1,069,017	1,470,891	609,523	
Smyrna	GA	None	1,094,058	3,090,236	None	None	1,094,058	3,090,236	4,184,294	1,920,982	
Richmond	IN	None	93,999	193,753	2,822	179	93,999	196,754	290,753	126,878	
Jackson	MI	None	550,162	571,590	None	None	550,162	571,590	1,121,752	317,356	01/15/9
Pineville	NC	None	567,864	840,284	37,249	39,217	567,864	916,750	1,484,614	507,590	
Westbury	NY	None	6,333,590	3,952,773	20,493	None	6,333,590	3,973,266	10,306,856	2,429,846	
Bartlett	TN	None	420,000	674,437	49,629	6,323	420,000	730,389	1,150,389	374,017	05/12/9

Consumer
goods

West Branch	IA	12,982,457	969,797	19,896,576	None	None	969,797	19,896,576	20,866,373	232,127	
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Convenience
stores

Daphne	AL	None	140,000	391,637	None	None	140,000	391,637	531,637	137,723	
Mobile	AL	None	190,000	301,637	None	None	190,000	301,637	491,637	106,073	
Mobile	AL	None	180,000	421,637	None	None	180,000	421,637	601,637	148,273	
Florence	AZ	None	150,000	371,637	None	None	150,000	371,637	521,637	130,690	
Gilbert	AZ	None	680,000	1,111,637	None	None	680,000	1,111,637	1,791,637	390,923	
Litchfield Park	AZ	None	610,000	531,637	None	None	610,000	531,637	1,141,637	186,956	
Marana	AZ	None	180,000	331,637	None	None	180,000	331,637	511,637	116,623	
Marana	AZ	None	330,000	911,637	None	None	330,000	911,637	1,241,637	320,590	
Maricopa	AZ	None	170,000	361,637	None	None	170,000	361,637	531,637	127,173	
Mesa	AZ	None	560,000	821,637	None	None	560,000	821,637	1,381,637	288,940	
Mesa	AZ	None	750,000	1,071,637	None	None	750,000	1,071,637	1,821,637	376,856	
Mesa	AZ	None	810,000	1,061,637	None	None	810,000	1,061,637	1,871,637	373,340	
Mesa	AZ	None	890,000	1,081,637	None	None	890,000	1,081,637	1,971,637	380,373	
Mesa	AZ	None	780,000	1,071,637	None	None	780,000	1,071,637	1,851,637	376,856	
Mesa	AZ	None	900,000	1,191,637	None	None	900,000	1,191,637	2,091,637	419,056	
Payson	AZ	None	210,000	351,637	None	None	210,000	351,637	561,637	123,656	
Payson	AZ	None	260,000	311,637	None	None	260,000	311,637	571,637	109,590	
Peoria	AZ	None	520,000	751,637	None	None	520,000	751,637	1,271,637	264,323	
Phoenix	AZ	None	440,000	511,637	None	None	440,000	511,637	951,637	179,923	
Phoenix	AZ	None	360,000	421,637	None	None	360,000	421,637	781,637	148,273	
Phoenix	AZ	None	710,000	591,637	None	None	710,000	591,637	1,301,637	208,056	
Phoenix	AZ	None	320,000	661,637	None	None	320,000	661,637	981,637	232,673	
Phoenix	AZ	None	450,000	651,637	None	None	450,000	651,637	1,101,637	229,156	
Phoenix	AZ	None	430,000	711,637	None	None	430,000	711,637	1,141,637	250,256	
Phoenix	AZ	None	730,000	931,637	None	None	730,000	931,637	1,661,637	327,623	
Phoenix	AZ	None	400,000	931,637	None	None	400,000	931,637	1,331,637	327,623	
Phoenix	AZ	None	790,000	1,051,637	None	None	790,000	1,051,637	1,841,637	369,823	
Pinetop	AZ	None	170,000	311,637	None	None	170,000	311,637	481,637	109,590	
Queen Creek	AZ	None	520,000	891,637	None	None	520,000	891,637	1,411,637	313,556	
Scottsdale	AZ	None	210,000	201,637	None	None	210,000	201,637	411,637	70,906	
Scottsdale	AZ	None	660,000	1,031,637	None	None	660,000	1,031,637	1,691,637	362,790	

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Sierra Vista	AZ	None	110,000	301,637	None	None	110,000	301,637	411,637	106,073
Tempe	AZ	None	620,000	1,071,637	None	None	620,000	1,071,637	1,691,637	376,856
Tempe	AZ	None	270,000	461,637	None	None	270,000	461,637	731,637	162,340
Tolleson	AZ	None	460,000	1,231,637	None	None	460,000	1,231,637	1,691,637	433,123

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition				Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total				
Tombstone AZ	None	110,000	381,637	None	None	110,000	381,637	491,637	134,206		03/18/04	
Tucson AZ	None	220,000	311,637	None	None	220,000	311,637	531,637	109,590		03/18/04	
Tucson AZ	None	240,000	341,637	None	None	240,000	341,637	581,637	120,140		03/18/04	
Tucson AZ	None	550,000	511,637	None	None	550,000	511,637	1,061,637	179,923		03/18/04	
Tucson AZ	None	126,000	234,565	None	None	126,000	234,565	360,565	81,707		04/14/04	
Wellton AZ	None	120,000	291,637	None	None	120,000	291,637	411,637	102,556		03/18/04	
Wickenburg AZ	None	150,000	291,637	None	None	150,000	291,637	441,637	102,556		03/18/04	
Manchester CT	None	118,262	305,510	None	None	118,262	305,510	423,772	217,421		03/03/95	
Vernon CT	None	179,646	319,372	None	None	179,646	319,372	499,018	227,286		03/09/95	
Westbrook CT	None	98,247	373,340	None	None	98,247	373,340	471,587	265,693		03/09/95	
Camden DE	None	113,811	174,435	None	None	113,811	174,435	288,246	68,313		03/19/03	
Camden DE	None	250,528	379,165	None	None	250,528	379,165	629,693	148,499		03/19/03	
Dewey DE	None	147,465	224,665	None	None	147,465	224,665	372,130	87,987		03/19/03	
Dover DE	None	278,804	421,707	None	None	278,804	421,707	700,511	165,161		03/19/03	
Dover DE	None	367,137	554,207	None	None	367,137	554,207	921,344	217,057		03/19/03	
Dover DE	None	367,425	554,884	None	None	367,425	554,884	922,309	217,322		03/19/03	
Felton DE	None	307,260	464,391	None	None	307,260	464,391	771,651	181,879		03/19/03	
Greenwood DE	None	632,303	1,176,711	None	None	632,303	1,176,711	1,809,014	241,224		11/29/07	
Harrington DE	None	563,812	849,220	None	None	563,812	849,220	1,413,032	332,604		03/19/03	
Milford DE	None	310,049	468,575	None	None	310,049	468,575	778,624	183,518		03/19/03	
Newcastle DE	None	589,325	887,488	None	None	589,325	887,488	1,476,813	347,592		03/19/03	
Smyrna DE	None	121,774	186,436	None	None	121,774	186,436	308,210	73,013		03/19/03	
Smyrna DE	None	401,135	605,332	None	None	401,135	605,332	1,006,467	237,081		03/19/03	
Townsend DE	None	241,416	365,749	None	None	241,416	365,749	607,165	143,244		03/19/03	
Wilmington DE	None	280,682	424,525	None	None	280,682	424,525	705,207	166,265		03/19/03	
Archer FL	None	296,238	578,145	None	None	296,238	578,145	874,383	315,088		05/07/99	
Bushnell FL	None	130,000	291,637	None	None	130,000	291,637	421,637	102,556		03/18/04	
Clearwater FL	None	359,792	311,845	None	None	359,792	311,845	671,637	109,663		03/18/04	
Cocoa FL	None	323,827	287,810	None	None	323,827	287,810	611,637	101,211		03/18/04	
Deltona FL	None	140,000	321,637	None	None	140,000	321,637	461,637	113,106		03/18/04	
Ellenton FL	None	250,000	261,637	None	None	250,000	261,637	511,637	92,006		03/18/04	
Englewood FL	None	270,000	331,637	None	None	270,000	331,637	601,637	116,623		03/18/04	
Gainesville FL	None	515,834	873,187	None	None	515,834	873,187	1,389,021	475,886		05/07/99	
Gainesville FL	None	480,318	600,633	None	None	480,318	600,633	1,080,951	327,344		05/07/99	
Gainesville FL	None	347,310	694,859	None	None	347,310	694,859	1,042,169	378,697		05/07/99	
Gainesville FL	None	339,263	658,807	None	None	339,263	658,807	998,070	359,049		05/07/99	
Gainesville FL	None	351,921	552,557	None	None	351,921	552,557	904,478	301,142		05/07/99	
Gainesville FL	None	500,032	850,291	None	None	500,032	850,291	1,350,323	463,407		05/07/99	
Homosassa Springs FL	None	740,000	621,637	None	None	740,000	621,637	1,361,637	218,606		03/18/04	
Hudson FL	None	300,000	351,637	None	None	300,000	351,637	651,637	123,656		03/18/04	
Intercession City FL	None	161,776	319,861	None	None	161,776	319,861	481,637	112,482		03/18/04	
Jacksonville FL	None	522,188	371,885	None	None	522,188	371,885	894,073	202,676		05/07/99	
Jacksonville FL	None	266,111	494,206	None	None	266,111	494,206	760,317	172,148		04/01/04	
Key West FL	None	873,700	627,937	None	None	873,700	627,937	1,501,637	220,822		03/18/04	
Key West FL	None	492,785	208,852	None	None	492,785	208,852	701,637	73,444		03/18/04	

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Lakeland	FL	None	527,076	464,561	None	None	527,076	464,561	991,637	163,368	03/18/04
Lakeland	FL	None	300,000	321,637	None	None	300,000	321,637	621,637	113,106	03/18/04

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)		Initial Cost to Company		Cost Capitalized		Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	Date of Construction	D Acc
			Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Lakeport	FL	None	180,342	331,295	None	None	180,342	331,295	511,637	116,503		03
Land O Lakes	FL	None	120,000	361,637	None	None	120,000	361,637	481,637	127,173		03
Lutz	FL	None	480,000	421,637	None	None	480,000	421,637	901,637	148,273		03
Naples	FL	None	150,000	301,637	None	None	150,000	301,637	451,637	106,073		03
Naples	FL	None	620,000	381,637	None	None	620,000	381,637	1,001,637	134,206		03
New Port												
Richey	FL	None	190,000	601,637	None	None	190,000	601,637	791,637	211,573		03
North Fort												
Meyers	FL	None	140,000	281,637	None	None	140,000	281,637	421,637	99,040		03
Okeechobee	FL	None	195,075	346,562	None	None	195,075	346,562	541,637	121,872		03
Orlando	FL	None	240,000	301,637	None	None	240,000	301,637	541,637	106,073		03
Palm Bay	FL	None	230,880	300,757	None	None	230,880	300,757	531,637	105,764		03
Palm Harbor	FL	None	510,000	381,637	None	None	510,000	381,637	891,637	134,206		03
Panama City	FL	None	210,000	431,637	None	None	210,000	431,637	641,637	151,790		03
Pensacola	FL	None	168,000	312,727	None	None	168,000	312,727	480,727	108,931		04
Port Charlotte	FL	None	170,000	311,637	None	None	170,000	311,637	481,637	109,590		03
Port Charlotte	FL	None	200,000	356,637	None	None	200,000	356,637	556,637	125,415		03
Port Orange	FL	None	609,438	512,199	None	None	609,438	512,199	1,121,637	180,121		03
Punta Gorda	FL	None	400,000	511,637	None	None	400,000	511,637	911,637	179,923		03
Riverview	FL	None	1,930,000	487,876	None	None	1,930,000	487,876	2,417,876	44	In-progress	08
Tallahassee	FL	None	600,000	341,637	None	None	600,000	341,637	941,637	120,140		03
Tampa	FL	None	300,000	301,637	None	None	300,000	301,637	601,637	106,073		03
Tampa	FL	None	380,000	361,637	None	None	380,000	361,637	741,637	127,173		03
Tampa	FL	None	320,000	591,637	None	None	320,000	591,637	911,637	208,056		03
Webster	FL	None	640,000	1,071,637	None	None	640,000	1,071,637	1,711,637	376,856		03
Winter												
Springs	FL	None	150,000	291,637	None	None	150,000	291,637	441,637	102,556		03
Augusta	GA	None	620,000	383,232	None	None	620,000	383,232	1,003,232	206,301		07
Augusta	GA	None	540,000	337,853	None	None	540,000	337,853	877,853	181,873		07
Augusta	GA	None	510,000	392,929	None	None	510,000	392,929	902,929	211,522		07
Augusta	GA	None	180,000	422,020	None	None	180,000	422,020	602,020	227,184		07
Augusta	GA	None	260,000	392,171	None	None	260,000	392,171	652,171	211,116		07
Augusta	GA	None	240,000	451,637	None	None	240,000	451,637	691,637	158,823		03
Cahutta	GA	None	437,500	813,742	None	None	437,500	813,742	1,251,242	299,722		10
Calhoun	GA	None	122,500	228,742	None	None	122,500	228,742	351,242	84,247		10
Calhoun	GA	None	262,500	488,742	None	None	262,500	488,742	751,242	180,014		10
Cartersville	GA	None	262,500	488,742	None	None	262,500	488,742	751,242	180,014		10
Chatsworth	GA	None	140,000	261,242	None	47	140,000	261,289	401,289	96,254		10
Chatsworth	GA	None	140,000	261,242	None	47	140,000	261,289	401,289	96,254		10
Chatsworth	GA	None	140,000	261,242	None	47	140,000	261,289	401,289	96,254		10
Chickamauga	GA	None	181,731	338,742	None	None	181,731	338,742	520,473	124,764		10
Dalton	GA	None	171,500	319,742	None	None	171,500	319,742	491,242	117,765		10
Dalton	GA	None	87,500	163,742	None	None	87,500	163,742	251,242	60,305		10
Dalton	GA	None	485,650	903,162	None	None	485,650	903,162	1,388,812	332,659		10
Dalton	GA	None	146,000	272,385	None	None	146,000	272,385	418,385	100,322		10
Dalton	GA	None	420,000	781,242	None	None	420,000	781,242	1,201,242	287,751		10
Dalton	GA	None	210,000	391,242	None	None	210,000	391,242	601,242	144,101		10

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Dalton	GA	None	332,500	618,742	None	None	332,500	618,742	951,242	227,897	10
Decatur	GA	None	529,383	532,429	None	296	529,383	532,725	1,062,108	330,977	06
Dunwoody	GA	None	545,462	724,254	None	296	545,462	724,550	1,270,012	450,220	06

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Flintstone	GA	None	157,500	293,742	None	None	157,500	293,742	451,242	108,189	10/16/03
Lafayette	GA	None	122,500	228,742	None	None	122,500	228,742	351,242	84,247	10/16/03
Lithonia	GA	None	386,784	776,436	None	None	386,784	776,436	1,163,220	482,627	06/27/97
Mableton	GA	None	491,069	355,957	None	None	491,069	355,957	847,026	221,239	06/27/97
Martinez	GA	None	450,000	402,777	None	None	450,000	402,777	852,777	216,824	07/22/99
Martinez	GA	None	830,000	871,637	None	None	830,000	871,637	1,701,637	306,523	03/18/04
Norcross	GA	None	384,162	651,273	None	None	384,162	651,273	1,035,435	404,815	06/27/97
Ringgold	GA	None	234,500	1,168,914	None	None	234,500	1,168,914	1,403,414	379,320	10/16/03
Ringgold	GA	None	385,000	716,242	(21,175)	None	363,825	716,242	1,080,067	263,809	10/16/03
Ringgold	GA	None	482,251	896,851	None	None	482,251	896,851	1,379,102	330,334	10/16/03
Rocky Face	GA	None	164,231	306,241	None	None	164,231	306,241	470,472	112,793	10/16/03
Rome	GA	None	210,000	391,242	None	None	210,000	391,242	601,242	144,101	10/16/03
Rome	GA	None	199,199	371,183	None	None	199,199	371,183	570,382	136,713	10/16/03
Rome	GA	None	201,791	375,997	(22,030)	None	179,761	375,997	555,758	138,486	10/16/03
Rome	GA	None	315,000	586,242	None	None	315,000	586,242	901,242	215,926	10/16/03
Rossville	GA	None	157,500	293,742	None	None	157,500	293,742	451,242	108,189	10/16/03
Summerville	GA	None	66,231	124,242	None	None	66,231	124,242	190,473	45,756	10/16/03
Trenton	GA	None	129,231	241,242	None	None	129,231	241,242	370,473	88,851	10/16/03
Belvidere	IL	None	768,748	1,426,176	1,500	None	768,748	1,427,676	2,196,424	173,968	12/28/09
Dekalb	IL	None	661,500	1,226,500	2,000	None	661,500	1,228,500	1,890,000	149,824	12/28/09
Godfrey	IL	None	374,586	733,190	None	314	374,586	733,504	1,108,090	455,948	06/27/97
Granite City	IL	None	362,287	737,255	None	314	362,287	737,569	1,099,856	458,476	06/27/97
Harford	IL	None	599,172	1,110,747	2,000	None	599,172	1,112,747	1,711,919	135,741	12/28/09
Loves Park	IL	None	547,582	1,016,523	1,500	None	547,582	1,018,023	1,565,605	205,747	12/20/07
Loves Park	IL	None	760,725	1,410,775	2,000	None	760,725	1,412,775	2,173,500	172,244	12/28/09
Machesney Park	IL	None	562,275	1,043,225	1,000	None	562,275	1,044,225	1,606,500	127,226	12/28/09
Madison	IL	None	173,812	625,030	None	314	173,812	625,344	799,156	388,728	06/27/97
Marengo	IL	None	501,948	930,688	1,500	None	501,948	932,188	1,434,136	113,684	12/28/09
Rochelle	IL	None	607,418	1,128,145	1,000	None	607,418	1,129,145	1,736,563	228,008	12/20/07
Rockford	IL	None	463,050	858,450	1,500	None	463,050	859,950	1,323,000	104,895	12/28/09
Rockford	IL	None	388,631	720,244	1,500	None	388,631	721,744	1,110,375	88,080	12/28/09
Tuscola	IL	None	752,456	1,394,419	3,000	None	752,456	1,397,419	2,149,875	170,554	12/28/09
Albany	IN	None	427,437	794,632	2,000	None	427,437	796,632	1,224,069	179,906	05/25/07
Alexandria	IN	None	139,219	259,369	None	None	139,219	259,369	398,588	58,355	05/25/07
Anderson	IN	None	147,263	274,307	None	None	147,263	274,307	421,570	61,716	05/25/07
Anderson	IN	None	283,430	527,190	2,000	None	283,430	529,190	812,620	119,731	05/25/07
Elkhart	IN	None	495,914	922,471	1,500	None	495,914	923,971	1,419,885	208,390	05/25/07
Frankfort	IN	None	208,666	388,345	2,000	None	208,666	390,345	599,011	88,491	05/25/07
Greenwood	IN	None	173,250	323,022	None	None	173,250	323,022	496,272	72,677	05/25/07
Hartford City	IN	None	250,310	465,702	2,000	None	250,310	467,702	718,012	105,896	05/25/07
Indianapolis	IN	None	129,938	242,134	None	None	129,938	242,134	372,072	54,477	05/25/07
Indianapolis	IN	None	269,294	500,939	1,500	None	269,294	502,439	771,733	113,546	05/25/07
Indianapolis	IN	None	318,432	592,193	1,500	None	318,432	593,693	912,125	134,078	05/25/07
Knox	IN	None	341,250	633,499	1,500	None	341,250	634,999	976,249	132,766	10/09/07
Lafayette	IN	None	147,263	274,309	None	None	147,263	274,309	421,572	61,716	05/25/07
Lafayette	IN	None	112,613	209,959	None	None	112,613	209,959	322,572	47,237	05/25/07

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Marion IN None 209,196 389,995 1,500 None 209,196 391,495 600,691 88,583 05/25/07

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition					Cost Capitalized Subsequent to Acquisition			Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	D
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total							
Michigan City	IN	None	227,500	422,249	1,500	None	227,500	423,749	651,249	88,756		10			
Mishawaka	IN	None	123,983	231,743	2,000	None	123,983	233,743	357,726	53,255		05			
Morristown	IN	None	366,590	682,082	2,000	None	366,590	684,082	1,050,672	154,582		05			
Muncie	IN	None	103,950	193,870	None	None	103,950	193,870	297,820	43,617		05			
Muncie	IN	None	184,237	342,974	2,000	None	184,237	344,974	529,211	78,282		05			
New Albany	IN	None	181,459	289,353	None	211	181,459	289,564	471,023	206,103		03			
New Albany	IN	None	262,465	331,796	None	211	262,465	332,007	594,472	236,308		03			
New Castle	IN	None	138,600	258,672	None	None	138,600	258,672	397,272	58,198		05			
New Castle	IN	None	79,854	149,572	1,000	None	79,854	150,572	230,426	34,209		05			
New Castle	IN	None	203,941	380,019	1,500	None	203,941	381,519	585,460	86,338		05			
Richmond	IN	None	281,248	523,589	1,500	None	281,248	525,089	806,337	118,642		05			
Richmond	IN	None	255,908	476,528	2,000	None	255,908	478,528	734,436	108,332		05			
Rushville	IN	None	138,600	258,672	None	None	138,600	258,672	397,272	58,198		05			
Rushville	IN	None	121,275	226,497	None	None	121,275	226,497	347,772	50,958		05			
South Bend	IN	None	372,387	693,064	2,000	None	372,387	695,064	1,067,451	157,053		05			
Wabash	IN	None	430,437	800,871	2,000	None	430,437	802,871	1,233,308	181,309		05			
Wabash	IN	None	334,923	623,488	1,500	None	334,923	624,988	959,911	141,119		05			
Warsaw	IN	None	415,275	772,713	1,500	None	415,275	774,213	1,189,488	174,695		05			
West Lafayette	IN	None	1,052,628	1,340,855	2,000	None	1,052,628	1,342,855	2,395,483	302,582		05			
Zionsville	IN	None	910,595	1,691,926	2,000	None	910,595	1,693,926	2,604,521	381,797		05			
Berea	KY	None	252,077	360,815	None	197	252,077	361,012	613,089	256,932		03			
Elizabethtown	KY	None	286,106	286,106	None	364	286,106	286,470	572,576	203,827		03			
Lebanon	KY	None	158,052	316,105	None	350	158,052	316,455	474,507	225,149		03			
Louisville	KY	None	198,926	368,014	None	211	198,926	368,225	567,151	262,083		03			
Louisville	KY	None	216,849	605,697	None	187	216,849	605,884	822,733	400,740	06/18/96	11			
Mt. Washington	KY	None	327,245	479,593	None	None	327,245	479,593	806,838	309,369	12/06/96	05			
Owensboro	KY	None	360,000	590,000	None	None	360,000	590,000	950,000	410,050		08			
Alexandria	LA	None	170,000	371,637	None	None	170,000	371,637	541,637	130,690		03			
Baton Rouge	LA	None	500,000	521,637	None	None	500,000	521,637	1,021,637	183,440		03			
Baton Rouge	LA	None	210,000	361,637	None	None	210,000	361,637	571,637	127,173		03			
Bossier City	LA	None	230,000	431,637	None	None	230,000	431,637	661,637	151,790		03			
Destrehan	LA	None	200,000	411,637	None	None	200,000	411,637	611,637	144,756		03			
Lafayette	LA	None	240,000	391,637	None	None	240,000	391,637	631,637	137,723		03			
Shreveport	LA	None	192,500	358,227	None	None	192,500	358,227	550,727	124,780		04			
Amherst	MA	None	110,969	639,806	None	None	110,969	639,806	750,775	239,927		08			
North Reading	MA	None	574,601	756,174	None	None	574,601	756,174	1,330,775	283,565		08			
Seekonk	MA	None	298,354	268,518	None	None	298,354	268,518	566,872	191,095		03			
Berlin	MD	None	255,951	387,395	None	None	255,951	387,395	643,346	151,722		03			
Crisfield	MD	None	219,704	333,024	None	None	219,704	333,024	552,728	130,427		03			
Hebron	MD	None	376,251	567,844	None	None	376,251	567,844	944,095	222,398		03			
La Plata	MD	None	1,017,544	2,706,729	None	None	1,017,544	2,706,729	3,724,273	1,123,045		08			
Mechanicsville	MD	None	1,540,335	2,860,928	None	None	1,540,335	2,860,928	4,401,263	1,206,298		06			
Millersville	MD	None	830,737	2,696,245	None	None	830,737	2,696,245	3,526,982	1,136,963		06			
Breckenridge	MI	None	437,500	811,968	1,500	None	437,500	813,468	1,250,968	169,947		10			
Carson City	MI	None	262,500	486,468	2,000	None	262,500	488,468	750,968	102,397		10			

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Charlevoix	MI	None	385,000	713,013	2,500	None	385,000	715,513	1,100,513	149,857	10
Cheboygan	MI	None	280,000	518,013	2,500	None	280,000	520,513	800,513	109,232	10
Clare	MI	None	306,250	567,718	2,000	None	306,250	569,718	875,968	119,325	10

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total				
Clare	MI	None	229,250	426,218	500	None	229,250	426,718	655,968	89,058		10/09/07
Comstock	MI	None	315,000	583,761	2,500	None	315,000	586,261	901,261	122,929		10/09/07
Farwell	MI	None	437,500	811,468	2,000	None	437,500	813,468	1,250,968	170,106		10/09/07
Flint	MI	None	194,492	476,504	None	348	194,492	476,852	671,344	325,031		12/21/95
Gladwin	MI	None	140,000	259,013	1,500	None	140,000	260,513	400,513	54,749		10/09/07
Grand Rapids	MI	None	437,500	812,261	1,500	None	437,500	813,761	1,251,261	170,008		10/09/07
Kalamazoo	MI	None	238,000	442,249	1,000	None	238,000	443,249	681,249	92,660		10/09/07
Kalkaska	MI	None	437,500	809,513	3,500	None	437,500	813,013	1,250,513	170,486		10/09/07
Lake City	MI	None	115,500	213,513	1,500	None	115,500	215,013	330,513	45,269		10/09/07
Lakeview	MI	None	96,250	177,718	2,000	None	96,250	179,718	275,968	38,075		10/09/07
Mackinaw City	MI	None	455,000	844,513	1,000	None	455,000	845,513	1,300,513	176,465		10/09/07
Mecosta	MI	None	122,500	227,468	1,000	None	122,500	228,468	350,968	47,914		10/09/07
Midland	MI	None	437,500	811,013	2,000	None	437,500	813,013	1,250,513	170,011		10/09/07
Mount Pleasant	MI	None	162,750	300,794	2,500	None	162,750	303,294	466,044	63,977		10/09/07
Mount Pleasant	MI	None	463,750	860,718	1,500	None	463,750	862,218	1,325,968	180,104		10/09/07
Mount Pleasant	MI	None	210,000	388,968	2,000	None	210,000	390,968	600,968	82,085		10/09/07
Mount Pleasant	MI	None	437,500	810,968	2,500	None	437,500	813,468	1,250,968	170,264		10/09/07
Mount Pleasant	MI	None	350,000	649,468	1,500	None	350,000	650,968	1,000,968	136,093		10/09/07
Pleasant Petoskey	MI	None	175,000	324,468	1,500	None	175,000	325,968	500,968	68,385		10/09/07
Pleasant Prudenville	MI	None	490,000	909,513	1,000	None	490,000	910,513	1,400,513	190,007		10/09/07
Pleasant Saginaw	MI	None	133,000	245,013	2,500	None	133,000	247,513	380,513	52,357		10/09/07
Pleasant Standish	MI	None	262,500	486,513	1,500	None	262,500	488,013	750,513	102,144		10/09/07
Pleasant Traverse City	MI	None	92,750	171,263	1,500	None	92,750	172,763	265,513	36,467		10/09/07
Walker	MI	None	210,000	389,002	2,000	None	210,000	391,002	601,002	82,092		10/09/07
Alexandria	MI	None	586,250	1,088,499	1,500	None	586,250	1,089,999	1,676,249	227,558		10/09/07
Andover	MN	None	132,924	244,858	2,000	None	132,924	246,858	379,782	20,413		12/01/10
Apple Valley	MN	None	888,706	1,648,454	2,000	None	888,706	1,650,454	2,539,160	135,040		12/01/10
Baxter	MN	None	350,000	648,000	2,000	None	350,000	650,000	1,000,000	53,337		12/01/10
Blaine	MN	None	350,000	648,000	2,000	None	350,000	650,000	1,000,000	53,337		12/01/10
Bloomington	MN	None	767,270	1,422,929	2,000	None	767,270	1,424,929	2,192,199	116,623		12/01/10
Bloomington	MN	None	262,500	485,500	2,000	None	262,500	487,500	750,000	40,066		12/01/10
Brainerd	MN	None	676,771	1,255,359	1,500	None	676,771	1,256,859	1,933,630	102,833		12/01/10
Brooklyn Center	MN	None	490,000	907,000	3,000	None	490,000	910,000	1,400,000	74,697		12/01/10
Brooklyn Center	MN	None	979,764	1,818,061	1,500	None	979,764	1,819,561	2,799,325	148,787		12/01/10
Brooklyn Center	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851		12/01/10
	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851		12/01/10

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Brooklyn Center											
Brooklyn Park	MN	None	830,336	1,540,052	2,000	None	830,336	1,542,052	2,372,388	126,188	12/01/10
Brooklyn Park	MN	None	578,964	1,073,220	2,000	None	578,964	1,075,220	1,654,184	88,063	12/01/10
Burnsville	MN	None	615,240	1,141,089	1,500	None	615,240	1,142,589	1,757,829	93,501	12/01/10
Burnsville	MN	None	515,298	954,981	2,000	None	515,298	956,981	1,472,279	78,407	12/01/10
Burnsville	MN	None	350,000	648,000	2,000	None	350,000	650,000	1,000,000	53,337	12/01/10
Burnsville	MN	None	932,558	1,729,892	2,000	None	932,558	1,731,892	2,664,450	141,691	12/01/10
Chaska	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851	12/01/10
Chaska	MN	None	490,000	908,000	2,000	None	490,000	910,000	1,400,000	74,570	12/01/10
Columbia Heights	MN	None	673,068	1,248,483	1,500	None	673,068	1,249,983	1,923,051	102,272	12/01/10
Coon Rapids	MN	None	490,000	908,000	2,000	None	490,000	910,000	1,400,000	74,570	12/01/10
Cottage Grove	MN	None	805,888	1,494,650	2,000	None	805,888	1,496,650	2,302,538	122,480	12/01/10

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Crystal	MN	None	552,641	1,024,332	2,000	None	552,641	1,026,332	1,578,973	84,070	12/01/10
Crystal	MN	None	740,518	1,373,248	2,000	None	740,518	1,375,248	2,115,766	112,565	12/01/10
Eagan	MN	None	906,287	1,680,604	2,500	None	906,287	1,683,104	2,589,391	137,770	12/01/10
Eagan	MN	None	699,277	1,296,658	2,000	None	699,277	1,298,658	1,997,935	106,310	12/01/10
Eden											
Prairie	MN	None	947,702	1,758,519	1,500	None	947,702	1,760,019	2,707,721	143,925	12/01/10
Eden											
Prairie	MN	None	485,526	899,690	2,000	None	485,526	901,690	1,387,216	73,891	12/01/10
Edina	MN	None	568,893	1,054,516	2,000	None	568,893	1,056,516	1,625,409	86,535	12/01/10
Elk River	MN	None	613,113	1,137,137	1,500	None	613,113	1,138,637	1,751,750	93,179	12/01/10
Elk River	MN	None	456,850	846,435	2,000	None	456,850	848,435	1,305,285	69,542	12/01/10
Excelsior	MN	None	262,500	485,500	2,000	None	262,500	487,500	750,000	40,066	12/01/10
Falcon											
Heights	MN	None	494,415	916,199	2,000	None	494,415	918,199	1,412,614	75,240	12/01/10
Farmington	MN	None	437,500	810,500	2,000	None	437,500	812,500	1,250,000	66,608	12/01/10
Forest Lake	MN	None	398,985	739,473	1,500	None	398,985	740,973	1,139,958	60,703	12/01/10
Fridley	MN	None	519,325	962,461	2,000	None	519,325	964,461	1,483,786	79,018	12/01/10
Fridley	MN	None	706,295	1,309,691	2,000	None	706,295	1,311,691	2,017,986	107,375	12/01/10
Fridley	MN	None	175,000	323,000	2,000	None	175,000	325,000	500,000	26,795	12/01/10
Golden											
Valley	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851	12/01/10
Ham Lake	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851	12/01/10
Hastings	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851	12/01/10
Inver Grove											
Hghts	MN	None	134,705	248,666	1,500	None	134,705	250,166	384,871	20,620	12/01/10
Inver Grove											
Hghts	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851	12/01/10
Lakeville	MN	None	631,855	1,171,446	2,000	None	631,855	1,173,446	1,805,301	96,085	12/01/10
Lakeville	MN	None	654,912	1,214,266	2,000	None	654,912	1,216,266	1,871,178	99,582	12/01/10
Litchfield	MN	None	388,788	720,536	1,500	None	388,788	722,036	1,110,824	59,156	12/01/10
Little Falls	MN	None	175,000	323,500	1,500	None	175,000	325,000	500,000	26,732	12/01/10
Long Lake	MN	None	808,543	1,499,579	2,000	None	808,543	1,501,579	2,310,122	122,882	12/01/10
Maplewood	MN	None	931,427	1,728,293	1,500	None	931,427	1,729,793	2,661,220	141,456	12/01/10
Maplewood	MN	None	175,000	323,000	2,000	None	175,000	325,000	500,000	26,795	12/01/10
Mendota											
Heights	MN	None	827,026	1,533,906	2,000	None	827,026	1,535,906	2,362,932	125,686	12/01/10
Mendota											
Heights	MN	None	717,808	1,331,072	2,000	None	717,808	1,333,072	2,050,880	109,121	12/01/10
Minneapolis	MN	None	967,640	1,795,045	2,000	None	967,640	1,797,045	2,764,685	147,012	12/01/10
Minneapolis	MN	None	856,122	1,587,941	2,000	None	856,122	1,589,941	2,446,063	130,099	12/01/10
Minneapolis	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851	12/01/10
Minneapolis	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851	12/01/10
Minneapolis	MN	None	938,237	1,740,440	2,000	None	938,237	1,742,440	2,680,677	142,553	12/01/10
Minneapolis	MN	None	365,977	678,171	1,500	None	365,977	679,671	1,045,648	55,696	12/01/10
Minneapolis	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851	12/01/10
Minneapolis	MN	None	738,535	1,370,064	1,500	None	738,535	1,371,564	2,110,099	112,201	12/01/10
Minneapolis	MN	None	811,510	1,505,590	1,500	None	811,510	1,507,090	2,318,600	123,269	12/01/10

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Minneapolis MN	None	539,242	999,450	2,000	None	539,242	1,001,450	1,540,692	82,038	12/01/10
Minneapolis MN	None	577,070	1,069,702	2,000	None	577,070	1,071,702	1,648,772	87,776	12/01/10
Minneapolis MN	None	175,000	323,000	2,000	None	175,000	325,000	500,000	26,795	12/01/10
Minneapolis MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851	12/01/10
Minneapolis MN	None	350,000	648,500	1,500	None	350,000	650,000	1,000,000	53,273	12/01/10
Minneapolis MN	None	759,822	1,409,597	1,500	None	759,822	1,411,097	2,170,919	115,430	12/01/10
Monticello Mounds	None	589,643	1,093,051	2,000	None	589,643	1,095,051	1,684,694	89,683	12/01/10
View New Brighton MN	None	743,926	1,379,578	2,000	None	743,926	1,381,578	2,125,504	113,082	12/01/10
Brighton MN	None	585,039	1,085,002	1,500	None	585,039	1,086,502	1,671,541	88,921	12/01/10

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
New Hope MN	None	175,000	323,500	1,500	None	175,000	325,000	500,000	26,732		12/01/10
Newport Oak Park Heights MN	None	967,228	1,794,280	2,000	None	967,228	1,796,280	2,763,508	146,950		12/01/10
Pine City MN	None	635,158	1,177,579	2,000	None	635,158	1,179,579	1,814,737	96,586		12/01/10
Princeton MN	None	644,412	1,194,265	2,500	None	644,412	1,196,765	1,841,177	98,052		12/01/10
Ramsey MN	None	546,257	1,012,476	2,000	None	546,257	1,014,476	1,560,733	83,102		12/01/10
Richfield MN	None	650,205	1,205,523	2,000	None	650,205	1,207,523	1,857,728	98,868		12/01/10
Richfield MN	None	630,540	1,169,003	2,000	None	630,540	1,171,003	1,801,543	95,885		12/01/10
Richfield MN	None	678,216	1,257,543	2,000	None	678,216	1,259,543	1,937,759	103,116		12/01/10
Richfield MN	None	436,919	809,921	1,500	None	436,919	811,421	1,248,340	66,456		12/01/10
Richfield MN	None	839,497	1,557,065	2,000	None	839,497	1,559,065	2,398,562	127,577		12/01/10
Rochester MN	None	585,831	1,085,971	2,000	None	585,831	1,087,971	1,673,802	89,104		12/01/10
Rochester MN	None	262,500	485,500	2,000	None	262,500	487,500	750,000	40,066		12/01/10
Rochester MN	None	66,848	122,146	2,000	None	66,848	124,146	190,994	10,392		12/01/10
Rochester MN	None	594,385	1,101,857	2,000	None	594,385	1,103,857	1,698,242	90,402		12/01/10
Rochester MN	None	110,113	202,995	1,500	None	110,113	204,495	314,608	16,890		12/01/10
Rogers MN	None	781,303	1,448,991	2,000	None	781,303	1,450,991	2,232,294	118,751		12/01/10
Roseville MN	None	403,786	748,387	1,500	None	403,786	749,887	1,153,673	61,431		12/01/10
Roseville MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851		12/01/10
Roseville MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851		12/01/10
Roseville MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851		12/01/10
Sauk Rapids MN	None	175,000	323,000	2,000	None	175,000	325,000	500,000	26,795		12/01/10
Savage MN	None	605,220	1,122,481	1,500	None	605,220	1,123,981	1,729,201	91,982		12/01/10
Savage MN	None	569,195	1,055,575	1,500	None	569,195	1,057,075	1,626,270	86,518		12/01/10
Savage MN	None	175,000	323,000	2,000	None	175,000	325,000	500,000	26,795		12/01/10
Shakopee MN	None	522,391	966,156	4,000	None	522,391	970,156	1,492,547	79,736		12/01/10
Shakopee MN	None	477,517	883,817	3,000	None	477,517	886,817	1,364,334	72,803		12/01/10
Shakopee MN	None	688,324	1,276,317	2,000	None	688,324	1,278,317	1,966,641	104,649		12/01/10
Shakopee MN	None	783,764	1,454,062	1,500	None	783,764	1,455,562	2,239,326	119,061		12/01/10
St. Cloud MN	None	786,129	1,458,454	1,500	None	786,129	1,459,954	2,246,083	119,420		12/01/10
St. Cloud MN	None	175,000	322,000	3,000	None	175,000	325,000	500,000	26,922		12/01/10
St. Cloud MN	None	677,052	1,255,383	2,000	None	677,052	1,257,383	1,934,435	102,940		12/01/10
St. Louis Park MN	None	175,000	323,500	1,500	None	175,000	325,000	500,000	26,732		12/01/10
St. Michael MN	None	561,604	1,040,480	2,500	None	561,604	1,042,980	1,604,584	85,493		12/01/10
St. Paul MN	None	808,755	1,500,473	1,500	None	808,755	1,501,973	2,310,728	122,851		12/01/10
St. Paul MN	None	418,774	776,223	1,500	None	418,774	777,723	1,196,497	63,704		12/01/10
St. Paul MN	None	175,000	323,500	1,500	None	175,000	325,000	500,000	26,732		12/01/10
St. Paul MN	None	832,144	1,543,409	2,000	None	832,144	1,545,409	2,377,553	126,462		12/01/10
St. Paul MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851		12/01/10
St. Paul MN	None	175,000	323,500	1,500	None	175,000	325,000	500,000	26,732		12/01/10
St. Paul MN	None	979,764	1,818,061	1,500	None	979,764	1,819,561	2,799,325	148,787		12/01/10
St. Paul MN	None	576,820	1,069,736	1,500	None	576,820	1,071,236	1,648,056	87,674		12/01/10
St. Paul MN	None	531,091	984,311	2,000	None	531,091	986,311	1,517,402	80,802		12/01/10
St. Paul MN	None	592,617	1,099,075	1,500	None	592,617	1,100,575	1,693,192	90,070		12/01/10
St. Paul MN	None	739,277	1,371,444	1,500	None	739,277	1,372,944	2,112,221	112,314		12/01/10

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St. Paul	MN	None	788,752	1,463,324	1,500	None	788,752	1,464,824	2,253,576	119,817	12/01/10
St. Paul	MN	None	950,678	1,764,046	1,500	None	950,678	1,765,546	2,716,224	144,376	12/01/10
St. Paul	MN	None	175,000	323,500	1,500	None	175,000	325,000	500,000	26,732	12/01/10
St. Paul	MN	None	262,500	486,000	1,500	None	262,500	487,500	750,000	40,003	12/01/10

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)		Initial Cost to Company Buildings, Improvements and Acquisition				Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
			Land	Fees	Improvements	Carrying Costs	Land	Fees	Total					
St. Paul	MN	None	541,547	1,004,231	1,500	None	541,547	1,005,731	1,547,278	82,325		12/0		
St. Paul	MN	None	827,608	1,535,987	1,000	None	827,608	1,536,987	2,364,595	125,647		12/0		
St. Paul	MN	None	789,790	1,464,752	2,000	None	789,790	1,466,752	2,256,542	120,038		12/0		
St. Paul Park	MN	None	979,764	1,818,061	1,500	None	979,764	1,819,561	2,799,325	148,787		12/0		
St. Paul Park	MN	None	1,925,000	3,575,000	None	None	1,925,000	3,575,000	5,500,000	291,958		12/0		
Vadnais Heights	MN	None	931,400	1,727,742	2,000	None	931,400	1,729,742	2,661,142	141,516		12/0		
West St. Paul	MN	None	979,764	1,818,061	1,500	None	979,764	1,819,561	2,799,325	148,787		12/0		
White Bear Lake	MN	None	943,945	1,751,040	2,000	None	943,945	1,753,040	2,696,985	143,418		12/0		
White Bear Lake	MN	None	860,523	1,596,113	2,000	None	860,523	1,598,113	2,458,636	130,766		12/0		
Willmar	MN	None	919,366	1,705,395	2,000	None	919,366	1,707,395	2,626,761	139,691		12/0		
Woodbury	MN	None	962,500	1,786,000	1,500	None	962,500	1,787,500	2,750,000	146,169		12/0		
Zimmerman	MN	None	979,764	1,817,561	2,000	None	979,764	1,819,561	2,799,325	148,851		12/0		
Brandon	MS	None	671,486	1,247,588	None	None	671,486	1,247,588	1,919,074	376,356		06/3		
Flowood	MS	None	437,926	813,832	None	None	437,926	813,832	1,251,758	245,507		06/3		
Flowood	MS	None	399,972	743,347	None	None	399,972	743,347	1,143,319	224,244		06/3		
Jackson	MS	None	329,904	613,221	None	None	329,904	613,221	943,125	184,989		06/3		
Jackson	MS	None	540,108	1,003,600	None	None	540,108	1,003,600	1,543,708	302,753		06/3		
Marion	MS	None	350,341	651,013	None	None	350,341	651,013	1,001,354	196,389		06/3		
Meridian	MS	None	437,926	813,671	None	None	437,926	813,671	1,251,597	245,458		06/3		
Meridian	MS	None	405,811	754,030	None	None	405,811	754,030	1,159,841	227,466		06/3		
Meridian	MS	None	145,975	271,478	None	None	145,975	271,478	417,453	81,896		06/3		
Meridian	MS	None	280,273	520,887	None	None	280,273	520,887	801,160	157,135		06/3		
Meridian	MS	None	321,146	596,794	None	None	321,146	596,794	917,940	178,044		07/1		
Newton	MS	None	467,121	867,891	None	None	467,121	867,891	1,335,012	261,814		06/3		
Pearl	MS	None	544,488	1,011,733	None	None	544,488	1,011,733	1,556,221	305,207		06/3		
Philadelphia	MS	None	472,960	878,735	None	None	472,960	878,735	1,351,695	265,085		06/3		
Southaven	MS	None	310,000	641,637	None	None	310,000	641,637	951,637	225,640		03/1		
Terry	MS	None	583,901	1,084,930	None	None	583,901	1,084,930	1,668,831	327,288		06/3		
Waveland	MS	None	180,000	331,637	None	None	180,000	331,637	511,637	116,623		03/1		
Aberdeen	NC	None	600,000	300,625	None	None	600,000	300,625	900,625	143,776		01/2		
Archdale	NC	None	410,000	731,637	None	None	410,000	731,637	1,141,637	257,290		03/1		
Banner Elk	NC	None	386,993	718,861	2,000	None	386,993	720,861	1,107,854	138,731		03/2		
Banner Elk	NC	None	355,330	660,558	1,500	None	355,330	662,058	1,017,388	127,318		03/2		
Burgaw	NC	None	198,774	369,653	1,000	None	198,774	370,653	569,427	71,324		03/2		
Burgaw Carolina	NC	None	457,356	849,377	1,500	None	457,356	850,877	1,308,233	163,509		03/2		
Beach	NC	None	457,356	848,929	2,000	None	457,356	850,929	1,308,285	163,660		03/2		
Cary	NC	None	255,064	473,349	2,500	None	255,064	475,849	730,913	91,912		03/2		
Charlotte	NC	None	300,000	291,637	None	None	300,000	291,637	591,637	102,556		03/1		
Charlotte	NC	None	640,000	581,637	None	None	640,000	581,637	1,221,637	204,540		03/1		
Durham	NC	None	720,000	851,637	None	None	720,000	851,637	1,571,637	299,490		03/1		

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Goldsboro	NC	None	460,000	740,625	None	None	460,000	740,625	1,200,625	354,242	01/2
Greensboro	NC	None	700,000	655,000	None	None	700,000	655,000	1,355,000	346,058	10/2
Greenville	NC	None	330,000	515,000	None	None	330,000	515,000	845,000	357,925	08/2
Hampstead	NC	None	562,900	1,045,971	1,000	None	562,900	1,046,971	1,609,871	200,952	03/2
Holly Ridge	NC	None	721,215	1,339,486	1,500	None	721,215	1,340,986	2,062,201	257,446	03/2
Hubert	NC	None	404,584	750,372	2,500	None	404,584	752,872	1,157,456	145,008	03/2
Jacksonville	NC	None	150,000	530,000	None	None	150,000	530,000	680,000	368,350	08/2

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)		Initial Cost to Company		Cost Capitalized		Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	Date of Construction
			Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total		
Jacksonville	NC	None	180,000	371,637	None	None	180,000	371,637	551,637	130,690	03
Jacksonville	NC	None	140,000	260,727	None	None	140,000	260,727	400,727	90,817	04
Jacksonville	NC	None	351,812	653,367	1,500	None	351,812	654,867	1,006,679	125,940	03
Kinston	NC	None	550,000	1,057,833	None	153	550,000	1,057,986	1,607,986	643,499	10
Raleigh	NC	None	740,000	791,637	None	None	740,000	791,637	1,531,637	278,390	03
Richlands	NC	None	492,537	914,735	1,500	None	492,537	916,235	1,408,772	176,035	03
Richlands	NC	None	376,439	698,103	2,500	None	376,439	700,603	1,077,042	134,989	03
Riegelwood	NC	None	0	452,416	1,500	None	0	453,916	453,916	92,631	03
Rose Hill	NC	None	198,774	369,153	1,500	None	198,774	370,653	569,427	71,466	03
Roxboro	NC	None	243,112	368,107	None	None	243,112	368,107	611,219	144,168	03
Shalotte	NC	None	492,537	914,766	1,500	None	492,537	916,266	1,408,803	176,041	03
Wallace	NC	None	0	175,408	2,000	None	0	177,408	177,408	46,987	03
Whitelake	NC	None	351,812	653,367	1,500	None	351,812	654,867	1,006,679	125,940	03
Wilmington	NC	None	228,678	424,774	1,500	None	228,678	426,274	654,952	82,126	03
Wilmington	NC	None	527,718	979,145	2,500	None	527,718	981,645	1,509,363	188,856	03
Wilmington	NC	None	351,812	653,930	1,000	None	351,812	654,930	1,006,742	125,810	03
Wilmington	NC	None	474,946	881,640	2,000	None	474,946	883,640	1,358,586	169,930	03
Wilmington	NC	None	0	351,366	2,000	None	0	353,366	353,366	119,758	03
Wilmington	NC	None	364,126	676,287	1,500	None	364,126	677,787	1,041,913	130,333	03
Wilmington	NC	None	439,765	817,271	1,000	None	439,765	818,271	1,258,036	157,117	03
Wilmington	NC	None	0	804,196	1,500	None	0	805,696	805,696	154,849	03
Wilmington	NC	None	334,222	621,320	1,000	None	334,222	622,320	956,542	119,560	03
Wilmington	NC	None	386,993	718,788	1,500	None	386,993	720,288	1,107,281	138,479	03
Wilmington	NC	None	439,765	815,793	2,500	None	439,765	818,293	1,258,058	157,547	03
Wilmington	NC	None	527,718	979,102	2,500	None	527,718	981,602	1,509,320	188,848	03
Wilmington	NC	None	334,222	620,284	2,000	None	334,222	622,284	956,506	119,837	03
Wilmington	NC	None	334,222	620,751	1,500	None	334,222	622,251	956,473	119,689	03
Winston-Salem	NC	None	320,000	311,637	None	None	320,000	311,637	631,637	109,590	03
Zebulon	NC	None	306,077	568,087	2,500	None	306,077	570,587	876,664	110,070	03
Farmingdale	NJ	None	1,459,957	2,712,264	None	None	1,459,957	2,712,264	4,172,221	1,125,550	08
Galloway	NJ	None	1,367,872	2,540,604	None	None	1,367,872	2,540,604	3,908,476	1,071,245	06
Hamilton	NJ	None	1,539,117	2,858,630	None	None	1,539,117	2,858,630	4,397,747	1,206,283	06
Millville	NJ	None	953,891	1,771,782	None	None	953,891	1,771,782	2,725,673	747,092	06
Toms River	NJ	None	1,265,861	2,351,154	None	None	1,265,861	2,351,154	3,617,015	991,757	06
Toms River	NJ	None	982,526	1,824,961	None	None	982,526	1,824,961	2,807,487	769,173	06
Albuquerque	NM	None	200,000	271,637	None	None	200,000	271,637	471,637	95,523	03
Kingston	NY	None	257,763	456,042	None	None	257,763	456,042	713,805	323,030	04
Alliance	OH	None	454,440	841,460	2,500	None	454,440	843,960	1,298,400	86,173	06
Atwater	OH	None	118,555	266,748	None	209	118,555	266,957	385,512	189,981	03
Bellefontaine	OH	None	560,000	1,039,610	2,500	None	560,000	1,042,110	1,602,110	203,922	02
Bellefontaine	OH	None	455,000	845,610	1,500	None	455,000	847,110	1,302,110	165,608	02
Columbus	OH	None	147,296	304,411	None	122	147,296	304,533	451,829	216,740	03

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Columbus	OH	None	273,085	471,693	13,088	None	273,085	484,781	757,866	322,573	12
Cuyahoga Falls	OH	None	321,792	1,144,619	None	None	321,792	1,144,619	1,466,411	440,796	03
De Graff	OH	None	302,750	561,860	2,500	None	302,750	564,360	867,110	110,760	02
Eaton	OH	None	164,588	306,934	None	None	164,588	306,934	471,522	69,057	05
Galion	OH	None	138,981	327,597	None	209	138,981	327,806	466,787	233,285	03
Groveport	OH	None	277,198	445,497	16,091	116	277,198	461,704	738,902	306,234	12

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Jackson											
Center	OH	None	367,500	682,110	2,500	None	367,500	684,610	1,052,110	134,209	02/2
Kenton	OH	None	140,000	261,462	1,000	None	140,000	262,462	402,462	46,179	08/2
Marysville	OH	None	507,500	943,110	1,500	None	507,500	944,610	1,452,110	184,621	02/2
Marysville	OH	None	700,000	1,300,610	1,500	None	700,000	1,302,110	2,002,110	254,333	02/2
Marysville	OH	None	350,000	650,610	1,500	None	350,000	652,110	1,002,110	127,583	02/2
Perrysburg	OH	None	211,678	390,680	None	134	211,678	390,814	602,492	251,105	01/10/96
Russells											
Point	OH	None	546,000	1,013,610	2,500	None	546,000	1,016,110	1,562,110	198,852	02/2
Streetsboro	OH	None	402,988	533,349	None	114	402,988	533,463	936,451	314,714	01/27/97
Tiffin	OH	None	117,017	273,040	None	209	117,017	273,249	390,266	194,458	03/0
Tipp City	OH	None	355,009	588,111	None	85	355,009	588,196	943,205	351,898	01/31/97
Wadsworth	OH	None	266,507	496,917	None	116	266,507	497,033	763,540	304,169	11/26/96
Tulsa	OK	None	126,545	508,266	None	173	126,545	508,439	634,984	316,077	06/2
Aliquippa	PA	None	226,195	452,631	None	None	226,195	452,631	678,826	162,191	01/2
Beaver	PA	None	95,626	223,368	None	None	95,626	223,368	318,994	80,038	01/2
Beaver Falls	PA	None	92,207	230,758	None	None	92,207	230,758	322,965	82,686	01/2
Cornwells											
Heights	PA	None	569,763	387,611	None	None	569,763	387,611	957,374	149,224	05/2
Doylestown	PA	None	800,134	1,226,452	None	None	800,134	1,226,452	2,026,586	472,179	05/2
East Caln	PA	None	1,722,222	576	None	None	1,722,222	576	1,722,798	226	02/2
Lansdale	PA	None	1,356,324	385,761	None	None	1,356,324	385,761	1,742,085	148,512	05/2
Penndel	PA	None	739,487	1,003,809	None	None	739,487	1,003,809	1,743,296	386,461	05/2
Perryopolis	PA	None	148,953	134,299	None	None	148,953	134,299	283,252	48,122	01/2
Philadelphia	PA	None	808,681	256,843	None	None	808,681	256,843	1,065,524	98,879	05/2
Philadelphia	PA	None	425,928	167,147	None	None	425,928	167,147	593,075	64,346	05/2
Philadelphia	PA	None	390,342	226,919	None	None	390,342	226,919	617,261	87,358	05/2
Philadelphia	PA	None	541,792	236,049	None	None	541,792	236,049	777,841	90,873	05/2
Philadelphia	PA	None	530,018	214,977	None	None	530,018	214,977	744,995	82,761	05/2
Philadelphia	PA	None	614,101	277,277	None	None	614,101	277,277	891,378	106,746	05/2
Philadelphia	PA	None	1,011,389	491,302	None	None	1,011,389	491,302	1,502,691	189,146	05/2
Philadelphia	PA	None	935,672	448,426	None	None	935,672	448,426	1,384,098	172,639	05/2
Philadelphia	PA	None	689,172	426,596	None	None	689,172	426,596	1,115,768	164,234	05/2
Philadelphia	PA	None	349,294	134,485	None	None	349,294	134,485	483,779	51,771	05/2
Philadelphia	PA	None	557,515	244,121	None	None	557,515	244,121	801,636	90,732	09/1
Pittsburgh	PA	None	497,668	320,170	None	None	497,668	320,170	817,838	114,726	01/2
Pittsburgh	PA	None	296,277	287,540	None	None	296,277	287,540	583,817	103,033	01/2
Pittsburgh	PA	None	395,417	474,741	None	None	395,417	474,741	870,158	170,113	01/2
Pittsburgh	PA	None	118,118	231,108	None	None	118,118	231,108	349,226	82,812	01/2
South Park	PA	None	252,247	436,182	None	None	252,247	436,182	688,429	156,257	01/2
Southampton	PA	None	783,279	163,721	None	None	783,279	163,721	947,000	63,027	05/2
Valencia	PA	None	440,565	278,492	None	None	440,565	278,492	719,057	99,791	01/2
Verona	PA	None	171,411	257,358	None	None	171,411	257,358	428,769	92,218	01/2
Willow Grove	PA	None	329,934	73,123	None	None	329,934	73,123	403,057	28,147	05/2
Aiken	SC	None	320,000	432,527	None	None	320,000	432,527	752,527	232,840	07/2
Aiken	SC	None	330,000	472,679	None	None	330,000	472,679	802,679	254,455	07/2
Aiken	SC	None	560,000	543,588	None	None	560,000	543,588	1,103,588	292,626	07/2

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Aiken	SC	None	360,000	542,982	None	None	360,000	542,982	902,982	292,301	07/2
Aiken	SC	None	540,000	388,058	None	None	540,000	388,058	928,058	208,900	07/2
Aiken	SC	None	250,000	251,770	None	None	250,000	251,770	501,770	135,534	07/2
Beech Island	SC	None	330,000	481,637	None	None	330,000	481,637	811,637	169,373	03/1

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Belvedere	SC	None	490,000	463,080	None	None	490,000	463,080	953,080	249,287	07/22/99
Bishopville	SC	None	191,738	356,130	1,500	None	191,738	357,630	549,368	68,970	03/27/08
Bonneau	SC	None	128,411	239,191	1,500	None	128,411	240,691	369,102	46,556	03/27/08
Camden	SC	None	269,136	499,897	1,500	None	269,136	501,397	770,533	96,525	03/27/08
Charleston	SC	None	170,000	350,000	None	None	170,000	350,000	520,000	243,250	08/25/95
Columbia	SC	None	150,000	450,000	None	None	150,000	450,000	600,000	312,750	08/25/95
Columbia	SC	None	520,000	471,637	None	None	520,000	471,637	991,637	165,856	03/18/04
Conway	SC	None	0	251,890	1,000	None	0	252,890	252,890	75,493	03/27/08
Cordova	SC	None	137,207	255,025	2,000	None	137,207	257,025	394,232	49,829	03/27/08
Eastover	SC	None	138,966	258,625	1,000	None	138,966	259,625	398,591	50,044	03/27/08
Florence	SC	None	193,497	359,413	1,500	None	193,497	360,913	554,410	69,599	03/27/08
Florence	SC	None	337,740	627,293	1,500	None	337,740	628,793	966,533	120,943	03/27/08
Goose Creek	SC	None	150,000	241,637	None	None	150,000	241,637	391,637	84,973	03/18/04
Greenville	SC	None	390,000	462,847	None	None	390,000	462,847	852,847	249,161	07/22/99
Greenville	SC	None	300,000	402,392	None	None	300,000	402,392	702,392	216,617	07/22/99
Greenville	SC	None	370,000	432,695	None	None	370,000	432,695	802,695	232,930	07/22/99
Greenville	SC	None	620,000	483,604	None	None	620,000	483,604	1,103,604	260,335	07/22/99
Greenville	SC	None	680,000	423,604	None	None	680,000	423,604	1,103,604	228,035	07/22/99
Greer	SC	None	400,000	502,879	None	None	400,000	502,879	902,879	270,712	07/22/99
Hemingway	SC	None	246,269	458,069	1,500	None	246,269	459,569	705,838	88,508	03/27/08
Hilton Head	SC	None	500,000	691,637	None	None	500,000	691,637	1,191,637	243,223	03/18/04
Hilton Head	SC	None	185,500	344,510	None	None	185,500	344,510	530,010	120,004	04/14/04
Irmo	SC	None	690,000	461,637	None	None	690,000	461,637	1,151,637	162,340	03/18/04
Jackson	SC	None	170,000	632,626	None	None	170,000	632,626	802,626	340,559	07/22/99
Kingstree	SC	None	0	301,766	2,000	None	0	303,766	303,766	84,752	03/27/08
Kingstree	SC	None	209,328	389,965	1,000	None	209,328	390,965	600,293	75,217	03/27/08
Lake City	SC	None	202,292	376,398	1,500	None	202,292	377,898	580,190	72,854	03/27/08
Lexington	SC	None	255,000	545,000	None	None	255,000	545,000	800,000	378,775	08/25/95
Lexington	SC	None	640,000	563,891	None	None	640,000	563,891	1,203,891	303,555	07/22/99
Lexington	SC	None	540,000	563,588	None	None	540,000	563,588	1,103,588	303,393	07/22/99
Lexington	SC	None	360,000	843,891	None	None	360,000	843,891	1,203,891	454,289	07/22/99
Lugoff	SC	None	200,533	372,490	1,500	None	200,533	373,990	574,523	72,105	03/27/08
Moncks Corner	SC	None	351,812	654,578	1,000	None	351,812	655,578	1,007,390	125,935	03/27/08
Mt. Pleasant Myrtle Beach	SC	None	668,443	1,241,940	1,000	None	668,443	1,242,940	1,911,383	238,512	03/27/08
Myrtle Beach	SC	None	140,725	261,942	1,000	None	140,725	262,942	403,667	50,679	03/27/08
Myrtle Beach	SC	None	492,537	913,807	2,500	None	492,537	916,307	1,408,844	176,333	03/27/08
Myrtle Beach	SC	None	527,718	980,766	1,500	None	527,718	982,266	1,509,984	188,692	03/27/08
	SC	None	703,624	1,307,326	1,000	None	703,624	1,308,326	2,011,950	251,045	03/27/08

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Myrtle Beach	SC	None	0	176,002	1,500	None	0	177,502	177,502	34,445	03/27/08
Myrtle Beach	SC	None	0	753,979	1,500	None	0	755,479	755,479	145,224	03/27/08
Myrtle Beach	SC	None	0	327,278	1,000	None	0	328,278	328,278	114,488	03/27/08
Myrtle Beach	SC	None	0	277,019	1,000	None	0	278,019	278,019	84,725	03/27/08
Augusta North	SC	None	400,000	452,777	None	None	400,000	452,777	852,777	243,741	07/22/99
Augusta North	SC	None	490,000	1,221,637	None	None	490,000	1,221,637	1,711,637	429,606	03/18/04
Charleston	SC	None	400,000	650,000	None	8	400,000	650,008	1,050,008	451,751	08/25/95
Orangeburg	SC	None	320,000	691,637	None	None	320,000	691,637	1,011,637	243,223	03/18/04
Pinewood	SC	None	325,426	605,076	1,500	None	325,426	606,576	932,002	116,684	03/27/08
Simpsonville	SC	None	530,000	573,485	None	None	530,000	573,485	1,103,485	308,720	07/22/99

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total				
Spartanburg SC	None	470,000	432,879	None	None	470,000	432,879	902,879	233,028		07/22/99	
Summerton SC	None	142,484	265,326	1,500	None	142,484	266,826	409,310	51,565		03/27/08	
Summerville SC	None	115,000	515,000	None	None	115,000	515,000	630,000	357,925		08/25/95	
Summerville SC	None	297,500	553,227	None	None	297,500	553,227	850,727	192,705		04/14/04	
Sumter SC	None	211,087	392,065	1,500	None	211,087	393,565	604,652	75,857		03/27/08	
Sumter SC	None	263,859	490,128	1,500	None	263,859	491,628	755,487	94,653		03/27/08	
Sumter SC	None	362,367	673,012	1,500	None	362,367	674,512	1,036,879	129,705		03/27/08	
Sumter SC	None	181,183	336,587	1,500	None	181,183	338,087	519,270	65,224		03/27/08	
Sumter SC	None	154,797	287,584	1,500	None	154,797	289,084	443,881	55,832		03/27/08	
Sumter SC	None	351,812	653,469	1,500	None	351,812	654,969	1,006,781	125,960		03/27/08	
Sumter SC	None	334,222	620,801	1,500	None	334,222	622,301	956,523	119,698		03/27/08	
Sumter SC	None	281,450	522,796	1,500	None	281,450	524,296	805,746	100,914		03/27/08	
Sumter SC	None	149,520	278,284	1,000	None	149,520	279,284	428,804	53,812		03/27/08	
Sumter SC	None	146,002	271,250	1,500	None	146,002	272,750	418,752	52,701		03/27/08	
Sumter SC	None	372,921	693,113	1,000	None	372,921	694,113	1,067,034	133,321		03/27/08	
Sumter SC	None	149,520	277,726	1,500	None	149,520	279,226	428,746	53,942		03/27/08	
Sumter SC	None	262,100	486,861	1,500	None	262,100	488,361	750,461	94,026		03/27/08	
Sumter SC	None	184,701	344,620	None	None	184,701	344,620	529,321	66,051		03/27/08	
West Aiken SC	None	400,000	402,665	None	None	400,000	402,665	802,665	216,764		07/22/99	
West Columbia SC	None	410,000	693,574	None	None	410,000	693,574	1,103,574	373,368		07/22/99	
West Columbia SC	None	336,000	624,727	None	None	336,000	624,727	960,727	217,611		04/14/04	
Arrington TN	None	385,000	716,242	None	None	385,000	716,242	1,101,242	263,809		10/16/03	
Athens TN	None	175,000	326,242	None	None	175,000	326,242	501,242	120,159		10/16/03	
Athens TN	None	124,179	231,860	None	None	124,179	231,860	356,039	85,395		10/16/03	
Benton TN	None	192,500	358,742	None	None	192,500	358,742	551,242	132,130		10/16/03	
Chattanooga TN	None	181,731	338,741	None	None	181,731	338,741	520,472	124,763		10/16/03	
Chattanooga TN	None	168,000	313,242	None	None	168,000	313,242	481,242	115,371		10/16/03	
Chattanooga TN	None	175,000	326,242	(79,571)	None	162,879	258,792	421,671	95,315		10/16/03	
Chattanooga TN	None	159,979	298,346	None	None	159,979	298,346	458,325	109,884		10/16/03	
Chattanooga TN	None	105,000	196,242	None	None	105,000	196,242	301,242	72,276		10/16/03	
Chattanooga TN	None	245,000	456,242	None	None	245,000	456,242	701,242	168,043		10/16/03	
Chattanooga TN	None	297,500	553,742	None	None	297,500	553,742	851,242	203,955		10/16/03	
Chattanooga TN	None	323,750	822,529	None	None	323,750	822,529	1,146,279	283,045		10/16/03	
Chattanooga TN	None	280,000	521,242	None	None	280,000	521,242	801,242	191,984		10/16/03	
Chattanooga TN	None	257,250	478,992	None	None	257,250	478,992	736,242	176,422		10/16/03	
Chattanooga TN	None	283,209	527,201	None	None	283,209	527,201	810,410	194,179		10/16/03	
Chattanooga TN	None	542,500	1,008,742	None	None	542,500	1,008,742	1,551,242	371,547		10/16/03	
Chattanooga TN	None	332,500	618,742	None	None	332,500	618,742	951,242	227,897		10/16/03	
Chattanooga TN	None	300,373	559,077	(39,679)	None	260,694	559,077	819,771	205,920		10/16/03	
Chattanooga TN	None	175,000	326,242	(24,664)	None	150,336	326,242	476,578	120,159		10/16/03	
Cleveland TN	None	110,009	205,545	None	None	110,009	205,545	315,554	75,703		10/16/03	
Cleveland TN	None	227,500	423,742	None	None	227,500	423,742	651,242	156,072		10/16/03	
Cleveland TN	None	280,000	521,242	None	None	280,000	521,242	801,242	191,984		10/16/03	
Cleveland TN	None	245,000	456,242	None	None	245,000	456,242	701,242	168,043		10/16/03	
Cleveland TN	None	157,500	293,742	None	None	157,500	293,742	451,242	108,189		10/16/03	

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Cleveland	TN	None	122,500	228,742	None	None	122,500	228,742	351,242	84,247	10/16/03
Cleveland	TN	None	300,373	559,077	None	None	300,373	559,077	859,450	205,920	10/16/03

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	
		Land	Fees	Improvements	Carrying Costs	Land	Acquisition Fees				Total
Dayton	TN	None	262,500	488,742	None	None	262,500	488,742	751,242	180,014	10/16/03
Decatur	TN	None	181,731	338,742	None	None	181,731	338,742	520,473	124,764	10/16/03
Dunlap	TN	None	315,000	586,242	None	None	315,000	586,242	901,242	215,926	10/16/03
Etowah	TN	None	192,500	358,742	None	None	192,500	358,742	551,242	132,130	10/16/03
Gallatin	TN	None	525,000	976,242	None	None	525,000	976,242	1,501,242	359,576	10/16/03
Gray	TN	None	191,151	355,563	None	None	191,151	355,563	546,714	72,889	11/29/07
Harrison	TN	None	484,313	900,680	None	None	484,313	900,680	1,384,993	331,744	10/16/03
Hixson	TN	None	271,250	504,992	None	None	271,250	504,992	776,242	185,999	10/16/03
Hixson	TN	None	513,215	954,355	None	None	513,215	954,355	1,467,570	351,515	10/16/03
Hixson	TN	None	94,500	176,742	None	None	94,500	176,742	271,242	65,094	10/16/03
Hixson	TN	None	300,373	559,077	None	None	300,373	559,077	859,450	205,920	10/16/03
Kimball	TN	None	332,500	618,742	None	None	332,500	618,742	951,242	227,897	10/16/03
Kingsport	TN	None	155,603	289,545	None	None	155,603	289,545	445,148	59,355	11/29/07
Kingsport	TN	None	310,303	576,845	None	None	310,303	576,845	887,148	118,252	10/16/03
La Vergne	TN	None	340,000	650,000	None	None	340,000	650,000	990,000	451,750	08/25/95
La Vergne	TN	None	577,500	1,073,742	(15,745)	None	561,755	1,073,742	1,635,497	395,489	10/16/03
Manchester	TN	None	266,119	495,463	None	None	266,119	495,463	761,582	182,489	10/16/03
Manchester	TN	None	281,675	524,352	None	None	281,675	524,352	806,027	193,130	10/16/03
Manchester	TN	None	319,846	595,242	None	None	319,846	595,242	915,088	219,241	10/16/03
Monteagle	TN	None	271,173	504,849	None	None	271,173	504,849	776,022	185,946	10/16/03
Mt. Juliet	TN	None	397,128	738,764	None	None	397,128	738,764	1,135,892	272,105	10/16/03
Murfreesboro	TN	None	549,500	1,021,742	None	None	549,500	1,021,742	1,571,242	376,335	10/16/03
Murfreesboro	TN	None	467,810	870,032	None	None	467,810	870,032	1,337,842	320,455	10/16/03
Murfreesboro	TN	None	300,373	559,077	None	None	300,373	559,077	859,450	205,920	10/16/03
Nashville	TN	None	498,628	927,264	None	None	498,628	927,264	1,425,892	341,536	10/16/03
Ocoee	TN	None	119,792	223,713	(11,239)	None	108,553	223,713	332,266	82,395	10/16/03
Ooltewah	TN	None	234,231	436,241	None	None	234,231	436,241	670,472	160,676	10/16/03
Ooltewah	TN	None	700,000	1,301,242	(190,623)	None	635,909	1,174,710	1,810,619	436,887	10/16/03
Ooltewah	TN	None	105,000	196,242	None	None	105,000	196,242	301,242	72,276	10/16/03
Red Bank	TN	None	350,000	651,242	None	None	350,000	651,242	1,001,242	239,868	10/16/03
Roan											
Mountain	TN	None	286,303	532,274	None	None	286,303	532,274	818,577	109,115	11/29/07
Shelbyville	TN	None	320,229	595,953	None	None	320,229	595,953	916,182	219,503	10/16/03
Smyrna	TN	None	426,466	793,251	None	None	426,466	793,251	1,219,717	292,174	10/16/03
Smyrna	TN	None	630,000	1,170,036	None	None	630,000	1,170,036	1,800,036	294,459	09/27/06
Soddy Daisy	TN	None	297,500	553,732	None	None	297,500	553,732	851,232	203,952	10/16/03
Soddy Daisy	TN	None	350,000	651,242	None	None	350,000	651,242	1,001,242	239,868	10/16/03
Soddy Daisy	TN	None	245,000	456,242	None	None	245,000	456,242	701,242	168,043	10/16/03
Sweetwater	TN	None	122,500	228,742	None	None	122,500	228,742	351,242	84,247	10/16/03
Sweetwater	TN	None	339,231	1,131,287	None	None	339,231	1,131,287	1,470,518	339,178	10/16/03
Sweetwater	TN	None	133,000	248,242	None	None	133,000	248,242	381,242	91,429	10/16/03
Abingdon	VA	None	57,847	107,997	None	None	57,847	107,997	165,844	22,138	11/29/07
Big Stone											
Gap	VA	None	527,303	979,860	None	None	527,303	979,860	1,507,163	200,870	11/29/07
Bristol	VA	None	213,369	396,824	None	None	213,369	396,824	610,193	81,347	11/29/07
Bristol	VA	None	268,303	498,845	None	None	268,303	498,845	767,148	102,262	11/29/07
Bristol	VA	None	171,156	318,428	None	None	171,156	318,428	489,584	65,276	11/29/07

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Castlewood	VA	None	387,303	720,307	None	None	387,303	720,307	1,107,610	147,661	11/29/07
Cedar Bluff	VA	None	492,303	915,307	None	None	492,303	915,307	1,407,610	187,636	11/29/07

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition				Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total					
Chatham VA	None	347,728	525,031	None	None	347,728	525,031	872,759	205,630		03/19		
Chesapeake VA	None	225,000	400,366	None	None	225,000	400,366	625,366	118,108		08/18		
Clintwood VA	None	378,553	703,610	None	None	378,553	703,610	1,082,163	144,239		11/29		
Coeburn VA	None	168,934	314,764	None	None	168,934	314,764	483,698	64,525		11/29		
Coeburn VA	None	312,303	581,021	None	None	312,303	581,021	893,324	119,108		11/29		
Coeburn VA	None	282,303	525,307	None	None	282,303	525,307	807,610	107,686		11/29		
Collinsville VA	None	84,465	130,137	None	None	84,465	130,137	214,602	50,963		03/19		
Danville VA	None	149,276	227,333	None	None	149,276	227,333	376,609	89,031		03/19		
Danville VA	None	83,644	128,884	None	None	83,644	128,884	212,528	50,473		03/19		
Danville VA	None	266,722	403,501	None	None	266,722	403,501	670,223	158,031		03/19		
Franklin VA	None	536,667	863,699	None	None	536,667	863,699	1,400,366	254,791		08/18		
Gate City VA	None	422,303	784,845	None	None	422,303	784,845	1,207,148	160,892		11/29		
Glen Allen VA	None	700,000	440,965	None	None	700,000	440,965	1,140,965	259,425		04/17		
Hampton VA	None	433,985	459,108	None	None	433,985	459,108	893,093	270,098		04/17		
Highland Springs VA	None	396,720	598,547	None	None	396,720	598,547	995,267	234,424		03/19		
Honaker VA	None	492,303	915,307	None	None	492,303	915,307	1,407,610	187,636		11/29		
Martinsville VA	None	246,820	373,653	None	None	246,820	373,653	620,473	146,340		03/19		
Martinsville VA	None	83,521	128,706	None	None	83,521	128,706	212,227	50,403		03/19		
Midlothian VA	None	325,000	302,872	None	153	325,000	303,025	628,025	186,276		08/21		
Newport News VA	None	490,616	605,304	None	None	490,616	605,304	1,095,920	326,778		01/20/00	04/17	
Norton VA	None	157,826	293,688	None	None	157,826	293,688	451,514	60,204		11/29		
Norton VA	None	457,303	849,860	None	None	457,303	849,860	1,307,163	174,220		11/29		
Norton VA	None	222,256	413,344	None	None	222,256	413,344	635,600	84,734		11/29		
Pound VA	None	256,170	476,327	None	None	256,170	476,327	732,497	97,645		11/29		
Pound VA	None	276,303	513,717	None	None	276,303	513,717	790,020	105,310		11/29		
Richlands VA	None	140,051	261,125	None	None	140,051	261,125	401,176	53,529		11/29		
Richmond VA	None	700,000	400,740	None	None	700,000	400,740	1,100,740	235,761		04/17		
Richmond VA	None	400,000	250,875	None	None	400,000	250,875	650,875	147,589		04/17		
Richmond VA	None	1,000,000	740	None	None	1,000,000	740	1,000,740	428		04/17		
Richmond VA	None	700,000	100,695	None	None	700,000	100,695	800,695	59,235		04/17		
Richmond VA	None	1,144,841	3,371,146	None	None	1,144,841	3,371,146	4,515,987	1,397,185		08/22		
Richmond VA	None	298,227	451,014	None	None	298,227	451,014	749,241	176,640		03/19		
Richmond VA	None	329,698	498,015	None	None	329,698	498,015	827,713	195,048		03/19		
Richmond VA	None	213,982	324,659	None	None	213,982	324,659	538,641	127,151		03/19		
Richmond VA	None	482,735	727,776	None	None	482,735	727,776	1,210,511	285,039		03/19		
Richmond VA	None	350,453	529,365	None	None	350,453	529,365	879,818	207,327		03/19		
Richmond VA	None	323,496	488,918	None	None	323,496	488,918	812,414	191,486		03/19		
Richmond VA	None	278,443	421,584	None	None	278,443	421,584	700,027	165,113		03/19		
Roanoke VA	None	325,000	575,366	None	None	325,000	575,366	900,366	169,733		08/18		
Rosedale VA	None	211,147	393,160	None	None	211,147	393,160	604,307	80,596		11/29		
Sandston VA	None	152,535	232,528	None	None	152,535	232,528	385,063	91,066		03/19		
South Boston VA	None	160,893	244,778	None	None	160,893	244,778	405,671	95,864		03/19		
St. Paul VA	None	334,803	622,807	None	None	334,803	622,807	957,610	127,674		11/29		
St. Paul VA	None	422,303	785,307	None	None	422,303	785,307	1,207,610	160,986		11/29		

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Stafford	VA	None	271,865	601,997	None	167	271,865	602,164	874,029	386,358	12/20
Staunton	VA	None	675,000	1,000,366	None	None	675,000	1,000,366	1,675,366	295,108	08/18
Suffolk	VA	None	700,000	1,000,366	None	None	700,000	1,000,366	1,700,366	295,108	08/18
Tazewell	VA	None	153,382	285,882	None	None	153,382	285,882	439,264	58,604	11/20

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	A
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Troutville Virginia Beach	VA	None	575,000	975,366	None	None	575,000	975,366	1,550,366	287,733	0
Warrenton	VA	None	1,194,560	2,218,773	None	None	1,194,560	2,218,773	3,413,333	935,567	0
Weber City	VA	None	515,971	649,125	None	161	515,971	649,286	1,165,257	416,594	1
Williamsburg	VA	None	369,803	687,345	None	None	369,803	687,345	1,057,148	140,904	1
Wise	VA	None	838,172	1,556,910	None	None	838,172	1,556,910	2,395,082	656,421	0
Wise	VA	None	334,803	622,360	None	None	334,803	622,360	957,163	127,582	1
Wise	VA	None	66,733	124,517	None	None	66,733	124,517	191,250	25,524	1
Wise	VA	None	527,303	979,860	None	None	527,303	979,860	1,507,163	200,870	1
Wytheville	VA	None	1,222,535	1,577,830	None	None	1,222,535	1,577,830	2,800,365	465,460	0
Yorktown	VA	None	309,435	447,144	None	None	309,435	447,144	756,579	263,054	0
Spokane	WA	None	66,150	146,921	55,528	7,650	66,150	210,099	276,249	164,748	1
East Troy	WI	None	578,813	1,072,938	2,000	None	578,813	1,074,938	1,653,751	131,141	1
Ellsworth	WI	None	175,000	323,500	1,500	None	175,000	325,000	500,000	26,732	1
Menomonie	WI	None	770,442	1,428,821	2,000	None	770,442	1,430,821	2,201,263	117,104	1
Menomonie	WI	None	175,000	323,000	2,000	None	175,000	325,000	500,000	26,795	1
Menomonie	WI	None	441,256	817,975	1,500	None	441,256	819,475	1,260,731	67,114	1
Mondovi	WI	None	175,000	323,500	1,500	None	175,000	325,000	500,000	26,732	1
Osseo	WI	None	613,373	1,136,622	2,500	None	613,373	1,139,122	1,752,495	93,345	1
<u>Crafts and novelties</u>											
Morgan Hill Rancho	CA	None	319,063	2,518,205	None	None	319,063	2,518,205	2,837,268	29,379	0
Cucamonga	CA	None	2,790,740	4,713,106	None	None	2,790,740	4,713,106	7,503,846	54,986	0
Roseville	CA	None	1,415,674	4,367,269	None	None	1,415,674	4,367,269	5,782,943	50,951	0
Temecula	CA	None	2,027,441	4,644,558	None	None	2,027,441	4,644,558	6,671,999	54,187	0
Clermont	FL	None	980,500	3,632,575	None	None	980,500	3,632,575	4,613,075	213	In-progress
Cutler Ridge	FL	None	743,498	657,485	200,746	154	743,498	858,385	1,601,883	479,600	1
Rockford	IL	None	159,587	618,398	None	211	159,587	618,609	778,196	398,888	1
Stony Brook Pleasant Hills	NY PA	None	980,000	1,801,586	5,641	232	980,000	1,807,459	2,787,459	1,008,445	0
<u>Diversified industrial</u>											
Portland	TN	10,150,000	1,481,370	10,969,189	None	None	1,481,370	10,969,189	12,450,559	127,974	0
<u>Dollar stores</u>											
Birmingham	AL	None	707,673	1,314,251	None	None	707,673	1,314,251	2,021,924	28,475	0
Birmingham	AL	None	322,861	599,600	None	None	322,861	599,600	922,461	999	1
Decatur	AL	None	301,085	559,159	None	None	301,085	559,159	860,244	12,115	0
Florence	AL	None	419,440	778,959	None	None	419,440	778,959	1,198,399	1,298	1
Huntsville	AL	None	501,318	931,020	None	None	501,318	931,020	1,432,338	20,172	0
Montgomery	AL	None	532,170	988,317	None	None	532,170	988,317	1,520,487	1,647	1

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Montgomery	AL	None	366,980	681,533	None	None	366,980	681,533	1,048,513	1,136	1
Prichard	AL	None	429,411	797,478	None	None	429,411	797,478	1,226,889	1,329	1
Atkins	AR	None	264,657	491,507	None	None	264,657	491,507	756,164	819	1
Hope	AR	None	421,413	782,623	None	None	421,413	782,623	1,204,036	16,957	0
Marianna	AR	None	230,373	427,836	None	None	230,373	427,836	658,209	713	1
Pine Bluff	AR	None	562,282	1,044,237	None	None	562,282	1,044,237	1,606,519	22,625	0
Pine Bluff	AR	None	579,851	1,076,865	None	None	579,851	1,076,865	1,656,716	1,795	1

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
West											
Helena Camp	AR	None	331,612	615,851	None	None	331,612	615,851	947,463	1,026	12/14/12
Verde Lake	AZ	None	244,826	454,678	None	None	244,826	454,678	699,504	9,851	06/01/12
Havasu	AZ	None	439,388	816,005	None	None	439,388	816,005	1,255,393	17,680	06/01/12
Phoenix	AZ	None	712,708	1,323,600	None	None	712,708	1,323,600	2,036,308	28,678	06/01/12
Phoenix	AZ	None	642,917	1,193,990	None	None	642,917	1,193,990	1,836,907	25,870	06/01/12
Phoenix	AZ	None	721,637	1,340,182	None	None	721,637	1,340,182	2,061,819	29,037	06/01/12
Phoenix	AZ	None	580,167	1,077,452	None	None	580,167	1,077,452	1,657,619	23,345	06/01/12
Tolleson	AZ	None	581,123	1,079,228	None	None	581,123	1,079,228	1,660,351	23,383	06/01/12
Tucson	AZ	None	461,061	856,257	None	None	461,061	856,257	1,317,318	18,552	06/01/12
Yuma	AZ	None	225,609	418,988	None	None	225,609	418,988	644,597	9,078	06/01/12
Federal Heights	CO	None	561,752	1,043,254	None	None	561,752	1,043,254	1,605,006	22,604	06/01/12
Federal Heights	CO	None	501,314	931,013	None	None	501,314	931,013	1,432,327	20,172	06/01/12
Bartow	FL	None	476,372	884,692	None	None	476,372	884,692	1,361,064	1,474	12/14/12
Brandon	FL	None	605,652	1,124,782	None	None	605,652	1,124,782	1,730,434	1,875	12/14/12
Cottdonale Crystal	FL	None	458,337	851,196	None	None	458,337	851,196	1,309,533	1,419	12/14/12
River Fern Park	FL	None	432,782	803,739	None	None	432,782	803,739	1,236,521	1,340	12/14/12
Gainesville	FL	None	663,492	1,232,199	None	None	663,492	1,232,199	1,895,691	2,054	12/14/12
Groveland	FL	None	491,957	913,635	None	None	491,957	913,635	1,405,592	1,523	12/14/12
Hudson	FL	None	101,782	189,258	None	189	101,782	189,447	291,229	104,574	03/31/99
Immokalee	FL	None	485,785	902,173	None	None	485,785	902,173	1,387,958	1,504	12/14/12
Jacksonville	FL	None	659,438	1,224,671	None	None	659,438	1,224,671	1,884,109	26,535	06/01/12
Jacksonville	FL	None	479,745	890,954	None	None	479,745	890,954	1,370,699	19,304	06/01/12
Jacksonville	FL	None	635,245	1,179,740	None	None	635,245	1,179,740	1,814,985	1,966	12/14/12
Jacksonville	FL	None	577,368	1,072,255	None	None	577,368	1,072,255	1,649,623	1,787	12/14/12
Jacksonville	FL	None	774,832	1,438,974	None	None	774,832	1,438,974	2,213,806	2,398	12/14/12
Jacksonville	FL	None	580,539	1,078,144	None	None	580,539	1,078,144	1,658,683	1,797	12/14/12
Jasper	FL	None	397,823	738,814	None	None	397,823	738,814	1,136,637	1,231	12/14/12
Lakeland	FL	None	342,755	636,546	None	None	342,755	636,546	979,301	13,792	06/01/12
Lakeland	FL	None	455,575	846,067	None	None	455,575	846,067	1,301,642	1,410	12/14/12
Largo	FL	None	567,646	1,054,201	None	None	567,646	1,054,201	1,621,847	1,757	12/14/12
Lehigh Acres	FL	None	560,116	1,040,215	None	None	560,116	1,040,215	1,600,331	1,734	12/14/12
Miami	FL	None	648,087	1,203,591	None	None	648,087	1,203,591	1,851,678	2,006	12/14/12
Ocala	FL	None	482,475	896,026	None	None	482,475	896,026	1,378,501	1,493	12/14/12
Opa Locka Panama	FL	None	665,870	1,236,615	None	None	665,870	1,236,615	1,902,485	26,793	06/01/12
City S Dayton	FL	None	468,060	869,253	None	None	468,060	869,253	1,337,313	1,449	12/14/12
Beach	FL	None	652,903	1,212,534	None	None	652,903	1,212,534	1,865,437	2,021	12/14/12
Seminole	FL	None	541,317	1,005,304	None	None	541,317	1,005,304	1,546,621	1,676	12/14/12
Tampa	FL	None	559,416	1,038,915	None	None	559,416	1,038,915	1,598,331	22,510	06/01/12

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Tampa	FL	None	552,447	1,025,973	None	None	552,447	1,025,973	1,578,420	22,229	06/01/12
Tampa	FL	None	549,314	1,020,154	None	None	549,314	1,020,154	1,569,468	1,700	12/14/12
Tampa	FL	None	611,153	1,134,998	None	None	611,153	1,134,998	1,746,151	1,892	12/14/12
Tampa	FL	None	634,199	1,177,799	None	None	634,199	1,177,799	1,811,998	1,963	12/14/12
Temple Terrace	FL	None	666,400	1,237,599	None	None	666,400	1,237,599	1,903,999	26,815	06/01/12
Winter Haven	FL	None	441,079	819,148	None	None	441,079	819,148	1,260,227	17,748	06/01/12
Winter Haven	FL	None	437,109	811,775	None	None	437,109	811,775	1,248,884	1,353	12/14/12
Augusta	GA	None	572,784	1,063,741	None	None	572,784	1,063,741	1,636,525	23,048	06/01/12
Augusta	GA	None	396,046	735,513	None	None	396,046	735,513	1,131,559	1,226	12/14/12
Brunswick	GA	None	525,784	976,455	None	None	525,784	976,455	1,502,239	1,627	12/14/12

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Brunswick	GA	None	374,722	695,913	None	None	374,722	695,913	1,070,635	1,160	12/14/11
Coryers	GA	None	737,753	1,370,114	None	None	737,753	1,370,114	2,107,867	29,686	06/01/11
Dawson	GA	None	413,732	768,359	None	None	413,732	768,359	1,182,091	1,281	12/14/11
Thomasville	GA	None	407,954	757,629	None	None	407,954	757,629	1,165,583	1,263	12/14/11
Warrenton	GA	None	298,668	554,669	None	None	298,668	554,669	853,337	924	12/14/11
Waycross	GA	None	417,843	775,994	None	None	417,843	775,994	1,193,837	1,293	12/14/11
Wrightsville	GA	None	274,254	509,328	None	None	274,254	509,328	783,582	849	12/14/11
Des Moines	IA	None	455,336	845,625	None	None	455,336	845,625	1,300,961	18,322	06/01/11
Mason City	IA	None	242,135	449,678	None	None	242,135	449,678	691,813	9,743	06/01/11
Calumet City	IL	None	561,828	1,043,394	None	None	561,828	1,043,394	1,605,222	22,607	06/01/11
Chicago	IL	None	759,213	1,409,966	None	None	759,213	1,409,966	2,169,179	2,350	12/14/11
Dwight	IL	None	355,224	659,701	None	None	355,224	659,701	1,014,925	1,100	12/14/11
East Saint Louis	IL	None	564,367	1,048,111	None	None	564,367	1,048,111	1,612,478	1,747	12/14/11
Galesburg	IL	None	325,959	605,353	None	None	325,959	605,353	931,312	13,116	06/01/11
Harvey	IL	None	356,530	662,127	None	None	356,530	662,127	1,018,657	1,104	12/14/11
Joliet	IL	None	396,961	737,212	None	None	396,961	737,212	1,134,173	1,229	12/14/11
Metropolis	IL	None	522,911	971,120	None	None	522,911	971,120	1,494,031	1,619	12/14/11
Peoria	IL	None	378,198	702,367	None	None	378,198	702,367	1,080,565	15,218	06/01/11
Virден	IL	None	546,679	1,015,261	None	None	546,679	1,015,261	1,561,940	1,692	12/14/11
Anderson	IN	None	634,963	1,179,216	None	None	634,963	1,179,216	1,814,179	1,965	12/14/11
Indianapolis	IN	None	454,789	844,607	None	None	454,789	844,607	1,299,396	18,300	06/01/11
New Albany	IN	None	437,343	812,209	None	None	437,343	812,209	1,249,552	1,354	12/14/11
Parker City	IN	None	266,530	494,983	None	None	266,530	494,983	761,513	10,725	06/01/11
Rockport	IN	None	203,782	378,451	None	None	203,782	378,451	582,233	631	12/14/11
South Bend	IN	None	507,845	943,140	None	None	507,845	943,140	1,450,985	1,572	12/14/11
Arma	KS	None	170,875	793,860	None	None	170,875	793,860	964,735	11,908	08/30/11
Basehor	KS	None	171,627	872,548	None	None	171,627	872,548	1,044,175	13,088	08/30/11
Burlington	KS	None	173,930	806,439	None	None	173,930	806,439	980,369	12,097	08/30/11
Cheney	KS	None	161,300	770,354	None	None	161,300	770,354	931,654	11,555	08/30/11
Cherryvale	KS	None	90,248	811,836	None	None	90,248	811,836	902,084	12,178	08/30/11
Coffeyville	KS	None	519,254	964,328	None	None	519,254	964,328	1,483,582	1,607	12/14/11
Edwardsville	KS	None	161,785	906,004	None	None	161,785	906,004	1,067,789	13,590	08/30/11
Elkhart	KS	None	119,882	848,233	None	None	119,882	848,233	968,115	12,724	08/30/11
Fort Scott	KS	None	442,309	875,130	None	None	442,309	875,130	1,317,439	7,293	10/31/11
Fredonia	KS	None	353,485	699,387	None	None	353,485	699,387	1,052,872	5,828	10/31/11
Galena	KS	None	348,023	688,581	None	None	348,023	688,581	1,036,604	5,738	10/31/11
Horton	KS	None	101,571	844,142	None	None	101,571	844,142	945,713	12,662	08/30/11
Hoxie	KS	None	338,945	670,621	None	None	338,945	670,621	1,009,566	5,589	10/31/11
Independence	KS	None	350,000	727,505	None	None	350,000	727,505	1,077,505	6,063	10/31/11
Kansas City	KS	None	577,037	1,071,640	None	None	577,037	1,071,640	1,648,677	23,219	06/01/11
Kansas City	KS	None	140,147	922,934	None	None	140,147	922,934	1,063,081	13,844	08/30/11
Lawrence	KS	None	236,948	965,247	None	None	236,948	965,247	1,202,195	14,479	08/30/11
Leavenworth	KS	None	432,608	855,938	None	None	432,608	855,938	1,288,546	7,133	10/31/11
Liberal	KS	None	344,113	680,846	None	None	344,113	680,846	1,024,959	5,674	10/31/11
Lyndon	KS	None	100,642	822,510	None	None	100,642	822,510	923,152	12,338	08/30/11
Neodesha	KS	None	124,388	867,203	None	None	124,388	867,203	991,591	13,008	08/30/11

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Newton	KS	None	110,986	873,540	None	None	110,986	873,540	984,526	13,103	08/30/1
Salina	KS	None	194,508	889,894	None	None	194,508	889,894	1,084,402	13,348	08/30/1

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Topeka	KS	None	352,665	697,766	None	None	352,665	697,766	1,050,431	5,815	10/31/12
Washington	KS	None	81,586	828,885	None	None	81,586	828,885	910,471	12,433	08/30/12
Wichita	KS	None	375,827	743,592	None	None	375,827	743,592	1,119,419	6,197	10/31/12
Wichita	KS	None	90,000	1,206,374	None	None	90,000	1,206,374	1,296,374	10,053	10/31/12
Wichita	KS	None	444,855	880,168	None	None	444,855	880,168	1,325,023	7,335	10/31/12
Wichita	KS	None	412,493	816,139	None	None	412,493	816,139	1,228,632	6,801	10/31/12
Wichita	KS	None	418,954	828,922	None	None	418,954	828,922	1,247,876	6,908	10/31/12
Louisville	KY	None	499,759	928,124	None	None	499,759	928,124	1,427,883	1,547	12/14/12
Mount Vernon	KY	None	470,619	874,008	None	None	470,619	874,008	1,344,627	1,457	12/14/12
Somerset	KY	None	456,467	847,725	None	None	456,467	847,725	1,304,192	18,367	06/01/12
Baton Rouge	LA	None	563,114	1,045,783	None	None	563,114	1,045,783	1,608,897	22,659	06/01/12
Baton Rouge	LA	None	433,213	804,539	None	None	433,213	804,539	1,237,752	1,341	12/14/12
Dixie Inn	LA	None	318,870	592,187	None	None	318,870	592,187	911,057	987	12/14/12
Dutch Town	LA	None	489,660	909,368	None	None	489,660	909,368	1,399,028	1,516	12/14/12
Hammond	LA	None	417,284	974,955	None	None	417,284	974,955	1,192,239	16,791	06/01/12
Logansport	LA	None	494,202	917,805	None	None	494,202	917,805	1,412,007	1,530	12/14/12
Minden	LA	None	339,679	630,832	None	None	339,679	630,832	970,511	13,668	06/01/12
Saint Bernard	LA	None	447,884	831,784	None	None	447,884	831,784	1,279,668	18,022	06/01/12
Shreveport	LA	None	605,336	1,124,196	None	None	605,336	1,124,196	1,729,532	24,358	06/01/12
Shreveport	LA	None	719,595	1,336,390	None	None	719,595	1,336,390	2,055,985	2,227	12/14/12
Bangor	MI	None	513,772	954,149	None	None	513,772	954,149	1,467,921	20,673	06/01/12
Battle Creek	MI	None	438,869	815,042	None	None	438,869	815,042	1,253,911	17,659	06/01/12
Beaverton	MI	None	242,135	449,678	None	None	242,135	449,678	691,813	9,743	06/01/12
Croswell	MI	None	387,461	719,571	None	None	387,461	719,571	1,107,032	15,591	06/01/12
Dearborn	MI	None	522,650	970,637	None	None	522,650	970,637	1,493,287	21,030	06/01/12
Detroit	MI	None	667,232	1,239,145	None	None	667,232	1,239,145	1,906,377	26,848	06/01/12
Flint	MI	None	510,751	948,537	None	None	510,751	948,537	1,459,288	20,552	06/01/12
Grand Rapids	MI	None	526,567	977,911	None	None	526,567	977,911	1,504,478	1,630	12/14/12
Jackson	MI	None	473,329	879,039	None	None	473,329	879,039	1,352,368	19,046	06/01/12
Jackson	MI	None	592,388	1,100,149	None	None	592,388	1,100,149	1,692,537	1,834	12/14/12
Marion	MI	None	354,869	659,042	None	None	354,869	659,042	1,013,911	1,098	12/14/12
Mount Morris	MI	None	604,949	1,123,476	None	None	604,949	1,123,476	1,728,425	1,872	12/14/12
Onaway	MI	None	510,098	947,326	None	None	510,098	947,326	1,457,424	1,579	12/14/12
Romulus	MI	None	578,474	1,074,310	None	None	578,474	1,074,310	1,652,784	23,277	06/01/12
Yale	MI	None	248,856	462,160	None	None	248,856	462,160	711,016	10,013	06/01/12
Kansas City	MO	None	443,895	824,377	None	None	443,895	824,377	1,268,272	17,862	06/01/12
Kansas City	MO	None	557,439	1,035,244	None	None	557,439	1,035,244	1,592,683	22,430	06/01/12
Kansas City	MO	None	352,739	697,913	None	None	352,739	697,913	1,050,652	5,816	10/31/12
St Louis	MO	None	647,256	1,202,046	None	None	647,256	1,202,046	1,849,302	26,044	06/01/12
Jackson	MS	None	465,674	864,824	None	None	465,674	864,824	1,330,498	18,738	06/01/12

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Jackson	MS	None	668,518	1,241,534	None	None	668,518	1,241,534	1,910,052	26,900	06/01/12
Liberty	MS	None	432,170	802,601	None	None	432,170	802,601	1,234,771	17,390	06/01/12
Vicksburg	MS	None	577,491	1,072,483	None	None	577,491	1,072,483	1,649,974	23,237	06/01/12
Durham	NC	None	442,367	821,540	None	None	442,367	821,540	1,263,907	1,369	12/14/12
Kings											
Mountain	NC	None	492,867	915,324	None	None	492,867	915,324	1,408,191	1,526	12/14/12
Lincolnton	NC	None	343,797	638,479	None	None	343,797	638,479	982,276	1,064	12/14/12
Lumberton	NC	None	459,702	853,731	None	None	459,702	853,731	1,313,433	1,423	12/14/12
Marion	NC	None	475,680	883,406	None	None	475,680	883,406	1,359,086	1,472	12/14/12

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition Improvements	Carrying Costs	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7) Buildings, Improvements and Acquisition			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	
		Land	Fees			Land	Fees	Total				
Taylorsville	NC	None	336,401	624,744	None	None	336,401	624,744	961,145	1,041		12/14
Winterville	NC	None	250,429	465,082	None	None	250,429	465,082	715,511	10,077		06/01
Lexington	NE	None	370,620	688,294	None	None	370,620	688,294	1,058,914	1,147		12/14
Nebraska City	NE	None	190,852	354,439	None	None	190,852	354,439	545,291	591		12/14
South Sioux City	NE	None	290,379	539,274	None	None	290,379	539,274	829,653	11,684		06/01
Manchester	NH	None	457,288	849,249	None	None	457,288	849,249	1,306,537	1,415		12/14
Walpole	NH	None	477,671	887,103	None	None	477,671	887,103	1,364,774	1,479		12/14
Malaga	NJ	None	513,159	953,010	None	None	513,159	953,010	1,466,169	1,588		12/14
Albuquerque	NM	None	589,570	1,094,917	None	None	589,570	1,094,917	1,684,487	23,723		06/01
Albuquerque	NM	None	281,887	523,504	None	None	281,887	523,504	805,391	11,343		06/01
Bloomfield	NM	None	458,086	850,732	None	None	458,086	850,732	1,308,818	18,433		06/01
Chama	NM	None	392,836	729,552	None	None	392,836	729,552	1,122,388	1,216		12/14
Cuba	NM	None	543,339	1,009,059	None	None	543,339	1,009,059	1,552,398	21,863		06/01
Gallup	NM	None	667,383	1,239,426	None	None	667,383	1,239,426	1,906,809	26,854		06/01
Kirtland	NM	None	688,532	1,278,703	None	None	688,532	1,278,703	1,967,235	27,705		06/01
Las Cruces	NM	None	331,422	615,497	None	None	331,422	615,497	946,919	13,336		06/01
Los Lunas	NM	None	505,257	938,335	None	None	505,257	938,335	1,443,592	20,331		06/01
Tularosa	NM	None	233,037	432,782	None	None	233,037	432,782	665,819	721		12/14
Mesquite	NV	None	225,609	418,988	None	None	225,609	418,988	644,597	9,078		06/01
Gouverneur	NY	None	485,614	901,855	None	None	485,614	901,855	1,387,469	1,503		12/14
Gowanda	NY	None	503,722	935,484	None	None	503,722	935,484	1,439,206	20,269		06/01
Schenectady	NY	None	468,077	869,287	None	None	468,077	869,287	1,337,364	1,449		12/14
Andover	OH	None	469,209	871,388	None	None	469,209	871,388	1,340,597	1,452		12/14
Blanchester	OH	None	359,899	668,383	None	None	359,899	668,383	1,028,282	1,114		12/14
Columbus	OH	None	574,968	1,067,799	None	None	574,968	1,067,799	1,642,767	23,136		06/01
Columbus	OH	None	359,083	666,868	None	None	359,083	666,868	1,025,951	14,449		06/01
Georgetown	OH	None	381,051	707,665	None	None	381,051	707,665	1,088,716	1,179		12/14
Kenton	OH	None	400,787	744,320	None	None	400,787	744,320	1,145,107	16,127		06/01
Manchester	OH	None	371,453	689,842	None	None	371,453	689,842	1,061,295	1,150		12/14
Mechanicsburg	OH	None	350,151	650,280	None	None	350,151	650,280	1,000,431	14,089		06/01
Orwell	OH	None	293,628	545,309	None	None	293,628	545,309	838,937	11,815		06/01
Peebles	OH	None	436,054	809,815	None	None	436,054	809,815	1,245,869	1,350		12/14
Ripley	OH	None	359,515	667,671	None	None	359,515	667,671	1,027,186	14,466		06/01
Warren	OH	None	505,805	939,353	None	None	505,805	939,353	1,445,158	20,353		06/01
Ardmore	OK	None	347,932	646,160	None	None	347,932	646,160	994,092	14,000		06/01
Claremore	OK	None	231,355	774,203	None	None	231,355	774,203	1,005,558	11,613		08/30
Clayton	OK	None	428,202	847,219	None	None	428,202	847,219	1,275,421	7,060		10/31
Davis	OK	None	505,183	999,530	None	None	505,183	999,530	1,504,713	8,329		10/31
Drumright	OK	None	169,840	315,418	None	None	169,840	315,418	485,258	526		12/14
Duncan	OK	None	430,448	799,403	None	None	430,448	799,403	1,229,851	1,332		12/14
Grove	OK	None	376,598	745,118	None	None	376,598	745,118	1,121,716	6,209		10/31
Haskell	OK	None	228,333	424,047	None	None	228,333	424,047	652,380	9,188		06/01
Hollis	OK	None	61,713	880,041	None	None	61,713	880,041	941,754	13,201		08/30
Hulbert	OK	None	336,767	666,310	None	None	336,767	666,310	1,003,077	5,553		10/31
Kansas	OK	None	342,548	677,749	None	None	342,548	677,749	1,020,297	5,648		10/31
Kellyville	OK	None	373,030	738,059	None	None	373,030	738,059	1,111,089	6,150		10/31

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Konawa	OK	None	344,210	681,036	None	None	344,210	681,036	1,025,246	5,675	10/31
Lawton	OK	None	435,764	862,182	None	None	435,764	862,182	1,297,946	7,185	10/31

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total				
Oklahoma City	OK	None	640,000	495,915	None	None	640,000	495,915	1,135,915	4,133		10/31/12
Oklahoma City	OK	None	318,134	590,821	None	None	318,134	590,821	908,955	985		12/14/12
Shawnee	OK	None	288,016	534,887	None	None	288,016	534,887	822,903	11,589		06/01/12
Shawnee	OK	None	342,323	677,303	None	None	342,323	677,303	1,019,626	5,644		10/31/12
Stratford	OK	None	342,426	677,506	None	None	342,426	677,506	1,019,932	5,646		10/31/12
Tulsa	OK	None	384,370	760,495	None	None	384,370	760,495	1,144,865	6,337		10/31/12
Wilson	OK	None	89,538	814,202	None	None	89,538	814,202	903,740	12,213		08/30/12
Woodward	OK	None	221,150	802,563	None	None	221,150	802,563	1,023,713	12,038		08/30/12
Myrtle Beach	SC	None	268,056	497,817	None	None	268,056	497,817	765,873	830		12/14/12
Newberry	SC	None	383,286	711,817	None	None	383,286	711,817	1,095,103	1,186		12/14/12
Mascot	TN	None	378,741	749,359	None	None	378,741	749,359	1,128,100	6,245		10/31/12
Memphis	TN	None	225,548	418,876	None	None	225,548	418,876	644,424	9,076		06/01/12
Memphis	TN	None	493,000	915,572	None	None	493,000	915,572	1,408,572	19,837		06/01/12
Memphis	TN	None	369,950	687,049	None	None	369,950	687,049	1,056,999	14,886		06/01/12
Memphis	TN	None	563,795	1,047,048	None	None	563,795	1,047,048	1,610,843	22,686		06/01/12
Memphis	TN	None	552,777	1,026,586	None	None	552,777	1,026,586	1,579,363	22,243		06/01/12
Alton	TX	None	345,945	642,468	None	None	345,945	642,468	988,413	13,920		06/01/12
Amarillo	TX	None	191,492	811,497	None	None	191,492	811,497	1,002,989	12,172		08/30/12
Amarillo	TX	None	260,864	712,639	None	None	260,864	712,639	973,503	10,690		08/30/12
Anahuac	TX	None	531,601	987,259	None	None	531,601	987,259	1,518,860	1,645		12/14/12
Arcola	TX	None	309,969	961,069	None	None	309,969	961,069	1,271,038	14,416		08/30/12
Atlanta	TX	None	401,127	793,650	None	None	401,127	793,650	1,194,777	6,614		10/31/12
Austin	TX	None	610,000	876,114	None	None	610,000	876,114	1,486,114	7,301		10/31/12
Bacliff	TX	None	557,574	1,035,495	None	None	557,574	1,035,495	1,593,069	22,436		06/01/12
Balch Springs	TX	None	588,809	1,093,502	None	None	588,809	1,093,502	1,682,311	1,823		12/14/12
Baytown	TX	None	486,394	903,304	None	None	486,394	903,304	1,389,698	19,572		06/01/12
Baytown	TX	None	447,005	830,152	None	None	447,005	830,152	1,277,157	17,987		06/01/12
Beaumont	TX	None	526,746	978,243	None	None	526,746	978,243	1,504,989	21,195		06/01/12
Beaumont	TX	None	186,877	1,007,961	None	None	186,877	1,007,961	1,194,838	15,119		08/30/12
Beeville	TX	None	382,613	710,566	None	None	382,613	710,566	1,093,179	15,396		06/01/12
Blossom	TX	None	82,320	825,297	None	None	82,320	825,297	907,617	12,379		08/30/12
Brownsville	TX	None	287,319	533,592	None	None	287,319	533,592	820,911	11,561		06/01/12
Canton Canyon	TX	None	165,267	1,358,083	None	None	165,267	1,358,083	1,523,350	20,371		08/30/12
Lake Cedar	TX	None	183,707	1,170,581	None	None	183,707	1,170,581	1,354,288	17,559		08/30/12
Creek Corpus	TX	None	183,296	933,294	None	None	183,296	933,294	1,116,590	13,999		08/30/12
Christi	TX	None	460,501	855,215	None	None	460,501	855,215	1,315,716	18,530		06/01/12
Christi	TX	None	577,037	1,071,640	None	None	577,037	1,071,640	1,648,677	23,219		06/01/12
Christi	TX	None	291,106	540,626	None	None	291,106	540,626	831,732	11,714		06/01/12

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Cotulla TX	None	919,863	1,708,316	None	None	919,863	1,708,316	2,628,179	2,847	12/14/12
Creedmoor TX	None	391,935	775,464	None	None	391,935	775,464	1,167,399	6,462	10/31/12
Crystal City TX	None	549,519	1,020,535	None	None	549,519	1,020,535	1,570,054	1,701	12/14/12
Dallas TX	None	660,890	1,227,367	None	None	660,890	1,227,367	1,888,257	26,593	06/01/12
Dallas TX	None	474,480	881,177	None	None	474,480	881,177	1,355,657	19,092	06/01/12
Del Rio TX	None	447,839	886,072	None	None	447,839	886,072	1,333,911	7,384	10/31/12
Desoto TX	None	452,327	894,952	None	None	452,327	894,952	1,347,279	7,458	10/31/12
Eagle Pass TX	None	516,608	959,416	None	None	516,608	959,416	1,476,024	20,787	06/01/12
Eagle Pass TX	None	383,327	758,431	None	None	383,327	758,431	1,141,758	6,320	10/31/12
Fort										
Stockton TX	None	465,636	864,752	None	None	465,636	864,752	1,330,388	1,441	12/14/12
Fort Worth TX	None	547,855	1,019,204	None	None	547,855	1,019,204	1,567,059	15,288	08/30/12

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and		Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Acquisition Fees	Improvements	Carrying Costs	Land	Acquisition Fees			
Fort Worth TX	None	213,683	848,314	None	None	213,683	848,314	1,061,997	12,725	08/30/12
Fort Worth TX	None	600,746	1,115,672	None	None	600,746	1,115,672	1,716,418	1,859	12/14/12
Freer TX	None	269,137	499,827	None	None	269,137	499,827	768,964	833	12/14/12
Garland TX	None	228,333	424,047	None	None	228,333	424,047	652,380	9,188	06/01/12
Grape Creek TX	None	232,999	710,940	None	None	232,999	710,940	943,939	10,664	08/30/12
Hardin TX	None	143,336	805,614	None	None	143,336	805,614	948,950	12,084	08/30/12
Harker Heights TX	None	488,753	907,685	None	None	488,753	907,685	1,396,438	19,667	06/01/12
Harker Heights TX	None	366,122	724,391	None	None	366,122	724,391	1,090,513	6,037	10/31/12
Hebbronville TX	None	481,250	893,750	None	None	481,250	893,750	1,375,000	1,490	12/14/12
Hewitt TX	None	438,118	866,838	None	None	438,118	866,838	1,304,956	7,224	10/31/12
Houston TX	None	279,181	518,479	None	None	279,181	518,479	797,660	11,234	06/01/12
Houston TX	None	434,980	807,819	None	None	434,980	807,819	1,242,799	17,503	06/01/12
Houston TX	None	429,081	796,866	None	None	429,081	796,866	1,225,947	17,265	06/01/12
Houston TX	None	490,377	910,700	None	None	490,377	910,700	1,401,077	19,732	06/01/12
Houston TX	None	453,245	896,768	None	None	453,245	896,768	1,350,013	7,473	10/31/12
Houston TX	None	500,000	1,027,118	None	None	500,000	1,027,118	1,527,118	8,559	10/31/12
Houston TX	None	430,589	851,943	None	None	430,589	851,943	1,282,532	7,100	10/31/12
Houston TX	None	467,805	868,780	None	None	467,805	868,780	1,336,585	1,448	12/14/12
Houston TX	None	610,149	1,133,135	None	None	610,149	1,133,135	1,743,284	1,889	12/14/12
Houston TX	None	474,480	881,178	None	None	474,480	881,178	1,355,658	1,469	12/14/12
Katy TX	None	436,233	863,109	None	None	436,233	863,109	1,299,342	7,193	10/31/12
Kaufman TX	None	488,687	907,561	None	None	488,687	907,561	1,396,248	19,664	06/01/12
Killeen TX	None	480,758	892,837	None	None	480,758	892,837	1,373,595	19,345	06/01/12
Killeen TX	None	409,670	810,553	None	None	409,670	810,553	1,220,223	6,755	10/31/12
Lacy Lakeview TX	None	429,768	798,141	None	None	429,768	798,141	1,227,909	17,293	06/01/12
Lake Hills TX	None	183,968	795,341	None	None	183,968	795,341	979,309	11,930	08/30/12
Lamesa TX	None	450,012	835,736	None	None	450,012	835,736	1,285,748	18,108	06/01/12
Leonard TX	None	277,575	515,496	None	None	277,575	515,496	793,071	11,169	06/01/12
Longview TX	None	435,985	809,687	None	None	435,985	809,687	1,245,672	1,349	12/14/12
Longview TX	None	473,119	878,650	None	None	473,119	878,650	1,351,769	1,464	12/14/12
Longview TX	None	150,012	278,594	None	None	150,012	278,594	428,606	464	12/14/12
Los Fresnos TX	None	533,059	989,968	None	None	533,059	989,968	1,523,027	21,449	06/01/12
Lufkin TX	None	267,700	497,158	None	None	267,700	497,158	764,858	829	12/14/12
Marshall TX	None	665,113	1,235,211	None	None	665,113	1,235,211	1,900,324	26,763	06/01/12
Midland TX	None	544,075	1,322,431	None	None	544,075	1,322,431	1,866,506	786,734	02/03/99
Midland TX	None	194,594	790,843	None	None	194,594	790,843	985,437	11,863	08/30/12
Monahans TX	None	473,723	879,770	None	None	473,723	879,770	1,353,493	1,466	12/14/12
Mt Enterprise TX	None	510,030	947,198	None	None	510,030	947,198	1,457,228	1,579	12/14/12
Nacogdoches TX	None	585,075	1,086,567	None	None	585,075	1,086,567	1,671,642	1,811	12/14/12
New Boston TX	None	226,547	420,730	None	None	226,547	420,730	647,277	9,116	06/01/12
Odessa TX	None	200,900	874,978	None	None	200,900	874,978	1,075,878	13,125	08/30/12
Odessa TX	None	393,275	795,622	None	None	393,275	795,622	1,188,897	11,934	08/30/12
Odessa TX	None	299,235	687,360	None	None	299,235	687,360	986,595	10,310	08/30/12
Onalaska TX	None	455,522	845,970	None	None	455,522	845,970	1,301,492	1,410	12/14/12

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Paris	TX	None	194,054	844,235	None	None	194,054	844,235	1,038,289	12,664	08/30/11
Pearsall	TX	None	314,465	584,006	None	None	314,465	584,006	898,471	12,653	06/01/11
Perryton	TX	None	534,489	992,623	None	None	534,489	992,623	1,527,112	1,654	12/14/11
Pharr	TX	None	506,911	941,407	None	None	506,911	941,407	1,448,318	20,397	06/01/11

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Pinehurst TX	None	392,523	776,626	None	None	392,523	776,626	1,169,149	6,472		10/31/12
Pittsburg TX	None	469,724	872,344	None	None	469,724	872,344	1,342,068	18,901		06/01/12
Port Acres TX	None	268,899	499,384	None	None	268,899	499,384	768,283	10,820		06/01/12
Port Arthur TX	None	253,535	828,487	None	None	253,535	828,487	1,082,022	12,427		08/30/12
Port Isabel TX	None	225,609	418,988	None	None	225,609	418,988	644,597	9,078		06/01/12
Port											
Neches TX	None	498,469	925,729	None	None	498,469	925,729	1,424,198	1,543		12/14/12
Porter TX	None	559,462	1,039,001	None	None	559,462	1,039,001	1,598,463	1,732		12/14/12
Progreso TX	None	200,597	372,537	None	None	200,597	372,537	573,134	621		12/14/12
Rio Vista TX	None	61,254	829,871	None	None	61,254	829,871	891,125	12,448		08/30/12
Rosenburg TX	None	408,933	759,448	None	None	408,933	759,448	1,168,381	16,455		06/01/12
Rusk TX	None	446,174	828,610	None	None	446,174	828,610	1,274,784	1,381		12/14/12
Saginaw TX	None	485,162	901,016	None	None	485,162	901,016	1,386,178	19,522		06/01/12
San Angelo TX	None	308,573	1,000,504	None	None	308,573	1,000,504	1,309,077	15,008		08/30/12
San Antonio TX	None	663,903	1,232,962	None	None	663,903	1,232,962	1,896,865	26,714		06/01/12
San Antonio TX	None	474,828	881,824	None	None	474,828	881,824	1,356,652	19,106		06/01/12
San Antonio TX	None	357,827	664,536	None	None	357,827	664,536	1,022,363	14,398		06/01/12
San Antonio TX	None	637,451	1,183,837	None	None	637,451	1,183,837	1,821,288	25,650		06/01/12
San Antonio TX	None	265,044	818,313	None	None	265,044	818,313	1,083,357	12,275		08/30/12
San Antonio TX	None	273,109	896,601	None	None	273,109	896,601	1,169,710	13,449		08/30/12
Augustine TX	None	468,018	869,176	None	None	468,018	869,176	1,337,194	1,449		12/14/12
Sattler TX	None	424,566	788,481	None	None	424,566	788,481	1,213,047	17,084		06/01/12
Schertz TX	None	300,878	558,773	None	None	300,878	558,773	859,651	12,107		06/01/12
Seminole TX	None	103,470	899,122	None	None	103,470	899,122	1,002,592	13,487		08/30/12
Sherman TX	None	242,135	449,678	None	None	242,135	449,678	691,813	9,743		06/01/12
Sullivan											
City TX	None	496,544	922,154	None	None	496,544	922,154	1,418,698	1,537		12/14/12
Temple TX	None	248,015	805,588	None	None	248,015	805,588	1,053,603	12,084		08/30/12
Temple TX	None	580,869	1,078,758	None	None	580,869	1,078,758	1,659,627	1,798		12/14/12
Texas City TX	None	238,472	973,286	None	None	238,472	973,286	1,211,758	14,599		08/30/12
Waco TX	None	527,779	980,161	None	None	527,779	980,161	1,507,940	21,237		06/01/12
Wells TX	None	141,780	840,639	None	None	141,780	840,639	982,419	12,610		08/30/12
Wichita											
Falls TX	None	297,454	552,415	None	None	297,454	552,415	849,869	11,969		06/01/12
Willis TX	None	664,432	1,233,946	None	None	664,432	1,233,946	1,898,378	26,735		06/01/12
Wills Point TX	None	417,304	774,994	None	None	417,304	774,994	1,192,298	1,292		12/14/12
Wilmer TX	None	489,576	909,212	None	None	489,576	909,212	1,398,788	1,515		12/14/12
Winnsboro TX	None	446,940	830,031	None	None	446,940	830,031	1,276,971	1,383		12/14/12
Winters TX	None	50,842	811,377	None	None	50,842	811,377	862,219	12,171		08/30/12
Kanab UT	None	563,114	1,045,783	None	None	563,114	1,045,783	1,608,897	22,659		06/01/12

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Mt											
Pleasant	UT	None	573,530	1,065,126	None	None	573,530	1,065,126	1,638,656	23,078	06/01/12
Concord	VA	None	259,997	906,036	None	None	259,997	906,036	1,166,033	13,591	08/30/12
Goshen	VA	None	80,157	831,602	None	None	80,157	831,602	911,759	12,474	08/30/12
Madison											
Heights	VA	None	276,413	936,546	None	None	276,413	936,546	1,212,959	14,048	08/30/12
Onley	VA	None	313,433	582,089	None	None	313,433	582,089	895,522	970	12/14/12
Portsmouth	VA	None	524,294	973,688	None	None	524,294	973,688	1,497,982	21,097	06/01/12
Richmond	VA	None	709,379	1,317,417	None	None	709,379	1,317,417	2,026,796	28,544	06/01/12
Roanoke	VA	None	591,344	1,098,210	None	None	591,344	1,098,210	1,689,554	23,795	06/01/12
Roanoke	VA	None	655,795	1,217,906	None	None	655,795	1,217,906	1,873,701	2,030	12/14/12
Roanoke	VA	None	478,904	889,394	None	None	478,904	889,394	1,368,298	1,482	12/14/12
Shawsville	VA	None	334,624	1,066,596	None	None	334,624	1,066,596	1,401,220	15,999	08/30/12

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Ac
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Stanleytown VA	None	359,846	668,286	None	None	359,846	668,286	1,028,132	1,114		12
Victoria VA	None	194,099	914,642	None	None	194,099	914,642	1,108,741	13,720		08
Eagle River WI	None	208,955	388,060	None	None	208,955	388,060	597,015	647		12
Milwaukee WI	None	538,419	999,922	None	None	538,419	999,922	1,538,341	21,665		06
Spooner WI	None	564,022	1,047,470	None	None	564,022	1,047,470	1,611,492	22,695		06
Huntington WV	None	376,119	698,508	None	None	376,119	698,508	1,074,627	1,164		12
Cheyenne WY	None	521,603	968,690	None	None	521,603	968,690	1,490,293	20,988		06
Cheyenne WY	None	564,022	1,047,470	None	None	564,022	1,047,470	1,611,492	22,695		06
Drug stores											
Montgomery AL	None	1,150,000	1,479,627	None	None	1,150,000	1,479,627	2,629,627	466,090		02
Tucson AZ	None	959,875	2,350,208	None	None	959,875	2,350,208	3,310,083	35,253		08
Bakersfield CA	None	0	3,501,678	None	None	0	3,501,678	3,501,678	682,826		02
Encinitas CA	None	0	3,751,713	None	None	0	3,751,713	3,751,713	731,583		02
Indio CA	None	2,205,539	4,096,524	None	None	2,205,539	4,096,524	6,302,063	798,821		02
Sacramento CA	None	1,490,000	3,473,583	None	None	1,490,000	3,473,583	4,963,583	306,833		10
Tracy CA	None	2,467,993	4,584,246	None	None	2,467,993	4,584,246	7,052,239	924,489		12
Colorado											
Springs CO	None	1,025,000	1,645,371	None	79	1,025,000	1,645,450	2,670,450	518,297		02
Fort Collins CO	None	1,100,000	1,385,014	None	79	1,100,000	1,385,093	2,485,093	436,284		02
Casselberry FL	None	1,075,020	1,664,284	None	None	1,075,020	1,664,284	2,739,304	951,443		09
Milton FL	None	500,000	1,774,311	None	None	500,000	1,774,311	2,274,311	156,731		10
Adel GA	None	500,000	1,056,116	None	None	500,000	1,056,116	1,556,116	325,630		04
Blackshear GA	None	430,000	1,005,393	None	None	430,000	1,005,393	1,435,393	309,990		04
Bowdon GA	None	410,000	1,010,615	None	None	410,000	1,010,615	1,420,615	311,600		04
Cairo GA	None	330,000	1,152,243	None	None	330,000	1,152,243	1,482,243	355,269		04
Quitman GA	None	730,000	856,586	None	None	730,000	856,586	1,586,586	269,816		02
Blackfoot ID	None	560,000	1,932,186	None	None	560,000	1,932,186	2,492,186	608,630		02
Burley ID	None	700,000	2,011,543	None	None	700,000	2,011,543	2,711,543	633,627		02
Chubbuck ID	None	890,000	1,267,183	None	None	890,000	1,267,183	2,157,183	399,154		02
Chicago IL	None	1,589,068	2,841,507	None	None	1,589,068	2,841,507	4,430,575	61,566		06
Maryville IL	None	780,685	2,344,436	None	None	780,685	2,344,436	3,125,121	168,018		03
Troy IL	None	768,515	1,991,358	None	None	768,515	1,991,358	2,759,873	142,714		03
Hammond IN	None	667,821	2,656,839	None	None	667,821	2,656,839	3,324,660	75,277		04
Salem IN	None	0	2,351,296	None	None	0	2,351,296	2,351,296	599,580		08
Elkton MD	None	1,751,013	3,252,546	None	None	1,751,013	3,252,546	5,003,559	634,245		02
Laurel MD	None	0	2,400,696	None	None	0	2,400,696	2,400,696	612,177		08
Portland ME	None	2,100,849	3,902,402	None	None	2,100,849	3,902,402	6,003,251	786,983		12
Gladwin MI	None	1,365,747	2,536,910	None	None	1,365,747	2,536,910	3,902,657	494,697		02
Metamora MI	None	859,139	2,291,557	None	None	859,139	2,291,557	3,150,696	584,347		08
Dellwood MO	None	766,461	2,438,272	None	None	766,461	2,438,272	3,204,733	174,743		03
St. Louis MO	None	744,817	2,300,087	None	None	744,817	2,300,087	3,044,904	164,840		03
Wildwood MO	None	681,200	2,649,759	None	None	681,200	2,649,759	3,330,959	189,899		03
Carson City NV	None	800,000	2,770,950	None	None	800,000	2,770,950	3,570,950	872,841		02
Reno NV	None	1,100,000	2,602,911	None	175	1,100,000	2,603,086	3,703,086	819,932		02

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Reno	NV	None	850,000	2,306,647	None	None	850,000	2,306,647	3,156,647	726,585	02
Sparks	NV	None	1,000,000	2,271,513	None	None	1,000,000	2,271,513	3,271,513	715,518	02
Sun Valley	NV	None	550,000	2,678,380	None	None	550,000	2,678,380	3,228,380	843,681	02
Cortland	OH	None	1,440,000	1,364,725	1,250	None	1,440,000	1,365,975	2,805,975	430,416	02
Madison	OH	None	580,000	1,272,742	None	None	580,000	1,272,742	1,852,742	392,423	02

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Mayfield Heights	OH	None	0	2,703,730	None	None	0	2,703,730	2,703,730	527,227	
Warren	OH	None	960,000	1,326,083	None	None	960,000	1,326,083	2,286,083	417,707	
Warren	OH	None	800,000	1,241,503	None	None	800,000	1,241,503	2,041,503	391,065	
Willowick	OH	None	530,000	1,241,308	None	None	530,000	1,241,308	1,771,308	382,731	
Beaver	PA	None	1,933,000	3,003,160	None	None	1,933,000	3,003,160	4,936,160	605,637	
Delmont	PA	None	720,000	1,246,023	10,475	None	720,000	1,256,498	1,976,498	397,465	
Gettysburg	PA	None	0	2,500,750	None	None	0	2,500,750	2,500,750	637,691	
Girard	PA	None	0	1,352,590	555,016	None	0	1,907,606	1,907,606	873,033	
Johnstown	PA	None	250,000	2,593,436	None	None	250,000	2,593,436	2,843,436	816,924	
Johnstown	PA	None	600,000	2,010,255	None	None	600,000	2,010,255	2,610,255	633,222	
Murrysville	PA	None	710,000	1,666,912	None	None	710,000	1,666,912	2,376,912	525,065	
Oakdale	PA	None	1,255,750	2,995,001	None	None	1,255,750	2,995,001	4,250,751	763,725	
Philadelphia	PA	None	0	3,803,732	None	None	0	3,803,732	3,803,732	741,726	
Reading	PA	None	1,400,000	3,304,996	None	None	1,400,000	3,304,996	4,704,996	644,473	
Saint Marys	PA	None	1,663,632	3,090,403	None	None	1,663,632	3,090,403	4,754,035	623,231	
Slippery Rock	PA	None	0	1,295,495	622,721	None	0	1,918,216	1,918,216	870,585	
West Norriton	PA	None	0	3,603,611	None	None	0	3,603,611	3,603,611	702,703	
Wexford	PA	None	2,300,000	2,606,080	None	None	2,300,000	2,606,080	4,906,080	508,185	
Yeadon	PA	None	0	3,253,285	None	None	0	3,253,285	3,253,285	656,079	
Fredericksburg	VA	None	0	2,901,815	None	None	0	2,901,815	2,901,815	565,852	
Buckhannon	WV	None	1,716,898	3,189,190	None	None	1,716,898	3,189,190	4,906,088	621,890	
Education											
Peoria	AZ	None	281,750	625,779	69,854	32,530	281,750	728,163	1,009,913	678,442	
Corona	CA	None	144,856	671,584	None	26,846	144,856	698,430	843,286	677,820	
Santee	CA	None	248,418	551,748	37,230	29,831	248,418	618,809	867,227	552,811	
Coconut Creek	FL	None	310,111	1,243,682	None	None	310,111	1,243,682	1,553,793	665,657	08/02/9
Las Vegas	NV	None	1,080,444	3,346,772	None	73	1,080,444	3,346,845	4,427,289	1,980,100	
Beaverton	OR	None	135,148	626,647	None	26,935	135,148	653,582	788,730	632,245	
Arlington	TX	None	195,650	387,355	851	2,816	195,650	391,022	586,672	339,196	
Austin	TX	None	238,000	528,604	90,133	24,911	238,000	643,648	881,648	542,152	
Coppell	TX	None	208,641	463,398	32,562	147	208,641	496,107	704,748	471,921	
Mesquite	TX	None	1,049,287	1,949,085	211,064	64,012	1,049,287	2,224,161	3,273,448	964,943	
Missouri City	TX	None	221,025	437,593	248,454	128	221,025	686,175	907,200	397,746	
Southlake	TX	None	228,279	511,750	None	25,453	228,279	537,203	765,482	435,365	
Sugar Land	TX	None	1,600,000	6,300,995	None	None	1,600,000	6,300,995	7,900,995	1,648,757	
Chantilly	VA	None	688,917	3,208,607	None	None	688,917	3,208,607	3,897,524	1,680,324	05/07/9
Kingstowne	VA	None	300,000	1,191,396	None	None	300,000	1,191,396	1,491,396	597,985	08/22/0
Entertainment											
Riverside	CA	None	7,800,000	130	(416,985)	None	7,383,015	130	7,383,145	52	
Vista	CA	None	2,300,000	22	None	None	2,300,000	22	2,300,022	12	
Dania	FL	None	8,272,080	1,713	None	36	8,272,080	1,749	8,273,829	949	
Marietta	GA	None	1,500,000	768	None	None	1,500,000	768	1,500,768	339	
Norcross	GA	None	1,600,000	768	None	None	1,600,000	768	1,600,768	339	
Greensboro	NC	None	4,000,000	463	None	None	4,000,000	463	4,000,463	186	

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Omaha	NE	None	1,956,296	3,949,402	142,904	70,143	1,956,296	4,162,449	6,118,745	2,489,166
Brookhaven	NY	None	1,500,000	745	None	None	1,500,000	745	1,500,745	401
Riverhead	NY	None	6,200,000	744	None	None	6,200,000	744	6,200,744	400

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized		Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	Date of Construction
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total		
<u>Equipment</u>										
<u>services</u>										
Lake Worth	FL	None	679,079	1,262,568	None	None	679,079	1,262,568	1,941,647	477,672
Sanford	NC	8,358,520	226,784	15,056,005	None	None	226,784	15,056,005	15,282,789	175,653
Elko	NV	None	1,401,115	10,342,501	9,281	None	1,401,115	10,351,782	11,752,897	741,341
Lewisville	TX	None	1,010,134	1,877,384	None	None	1,010,134	1,877,384	2,887,518	710,277
<u>Financial</u>										
<u>services</u>										
Phoenix	AZ	None	245,137	456,324	None	None	245,137	456,324	701,461	88,983
Canon City Colorado	CO	None	66,500	147,699	None	None	66,500	147,699	214,199	147,699
Springs	CO	None	313,250	695,730	40,500	79	313,250	736,309	1,049,559	736,243
Clearwater	FL	None	476,179	725,023	10,154	224	476,179	735,401	1,211,580	411,236
Orlando	FL	None	532,556	940,177	None	None	532,556	940,177	1,472,733	242,846
Hinesville	GA	None	172,611	383,376	23,850	18,118	172,611	425,344	597,955	401,098
Coeur D Alene	ID	None	165,900	368,468	None	None	165,900	368,468	534,368	368,468
Quincy	MA	None	289,121	539,719	50,595	15,595	289,121	605,909	895,030	117,471
Blue Springs	MO	None	222,569	494,333	None	None	222,569	494,333	716,902	462,897
Albuquerque	NM	None	80,500	178,794	8,003	299	80,500	187,096	267,596	182,994
Santa Fe	NM	None	70,000	155,473	None	295	70,000	155,768	225,768	155,768
Columbus	OH	None	214,737	85,425	25,900	5,335	214,737	116,660	331,397	36,492
Dublin	OH	None	2,399,969	17,044,099	None	None	2,399,969	17,044,099	19,444,068	1,221,494
Pasadena	TX	None	385,199	716,468	None	None	385,199	716,468	1,101,667	139,711
Madison	WI	None	154,375	287,794	None	None	154,375	287,794	442,169	56,120
Milwaukee	WI	None	265,985	495,071	None	None	265,985	495,071	761,056	96,539
<u>Food</u>										
<u>processing</u>										
Cedar Rapids	IA	29,307,500	1,784,980	36,815,951	None	None	1,784,980	36,815,951	38,600,931	429,519
St. Louis	MO	8,779,966	3,112,401	32,725,202	None	147	3,112,401	32,725,349	35,837,750	1,909,012
Weldon Springs	MO	None	3,675,034	13,827,581	None	None	3,675,034	13,827,581	17,502,615	944,885
Memphis	TN	None	1,568,476	12,746,033	None	None	1,568,476	12,746,033	14,314,509	8,079
<u>General</u>										
<u>merchandise</u>										
Canon City	CO	None	339,045	630,531	None	None	339,045	630,531	969,576	154,480
Monte Vista	CO	None	47,652	582,159	None	None	47,652	582,159	629,811	326,993
Orange Park	FL	None	478,314	618,348	163,348	27,981	478,314	809,677	1,287,991	385,624
Clarinda	IA	None	439,267	816,010	None	None	439,267	816,010	1,255,277	216,243
Garnett	KS	None	59,690	518,121	None	None	59,690	518,121	577,811	291,025
Hillsboro	KS	None	335,292	622,914	None	None	335,292	622,914	958,206	165,072
Phillipsburg	KS	None	423,725	787,146	None	None	423,725	787,146	1,210,871	208,594
Caledonia	MN	None	89,723	559,300	None	None	89,723	559,300	649,023	314,157

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Long Prarie	MN	None	88,892	553,997	None	None	88,892	553,997	642,889	311,176
Paynesville	MN	None	49,483	525,406	None	None	49,483	525,406	574,889	295,118
Spring Valley	MN	None	69,785	579,238	None	None	69,785	579,238	649,023	325,356
Warroad	MN	None	70,000	580,000	None	None	70,000	580,000	650,000	325,767
Independence	MO	None	210,643	467,844	None	None	210,643	467,844	678,487	438,092
Kansas City	MO	None	210,070	466,571	None	146	210,070	466,717	676,787	460,018
Kansas City	MO	None	168,350	373,910	None	146	168,350	374,056	542,406	368,687
Willow Springs	MO	None	416,494	773,718	None	None	416,494	773,718	1,190,212	205,035

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition					Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Mayville	ND	None	59,333	565,562	None	None	59,333	565,562	624,895	317,689	12/01/00
Ainsworth	NE	None	362,675	673,768	None	None	362,675	673,768	1,036,443	178,549	09/01/00
Imperial	NE	None	388,599	721,914	None	None	388,599	721,914	1,110,513	188,901	06/01/00
Bloomfield	NM	None	59,559	616,252	None	None	59,559	616,252	675,811	346,142	12/01/00
Milwaukie	OR	None	180,250	400,336	49,088	23,867	180,250	473,291	653,541	443,041	08/01/00
Memphis	TN	None	197,708	507,647	17,670	23,118	197,708	548,435	746,143	309,984	09/01/00
Amarillo	TX	None	140,000	419,734	None	173	140,000	419,907	559,907	407,871	09/01/00
Coleman	TX	None	243,060	451,661	None	None	243,060	451,661	694,721	119,690	09/01/00
Colorado City	TX	None	92,535	505,276	None	None	92,535	505,276	597,811	283,810	12/01/00
Devine	TX	None	212,408	394,735	None	None	212,408	394,735	607,143	104,605	09/01/00
Presidio	TX	None	407,657	757,362	None	None	407,657	757,362	1,165,019	200,701	09/01/00
Winnsboro	TX	None	79,280	1,299,056	None	None	79,280	1,299,056	1,378,336	318,458	10/19/06
Yoakum	TX	None	390,147	724,821	None	None	390,147	724,821	1,114,968	192,078	09/01/00
Puyallup	WA	None	173,250	384,795	None	22,814	173,250	407,609	580,859	396,773	09/01/00
Redmond	WA	None	196,000	435,317	42,356	29,173	196,000	506,846	702,846	457,004	09/01/00
Tacoma	WA	None	189,000	419,777	None	19,146	189,000	438,923	627,923	429,988	09/01/00

Grocery

stores

Mesa	AZ	None	807,252	1,499,183	None	None	807,252	1,499,183	2,306,435	62,466	12/01/00
Phoenix	AZ	None	664,796	1,234,621	None	None	664,796	1,234,621	1,899,417	51,443	12/01/00
Phoenix	AZ	None	546,083	1,014,153	None	None	546,083	1,014,153	1,560,236	42,256	12/01/00
Yuma	AZ	None	783,510	1,455,089	None	None	783,510	1,455,089	2,238,599	60,629	12/01/00
Buena Park	CA	None	2,136,844	3,968,425	None	None	2,136,844	3,968,425	6,105,269	165,351	12/01/00
Burbank	CA	None	2,193,827	4,074,250	None	None	2,193,827	4,074,250	6,268,077	169,760	12/01/00
Carson	CA	None	949,709	1,763,744	None	None	949,709	1,763,744	2,713,453	73,489	12/01/00
Chula Vista	CA	None	1,044,679	1,940,119	None	None	1,044,679	1,940,119	2,984,798	80,838	12/01/00
Cloverdale	CA	None	1,505,000	2,795,321	None	None	1,505,000	2,795,321	4,300,321	1,038,927	09/01/00
El Centro	CA	None	394,903	733,392	None	None	394,903	733,392	1,128,295	30,558	12/01/00
Fortuna	CA	None	1,190,000	2,210,308	None	None	1,190,000	2,210,308	3,400,308	821,498	09/01/00
Glendale	CA	None	3,270,797	6,074,336	None	None	3,270,797	6,074,336	9,345,133	253,097	12/01/00
Hanford	CA	None	1,234,621	2,292,868	None	None	1,234,621	2,292,868	3,527,489	95,536	12/01/00
Inglewood	CA	None	1,661,990	3,086,553	None	None	1,661,990	3,086,553	4,748,543	128,606	12/01/00
Los Angeles	CA	None	712,282	1,322,809	None	None	712,282	1,322,809	2,035,091	55,117	12/01/00
Los Angeles	CA	None	1,424,563	2,645,617	None	None	1,424,563	2,645,617	4,070,180	110,234	12/01/00
Los Angeles	CA	None	1,576,516	2,927,816	None	None	1,576,516	2,927,816	4,504,332	121,992	12/01/00
Los Angeles	CA	None	1,638,247	3,042,460	None	None	1,638,247	3,042,460	4,680,707	126,769	12/01/00
Los Angeles	CA	None	1,994,388	3,703,864	None	None	1,994,388	3,703,864	5,698,252	154,328	12/01/00
Los Angeles	CA	None	3,111,111	5,777,778	None	None	3,111,111	5,777,778	8,888,889	240,741	12/01/00
Monrovia	CA	None	1,139,650	2,116,494	None	None	1,139,650	2,116,494	3,256,144	88,187	12/01/00
North Hollywood	CA	None	4,036,263	7,495,917	None	None	4,036,263	7,495,917	11,532,180	312,330	12/01/00
Oakland	CA	None	2,374,272	4,409,361	None	None	2,374,272	4,409,361	6,783,633	183,723	12/01/00
Pacoima	CA	None	949,709	1,763,744	None	None	949,709	1,763,744	2,713,453	73,489	12/01/00
Pasadena	CA	None	2,113,102	3,924,331	None	None	2,113,102	3,924,331	6,037,433	163,514	12/01/00

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Redlands	CA	None	1,187,136	2,204,680	None	None	1,187,136	2,204,680	3,391,816	91,862	12
Redondo											
Beach	CA	None	1,306,667	2,426,666	None	None	1,306,667	2,426,666	3,733,333	101,111	12
Redwood											
City	CA	None	1,638,247	3,042,460	None	None	1,638,247	3,042,460	4,680,707	126,769	12
Riverside	CA	None	1,068,422	1,984,213	None	None	1,068,422	1,984,213	3,052,635	82,676	12
Sacramento	CA	None	759,767	1,410,995	None	None	759,767	1,410,995	2,170,762	58,791	12
Sacramento	CA	None	1,139,650	2,116,494	None	None	1,139,650	2,116,494	3,256,144	88,187	12

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)		Initial Cost to Company		Cost Capitalized		Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	Date of Construction	Ac
			Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Salinas	CA	None	1,044,679	1,940,119	None	None	1,044,679	1,940,119	2,984,798	80,838		12
San Diego	CA	None	1,633,333	3,033,334	None	None	1,633,333	3,033,334	4,666,667	126,389		12
Stockton Thousand	CA	None	1,424,563	2,645,617	None	None	1,424,563	2,645,617	4,070,180	110,234		12
Oaks	CA	None	2,018,131	3,747,957	None	None	2,018,131	3,747,957	5,766,088	156,165		12
Boulder	CO	None	426,675	1,199,508	None	91,534	426,675	1,291,042	1,717,717	1,123,741		01
Brandon	FL	None	2,570,000	676,996	None	154	2,570,000	677,150	3,247,150	59,848		10
Tampa Council	FL	None	2,610,000	5,769,576	2,937	None	2,610,000	5,772,513	8,382,513	510,527		10
Bluffs	IA	None	255,217	117,792	47,188	37	255,217	165,017	420,234	105,977		11
Warsaw	IN	None	2,140,000	4,689,646	None	None	2,140,000	4,689,646	6,829,646	1,102,055		02
Reno	NV	None	456,000	562,344	19,733	30,746	456,000	612,823	1,068,823	587,986		05
Reno	NV	None	721,365	1,339,679	None	None	721,365	1,339,679	2,061,044	55,820		12
Bartlesville	OK	None	1,650,000	1,573,823	1,000	None	1,650,000	1,574,823	3,224,823	139,201		10
Norman	OK	None	1,580,000	1,900,618	1,000	None	1,580,000	1,901,618	3,481,618	168,068		10
Norman	OK	None	3,000,000	2,474,669	1,000	None	3,000,000	2,475,669	5,475,669	218,657		10
Stillwater	OK	None	2,590,000	2,472,123	1,000	None	2,590,000	2,473,123	5,063,123	218,551		10
Tulsa	OK	None	1,550,000	203,990	None	None	1,550,000	203,990	1,753,990	18,019		10
Tulsa	OK	None	2,000,000	753,609	None	None	2,000,000	753,609	2,753,609	66,569		10
Tulsa	OK	None	1,850,000	1,785,277	None	None	1,850,000	1,785,277	3,635,277	157,699		10
Tulsa	OK	None	1,700,000	978,092	None	None	1,700,000	978,092	2,678,092	86,398		10
Tulsa	OK	None	2,900,000	1,197,386	None	None	2,900,000	1,197,386	4,097,386	105,769		10
Tulsa	OK	None	3,000,000	3,485,618	1,000	None	3,000,000	3,486,618	6,486,618	308,076		10
Central												
Point	OR	None	840,000	1,560,308	None	None	840,000	1,560,308	2,400,308	579,914		09
Pendleton	OR	None	546,083	1,014,153	None	None	546,083	1,014,153	1,560,236	42,256		12
Phoenix	OR	None	840,000	1,560,308	None	None	840,000	1,560,308	2,400,308	579,914		09
Rapid City	SD	None	2,140,000	1,465,451	None	None	2,140,000	1,465,451	3,605,451	129,448		10
Richland	WA	None	1,756,961	3,262,927	None	None	1,756,961	3,262,927	5,019,888	135,955		12
Sheboygan	WI	None	1,513,216	4,427,968	18,817	172	1,513,216	4,446,957	5,960,173	2,378,686	06/03/99	08
Health												
and												
fitness												
Paradise												
Valley	AZ	None	2,608,389	3,418,783	None	None	2,608,389	3,418,783	6,027,172	1,487,137	06/06/02	06
Phoenix	AZ	None	2,100,000	6,556,542	None	None	2,100,000	6,556,542	8,656,542	90,555	In-progress	06
Antioch	CA	None	5,375,000	9,982,143	None	None	5,375,000	9,982,143	15,357,143	515,744		09
Bakersfield	CA	None	2,259,649	4,698,845	None	None	2,259,649	4,698,845	6,958,494	242,774		09
Bakersfield	CA	None	3,260,933	6,056,019	None	None	3,260,933	6,056,019	9,316,952	312,894		09
Ceres	CA	None	2,145,750	3,984,963	None	None	2,145,750	3,984,963	6,130,713	205,890		09
Chula Vista	CA	None	4,226,250	7,848,750	None	None	4,226,250	7,848,750	12,075,000	876,444		03
Diamond												
Bar	CA	None	3,038,879	5,494,141	None	882	3,038,879	5,495,023	8,533,902	2,344,638	03/21/00	09
Fairfield	CA	None	836,500	1,553,500	None	None	836,500	1,553,500	2,390,000	12,946		10
Los Banos	CA	None	1,378,343	2,559,779	None	None	1,378,343	2,559,779	3,938,122	132,255		09

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Merced	CA	None	910,000	1,690,000	None	None	910,000	1,690,000	2,600,000	14,083	10
Norco	CA	None	1,247,243	4,907,430	None	130	1,247,243	4,907,560	6,154,803	1,996,284	12/13/00 06
Shingle Springs	CA	None	1,575,000	2,925,000	None	None	1,575,000	2,925,000	4,500,000	24,375	10
Stockton	CA	None	2,320,442	4,309,392	None	None	2,320,442	4,309,392	6,629,834	222,652	09
Stockton	CA	None	1,602,459	2,975,994	None	None	1,602,459	2,975,994	4,578,453	153,760	09
Stockton	CA	None	509,091	945,454	None	None	509,091	945,454	1,454,545	11,030	09
Tracy	CA	None	556,906	1,034,254	None	None	556,906	1,034,254	1,591,160	53,436	09
Tracy	CA	None	3,228,902	5,996,532	None	None	3,228,902	5,996,532	9,225,434	309,821	09
Vacaville	CA	None	1,575,000	2,925,000	None	None	1,575,000	2,925,000	4,500,000	24,375	10
Vallejo	CA	None	756,000	1,404,000	None	None	756,000	1,404,000	2,160,000	11,700	10

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized		Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	Date of Construction	
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Casselberry	FL	None	1,979,598	8,256,394	14,554	167,804	1,979,598	8,438,752	10,418,350	4,033,977	12/30/03
Hialeah	FL	None	2,104,393	3,910,500	None	None	2,104,393	3,910,500	6,014,893	905,916	
Miami	FL	None	3,115,101	5,670,715	None	106	3,115,101	5,670,821	8,785,922	2,270,083	05/19/00
Oakland Park	FL	None	2,800,000	2,196,480	None	None	2,800,000	2,196,480	4,996,480	915,391	07/06/01
Orlando Pembroke	FL	None	2,144,778	3,755,905	None	None	2,144,778	3,755,905	5,900,683	1,374,140	08/07/03
Pines	FL	None	1,714,388	4,387,824	None	None	1,714,388	4,387,824	6,102,212	2,122,052	12/11/00
Sunrise	FL	None	2,850,000	3,601,884	None	None	2,850,000	3,601,884	6,451,884	318,166	
Alsip	IL	None	2,944,221	5,467,839	None	None	2,944,221	5,467,839	8,412,060	665,254	
Bolinbrook Glendale Heights	IL	None	3,010,512	8,161,186	None	None	3,010,512	8,161,186	11,171,698	1,654,518	10/26/07
Waukegan	IL	None	1,213,770	2,255,759	None	None	1,213,770	2,255,759	3,469,529	522,422	
Carmel	IN	None	2,961,951	5,500,766	None	None	2,961,951	5,500,766	8,462,717	669,260	
Indianapolis	IN	None	3,675,000	6,825,000	None	None	3,675,000	6,825,000	10,500,000	762,125	
Southport	IN	None	3,008,186	6,999,881	None	None	3,008,186	6,999,881	10,008,067	1,577,589	03/20/07
Florence	IN	None	2,121,873	7,522,735	None	None	2,121,873	7,522,735	9,644,608	1,476,925	12/20/07
Nottingham	KY	None	850,000	9,465,367	None	None	850,000	9,465,367	10,315,367	47,327	
Roseville East	MD	None	3,055,453	5,675,230	None	None	3,055,453	5,675,230	8,730,683	1,314,761	
Brunswick	MN	None	3,611,925	8,804,654	None	None	3,611,925	8,804,654	12,416,579	1,732,523	06/05/08
Yonkers	NJ	None	1,654,529	3,073,912	None	None	1,654,529	3,073,912	4,728,441	722,368	
Beachwood	NY	None	1,488,894	2,765,894	None	None	1,488,894	2,765,894	4,254,788	640,764	
Columbus	OH	None	1,504,354	2,794,305	None	151	1,504,354	2,794,456	4,298,810	656,699	
Powell	OH	None	0	6,087,055	None	None	0	6,087,055	6,087,055	23,485	
Philadelphia	OH	None	1,140,000	7,786,433	None	None	1,140,000	7,786,433	8,926,433	38,932	
Pittsburgh	PA	None	2,254,830	4,188,725	None	None	2,254,830	4,188,725	6,443,555	984,350	
Cypress	PA	None	4,420,799	5,543,009	None	None	4,420,799	5,543,009	9,963,808	227,443	09/01/11
Dallas	TX	None	1,417,377	5,696,789	None	None	1,417,377	5,696,789	7,114,166	1,490,579	05/15/06
Fort Worth	TX	None	1,417,377	5,696,789	None	None	1,417,377	5,696,789	7,114,166	1,490,579	05/15/06
Keller	TX	None	5,293,733	6,555,637	None	None	5,293,733	6,555,637	11,849,370	1,653,261	08/04/06
McKinney	TX	None	1,445,901	5,277,886	None	None	1,445,901	5,277,886	6,723,787	2,653,633	06/02/00
Plano	TX	None	1,478,222	5,679,604	None	None	1,478,222	5,679,604	7,157,826	1,633,263	09/08/05
San Antonio	TX	None	1,805,460	5,972,111	None	None	1,805,460	5,972,111	7,777,571	1,663,207	12/07/05
San Antonio	TX	None	3,178,115	5,832,224	None	None	3,178,115	5,832,224	9,010,339	1,624,446	12/06/05
Kent	TX	None	1,120,000	2,075,196	None	None	1,120,000	2,075,196	3,195,196	287,069	
	TX	None	1,200,000	2,489,568	None	None	1,200,000	2,489,568	3,689,568	344,390	
	WA	None	4,086,250	7,588,750	None	None	4,086,250	7,588,750	11,675,000	923,298	

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Home
furnishings

Little Rock	AR	None	1,079,232	2,594,956	132,816	13,503	1,079,232	2,741,275	3,820,507	1,550,097	
Osceola	AR	None	88,759	520,047	4,083	None	88,759	524,130	612,889	305,597	
Wynne	AR	None	70,000	547,576	58,039	2,024	70,000	607,639	677,639	332,543	11/10/98
Jackson	CA	None	300,000	390,849	6,775	8,819	300,000	406,443	706,443	395,327	
Danbury	CT	None	643,736	3,621,163	122,847	121,625	643,736	3,865,635	4,509,371	2,269,408	
Brandon	FL	None	430,000	1,020,608	None	218	430,000	1,020,826	1,450,826	593,796	
Ocala	FL	None	339,690	543,504	None	25,254	339,690	568,758	908,448	369,711	
Tampa	FL	None	685,000	885,624	None	218	685,000	885,842	1,570,842	515,280	
Tampa	FL	None	494,763	767,737	71,880	233	494,763	839,850	1,334,613	503,173	
West Palm Beach	FL	None	347,651	706,081	69,111	233	347,651	775,425	1,123,076	429,030	
Rome	GA	None	254,902	486,812	32,783	499	254,902	520,094	774,996	316,533	
Davenport	IA	None	270,000	930,689	None	146	270,000	930,835	1,200,835	541,494	
Joliet	IL	None	440,000	910,689	None	338	440,000	911,027	1,351,027	529,892	
Anderson	IN	None	180,628	653,162	100,170	15,352	180,628	768,684	949,312	480,634	

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)		Initial Cost to Company		Cost Capitalized		Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	Date of Constructi
			Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total		
Kansas City	KS	None	185,955	413,014	31,870	8,629	185,955	453,513	639,468	423,304	
Wichita	KS	None	430,000	740,725	None	146	430,000	740,871	1,170,871	430,999	
Alexandria	LA	None	400,000	810,608	None	168	400,000	810,776	1,210,776	471,558	
Monroe	LA	None	450,000	835,608	None	None	450,000	835,608	1,285,608	486,043	
Shreveport	LA	None	525,000	725,642	None	73	525,000	725,715	1,250,715	422,097	
Battle Creek	MI	None	485,000	895,689	None	265	485,000	895,954	1,380,954	521,143	
Eden Prairie	MN	None	500,502	1,055,244	None	None	500,502	1,055,244	1,555,746	585,624	
Gulfport	MS	None	299,464	502,326	49,988	16,923	299,464	569,237	868,701	356,426	
Hattiesburg	MS	None	300,000	660,608	None	168	300,000	660,776	960,776	384,308	
Ridgeland	MS	None	281,867	769,890	None	36	281,867	769,926	1,051,793	478,534	
Matthews	NC	None	768,222	843,401	46,414	38,052	768,222	927,867	1,696,089	511,031	
Dayton	OH	None	401,723	698,872	13,435	11,200	401,723	723,507	1,125,230	419,389	
Lancaster	OH	None	250,000	830,689	None	319	250,000	831,008	1,081,008	483,455	
Altoona	PA	None	455,000	745,694	None	None	455,000	745,694	1,200,694	433,743	
Erie	PA	None	510,000	900,689	None	None	510,000	900,689	1,410,689	523,899	
Pennsdale	PA	None	315,000	835,648	None	None	315,000	835,648	1,150,648	486,066	
Whitehall	PA	None	515,525	1,146,868	None	457	515,525	1,147,325	1,662,850	667,550	
Columbia	SC	None	600,000	900,725	None	724	600,000	901,449	1,501,449	524,381	
Jackson	TN	None	381,076	857,261	35,685	16,534	381,076	909,480	1,290,556	545,785	
Jackson	TN	None	380,000	750,608	None	82	380,000	750,690	1,130,690	436,658	
Memphis	TN	None	804,262	1,432,520	35,328	223	804,262	1,468,071	2,272,333	903,740	
Abilene	TX	None	400,000	680,616	None	None	400,000	680,616	1,080,616	395,889	
Cedar Park	TX	None	253,591	827,237	21,887	3,052	253,591	852,176	1,105,767	527,284	
Plainview	TX	None	125,000	734,558	40,000	None	125,000	774,558	899,558	505,022	
San Antonio	TX	None	323,451	637,991	47,914	115	323,451	686,020	1,009,471	406,331	
Webster	TX	None	283,604	538,002	2,470	354	283,604	540,826	824,430	336,570	
Pasco	WA	None	161,700	359,142	56,707	14,444	161,700	430,293	591,993	393,114	
Eau Claire	WI	None	260,000	820,689	None	357	260,000	821,046	1,081,046	477,532	
La Crosse	WI	None	372,883	877,812	None	395	372,883	878,207	1,251,090	510,764	

Home
improvement

Lawndale	CA	None	667,007	1,238,841	None	None	667,007	1,238,841	1,905,848	695,814	
Los Angeles	CA	None	902,494	1,676,204	None	31	902,494	1,676,235	2,578,729	941,473	
Los Angeles	CA	None	163,668	304,097	None	78	163,668	304,175	467,843	170,876	
Van Nuys	CA	None	750,293	1,393,545	None	None	750,293	1,393,545	2,143,838	782,705	
West Covina	CA	None	311,040	577,733	None	54	311,040	577,787	888,827	324,494	
Broadview	IL	None	345,166	641,739	None	94	345,166	641,833	986,999	360,467	
Lenexa	KS	None	1,051,077	1,952,233	None	None	1,051,077	1,952,233	3,003,310	543,372	
Lenexa	KS	None	3,688,591	6,850,770	None	None	3,688,591	6,850,770	10,539,361	1,906,798	
Baltimore	MD	None	171,320	318,882	None	86	171,320	318,968	490,288	179,175	
Blue Springs	MO	None	870,071	1,616,080	None	None	870,071	1,616,080	2,486,151	449,809	
Chillicothe	MO	None	804,948	1,495,138	None	None	804,948	1,495,138	2,300,086	416,147	
Columbia	MO	None	2,039,436	3,787,757	None	30	2,039,436	3,787,787	5,827,223	1,054,282	
Columbia	MO	None	1,080,521	2,006,915	None	None	1,080,521	2,006,915	3,087,436	558,591	
Fulton	MO	None	791,603	1,470,353	None	None	791,603	1,470,353	2,261,956	409,248	

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Jefferson City	MO	None	1,481,299	2,751,217	None	None	1,481,299	2,751,217	4,232,516	765,756
Kirkville	MO	None	1,421,788	2,640,696	None	None	1,421,788	2,640,696	4,062,484	734,994
Macon	MO	None	493,394	916,537	None	None	493,394	916,537	1,409,931	255,103

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)		Initial Cost to Company Buildings, Improvements and Acquisition Fees		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction
			Land	Acquisition Fees	Improvements	Carrying Costs	Land	Acquisition Fees	Total		
Moberly	MO	None	1,293,387	2,402,283	None	None	1,293,387	2,402,283	3,695,670	668,634	
Omaha	NE	None	1,515,773	2,816,678	None	32	1,515,773	2,816,710	4,332,483	783,980	
Rochester	NY	None	158,168	294,456	None	None	158,168	294,456	452,624	165,397	
Carrollton	TX	None	201,569	374,342	None	102	201,569	374,444	576,013	135,390	
Midland	TX	None	1,590,052	2,953,473	None	None	1,590,052	2,953,473	4,543,525	822,050	
Odessa	TX	None	1,346,834	2,501,783	None	None	1,346,834	2,501,783	3,848,617	696,330	
Pasadena	TX	None	147,535	274,521	None	128	147,535	274,649	422,184	154,230	
Plano	TX	None	363,851	676,249	None	102	363,851	676,351	1,040,202	379,832	
San Antonio	TX	None	367,890	683,750	None	None	367,890	683,750	1,051,640	384,042	
Chesapeake	VA	None	144,014	649,869	None	11,754	144,014	661,623	805,637	658,842	
Windsor Heights	IA	None	225,771	682,604	None	73	225,771	682,677	908,448	381,120	
<u>Insurance</u>											
Cedar Falls	IA	None	634,343	6,331,030	None	None	634,343	6,331,030	6,965,373	94,965	
<u>Machinery</u>											
Tomah	WI	None	1,630,917	12,938,430	None	None	1,630,917	12,938,430	14,569,347	237,205	
<u>Motor vehicle dealerships</u>											
Robertsdale	AL	None	3,026,015	6,117,490	None	None	3,026,015	6,117,490	9,143,505	1,471,059	01/29/07
Longmont	CO	None	2,502,092	6,906,609	None	115	2,502,092	6,906,724	9,408,816	2,313,771	
Gulf Breeze	FL	None	3,518,413	905,480	None	None	3,518,413	905,480	4,423,893	242,970	
Woodstock	GA	None	2,509,102	2,509,993	None	None	2,509,102	2,509,993	5,019,095	723,715	
Island Lake	IL	None	2,107,134	6,383,412	None	None	2,107,134	6,383,412	8,490,546	1,934,534	
Colfax	NC	None	1,125,979	2,196,033	None	None	1,125,979	2,196,033	3,322,012	703,976	
Statesville	NC	None	2,353,825	4,159,653	None	None	2,353,825	4,159,653	6,513,478	1,309,772	
Chichester	NH	None	578,314	4,546,307	None	None	578,314	4,546,307	5,124,621	1,445,431	
Churchville	NY	None	1,000,000	5,755,166	None	None	1,000,000	5,755,166	6,755,166	1,511,709	06/06/06
Green	OH	None	715,953	554,589	None	None	715,953	554,589	1,270,542	162,187	02/13/06
Hillsboro	OR	None	1,611,084	1,936,755	None	None	1,611,084	1,936,755	3,547,839	487,417	
Woods Village	OR	None	3,822,277	5,687,110	None	None	3,822,277	5,687,110	9,509,387	1,366,700	
Myrtle Beach	SC	None	4,099,824	2,081,997	(1,800,804)	None	2,299,020	2,081,997	4,381,017	648,774	07/28/00
Austin	TX	None	2,100,000	3,900,895	None	None	2,100,000	3,900,895	6,000,895	773,676	
Garland	TX	None	3,233,329	12,064,417	500	None	3,233,329	12,064,917	15,298,246	60,326	
Katy	TX	None	1,347,454	8,564,135	None	None	1,347,454	8,564,135	9,911,589	2,447,819	10/28/05
San Antonio	TX	None	4,337,454	7,312,625	500	None	4,337,454	7,313,125	11,650,579	12,192	
<u>Office supplies</u>											
Lakewood	CA	None	1,398,387	3,098,607	None	10,284	1,398,387	3,108,891	4,507,278	1,978,771	
Riverside	CA	None	1,410,177	1,659,850	None	None	1,410,177	1,659,850	3,070,027	1,015,209	

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Casselberry	FL	None	0	1,277,112	66,856	None	0	1,343,968	1,343,968	365,160	07/14/05
Hutchinson	KS	None	269,964	1,704,013	62,362	None	269,964	1,766,375	2,036,339	1,085,989	
Salina	KS	None	240,423	1,829,837	82,815	None	240,423	1,912,652	2,153,075	1,168,538	
Sikeston	MO	None	409,114	2,005,416	None	None	409,114	2,005,416	2,414,530	879,028	
Helena	MT	None	564,241	1,503,118	23,911	None	564,241	1,527,029	2,091,270	949,243	
Asheboro	NC	None	465,557	2,176,416	21,418	340	465,557	2,198,174	2,663,731	1,309,159	
Westbury New	NY	None	3,808,076	2,377,932	7,206	338,968	3,808,076	2,724,106	6,532,182	1,507,115	
Philadelphia	OH	None	726,636	1,650,672	29,340	114	726,636	1,680,126	2,406,762	1,036,957	

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition Fees		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	
		Land		Improvements	Carrying Costs	Land	Acquisition Fees	Total			
Edmond	OK	None	1,390,000	3,009,650	8,201	None	1,390,000	3,017,851	4,407,851	267,988	
<u>Packaging</u>											
Lewisburg	OH	4,068,728	641,174	11,787,510	None	None	641,174	11,787,510	12,428,684	98,229	
Raphine	VA	23,625,000	2,679,884	21,236,904	None	None	2,679,884	21,236,904	23,916,788	1,309,609	
Wytheville	VA	29,510,193	2,175,524	33,138,859	None	None	2,175,524	33,138,859	35,314,383	165,694	
<u>Paper</u>											
Marianna	FL	None	1,473,182	6,930,359	None	None	1,473,182	6,930,359	8,403,541	450,473	
Columbia	SC	6,882,769	989,232	5,004,326	None	None	989,232	5,004,326	5,993,558	5,958	
<u>Pet supplies and services</u>											
Duluth	GA	None	361,058	1,591,629	None	None	361,058	1,591,629	1,952,687	829,418	01/27/99
Marietta	GA	None	495,412	1,526,370	None	None	495,412	1,526,370	2,021,782	778,756	05/28/99
Indianapolis	IN	None	427,000	1,296,901	None	None	427,000	1,296,901	1,723,901	655,742	03/10/00
Sudbury	MA	None	543,038	2,477,213	None	None	543,038	2,477,213	3,020,251	1,233,546	11/12/99
Tyngsborough	MA	None	312,204	1,222,522	None	None	312,204	1,222,522	1,534,726	711,093	
Warren	MI	None	356,348	903,351	155,408	31,687	356,348	1,090,446	1,446,794	595,004	
Matthews	NC	None	610,177	1,394,743	83,465	None	610,177	1,478,208	2,088,385	812,852	
North											
Plainfield	NJ	None	985,430	1,590,447	None	None	985,430	1,590,447	2,575,877	841,197	
Albuquerque	NM	None	684,036	874,914	305,425	21,585	684,036	1,201,924	1,885,960	670,828	
Franklin	OH	None	337,572	777,943	41,328	22,715	337,572	841,986	1,179,558	486,430	
Maineville	OH	None	173,105	384,468	24,215	12,804	173,105	421,487	594,592	397,028	
Dickson City	PA	None	659,790	1,880,722	5,396	34	659,790	1,886,152	2,545,942	1,173,445	
Mt Pleasant	SC	None	40,700	180,400	42,905	19,091	40,700	242,396	283,096	203,225	
Clarksville	TN	None	290,775	395,870	None	340	290,775	396,210	686,985	255,476	
<u>Restaurants - casual dining</u>											
Boaz	AL	None	829,001	1,541,245	480	7,213	829,001	1,548,938	2,377,939	377,844	
Enterprise	AL	None	840,946	1,563,474	None	None	840,946	1,563,474	2,404,420	383,050	
Fort Payne	AL	None	814,113	1,513,596	None	None	814,113	1,513,596	2,327,709	370,830	
Gadsden	AL	None	851,124	1,582,332	24,859	25,239	851,124	1,632,430	2,483,554	393,290	
Huntsville	AL	None	826,840	1,537,233	(1,149,285)	24	826,840	387,972	1,214,812	384,812	
Huntsville	AL	None	811,599	1,508,927	None	None	811,599	1,508,927	2,320,526	369,686	
Sylacauga	AL	None	801,413	1,490,012	19,613	108	801,413	1,509,733	2,311,146	373,418	
Conway	AR	None	941,465	1,750,100	None	148	941,465	1,750,248	2,691,713	428,796	
El Dorado	AR	None	907,534	1,687,608	None	20,759	907,534	1,708,367	2,615,901	415,428	
Russellville	AR	None	864,497	1,607,158	3,841	20,378	864,497	1,631,377	2,495,874	396,391	
Glendale	AZ	None	624,761	895,976	None	51,014	624,761	946,990	1,571,751	625,794	

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Glendale	AZ	None	1,511,430	3,264,231	None	62	1,511,430	3,264,293	4,775,723	791,731	11/06/06
Goodyear	AZ	None	794,360	1,274,445	None	None	794,360	1,274,445	2,068,805	319,800	02/23/06
Surprise	AZ	None	681,288	1,008,310	None	None	681,288	1,008,310	1,689,598	316,385	09/29/04
San Dimas	CA	None	240,562	445,521	46,026	2,690	240,562	494,237	734,799	472,321	
Denver	CO	None	540,250	1,132,450	None	None	540,250	1,132,450	1,672,700	361,819	07/29/04
Lakewood	CO	None	1,606,511	5,865	None	None	1,606,511	5,865	1,612,376	1,966	07/26/06
Parker	CO	None	778,054	1,148,443	None	13,629	778,054	1,162,072	1,940,126	349,925	06/10/05
Cromwell	CT	None	531,861	989,638	None	None	531,861	989,638	1,521,499	199,572	
Danbury	CT	None	548,459	284,639	None	None	548,459	284,639	833,098	125,714	

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition				Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7) Buildings, Improvements and Acquisition			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total					
East													
Windsor CT	None	0	1,235,134	None	None	0	1,235,134	1,235,134	265,531		08/3		
Manchester CT	None	0	1,353,727	None	None	0	1,353,727	1,353,727	291,029		08/3		
New Milford CT	None	0	705,348	None	221	0	705,348	705,348	151,593		08/3		
Norwich CT	None	644,000	1,198,741	None	None	644,000	1,198,741	1,842,741	257,712		08/3		
Plainville CT	None	0	1,452,933	None	None	0	1,452,933	1,452,933	312,358		08/3		
Torrington CT	None	504,167	939,051	1,552	331	504,167	940,934	1,445,101	202,109		08/3		
Unionville CT	None	167,740	316,672	None	None	167,740	316,672	484,412	139,862		12/1		
Waterbury CT	None	521,021	705,163	None	None	521,021	705,163	1,226,184	311,446		12/1		
West Haven CT	None	540,663	1,006,829	2,488	202	540,663	1,009,519	1,550,182	216,472		08/3		
Windsor													
Locks CT	None	844,967	1,571,965	None	None	844,967	1,571,965	2,416,932	337,955		08/3		
Casselberry FL	None	403,900	897,075	2,816	223	403,900	900,114	1,304,014	825,971		12/2		
Jacksonville FL	None	1,451,180	658,461	25,752	23,207	1,451,180	707,420	2,158,600	193,464		08/04/06	05/0	
Land O													
Lakes FL	None	770,136	1,190,937	None	None	770,136	1,190,937	1,961,073	328,196		10/21/05	03/2	
Melbourne FL	None	0	790,083	500	145	0	790,728	790,728	197,749		08/3		
New Port													
Richey FL	None	929,402	1,459,392	56,969	32,400	929,402	1,548,761	2,478,163	386,638		11/13/06	08/0	
Orlando FL	None	230,000	1,066,339	None	None	230,000	1,066,339	1,296,339	1,066,339		11/1		
Orlando FL	None	1,135,310	1,306,940	None	18,336	1,135,310	1,325,276	2,460,586	308,876		01/10/07	06/3	
Orlando FL	None	735,000	1,367,891	None	None	735,000	1,367,891	2,102,891	294,079		08/3		
Orlando FL	None	0	790,583	24,406	38,527	0	853,516	853,516	175,835		08/3		
Americus GA	None	709,624	1,319,578	71,622	3,036	709,624	1,394,236	2,103,860	326,694		11/0		
Augusta GA	None	827,895	1,539,237	None	240	827,895	1,539,477	2,367,372	377,156		11/0		
Gainesville GA	None	952,660	1,770,931	121,617	13,747	952,660	1,906,295	2,858,955	435,047		11/0		
Lagrange GA	None	853,599	1,586,959	4,080	240	853,599	1,591,279	2,444,878	388,885		11/0		
Lithonia GA	None	89,220	0	None	None	89,220	-	89,220	-		01/0		
Norcross GA	None	827,707	1,538,875	115,596	8,383	827,707	1,662,854	2,490,561	382,339		11/0		
Savannah GA	None	719,188	1,337,352	5,330	240	719,188	1,342,922	2,062,110	327,736		11/0		
Snellville GA	None	710,600	1,321,389	64,999	882	710,600	1,387,270	2,097,870	343,474		11/0		
Statesboro GA	None	926,462	1,722,290	None	240	926,462	1,722,530	2,648,992	422,004		11/0		
Stone													
Mountain GA	None	215,940	1,001,188	63,626	None	215,940	1,064,814	1,280,754	1,053,316		10/3		
Thomasville GA	None	894,504	1,662,939	87,387	13,335	894,504	1,763,661	2,658,165	410,960		11/0		
Valdosta GA	None	901,658	1,676,225	4,820	30,696	901,658	1,711,741	2,613,399	413,111		11/0		
Warner													
Robins GA	None	896,841	1,667,267	112,087	349	896,841	1,779,703	2,676,544	411,224		11/0		
Waycross GA	None	956,765	1,778,566	None	536	956,765	1,779,102	2,735,867	435,836		11/0		
Altoona IA	None	654,179	1,285,639	None	None	654,179	1,285,639	1,939,818	380,921		06/11/05	12/3	
Ankeny IA	None	100,000	349,218	25,075	None	100,000	374,293	474,293	373,039		07/2		
Burlington IA	None	653,057	1,214,571	480	7	653,057	1,215,058	1,868,115	297,591		11/0		
Cedar													
Rapids IA	None	822,331	1,528,939	None	None	822,331	1,528,939	2,351,270	374,589		11/0		
Clive IA	None	840,697	1,563,046	None	None	840,697	1,563,046	2,403,743	382,945		11/0		
Nampa ID	None	74,156	343,820	28,206	127	74,156	372,153	446,309	345,587		12/3		
Rexburg ID	None	90,760	420,787	59,798	None	90,760	480,585	571,345	425,403		11/2		

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Alton	IL	None	225,785	419,315	None	None	225,785	419,315	645,100	405,848	10/1
Champaign	IL	None	805,888	1,498,402	None	400	805,888	1,498,802	2,304,690	367,428	11/0
Effingham	IL	None	783,528	1,456,874	None	None	783,528	1,456,874	2,240,402	356,933	11/0
Marion	IL	None	831,323	1,545,566	None	None	831,323	1,545,566	2,376,889	378,663	11/0
Moline	IL	None	781,044	1,452,262	None	None	781,044	1,452,262	2,233,306	355,803	11/0
Mt Vernon	IL	None	883,110	1,641,741	None	None	883,110	1,641,741	2,524,851	402,225	11/0
Oswego	IL	None	953,394	1,208,677	1,988	32,452	953,394	1,243,117	2,196,511	352,784	06/15/05 06/2
Peoria	IL	None	662,460	1,060,577	14,651	24,139	662,460	1,099,367	1,761,827	352,761	10/13/04 06/1

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7) Buildings, Improvements and Acquisition			Accumulated Depreciation (Note 5)	Date of Construction	Ac
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total				
Springfield	IL	None	846,830	1,574,436	10,480	15,789	846,830	1,600,705	2,447,535	386,924		11
Swansea	IL	None	890,625	1,655,743	167,458	22,030	890,625	1,845,231	2,735,856	442,874		11
Waukegan	IL	None	1,330,000	2,470,909	None	None	1,330,000	2,470,909	3,800,909	498,300		12
Anderson	IN	None	831,077	1,545,131	16,655	30,694	831,077	1,592,480	2,423,557	380,283		11
Elkhart	IN	None	835,890	1,554,487	None	94	835,890	1,554,581	2,390,471	380,847		11
Marion	IN	None	685,194	1,274,206	45,372	19,275	685,194	1,338,853	2,024,047	318,757		11
Michigan City	IN	None	840,998	1,563,545	None	75	840,998	1,563,620	2,404,618	383,077		11
Terre Haute	IN	None	767,189	1,426,532	None	None	767,189	1,426,532	2,193,721	349,499		11
Derby	KS	None	96,060	445,359	None	207	96,060	445,566	541,626	445,456		10
El Dorado	KS	None	87,400	405,206	3,358	7	87,400	408,571	495,971	405,332		04
Shawnee	KS	None	953,916	1,773,245	None	None	953,916	1,773,245	2,727,161	434,444		11
Wichita	KS	None	787,377	1,463,936	36,729	11,499	787,377	1,512,164	2,299,541	359,968		11
Hopkinsville	KY	None	801,532	1,490,241	None	None	801,532	1,490,241	2,291,773	365,108		11
Louisville	KY	None	821,990	1,528,282	None	None	821,990	1,528,282	2,350,272	374,428		11
Middlesboro	KY	None	859,709	1,598,332	None	None	859,709	1,598,332	2,458,041	391,590		11
Murray	KY	None	831,246	1,545,422	None	13,110	831,246	1,558,532	2,389,778	379,233		11
Richmond	KY	None	913,770	1,698,726	None	None	913,770	1,698,726	2,612,496	416,187		11
Alexandria	LA	None	1,270,223	2,361,174	None	None	1,270,223	2,361,174	3,631,397	578,487		11
Hammond	LA	None	1,011,084	1,879,972	None	None	1,011,084	1,879,972	2,891,056	460,592		11
Houma	LA	None	1,061,671	1,973,864	12,063	24,056	1,061,671	2,009,983	3,071,654	484,042		11
Jennings	LA	None	107,120	496,636	None	1,742	107,120	498,378	605,498	496,753		10
Morgan City	LA	None	832,895	1,548,993	26,151	13,926	832,895	1,589,070	2,421,965	381,253		11
New Iberia	LA	None	917,582	1,706,269	80,944	30,339	917,582	1,817,552	2,735,134	430,721		11
Opelousas	LA	None	949,157	1,764,908	36,600	20,658	949,157	1,822,166	2,771,323	459,853		11
Pineville	LA	None	1,136,612	2,113,040	None	None	1,136,612	2,113,040	3,249,652	517,694		11
Ruston	LA	None	982,427	1,826,696	None	None	982,427	1,826,696	2,809,123	447,539		11
Zachary	LA	None	898,306	1,670,527	1,305	12,611	898,306	1,684,443	2,582,749	410,556		11
Amesbury	MA	None	0	790,494	None	None	0	790,494	790,494	283,043		08
Attleboro	MA	None	369,815	693,655	None	None	369,815	693,655	1,063,470	306,363		12
Auburn	MA	None	418,250	779,623	500	None	418,250	780,123	1,198,373	167,868		08
Chicopee	MA	None	761,606	1,417,624	None	None	761,606	1,417,624	2,179,230	304,772		08
Chicopee Falls East	MA	None	302,982	565,894	595	317	302,982	566,806	869,788	121,780		08
Longmeadow	MA	None	614,319	1,144,128	None	None	614,319	1,144,128	1,758,447	245,970		08
Gardner	MA	None	625,000	828,564	None	None	625,000	828,564	1,453,564	271,106		08
Great Barrington	MA	None	422,625	788,089	55,499	10,225	422,625	853,813	1,276,438	170,882		08
Greenfield	MA	None	389,436	726,452	(398,131)	145	389,436	328,466	717,902	157,902		08
Greenfield	MA	None	761,417	1,417,273	None	None	761,417	1,417,273	2,178,690	304,697		08
Haverhill	MA	None	568,635	1,058,815	None	None	568,635	1,058,815	1,627,450	227,628		08
Holyoke	MA	None	577,667	1,076,023	None	None	577,667	1,076,023	1,653,690	231,328		08
Hyannis	MA	None	687,917	1,280,767	None	None	687,917	1,280,767	1,968,684	275,348		08
Lee	MA	None	540,506	1,007,010	None	None	540,506	1,007,010	1,547,516	216,490		08
North Adams	MA	None	377,300	703,914	None	None	377,300	703,914	1,081,214	151,324		08
Norwood	MA	None	840,616	1,563,923	None	None	840,616	1,563,923	2,404,539	336,226		08
Palmer	MA	None	141,524	598,480	None	None	141,524	598,480	740,004	264,327		12

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Peabody	MA	None	529,555	222,590	None	None	529,555	222,590	752,145	98,309	12
Pittsfield	MA	None	286,241	950,022	None	None	286,241	950,022	1,236,263	419,591	12
Raynham	MA	None	761,417	1,417,287	None	None	761,417	1,417,287	2,178,704	304,699	08
Sagamore Beach	MA	None	620,188	1,155,007	None	None	620,188	1,155,007	1,775,195	248,309	08

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition					Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	D Acc
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total	Land	Fees	Total			
Saugus MA	None	0	737,971	None	None	0	737,971	737,971	222,286	08/	08/			
Seekonk MA	None	614,417	1,144,267	None	None	614,417	1,144,267	1,758,684	246,000	08/	08/			
South														
Dartmouth MA	None	379,217	707,492	None	79	379,217	707,571	1,086,788	152,095	08/	08/			
Springfield MA	None	230,030	865,572	None	None	230,030	865,572	1,095,602	382,292	12/	12/			
Springfield MA	None	227,207	958,444	None	None	227,207	958,444	1,185,651	423,311	12/	12/			
Stoneham MA	None	397,544	191,717	None	None	397,544	191,717	589,261	84,673	12/	12/			
Sudbury MA	None	0	633,843	None	None	0	633,843	633,843	182,399	08/	08/			
Swansea MA	None	173,853	488,699	None	None	173,853	488,699	662,552	215,841	12/	12/			
Tewksbury MA	None	392,079	730,927	None	None	392,079	730,927	1,123,006	157,132	08/	08/			
Ware MA	None	220,457	412,133	1,095	317	220,457	413,545	634,002	88,988	08/	08/			
West														
Springfield MA	None	243,556	455,532	595	317	243,556	456,444	700,000	98,052	08/	08/			
West														
Springfield MA	None	761,417	1,417,273	None	None	761,417	1,417,273	2,178,690	304,697	08/	08/			
Wilbraham MA	None	9,626,112	19,216,724	2,500	None	9,626,112	19,219,224	28,845,336	3,845,039	08/	08/			
Wollaston MA	None	411,366	766,745	None	None	411,366	766,745	1,178,111	164,833	08/	08/			
Worcester MA	None	578,336	1,077,426	None	None	578,336	1,077,426	1,655,762	231,629	08/	08/			
Waterville ME	None	0	717,653	None	None	0	717,653	717,653	154,273	08/	08/			
Windham ME	None	0	831,301	1,000	None	0	832,301	832,301	179,241	08/	08/			
Comstock														
Park MI	None	810,477	1,506,864	27,441	13,270	810,477	1,547,575	2,358,052	371,130	11/	11/			
Flint MI	None	827,853	0	None	94	827,853	94	827,947	13	04/	04/			
Flint MI	None	885,144	1,645,531	70,987	16,059	885,144	1,732,577	2,617,721	405,356	11/	11/			
Lansing MI	None	873,536	1,623,973	None	94	873,536	1,624,067	2,497,603	397,885	11/	11/			
Saginaw MI	None	766,531	1,425,263	14,030	11,573	766,531	1,450,866	2,217,397	350,789	11/	11/			
Taylor MI	None	847,070	1,574,821	47,906	1,642	847,070	1,624,369	2,471,439	386,584	11/	11/			
Westland MI	None	869,530	1,616,568	None	228	869,530	1,616,796	2,486,326	396,138	11/	11/			
Roseville MN	None	281,600	1,305,560	None	None	281,600	1,305,560	1,587,160	1,305,560	12/	12/			
Bridgeton MO	None	743,559	1,585,207	158,517	21,922	743,559	1,765,646	2,509,205	402,056	11/	11/			
Cape														
Girardeau MO	None	745,915	1,386,950	None	None	745,915	1,386,950	2,132,865	339,802	11/	11/			
Farmington MO	None	780,812	1,451,767	None	None	780,812	1,451,767	2,232,579	355,682	11/	11/			
Festus MO	None	808,595	1,503,364	None	None	808,595	1,503,364	2,311,959	368,323	11/	11/			
Fulton MO	None	210,199	466,861	31,624	3,619	210,199	502,104	712,303	473,390	07/	07/			
Hazelwood MO	None	157,117	725,327	(104,329)	None	157,117	620,998	778,115	620,998	08/	08/			
Jefferson														
City MO	None	713,088	1,325,993	21,893	11,025	713,088	1,358,911	2,071,999	325,576	11/	11/			
Ozark MO	None	140,000	292,482	None	None	140,000	292,482	432,482	176,941	11/	11/			
Poplar Bluff MO	None	774,256	1,439,603	None	None	774,256	1,439,603	2,213,859	352,702	11/	11/			
Raymore MO	None	726,583	1,351,055	None	None	726,583	1,351,055	2,077,638	331,007	11/	11/			
Sedalia MO	None	269,798	599,231	11,556	None	269,798	610,787	880,585	570,562	07/	07/			
Sedalia MO	None	696,604	1,295,380	39,992	20	696,604	1,335,392	2,031,996	317,703	11/	11/			
St. Charles MO	None	175,413	809,791	None	47	175,413	809,838	985,251	809,837	08/	08/			
St. Charles MO	None	695,121	1,001,878	None	1,022	695,121	1,002,900	1,698,021	683,087	12/22/95	03/			
St. Joseph MO	None	775,660	1,785,308	None	None	775,660	1,785,308	2,560,968	437,399	11/	11/			
St. Robert MO	None	744,158	1,383,694	None	None	744,158	1,383,694	2,127,852	339,004	11/	11/			

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Sullivan	MO	None	85,500	396,400	(40,743)	13,500	85,500	369,157	454,657	360,983	12/
Columbus	MS	None	720,310	1,339,963	None	None	720,310	1,339,963	2,060,273	328,290	11/
Corinth	MS	None	867,086	1,612,029	None	None	867,086	1,612,029	2,479,115	394,946	11/
Hattiesburg	MS	None	856,070	1,592,088	None	None	856,070	1,592,088	2,448,158	390,060	11/
Laurel	MS	None	778,938	1,448,844	27,259	7	778,938	1,476,110	2,255,048	355,765	11/
Meridian	MS	None	0	2,481,172	None	None	0	2,481,172	2,481,172	600,655	11/
Vicksburg	MS	None	698,189	1,298,881	(766,597)	8	698,189	532,292	1,230,481	334,196	11/

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	State	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date of Acquisition
			Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total			
Albemarle	NC	None	721,392	1,341,825	480	137	721,392	1,342,442	2,063,834	328,791		11/11/08
Asheville	NC	None	838,421	1,558,792	480	145	838,421	1,559,417	2,397,838	381,948		11/11/08
Forest City	NC	None	872,424	1,621,940	None	131	872,424	1,622,071	2,494,495	397,396		11/11/08
Goldsboro	NC	None	811,502	1,509,029	71,629	131	811,502	1,580,789	2,392,291	386,476		11/11/08
Kernersville	NC	None	836,896	1,556,334	None	13,012	836,896	1,569,346	2,406,242	383,859		11/11/08
Roanoke												
Rapids	NC	None	834,223	1,551,226	None	131	834,223	1,551,357	2,385,580	380,071		11/11/08
Salisbury	NC	None	777,412	1,445,863	None	131	777,412	1,445,994	2,223,406	354,257		11/11/08
Sylva	NC	None	919,724	1,709,783	None	131	919,724	1,709,914	2,629,638	418,917		11/11/08
Bellevue	NE	None	656,061	1,004,384	None	None	656,061	1,004,384	1,660,445	287,476	09/20/05	02/28/08
Omaha	NE	None	592,716	1,009,253	None	32	592,716	1,009,285	1,602,001	300,422	05/05/05	12/31/08
Papillion	NE	None	654,788	908,685	None	None	654,788	908,685	1,563,473	274,824	03/09/05	01/31/08
Concord	NH	None	577,667	1,075,628	None	None	577,667	1,075,628	1,653,295	231,243		08/31/08
Concord	NH	None	849,884	1,581,175	None	None	849,884	1,581,175	2,431,059	339,935		08/31/08
Dover	NH	None	687,917	1,280,378	None	None	687,917	1,280,378	1,968,295	275,264		08/31/08
Keene	NH	None	253,769	310,470	None	None	253,769	310,470	564,239	137,123		12/31/08
Laconia	NH	None	330,520	467,594	None	None	330,520	467,594	798,114	206,519		12/31/08
Manchester	NH	None	266,337	486,676	None	None	266,337	486,676	753,013	214,947		12/31/08
North												
Conway	NH	None	473,031	607,020	None	None	473,031	607,020	1,080,051	268,099		12/31/08
Portsmouth	NH	None	391,650	730,167	37,475	10	391,650	767,652	1,159,302	157,816		08/31/08
Rochester	NH	None	262,059	695,771	None	None	262,059	695,771	957,830	307,297		12/31/08
Bloomfield	NJ	None	556,520	260,498	None	None	556,520	260,498	817,018	115,052		12/31/08
Clark	NJ	None	541,792	1,009,085	None	None	541,792	1,009,085	1,550,877	216,936		08/31/08
Hackettstown	NJ	None	307,186	525,142	None	None	307,186	525,142	832,328	231,936		12/31/08
Hazlet	NJ	None	614,417	1,143,885	None	None	614,417	1,143,885	1,758,302	245,918		08/31/08
Hillsdale	NJ	None	398,221	204,106	None	None	398,221	204,106	602,327	90,145		12/31/08
Middletown	NJ	None	0	640,403	None	None	0	640,403	640,403	223,069		08/31/08
Moorestown	NJ	None	294,708	550,139	637	9	294,708	550,785	845,493	118,325		08/31/08
Morris Plains	NJ	None	366,982	188,123	None	None	366,982	188,123	555,105	83,086		12/31/08
Mt. Holly	NJ	None	0	1,092,178	None	None	0	1,092,178	1,092,178	220,253		12/31/08
Pompton												
Plains	NJ	None	455,700	849,125	None	None	455,700	849,125	1,304,825	182,545		08/31/08
Toms River	NJ	None	826,449	1,537,659	None	None	826,449	1,537,659	2,364,108	330,579		08/31/08
Albuquerque	NM	None	732,059	1,036,922	None	None	732,059	1,036,922	1,768,981	259,781	06/21/05	01/31/08
Albany	NY	None	457,538	852,510	32,428	6,924	457,538	891,862	1,349,400	184,940		08/31/08
Carmel	NY	None	266,619	707,819	None	None	266,619	707,819	974,438	312,619		12/31/08
Clifton Park	NY	None	1,040,997	1,936,100	None	None	1,040,997	1,936,100	2,977,097	416,244		08/31/08
Delmar	NY	None	316,382	590,387	24,178	14,789	316,382	629,354	945,736	130,129		08/31/08
East												
Greenbush	NY	None	623,313	1,160,389	None	None	623,313	1,160,389	1,783,702	249,467		08/31/08
Kingston	NY	None	430,667	802,583	None	None	430,667	802,583	1,233,250	172,538		08/31/08
Latham	NY	None	651,167	1,212,133	None	None	651,167	1,212,133	1,863,300	260,591		08/31/08
Middletown	NY	None	242,459	796,905	None	151	242,459	797,056	1,039,515	352,093		12/31/08
New Hartford	NY	None	226,041	422,563	None	None	226,041	422,563	648,604	90,834		08/31/08
Plattsburgh	NY	None	977,012	1,817,269	None	None	977,012	1,817,269	2,794,281	390,696		08/31/08
Akron	OH	None	723,347	17	10,940	44,667	723,347	55,624	778,971	46,874		12/31/08

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Akron	OH	None	318,182	593,654	None	None	318,182	593,654	911,836	127,618	08
Akron	OH	None	318,182	593,654	None	None	318,182	593,654	911,836	127,618	08
Beavercreek	OH	None	229,445	428,857	None	None	229,445	428,857	658,302	92,187	08
Defiance	OH	None	71,273	135,109	None	358	71,273	135,467	206,740	29,286	08
Elyria	OH	None	79,545	150,491	None	None	79,545	150,491	230,036	32,338	08

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition					Cost Capitalized Subsequent to Acquisition			Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	D Acq
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total	Land	Fees	Total				
Marion	OH	None	739,651	1,375,358	None	None	739,651	1,375,358	2,115,009	336,961	11/				
Maumee	OH	None	296,970	555,134	None	None	296,970	555,134	852,104	119,334	08/				
Mt. Vernon	OH	None	147,212	276,407	None	None	147,212	276,407	423,619	59,409	08/				
North Canton	OH	None	487,879	908,806	None	None	487,879	908,806	1,396,685	195,376	08/				
Parma Heights	OH	None	275,758	514,866	None	None	275,758	514,866	790,624	110,679	08/				
Sandusky	OH	None	824,270	1,532,494	None	None	824,270	1,532,494	2,356,764	375,460	11/				
Sandusky	OH	None	128,158	240,761	None	None	128,158	240,761	368,919	51,746	08/				
Stow	OH	None	317,546	712,455	None	114	317,546	712,569	1,030,115	712,493	12/				
Troy	OH	None	255,353	476,973	None	None	255,353	476,973	732,326	102,532	08/				
Vandalia	OH	None	145,833	273,579	None	None	145,833	273,579	419,412	58,802	08/				
Westlake	OH	None	169,697	317,897	None	None	169,697	317,897	487,594	68,331	08/				
Wooster	OH	None	763,642	1,419,901	None	399	763,642	1,420,300	2,183,942	348,195	11/				
Norman	OK	None	734,335	335,097	None	78,164	734,335	413,261	1,147,596	122,534	09/29/95	06/			
Oklahoma City	OK	None	759,826	0	None	None	759,826	-	759,826	-	07/				
Oklahoma City	OK	None	1,165,405	2,165,989	None	131	1,165,405	2,166,120	3,331,525	530,687	11/				
Tulsa	OK	None	490,000	910,004	None	173	490,000	910,177	1,400,177	253,431	01/				
Tulsa	OK	None	360,500	669,605	None	173	360,500	669,778	1,030,278	177,592	05/				
Tulsa	OK	None	1,021,904	1,899,486	2,440	120	1,021,904	1,902,046	2,923,950	465,504	11/				
Hermiston Lake	OR	None	85,560	396,675	18,088	273	85,560	415,036	500,596	408,183	12/				
Oswego	OR	None	175,899	815,508	None	5	175,899	815,513	991,412	815,511	05/				
Feasterville	PA	None	236,303	441,673	None	None	236,303	441,673	677,976	94,943	08/				
Gap	PA	None	0	1,012,812	1,000	None	0	1,013,812	1,013,812	218,265	08/				
Gettysburg	PA	None	289,040	809,676	None	None	289,040	809,676	1,098,716	357,605	12/				
Harrisburg	PA	None	577,667	1,075,635	None	None	577,667	1,075,635	1,653,302	231,244	08/				
Horsham	PA	None	554,361	1,032,352	None	None	554,361	1,032,352	1,586,713	221,938	08/				
Indiana	PA	None	828,653	1,540,630	53,833	8,912	828,653	1,603,375	2,432,028	379,989	11/				
Lancaster	PA	None	170,304	413,960	None	None	170,304	413,960	584,264	182,831	12/				
Lancaster	PA	None	276,251	460,784	None	None	276,251	460,784	737,035	203,511	12/				
Lebanon	PA	None	0	1,292,172	None	None	0	1,292,172	1,292,172	322,973	08/				
Philadelphia	PA	None	503,556	937,999	None	None	503,556	937,999	1,441,555	201,653	08/				
Cranston North	RI	None	0	790,899	None	None	0	790,899	790,899	265,506	08/				
Providence	RI	None	0	790,921	None	None	0	790,921	790,921	245,110	08/				
Pawtucket	RI	None	0	457,462	None	None	0	457,462	457,462	128,177	08/				
Gaffney	SC	None	727,738	1,353,238	22,043	131	727,738	1,375,412	2,103,150	341,545	11/				
Lancaster	SC	None	778,616	1,448,099	(1,056,134)	24	778,616	391,989	1,170,605	355,605	11/				
Rock Hill	SC	None	826,216	1,536,499	None	131	826,216	1,536,630	2,362,846	376,463	11/				
Chattanooga	TN	None	827,594	1,538,633	186,235	7,882	827,594	1,732,750	2,560,344	382,414	11/				
Chattanooga	TN	None	933,003	1,734,392	158,902	20,112	933,003	1,913,406	2,846,409	460,167	11/				
Dyersburg	TN	None	695,135	1,292,644	90,256	25,739	695,135	1,408,639	2,103,774	369,679	11/				
Greeneville	TN	None	936,669	1,741,253	None	131	936,669	1,741,384	2,678,053	426,628	11/				
Johnson City	TN	None	881,225	1,638,285	83,254	8,114	881,225	1,729,653	2,610,878	404,903	11/				

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Kingsport	TN	None	786,332	1,462,055	107,280	10,878	786,332	1,580,213	2,366,545	399,256		11/
McMinnville	TN	None	703,355	1,307,903	17,538	172	703,355	1,325,613	2,028,968	325,525		11/
Memphis	TN	None	405,274	1,060,680	None	None	405,274	1,060,680	1,465,954	740,708	06/30/95	03/
Memphis	TN	None	871,951	1,621,017	74,039	22,166	871,951	1,717,222	2,589,173	432,503		11/
Newport	TN	None	640,841	1,191,858	15,271	20,171	640,841	1,227,300	1,868,141	311,365		11/
Amarillo	TX	None	763,283	1,995,460	None	None	763,283	1,995,460	2,758,743	327,524	09/12/08	03/
Austin	TX	None	699,395	1,167,223	None	33,872	699,395	1,201,095	1,900,490	336,309	02/15/06	09/

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	D Acc
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Austin TX	None	976,803	1,361,281	36,880	30,504	976,803	1,428,665	2,405,468	354,463	10/23/06	06/
Austin TX	None	1,049,946	1,952,028	13,898	30,875	1,049,946	1,996,801	3,046,747	482,596		11/
Bedford TX	None	919,303	98,231	23,966	95	919,303	122,292	1,041,595	100,823		12/
Cedar Park TX	None	634,489	1,472,504	None	28,762	634,489	1,501,266	2,135,755	396,862	06/19/06	01/
Crockett TX	None	90,780	420,880	22,638	1,971	90,780	445,489	536,269	431,678		12/
El Campo TX	None	98,060	454,631	None	None	98,060	454,631	552,691	454,631		11/
Georgetown TX	None	870,981	1,177,824	168,185	34,110	870,981	1,380,119	2,251,100	368,806	06/02/06	01/
Greenville TX	None	909,311	1,690,848	34,606	28,728	909,311	1,754,182	2,663,493	443,104		11/
Harker Heights TX	None	943,812	1,897,644	None	None	943,812	1,897,644	2,841,456	317,843	08/28/08	03/
Hillsboro TX	None	75,992	352,316	78,212	14,563	75,992	445,091	521,083	392,936		08/
Houston TX	None	1,096,376	2,300,690	235,500	102,443	1,096,376	2,638,633	3,735,009	1,585,862		09/
Houston TX	None	989,152	1,838,713	None	12,959	989,152	1,851,672	2,840,824	451,108		11/
Irving TX	None	1,500,411	2,156	None	None	1,500,411	2,156	1,502,567	852		02/
Killeen TX	None	1,327,348	2,467,204	17,494	13,105	1,327,348	2,497,803	3,825,151	605,575		11/
Live Oak TX	None	727,956	1,214,835	181,920	33,148	727,956	1,429,903	2,157,859	414,715	09/27/05	06/
Longview TX	None	1,231,857	2,289,864	None	None	1,231,857	2,289,864	3,521,721	561,015		11/
Lufkin TX	None	105,904	490,998	None	None	105,904	490,998	596,902	490,998		10/
Mesquite TX	None	134,940	625,612	None	None	134,940	625,612	760,552	625,612		03/
Mesquite TX	None	729,596	120,820	None	None	729,596	120,820	850,416	120,820		12/
Mesquite TX	None	984,909	1,831,268	28,576	16,218	984,909	1,876,062	2,860,971	450,857		11/
Mexia TX	None	93,620	434,046	50,273	11,861	93,620	496,180	589,800	444,351		12/
New Braunfels TX	None	860,262	1,169,016	250,000	56,872	860,262	1,475,888	2,336,150	425,099	02/14/06	10/
Palestine TX	None	825,066	1,534,394	31,586	13,211	825,066	1,579,191	2,404,257	377,518		11/
Plano TX	None	2,420,222	769	None	None	2,420,222	769	2,420,991	323	03/12/03	06/
San Antonio TX	None	835,431	1,185,257	None	49,931	835,431	1,235,188	2,070,619	350,549	12/02/05	06/
San Antonio TX	None	690,443	1,109,136	None	40,933	690,443	1,150,069	1,840,512	328,229	10/24/05	06/
San Antonio TX	None	835,586	1,227,220	None	45,378	835,586	1,272,598	2,108,184	323,915	09/14/06	05/
Temple TX	None	797,574	1,193,813	1,350	19,714	797,574	1,214,877	2,012,451	316,900	09/14/06	04/
Waxahachie TX	None	326,935	726,137	940	265	326,935	727,342	1,054,277	726,202		12/
Waxahachie TX	None	1,035,794	1,925,746	None	165	1,035,794	1,925,911	2,961,705	471,840		11/
Sandy UT	None	635,945	884,792	None	286	635,945	885,078	1,521,023	603,388		12/
Bluefield VA	None	845,277	1,571,754	None	302	845,277	1,572,056	2,417,333	385,129		11/
Chester VA	None	541,628	1,008,771	None	None	541,628	1,008,771	1,550,399	216,869		08/
Danville VA	None	751,055	1,396,772	66,062	18,690	751,055	1,481,524	2,232,579	359,779		11/
Martinsville VA	None	833,114	1,549,167	480	302	833,114	1,549,949	2,383,063	379,617		11/
Midlothian VA	None	421,479	785,639	103,125	13,683	421,479	902,447	1,323,926	172,426		08/
Richmond VA	None	385,000	717,891	3,850	145	385,000	721,886	1,106,886	154,634		08/
Staunton VA	None	867,684	1,613,368	17,107	39,801	867,684	1,670,276	2,537,960	435,102		11/
Williamsburg VA	None	651,167	1,212,201	None	None	651,167	1,212,201	1,863,368	260,606		08/
Bennington VT	None	118,823	673,551	None	None	118,823	673,551	792,374	297,483		12/
Brattleboro VT	None	0	738,115	None	None	0	738,115	738,115	235,521		08/
Rutland VT	None	812,197	1,511,184	None	None	812,197	1,511,184	2,323,381	324,887		08/
Williston VT	None	0	1,197,659	None	None	0	1,197,659	1,197,659	320,441		08/
Tacoma WA	None	198,857	921,947	51,224	127	198,857	973,298	1,172,155	946,954		05/
WI	None	214,865	477,221	34,385	454	214,865	512,060	726,925	492,872		12/

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Sturgeon

Bay

Parkersburg WV

Laramie WY

None

722,732

1,343,920

81,258

33,305

722,732

1,458,483

2,181,215

340,149

None

210,000

466,417

43,443

3,596

210,000

513,456

723,456

426,380

11/

03/

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
<u>Restaurants - quick service</u>											
Alabaster AL	None	335,197	622,697	None	None	335,197	622,697	957,894	156,712		09/14/
Andalusia AL	None	252,403	468,949	None	None	252,403	468,949	721,352	118,019		09/14/
Atmore AL	None	272,044	505,636	None	None	272,044	505,636	777,680	230,059		08/31/
Attalla AL	None	148,993	276,890	None	None	148,993	276,890	425,883	69,684		09/14/
Bessemer AL	None	172,438	320,429	None	None	172,438	320,429	492,867	80,641		09/14/
Brent AL	None	134,432	249,846	None	None	134,432	249,846	384,278	62,878		09/14/
Clanton AL	None	230,036	427,391	None	None	230,036	427,391	657,427	194,461		08/31/
Demopolis AL	None	251,349	466,972	None	None	251,349	466,972	718,321	212,470		08/31/
Fort Payne AL	None	303,056	563,001	None	None	303,056	563,001	866,057	256,163		08/31/
Gadsden AL	None	242,194	449,977	None	None	242,194	449,977	692,171	113,244		09/14/
Gardendale AL	None	398,669	740,568	None	None	398,669	740,568	1,139,237	336,956		08/31/
Greenville AL	None	226,108	420,117	None	None	226,108	420,117	646,225	105,729		09/14/
Haleyville AL	None	262,500	488,357	None	None	262,500	488,357	750,857	98,484		12/21/
Hamilton AL	None	214,198	397,991	None	None	214,198	397,991	612,189	100,161		09/14/
Hoover AL	None	251,434	467,185	None	None	251,434	467,185	718,619	212,566		08/31/
Hueytown AL	None	281,422	522,828	None	None	281,422	522,828	804,250	131,578		09/14/
Leeds AL	None	171,145	318,028	None	None	171,145	318,028	489,173	80,037		09/14/
Mobile AL	None	286,333	531,950	None	None	286,333	531,950	818,283	133,874		09/14/
Montgomery AL	None	143,693	267,060	None	None	143,693	267,060	410,753	67,210		09/14/
Montgomery AL	None	145,206	269,870	None	None	145,206	269,870	415,076	67,917		09/14/
Montgomery AL	None	380,468	706,777	None	None	380,468	706,777	1,087,245	175,516		10/12/
Opp AL	None	160,778	298,782	None	None	160,778	298,782	459,560	74,198		10/12/
Prattville AL	None	254,278	472,432	None	None	254,278	472,432	726,710	118,895		09/14/
South											
Alabaster AL	None	148,982	276,881	None	None	148,982	276,881	425,863	69,682		09/14/
Trussville AL	None	256,485	476,510	None	None	256,485	476,510	732,995	118,333		10/12/
Warrior AL	None	159,109	295,676	None	None	159,109	295,676	454,785	74,412		09/14/
Arkadelphia AR	None	248,868	462,744	None	None	248,868	462,744	711,612	114,915		10/12/
Bentonville AR	None	377,086	700,582	None	None	377,086	700,582	1,077,668	318,761		08/31/
Hope AR	None	288,643	536,715	None	None	288,643	536,715	825,358	244,196		08/31/
Jacksonville AR	None	267,376	497,124	None	None	267,376	497,124	764,500	125,110		09/14/
Jonesboro AR	None	173,984	323,371	None	70	173,984	323,441	497,425	66,295		11/16/
Little Rock AR	None	317,000	589,377	None	None	317,000	589,377	906,377	268,158		08/31/
Malvern AR	None	219,703	408,588	None	None	219,703	408,588	628,291	102,828		09/14/
Pocahontas AR	None	241,128	447,988	None	None	241,128	447,988	689,116	111,250		10/12/
Siloam											
Springs AR	None	190,000	352,808	None	None	190,000	352,808	542,808	213,438		11/20/
Glendale AZ	None	740,707	1,376,143	None	None	740,707	1,376,143	2,116,850	295,869		08/28/
Phoenix AZ	None	704,014	1,307,998	(145,542)	None	558,472	1,307,998	1,866,470	281,218		08/28/
Phoenix AZ	None	813,750	1,511,928	None	None	813,750	1,511,928	2,325,678	325,062		08/28/
Tempe AZ	None	525,463	976,404	None	None	525,463	976,404	1,501,867	209,925		08/28/
Tucson AZ	None	107,393	500,154	None	61	107,393	500,215	607,608	498,468		01/17/
Tucson AZ	None	463,231	860,982	None	None	463,231	860,982	1,324,213	185,109		08/28/
Tucson AZ	None	496,194	922,053	None	None	496,194	922,053	1,418,247	198,239		08/28/

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Yuma	AZ	None	236,121	541,651	None	None	236,121	541,651	777,772	316,862	05/28
Barstow	CA	None	689,842	690,204	None	None	689,842	690,204	1,380,046	394,569	09/24
Fresno	CA	None	561,502	1,043,688	None	None	561,502	1,043,688	1,605,190	224,389	08/28
Livermore Rancho	CA	None	662,161	823,242	None	None	662,161	823,242	1,485,403	470,623	09/23
Cucamonga	CA	None	95,192	441,334	None	5	95,192	441,339	536,531	441,336	12/20

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Riverside CA	None	90,000	170,394	135,301	None	90,000	305,695	395,695	230,808		12/09/7
Sacramento CA	None	386,793	417,290	None	127	386,793	417,417	804,210	241,460		07/31/9
San Ramon CA	None	406,000	1,126,930	None	None	406,000	1,126,930	1,532,930	1,126,930		12/08/8
Aurora CO	None	288,558	537,322	None	None	288,558	537,322	825,880	115,520		08/28/0
Aurora CO	None	210,000	540,346	None	None	210,000	540,346	750,346	29,719		08/29/1
Broomfield CO	None	444,277	0	None	None	444,277	-	444,277	-		08/29/1
Brush CO	None	90,000	220,976	None	None	90,000	220,976	310,976	12,154		08/29/1
Colorado Springs CO	None	152,000	704,736	None	None	152,000	704,736	856,736	704,736		09/30/8
Fort Morgan CO	None	80,000	350,452	None	None	80,000	350,452	430,452	19,275		08/29/1
Lafayette CO	None	450,000	59,281	None	None	450,000	59,281	509,281	3,260		08/29/1
Lakewood CO	None	510,000	124,971	None	None	510,000	124,971	634,971	6,873		08/29/1
Littleton CO	None	260,000	508,347	None	None	260,000	508,347	768,347	27,959		08/29/1
Littleton CO	None	470,000	207,744	None	None	470,000	207,744	677,744	11,426		08/29/1
Westminster CO	None	261,466	487,102	None	None	261,466	487,102	748,568	104,725		08/28/0
Meriden CT	None	369,482	687,116	None	None	369,482	687,116	1,056,598	147,728		08/28/0
ChIPLEY FL	None	270,439	502,655	None	None	270,439	502,655	773,094	228,703		08/31/0
Clearwater FL	None	484,090	899,658	None	None	484,090	899,658	1,383,748	193,425		08/28/0
Clearwater FL	None	370,000	512,393	None	None	370,000	512,393	882,393	28,182		08/29/1
Dade City FL	None	140,000	387,991	None	None	140,000	387,991	527,991	21,340		08/29/1
DeFuniak Springs FL	None	269,554	501,010	None	None	269,554	501,010	770,564	227,954		08/31/0
Dunedin FL	None	440,000	100,727	None	None	440,000	100,727	540,727	5,540		08/29/1
Jacksonville FL	None	150,210	693,445	None	253	150,210	693,698	843,908	693,613		09/13/8
Lake Mary FL	None	774,043	1,438,165	None	None	774,043	1,438,165	2,212,208	309,203		08/28/0
Lake Placid FL	None	220,000	206,076	None	None	220,000	206,076	426,076	11,334		08/29/1
Lakeland FL	None	310,000	519,387	None	None	310,000	519,387	829,387	28,566		08/29/1
Lakeland FL	None	530,000	556,704	None	None	530,000	556,704	1,086,704	30,619		08/29/1
Lakeland FL	None	170,000	288,777	None	None	170,000	288,777	458,777	15,883		08/29/1
New Port Richey FL	None	260,000	579,385	None	None	260,000	579,385	839,385	31,866		08/29/1
Orlando FL	None	600,000	949,489	None	None	600,000	949,489	1,549,489	517,693	05/27/99	12/18/9
Oviedo FL	None	204,200	911,338	None	None	204,200	911,338	1,115,538	466,456	03/27/00	08/24/9
Oviedo FL	None	456,108	847,515	None	18	456,108	847,533	1,303,641	241,556		11/21/0
Oviedo FL	None	465,993	866,048	None	None	465,993	866,048	1,332,041	186,199		08/28/0
Palm Bay FL	None	330,000	556,668	None	None	330,000	556,668	886,668	307,217	02/17/99	12/29/9
Panama City FL	None	202,047	375,424	None	None	202,047	375,424	577,471	93,230		10/12/0
Pembroke Pines FL	None	741,074	1,376,913	None	None	741,074	1,376,913	2,117,987	296,035		08/28/0
Pensacola FL	None	767,303	1,424,991	None	None	767,303	1,424,991	2,192,294	11,875		10/15/1
Port Richey FL	None	848,210	1,575,247	None	None	848,210	1,575,247	2,423,457	13,127		10/15/1
Seffner St. FL	None	200,000	209,679	None	None	200,000	209,679	409,679	11,532		08/29/1
Petersburg St. FL	None	379,455	705,487	None	None	379,455	705,487	1,084,942	151,677		08/28/0
Petersburg FL	None	370,000	675,403	None	None	370,000	675,403	1,045,403	37,147		08/29/1

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Tallahassee	FL	None	385,000	715,857	None	None	385,000	715,857	1,100,857	144,363	12/25/0
Tallahassee	FL	None	175,000	325,857	None	None	175,000	325,857	500,857	65,713	12/25/0
Tampa	FL	None	962,500	1,788,133	None	None	962,500	1,788,133	2,750,633	384,447	08/28/0
Tampa	FL	None	545,211	1,013,321	None	None	545,211	1,013,321	1,558,532	217,862	08/28/0
Tampa	FL	None	470,000	208,666	None	None	470,000	208,666	678,666	11,477	08/29/1
Tampa	FL	None	430,000	589,949	None	None	430,000	589,949	1,019,949	32,447	08/29/1
Venice	FL	None	340,000	28,239	None	None	340,000	28,239	368,239	1,553	08/29/1
Wauchula	FL	None	260,000	324,525	None	None	260,000	324,525	584,525	17,849	08/29/1

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company		Cost Capitalized		Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired	
		Land	Buildings, Improvements and Acquisition Fees	Improvements	Subsequent to Acquisition Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total				
Zephyrhills	FL	None	220,000	662,046	None	None	220,000	662,046	882,046	36,413	08/29/	
Albany	GA	None	326,690	607,247	None	None	326,690	607,247	933,937	171,041	12/22/	
Buford	GA	None	400,000	361,957	None	None	400,000	361,957	761,957	19,908	08/29/	
Cairo	GA	None	210,000	390,566	None	None	210,000	390,566	600,566	78,764	12/25/	
Cumming	GA	None	520,000	248,510	None	None	520,000	248,510	768,510	13,668	08/29/	
Duluth	GA	None	536,205	996,521	None	None	536,205	996,521	1,532,726	214,250	08/28/	
Garden City	GA	None	197,225	438,043	32,125	433	197,225	470,601	667,826	430,156	04/20/	
Lawrenceville	GA	None	220,000	384,908	None	None	220,000	384,908	604,908	21,170	08/29/	
Lilburn	GA	None	237,822	442,409	None	None	237,822	442,409	680,231	95,116	08/28/	
Lilburn	GA	None	380,000	338,634	None	None	380,000	338,634	718,634	18,625	08/29/	
Loganville	GA	None	340,000	422,840	None	None	340,000	422,840	762,840	23,256	08/29/	
Marietta	GA	None	423,132	786,530	None	None	423,132	786,530	1,209,662	169,102	08/28/	
Norcross	GA	None	310,000	286,762	None	None	310,000	286,762	596,762	15,772	08/29/	
Oakwood	GA	None	440,000	100,481	None	None	440,000	100,481	540,481	5,526	08/29/	
Roswell	GA	None	310,767	578,088	None	None	310,767	578,088	888,855	124,285	08/28/	
Thomasville	GA	None	300,211	558,074	None	None	300,211	558,074	858,285	157,190	12/22/	
Washington	GA	None	292,628	543,862	None	None	292,628	543,862	836,490	247,452	08/31/	
Waycross	GA	None	223,475	415,563	None	None	223,475	415,563	639,038	117,050	12/22/	
Winder	GA	None	230,000	429,116	None	None	230,000	429,116	659,116	23,601	08/29/	
Altoona	IA	None	426,834	792,693	None	None	426,834	792,693	1,219,527	22,460	04/17/	
Cedar Falls	IA	None	208,411	387,971	None	None	208,411	387,971	596,382	109,277	12/22/	
Cedar Falls	IA	None	187,250	349,057	None	None	187,250	349,057	536,307	70,389	12/21/	
Cedar Rapids	IA	None	125,076	233,206	None	None	125,076	233,206	358,282	65,685	12/22/	
Fort Dodge	IA	None	388,815	722,573	None	None	388,815	722,573	1,111,388	181,848	09/14/	
Oelwein	IA	None	84,244	157,375	None	None	84,244	157,375	241,619	44,326	12/22/	
Ottumwa	IA	None	393,010	729,875	None	None	393,010	729,875	1,122,885	18,247	05/25/	
Urbandale	IA	None	395,896	735,724	None	None	395,896	735,724	1,131,620	185,157	09/14/	
Waterloo	IA	None	263,555	490,374	None	None	263,555	490,374	753,929	134,853	02/28/	
Boise	ID	None	190,894	824,305	None	283	190,894	824,588	1,015,482	442,052	05/17/	
Boise	ID	None	161,352	735,104	None	283	161,352	735,387	896,739	347,484	10/07/	
Bethalto	IL	None	180,000	166,596	None	None	180,000	166,596	346,596	9,163	08/29/	
Buffalo Grove	IL	None	306,250	569,693	None	None	306,250	569,693	875,943	122,481	08/28/	
Cahokia	IL	None	70,000	613,995	None	None	70,000	613,995	683,995	33,770	08/29/	
Carlyle	IL	None	80,000	428,860	None	None	80,000	428,860	508,860	23,587	08/29/	
Centralia	IL	None	225,966	420,573	None	None	225,966	420,573	646,539	118,460	12/22/	
Countryside	IL	None	301,000	559,824	None	None	301,000	559,824	860,824	120,358	08/28/	
Edwardsville	IL	None	360,000	328,978	None	None	360,000	328,978	688,978	18,094	08/29/	
Elgin	IL	None	700,000	1,300,943	None	None	700,000	1,300,943	2,000,943	279,700	08/28/	
Fairview												
Heights	IL	None	660,652	1,227,321	None	None	660,652	1,227,321	1,887,973	349,786	11/21/	
Godfrey	IL	None	200,000	282,701	None	None	200,000	282,701	482,701	15,549	08/29/	
Gurnee	IL	None	735,000	1,365,747	None	None	735,000	1,365,747	2,100,747	293,634	08/28/	
Highland	IL	None	130,000	454,866	None	None	130,000	454,866	584,866	25,018	08/29/	
Jerseyville	IL	None	150,000	420,481	None	None	150,000	420,481	570,481	23,126	08/29/	
Joliet	IL	None	280,903	522,424	None	None	280,903	522,424	803,327	112,319	08/28/	
Lincoln	IL	None	206,532	383,970	None	None	206,532	383,970	590,502	174,701	08/31/	
Litchfield	IL	None	130,000	363,760	None	None	130,000	363,760	493,760	20,007	08/29/	

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Mascoutah	IL	None	80,000	435,792	None	None	80,000	435,792	515,792	23,969	08/29/
Red Bud	IL	None	180,000	251,200	None	None	180,000	251,200	431,200	13,816	08/29/

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Rock Island IL	None	138,463	258,066	None	None	138,463	258,066	396,529	72,688		12/22/0
Sparta IL	None	240,000	236,571	None	None	240,000	236,571	476,571	13,011		08/29/1
Troy IL	None	230,000	281,230	None	None	230,000	281,230	511,230	15,468		08/29/1
Waukegan IL	None	496,908	923,576	None	None	496,908	923,576	1,420,484	198,567		08/28/0
Westmont IL	None	475,300	883,468	None	None	475,300	883,468	1,358,768	189,943		08/28/0
Wood River IL	None	180,000	369,377	None	None	180,000	369,377	549,377	20,316		08/29/1
Elkhart IN	None	496,306	922,168	None	None	496,306	922,168	1,418,474	262,818		11/21/0
Evansville IN	None	136,738	254,864	None	None	136,738	254,864	391,602	71,786		12/22/0
Indianapolis IN	None	437,500	813,225	None	None	437,500	813,225	1,250,725	174,842		08/28/0
Jasper IN	None	129,919	242,199	None	None	129,919	242,199	372,118	68,218		12/22/0
Kokomo IN	None	417,330	775,555	None	None	417,330	775,555	1,192,885	210,692		03/28/0
Marion IN	None	426,384	792,314	None	None	426,384	792,314	1,218,698	223,168		12/13/0
Muncie IN	None	136,400	632,380	8,000	None	136,400	640,380	776,780	632,380		03/18/8
Muncie IN	None	67,156	149,157	13,837	179	67,156	163,173	230,329	153,066		03/30/8
Muncie IN	None	644,177	1,196,786	None	None	644,177	1,196,786	1,840,963	341,084		11/21/0
Munster IN	None	560,000	1,040,943	None	None	560,000	1,040,943	1,600,943	223,800		08/28/0
Newburgh IN	None	161,193	300,280	None	None	161,193	300,280	461,473	84,578		12/22/0
South Bend IN	None	133,200	617,545	None	134	133,200	617,679	750,879	617,612		04/28/8
Valparaiso IN	None	365,612	679,507	None	None	365,612	679,507	1,045,119	189,129		01/11/0
Washington IN	None	155,856	290,368	None	None	155,856	290,368	446,224	81,786		12/22/0
Westfield IN	None	213,341	477,300	None	211	213,341	477,511	690,852	438,639		12/21/8
Chanute KS	None	330,852	615,008	None	None	330,852	615,008	945,860	154,777		09/14/0
Fort Scott KS	None	269,301	500,698	None	None	269,301	500,698	769,999	126,009		09/14/0
Kansas City KS	None	190,000	700,039	None	None	190,000	700,039	890,039	38,502		08/29/1
Kansas City KS	None	170,000	214,040	None	None	170,000	214,040	384,040	11,772		08/29/1
Kansas City KS	None	210,000	624,304	None	None	210,000	624,304	834,304	34,337		08/29/1
Kansas City KS	None	140,000	767,812	None	None	140,000	767,812	907,812	42,230		08/29/1
Lawrence Overland Park KS	None	410,000	338,788	None	None	410,000	338,788	748,788	18,633		08/29/1
Overland Park KS	None	408,578	759,513	None	None	408,578	759,513	1,168,091	163,294		08/28/0
Overland Park KS	None	754,020	1,401,069	None	None	754,020	1,401,069	2,155,089	301,228		08/28/0
Parsons KS	None	318,516	592,099	None	None	318,516	592,099	910,615	149,012		09/14/0
Topeka KS	None	232,146	431,853	None	None	232,146	431,853	663,999	92,847		08/28/0
Bowling Green KY	None	685,246	1,273,002	None	None	685,246	1,273,002	1,958,248	362,806		11/21/0
Hazard KY	None	243,836	453,025	None	8	243,836	453,033	696,869	114,013		09/14/0
Lexington KY	None	122,200	1,400	None	31,682	122,200	33,082	155,282	9,706		12/03/8
Madisonville KY	None	422,501	784,831	None	None	422,501	784,831	1,207,332	197,516		09/14/0
Paducah KY	None	673,551	1,251,276	None	None	673,551	1,251,276	1,924,827	356,614		11/21/0
Bossier City LA	None	172,269	320,497	None	None	172,269	320,497	492,766	80,659		09/14/0
Deridder LA	None	371,127	690,819	None	None	371,127	690,819	1,061,946	153,118		06/22/0
Jonesboro LA	None	163,651	304,492	None	None	163,651	304,492	468,143	76,630		09/14/0
Natchitoches LA	None	291,675	541,890	None	None	291,675	541,890	833,565	246,557		08/31/0
Ruston LA	None	170,274	316,792	None	None	170,274	316,792	487,066	79,726		09/14/0
Shreveport LA	None	359,268	667,417	None	None	359,268	667,417	1,026,685	303,672		08/31/0
Shreveport LA	None	154,671	287,815	None	None	154,671	287,815	442,486	72,433		09/14/0

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Shreveport	LA	None	200,033	372,059	None	None	200,033	372,059	572,092	93,635	09/14/0
Shreveport	LA	None	259,987	483,401	None	None	259,987	483,401	743,388	121,656	09/14/0
Shreveport	LA	None	269,130	500,382	None	None	269,130	500,382	769,512	125,930	09/14/0
Vivian	LA	None	135,568	252,338	None	None	135,568	252,338	387,906	63,505	09/14/0

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total				
Winnfield	LA	None	145,973	271,661	None	None	145,973	271,661	417,634	68,368		09/14/00
Fall River	MA	None	962,500	1,787,831	None	None	962,500	1,787,831	2,750,331	384,383		08/28/00
Lawrence	MA	None	910,000	1,690,877	None	None	910,000	1,690,877	2,600,877	363,535		08/28/00
Hagerstown	MD	None	499,396	928,250	None	None	499,396	928,250	1,427,646	199,572		08/28/00
Canton	MI	None	279,923	521,223	None	None	279,923	521,223	801,146	112,061		08/28/00
Livonia	MI	None	350,000	651,446	None	None	350,000	651,446	1,001,446	140,059		08/28/00
Aftton	MO	None	120,000	171,955	None	None	120,000	171,955	291,955	9,458		08/29/00
Bolivar	MO	None	237,094	440,596	None	None	237,094	440,596	677,690	200,468		08/31/00
Bridgeton	MO	None	570,000	228,347	None	None	570,000	228,347	798,347	12,559		08/29/00
Buffalo	MO	None	159,346	296,519	None	24	159,346	296,543	455,889	74,646		09/14/00
Cape												
Girardeau	MO	None	450,078	836,372	None	None	450,078	836,372	1,286,450	232,790		01/11/00
Florissant	MO	None	290,000	86,396	None	None	290,000	86,396	376,396	4,752		08/29/00
Florissant	MO	None	250,000	239,221	None	None	250,000	239,221	489,221	13,157		08/29/00
Grandview	MO	None	280,000	235,370	None	None	280,000	235,370	515,370	12,945		08/29/00
Joplin	MO	None	301,207	749,000	None	None	301,207	749,000	1,050,207	21,711		09/14/00
Joplin	MO	None	281,001	522,428	None	None	281,001	522,428	803,429	131,478		09/14/00
Kansas City	MO	None	315,334	586,423	None	None	315,334	586,423	901,757	126,077		08/28/00
Kansas City	MO	None	230,000	484,010	None	None	230,000	484,010	714,010	26,621		08/29/00
Kansas City	MO	None	200,000	339,994	None	None	200,000	339,994	539,994	18,700		08/29/00
Lees												
Summit	MO	None	500,000	450,156	None	None	500,000	450,156	950,156	24,759		08/29/00
Mountain												
Grove	MO	None	219,704	408,591	None	None	219,704	408,591	628,295	102,829		09/14/00
Mt. Vernon	MO	None	160,000	282,586	None	None	160,000	282,586	442,586	170,954		11/20/99
Nevada	MO	None	290,795	540,616	None	None	290,795	540,616	831,411	136,055		09/14/00
Nixa	MO	None	251,387	467,430	None	None	251,387	467,430	718,817	117,637		09/14/00
Raymore	MO	None	460,000	663,580	None	None	460,000	663,580	1,123,580	36,497		08/29/00
Springfield	MO	None	251,381	467,418	None	None	251,381	467,418	718,799	117,634		09/14/00
Springfield	MO	None	225,939	420,162	None	None	225,939	420,162	646,101	104,340		10/12/00
St. Louis	MO	None	340,000	88,519	None	None	340,000	88,519	428,519	4,869		08/29/00
St. Louis	MO	None	500,000	184,049	None	None	500,000	184,049	684,049	10,123		08/29/00
St. Robert	MO	None	329,242	611,728	None	None	329,242	611,728	940,970	278,333		08/31/00
Webb City	MO	None	337,647	627,628	None	None	337,647	627,628	965,275	157,953		09/14/00
Biloxi	MS	None	414,902	770,725	None	None	414,902	770,725	1,185,627	193,966		09/14/00
Canton	MS	None	163,193	303,268	None	None	163,193	303,268	466,461	76,322		09/14/00
Carthage	MS	None	157,803	293,257	None	None	157,803	293,257	451,060	73,803		09/14/00
Columbus	MS	None	128,409	238,775	None	None	128,409	238,775	367,184	67,255		12/22/00
Columbus	MS	None	117,411	218,350	None	None	117,411	218,350	335,761	61,501		12/22/00
Corinth	MS	None	285,607	530,598	None	None	285,607	530,598	816,205	133,534		09/14/00
Flowood	MS	None	154,733	287,549	None	168	154,733	287,717	442,450	72,378		09/14/00
Forest	MS	None	106,457	198,007	None	None	106,457	198,007	304,464	55,771		12/22/00
Fulton	MS	None	239,686	445,337	None	None	239,686	445,337	685,023	202,626		08/31/00
Gautier	MS	None	241,995	449,607	None	None	241,995	449,607	691,602	113,151		09/14/00
Greenville	MS	None	311,324	578,378	None	None	311,324	578,378	889,702	263,159		08/31/00
Greenwood	MS	None	177,329	329,520	None	None	177,329	329,520	506,849	82,929		09/14/00
Hernando	MS	None	137,898	256,282	None	None	137,898	256,282	394,180	64,498		09/14/00

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Houston	MS	None	226,962	421,695	None	None	226,962	421,695	648,657	106,127	09/14/0
Indianola	MS	None	270,639	502,822	None	None	270,639	502,822	773,461	228,781	08/31/0
luka	MS	None	139,243	258,779	None	None	139,243	258,779	398,022	65,126	09/14/0
Jackson	MS	None	237,982	442,154	None	None	237,982	442,154	680,136	111,275	09/14/0

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Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition			Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Jackson	MS	None	352,003	653,900	None	None	352,003	653,900	1,005,903	162,385	10/11
Kosciusko	MS	None	311,422	578,550	None	None	311,422	578,550	889,972	145,602	09/11
Magee	MS	None	264,395	491,206	None	None	264,395	491,206	755,601	123,620	09/11
Moss Point	MS	None	287,821	534,713	None	None	287,821	534,713	822,534	134,569	09/11
Natchez	MS	None	402,589	747,934	None	None	402,589	747,934	1,150,523	180,751	12/21
Newton	MS	None	284,350	528,311	None	None	284,350	528,311	812,661	240,378	08/31
Olive Branch	MS	None	332,234	617,192	None	None	332,234	617,192	949,426	155,327	09/11
Olive Branch	MS	None	362,276	673,055	None	None	362,276	673,055	1,035,331	137,976	11/11
Oxford	MS	None	164,058	304,873	None	None	164,058	304,873	468,931	76,726	09/11
Oxford	MS	None	297,182	552,097	None	None	297,182	552,097	849,279	137,104	10/11
Philadelphia	MS	None	292,868	543,912	None	None	292,868	543,912	836,780	136,885	09/11
Pontotoc	MS	None	285,006	529,492	None	None	285,006	529,492	814,498	133,255	09/11
Southaven	MS	None	498,426	925,905	None	None	498,426	925,905	1,424,331	189,810	11/11
Starkville	MS	None	175,436	326,005	None	None	175,436	326,005	501,441	82,045	09/11
Tupelo	MS	None	166,869	310,095	None	None	166,869	310,095	476,964	78,040	09/11
Tupelo	MS	None	225,934	419,857	None	None	225,934	419,857	645,791	105,664	09/21
Vicksburg	MS	None	275,895	512,632	None	None	275,895	512,632	788,527	129,013	09/21
West Point	MS	None	87,859	163,468	None	None	87,859	163,468	251,327	46,043	12/21
Wiggins	MS	None	268,104	498,095	None	None	268,104	498,095	766,199	125,354	09/11
Asheville	NC	None	264,226	491,419	None	None	264,226	491,419	755,645	105,653	08/21
Winston Salem	NC	None	126,423	235,323	None	None	126,423	235,323	361,746	66,282	12/21
Winston-Salem	NC	None	353,239	656,427	None	None	353,239	656,427	1,009,666	298,669	08/31
Devils Lake	ND	None	150,390	279,798	None	None	150,390	279,798	430,188	78,810	12/21
Fargo	ND	None	217,057	403,609	None	None	217,057	403,609	620,666	113,683	12/21
Jamestown	ND	None	136,523	254,045	None	None	136,523	254,045	390,568	71,556	12/21
Minot	ND	None	153,870	286,260	None	None	153,870	286,260	440,130	80,630	12/21
Omaha	NE	None	444,460	825,938	None	32	444,460	825,970	1,270,430	229,889	01/11
Omaha	NE	None	350,000	650,877	None	32	350,000	650,909	1,000,909	139,940	08/21
Albuquerque	NM	None	471,899	876,928	None	None	471,899	876,928	1,348,827	188,538	08/21
Amherst	NY	None	412,349	767,082	None	None	412,349	767,082	1,179,431	164,921	08/21
Buffalo	NY	None	317,454	591,060	None	None	317,454	591,060	908,514	127,074	08/21
Cincinnati	OH	None	299,187	556,978	None	None	299,187	556,978	856,165	119,727	08/21
Mentor	OH	None	394,450	734,205	None	None	394,450	734,205	1,128,655	157,840	08/21
Parma	OH	None	473,710	881,038	None	None	473,710	881,038	1,354,748	189,421	08/21
Toledo	OH	None	633,461	1,177,718	None	None	633,461	1,177,718	1,811,179	253,208	08/21
Bixby	OK	None	145,791	271,272	None	None	145,791	271,272	417,063	76,408	12/21
Broken Arrow	OK	None	245,000	369,002	None	61	245,000	369,063	614,063	222,020	12/11
Checotah	OK	None	153,232	285,092	None	None	153,232	285,092	438,324	80,301	12/21
Idabel	OK	None	214,244	398,545	None	None	214,244	398,545	612,789	181,329	08/31
Owasso	OK	None	327,043	607,645	None	None	327,043	607,645	934,688	276,475	08/31
Tahlequah	OK	None	224,982	418,341	None	None	224,982	418,341	643,323	117,833	12/21
Tulsa	OK	None	295,993	549,981	None	None	295,993	549,981	845,974	250,238	08/31
Salem	OR	None	198,540	689,507	None	None	198,540	689,507	888,047	442,233	05/21
Abington	PA	None	778,103	1,445,849	None	None	778,103	1,445,849	2,223,952	310,856	08/21
Greensburg	PA	None	315,000	586,368	None	None	315,000	586,368	901,368	126,065	08/21
Philadelphia	PA	None	423,333	787,125	None	None	423,333	787,125	1,210,458	169,230	08/21
Aiken	SC	None	240,937	447,656	None	None	240,937	447,656	688,593	112,660	09/11

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Chamberlain SD

None 139,587

259,627

None

None 139,587

259,627

399,214

73,128

12/2

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	Date Acquired
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Madison SD	None	112,143	208,660	None	None	112,143	208,660	320,803	58,772		12/22/00
Rapid City SD	None	197,967	368,047	None	None	197,967	368,047	566,014	103,666		12/22/00
Sioux Falls SD	None	340,718	633,332	None	None	340,718	633,332	974,050	150,944		01/19/00
Spearfish SD	None	142,114	264,320	None	None	142,114	264,320	406,434	74,450		12/22/00
Watertown SD	None	197,559	367,289	None	None	197,559	367,289	564,848	103,453		12/22/00
Winner SD	None	115,591	215,063	None	None	115,591	215,063	330,654	60,575		12/22/00
Antioch TN	None	244,470	454,016	None	None	244,470	454,016	698,486	112,747		10/02/00
Bartlett TN	None	152,469	283,343	None	None	152,469	283,343	435,812	71,308		09/14/00
Brownsville TN	None	289,379	538,081	None	None	289,379	538,081	827,460	244,818		08/31/00
Collierville TN	None	433,503	805,339	None	None	433,503	805,339	1,238,842	165,095		11/16/00
Columbia TN	None	410,242	761,878	None	None	410,242	761,878	1,172,120	189,200		10/02/00
Germantown TN	None	356,774	662,837	None	None	356,774	662,837	1,019,611	135,882		11/16/00
Henderson TN	None	155,954	289,815	None	None	155,954	289,815	445,769	72,937		09/14/00
Hermitage TN	None	341,251	633,753	None	None	341,251	633,753	975,004	157,382		10/02/00
Jackson TN	None	126,158	234,594	None	None	126,158	234,594	360,752	66,077		12/22/00
Jackson TN	None	312,734	581,049	None	52	312,734	581,101	893,835	119,118		11/16/00
Manchester TN	None	411,504	764,222	None	None	411,504	764,222	1,175,726	189,782		10/02/00
Martin TN	None	173,616	322,616	None	None	173,616	322,616	496,232	81,192		09/14/00
McMinnville TN	None	442,735	635,260	None	None	442,735	635,260	1,077,995	153,503		12/21/00
Memphis TN	None	148,386	275,760	None	None	148,386	275,760	424,146	69,400		09/14/00
Memphis TN	None	254,423	472,680	None	None	254,423	472,680	727,103	117,382		10/12/00
Memphis TN	None	309,358	574,779	None	None	309,358	574,779	884,137	117,830		11/16/00
Milan TN	None	138,159	256,766	None	None	138,159	256,766	394,925	64,620		09/14/00
Millington TN	None	285,613	530,630	None	None	285,613	530,630	816,243	241,434		08/31/00
Morristown TN	None	182,935	340,274	None	None	182,935	340,274	523,209	95,843		12/22/00
Murfreesboro TN	None	376,568	699,340	None	None	376,568	699,340	1,075,908	173,670		10/02/00
Murfreesboro TN	None	383,266	712,027	None	None	383,266	712,027	1,095,293	172,073		12/21/00
Nashville TN	None	147,915	274,700	None	None	147,915	274,700	422,615	68,217		10/02/00
Nashville TN	None	432,494	803,203	None	None	432,494	803,203	1,235,697	199,462		10/02/00
Nashville TN	None	350,983	651,825	None	None	350,983	651,825	1,002,808	161,870		10/02/00
Ripley TN	None	231,552	430,232	None	None	231,552	430,232	661,784	195,753		08/31/00
Sevierville TN	None	423,790	787,301	None	None	423,790	787,301	1,211,091	198,137		09/28/00
Shelbyville TN	None	245,370	455,687	None	None	245,370	455,687	701,057	113,162		10/02/00
Trenton TN	None	174,379	324,032	None	None	174,379	324,032	498,411	81,548		09/14/00
Allen TX	None	165,000	306,771	None	None	165,000	306,771	471,771	165,145	07/09/99	05/28/99
Arlington TX	None	560,000	1,040,667	None	None	560,000	1,040,667	1,600,667	223,742		08/28/00
Arlington TX	None	536,130	996,532	None	None	536,130	996,532	1,532,662	214,252		08/28/00
Arlington TX	None	269,284	500,766	None	None	269,284	500,766	770,050	107,663		08/28/00
Coppell TX	None	212,875	396,007	None	None	212,875	396,007	608,882	85,140		08/28/00
Dallas TX	None	386,451	718,361	None	None	386,451	718,361	1,104,812	154,446		08/28/00
Ennis TX	None	173,250	384,793	45,798	12,600	173,250	443,191	616,441	387,888		12/28/00
Fort Worth TX	None	223,195	492,067	None	54	223,195	492,121	715,316	433,397		06/26/99
Fort Worth TX	None	423,281	382,059	None	None	423,281	382,059	805,340	273,172		02/10/99
Grand Prairie TX	None	280,000	520,197	None	None	280,000	520,197	800,197	111,842		08/28/00
Houston TX	None	194,994	386,056	None	128	194,994	386,184	581,178	331,431		06/25/99
Houston TX	None	113,693	0	None	None	113,693	-	113,693	-		03/07/99
Houston TX	None	441,943	821,760	None	None	441,943	821,760	1,263,703	176,676		08/28/00

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Houston

TX

None 335,664

624,233

None

None 335,664

624,233

959,897

134,208

08/28/0

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SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	Date of Construction	
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total			
Hurst	TX	None	215,623	401,245	None	None	215,623	401,245	616,868	86,265	
Irving	TX	None	291,971	543,094	None	None	291,971	543,094	835,065	116,763	
Killeen	TX	None	262,500	583,014	None	14,398	262,500	597,412	859,912	596,009	
Lewisville	TX	None	448,000	832,667	None	None	448,000	832,667	1,280,667	179,022	
Lufkin	TX	None	128,842	239,585	None	None	128,842	239,585	368,427	67,483	
Lumberton	TX	None	111,146	206,720	None	None	111,146	206,720	317,866	58,226	
Plano	TX	None	840,000	1,560,819	None	None	840,000	1,560,819	2,400,819	335,574	
Porter	TX	None	227,067	333,031	None	None	227,067	333,031	560,098	238,117	
Santa Fe	TX	None	304,414	623,331	None	None	304,414	623,331	927,745	368,746	
Sealy	TX	None	197,871	391,753	None	128	197,871	391,881	589,752	336,321	
Spring	TX	None	378,654	704,206	None	None	378,654	704,206	1,082,860	151,402	
Stafford	TX	None	214,024	423,733	None	128	214,024	423,861	637,885	363,772	
Temple	TX	None	302,505	291,414	None	None	302,505	291,414	593,919	208,361	
Texarkana	TX	None	311,263	578,266	None	None	311,263	578,266	889,529	263,108	
Vidor	TX	None	146,291	271,990	None	None	146,291	271,990	418,281	76,611	
Hampton	VA	None	805,000	1,495,800	None	None	805,000	1,495,800	2,300,800	321,595	
Lynchburg	VA	None	308,824	573,529	None	None	308,824	573,529	882,353	52,574	
Virginia Beach	VA	None	551,588	797,260	12,325	10,004	551,588	819,589	1,371,177	480,094	
Spokane	WA	None	479,531	646,719	None	None	479,531	646,719	1,126,250	382,589	
Appleton	WI	None	340,126	631,662	None	None	340,126	631,662	971,788	17,897	
Grafton	WI	None	149,778	332,664	None	172	149,778	332,836	482,614	332,810	
Green Bay	WI	None	308,131	572,756	None	None	308,131	572,756	880,887	159,417	
Oshkosh	WI	None	385,870	716,616	None	None	385,870	716,616	1,102,486	20,304	
<u>Shoe stores</u>											
Staten Island	NY	None	3,190,883	3,413,933	18,229	207,462	3,190,883	3,639,624	6,830,507	1,644,497	
<u>Sporting goods</u>											
Anchorage	AK	None	1,486,000	5,045,244	None	None	1,486,000	5,045,244	6,531,244	2,261,943	
Mesa	AZ	None	984,890	1,536,269	None	None	984,890	1,536,269	2,521,159	361,005	
Phoenix	AZ	None	2,730,000	4,509,356	None	None	2,730,000	4,509,356	7,239,356	398,326	
Phoenix	AZ	None	3,250,000	5,735,722	None	None	3,250,000	5,735,722	8,985,722	506,655	
Fresno	CA	None	1,650,000	3,321,244	None	None	1,650,000	3,321,244	4,971,244	1,489,016	
Daytona Beach	FL	None	608,790	2,557,564	None	None	608,790	2,557,564	3,166,354	930,780	09/10/03
Fort Myers	FL	None	1,695,000	2,025,554	None	None	1,695,000	2,025,554	3,720,554	908,120	
Gainesville	FL	None	1,296,000	2,234,554	None	None	1,296,000	2,234,554	3,530,554	1,001,821	
Jupiter	FL	None	1,698,316	4,352,255	None	247,488	1,698,316	4,599,743	6,298,059	1,777,016	
Melbourne	FL	None	994,000	4,076,554	None	None	994,000	4,076,554	5,070,554	1,827,651	
Orlando	FL	None	1,197,000	2,573,554	None	None	1,197,000	2,573,554	3,770,554	1,153,806	
Pooler	GA	None	1,339,957	1,831,350	None	None	1,339,957	1,831,350	3,171,307	491,076	
Geneva	IL	None	2,082,000	1,838,888	None	None	2,082,000	1,838,888	3,920,888	824,429	
Bowie	MD	None	2,084,000	3,046,888	None	None	2,084,000	3,046,888	5,130,888	1,366,015	
Kearney	NE	None	173,950	344,393	None	203	173,950	344,596	518,546	310,841	
Glendale	NY	None	5,559,686	4,447,566	None	None	5,559,686	4,447,566	10,007,252	1,430,634	
Mechanicsburg	PA	None	2,101,415	3,902,912	None	None	2,101,415	3,902,912	6,004,327	1,736,795	

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Columbia	SC	None	1,145,120	2,770,957	None	432	1,145,120	2,771,389	3,916,509	576,302
Spartanburg	SC	None	1,234,815	3,111,921	(428,405)	None	806,410	3,111,921	3,918,331	968,651
El Paso	TX	None	700,000	2,501,244	None	None	700,000	2,501,244	3,201,244	1,121,383

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)	Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7)			Accumulated Depreciation (Note 5)	
		Land	Fees	Improvements	Carrying Costs	Land	Fees	Total		
Fredericksburg	VA	None	1,941,000	2,979,888	None	None	1,941,000	2,979,888	4,920,888	1,335,977
<u>Telecommunications</u>										
Augusta	GA	None	2,720,359	11,128,077	None	147	2,720,359	11,128,224	13,848,583	760,460
Salem	OR	None	1,721,686	9,387,216	2,750	None	1,721,686	9,389,966	11,111,652	579,188
Brownsville	TX	None	1,740,479	11,570,294	None	147	1,740,479	11,570,441	13,310,920	790,679
<u>Theaters</u>										
Fairbanks	AK	None	2,586,879	9,575	None	None	2,586,879	9,575	2,596,454	4,612
Huntsville	AL	None	2,810,868	14,308	None	None	2,810,868	14,308	2,825,176	6,891
Chula Vista	CA	None	2,060,287	8,914,162	None	None	2,060,287	8,914,162	10,974,449	490,279
Norwalk	CA	None	2,466,208	13,463,098	None	None	2,466,208	13,463,098	15,929,306	740,470
Naples	FL	None	2,618,441	8,979,199	None	None	2,618,441	8,979,199	11,597,640	4,414,753
Austell	GA	None	2,497,504	10,148,237	None	None	2,497,504	10,148,237	12,645,741	558,153
Chamblee	GA	None	4,329,404	14,942	None	None	4,329,404	14,942	4,344,346	7,009
Morrow	GA	None	2,962,468	13,170,143	8,480	None	2,962,468	13,178,623	16,141,091	725,196
Council Bluffs	IA	None	4,924,553	11,652,293	None	None	4,924,553	11,652,293	16,576,846	2,277,626
Dubuque	IA	None	3,185,053	5,915,983	None	None	3,185,053	5,915,983	9,101,036	1,173,336
Edwardsville	IL	None	4,270,500	9,070,885	None	None	4,270,500	9,070,885	13,341,385	2,645,665
Lake in the Hills	IL	None	3,297,566	9,364,286	None	None	3,297,566	9,364,286	12,661,852	2,731,241
Marion	IL	None	832,500	3,499,885	None	None	832,500	3,499,885	4,332,385	1,020,790
Mattoon	IL	None	543,183	5,110,193	None	None	543,183	5,110,193	5,653,376	1,490,463
Pekin	IL	None	1,575,231	9,183,100	None	None	1,575,231	9,183,100	10,758,331	2,678,395
Rockford	IL	None	4,270,500	16,675,954	(1,779)	None	4,268,721	16,675,954	20,944,675	4,863,810
Springfield	IL	None	3,151,838	10,404,452	None	None	3,151,838	10,404,452	13,556,290	3,034,622
Bloomington	IN	None	2,498,642	7,934,745	None	None	2,498,642	7,934,745	10,433,387	2,314,291
Columbus	IN	None	1,999,812	7,234,361	None	None	1,999,812	7,234,361	9,234,173	2,110,012
Indianapolis	IN	None	2,700,395	17,672,980	None	None	2,700,395	17,672,980	20,373,375	4,952,822
Terre Haute	IN	None	1,249,321	9,835,885	None	None	1,249,321	9,835,885	11,085,206	2,868,790
Coon Rapids	MN	None	2,460,040	14,964,514	None	None	2,460,040	14,964,514	17,424,554	4,364,640
Inver Grove	MN	None	2,863,272	15,274,237	None	None	2,863,272	15,274,237	18,137,509	4,454,976
Poplar Bluff	MO	None	1,106,618	4,872,502	None	None	1,106,618	4,872,502	5,979,120	1,421,137
Rockaway	NJ	None	8,634,576	14,679,823	None	None	8,634,576	14,679,823	23,314,399	3,551,648
Binghamton	NY	None	2,700,000	5,570,505	14,812	None	2,700,000	5,585,317	8,285,317	1,632,738
Henrietta	NY	None	2,152,546	8,953,645	None	None	2,152,546	8,953,645	11,106,191	492,450
Akron	OH	None	1,511,018	1,386	None	None	1,511,018	1,386	1,512,404	667
Beavercreek	OH	None	2,062,545	8,467,551	421,563	None	2,062,545	8,889,114	10,951,659	483,116
Columbus	OH	None	2,103,351	5,161,550	None	None	2,103,351	5,161,550	7,264,901	2,090,415
Hillsboro	OR	None	4,915,032	16,377	None	None	4,915,032	16,377	4,931,409	7,888
Portland	OR	None	2,793,001	9,942	None	None	2,793,001	9,942	2,802,943	4,789
Spartanburg	SC	None	2,072,738	8,340,814	None	None	2,072,738	8,340,814	10,413,552	152,915
Fort Worth	TX	None	2,280,000	2,802,189	None	102	2,280,000	2,802,291	5,082,291	723,901
Laredo	TX	None	2,161,477	5,561,558	None	None	2,161,477	5,561,558	7,723,035	1,364,138
Live Oak	TX	None	2,910,035	12,674,850	None	None	2,910,035	12,674,850	15,584,885	697,117
Longview	TX	None	2,887,500	5,363,826	None	None	2,887,500	5,363,826	8,251,326	1,510,811
Lubbock	TX	None	1,642,533	6,984,372	None	None	1,642,533	6,984,372	8,626,905	384,140

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Waco	TX	None	1,013,706	5,880,539	None	None	1,013,706	5,880,539	6,894,245	1,460,334
Glen Allen	VA	None	1,314,065	9,748,457	None	None	1,314,065	9,748,457	11,062,522	4,792,955

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Description (Note 1)	Encumbrances (Note 2)		Initial Cost to Company Buildings, Improvements and Acquisition		Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (Notes 3, 4, 6 and 7) Buildings, Improvements and Acquisition			Accumulated Depreciation (Note 5)	Date Constr
			Land	Fees	Improvements	Carrying Costs	Land	Fees	Total		
Roanoke	VA	None	2,212,494	9,324,958	None	None	2,212,494	9,324,958	11,537,452	512,873	
Sterling	VA	None	4,546,305	33,325	None	None	4,546,305	33,325	4,579,630	15,491	
Marysville	WA	None	1,988,142	0	None	None	1,988,142	-	1,988,142	-	
Fitchburg	WI	None	5,540,553	10,290,483	None	None	5,540,553	10,290,483	15,831,036	2,040,946	

Transportation

services

Palmetto	FL	None	1,853,907	9,635,997	4,500	None	1,853,907	9,640,497	11,494,404	691,124	
Conley	GA	None	420,000	780,000	None	None	420,000	780,000	1,200,000	61,100	
Chicago	IL	None	612,500	1,137,500	None	None	612,500	1,137,500	1,750,000	89,104	
Grayslake	IL	None	5,044,195	23,762,966	500	None	5,044,195	23,763,466	28,807,661	1,168,090	
Evansville	IN	None	959,651	4,053,122	None	None	959,651	4,053,122	5,012,773	209,411	
Wichita	KS	None	2,840,499	7,375,302	1,000	None	2,840,499	7,376,302	10,216,801	528,738	
Louisville	KY	None	472,500	877,500	None	None	472,500	877,500	1,350,000	68,738	
St. Rose	LA	None	3,147,428	8,283,048	None	None	3,147,428	8,283,048	11,430,476	345,127	
Baltimore	MD	None	1,740,080	4,580,068	None	None	1,740,080	4,580,068	6,320,148	1,725,860	12
Detroit	MI	None	280,000	520,000	None	None	280,000	520,000	800,000	40,733	
Gibraltar	MI	None	245,000	455,000	None	None	245,000	455,000	700,000	35,642	
Shakopee	MN	None	2,451,948	7,961,282	None	None	2,451,948	7,961,282	10,413,230	570,559	
Petal	MS	None	315,000	2,121,606	None	None	315,000	2,121,606	2,436,606	44	In-pro
Charlotte	NC	None	735,000	1,365,000	None	None	735,000	1,365,000	2,100,000	106,925	
Columbus	OH	None	245,000	455,000	None	None	245,000	455,000	700,000	35,642	
Vandalia	OH	None	719,985	10,102,113	None	None	719,985	10,102,113	10,822,098	286,227	
Walbridge	OH	None	210,000	390,000	None	None	210,000	390,000	600,000	30,550	
Coraopolis	PA	None	350,000	650,000	None	None	350,000	650,000	1,000,000	50,917	
Franklin	PA	None	405,243	1,831,240	22,294	None	405,243	1,853,534	2,258,777	134,009	
Parker	PA	None	210,000	390,000	None	None	210,000	390,000	600,000	30,550	
Chattanooga	TN	None	2,024,239	8,974,591	500	None	2,024,239	8,975,091	10,999,330	643,267	
Freeport	TX	None	245,000	455,000	None	None	245,000	455,000	700,000	35,642	
La Porte	TX	None	875,000	1,625,000	None	None	875,000	1,625,000	2,500,000	127,292	
Vineyard	UT	None	1,732,107	5,356,844	None	None	1,732,107	5,356,844	7,088,951	383,907	
Charleston	WV	None	2,251,894	4,053,565	None	None	2,251,894	4,053,565	6,305,459	4,826	

Video rental

Birmingham	AL	None	392,795	865,115	39,818	522	392,795	905,455	1,298,250	537,012	
Forest Park	OH	None	328,187	921,232	118,422	275	328,187	1,039,929	1,368,116	576,165	
Murfreesboro	TN	None	406,056	886,293	56,019	792	406,056	943,104	1,349,160	548,075	

Wholesale

clubs

Derby	CT	None	5,699,931	10,584,586	1,000	None	5,699,931	10,585,586	16,285,517	123,512	
Waterford	CT	None	11,841,797	21,990,910	1,000	None	11,841,797	21,991,910	33,833,707	256,586	
Sanford	FL	None	5,788,032	10,748,203	1,000	None	5,788,032	10,749,203	16,537,235	125,421	
Bel Air	MD	None	8,965,840	16,649,846	1,000	None	8,965,840	16,650,846	25,616,686	194,273	
Columbia	MD	None	10,208,201	18,958,088	None	None	10,208,201	18,958,088	29,166,289	979,501	

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Nashua	NH	None	7,204,581	13,379,935	None	None	7,204,581	13,379,935	20,584,516	691,297
Clay	NY	None	6,902,476	12,817,384	1,500	None	6,902,476	12,818,884	19,721,360	149,574
Freeport	NY	None	13,122,718	24,369,763	1,000	None	13,122,718	24,370,763	37,493,481	1,259,229
Yorktown Heights	NY	None	11,225,391	20,847,154	None	None	11,225,391	20,847,154	32,072,545	1,077,103
Conshohocken	PA	None	7,231,557	13,430,034	None	None	7,231,557	13,430,034	20,661,591	693,885

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Description (Note 1)	Encumbrances (Note 2)		Initial Cost to Company		Cost Capitalized		Gross Amount at Which Carried			Accumulated Depreciation (Note 5)	
			Land	Buildings, Improvements and Acquisition Fees	Improvements	Carrying Costs	Land	Buildings, Improvements and Acquisition Fees	Total		
Stroudsburg	PA	None	5,192,837	9,642,340	1,500	None	5,192,837	9,643,840	14,836,677	112,531	
York	PA	None	5,433,864	10,090,462	1,000	None	5,433,864	10,091,462	15,525,326	117,747	
Mechanicsville	VA	None	5,650,222	10,493,270	None	None	5,650,222	10,493,270	16,143,492	122,421	
Woodbridge	VA	None	5,659,285	10,509,101	1,000	None	5,659,285	10,510,101	16,169,386	543,095	
Other											
El Centro	CA	None	520,000	2,185,899	None	None	520,000	2,185,899	2,705,899	287,810	
Escondido	CA	None	1,949,375	12,966,248	453,991	None	1,949,375	13,420,239	15,369,614	2,837,920	
San Diego	CA	None	3,745,000	8,885,351	113,731	35,308	3,745,000	9,034,390	12,779,390	7,065,643	
San Diego	CA	None	2,485,160	8,697,822	2,256,613	132,990	2,485,160	11,087,425	13,572,585	17,200,190	
San Diego	CA	None	5,797,411	15,473,497	208,470	75,947	5,797,411	15,757,914	21,555,325	10,373,675	
Venice	FL	None	259,686	362,562	4,535	154	259,686	367,251	626,937	237,275	
Brunswick	GA	None	290,369	788,880	36,532	15,789	290,369	841,201	1,131,570	482,306	
Nampa	ID	None	183,743	408,101	None	9,024	183,743	417,125	600,868	403,265	
Wichita	KS	None	289,714	797,856	10,910	16,580	289,714	825,346	1,115,060	455,320	
Billerica	MA	None	398,292	740,107	8,549	7,647	398,292	756,303	1,154,595	152,470	
Jackson	MS	None	405,360	656,296	(124,313)	21,751	405,360	553,734	959,094	453,327	
Meridian	MS	None	181,156	515,598	79,143	None	181,156	594,741	775,897	375,058	
Lakewood	NY	None	144,859	526,301	96,813	171	144,859	623,285	768,144	352,796	
Watertown	NY	None	139,199	0	None	None	139,199	-	139,199	-	
Mt. Vernon	OH	None	726,626	1,351,151	None	11,556	726,626	1,362,707	2,089,333	331,268	
Humble	TX	None	106,000	545,518	64,047	6,512	106,000	616,077	722,077	585,919	
Hurst	TX	None	373,084	871,163	23,096	None	373,084	894,259	1,267,343	513,468	
Lubbock	TX	None	49,000	108,831	24,197	1,013	49,000	134,041	183,041	118,592	
Hampton	VA	None	373,499	836,071	7,601	33,111	373,499	876,783	1,250,282	513,227	
Crest Net Lease		None	3,446,234	4,780,416	(4,364,592)	17,108	3,446,235	432,932	3,879,167	221,234	
			165,926,830	2,019,157,380	3,945,409,742	7,910,878	5,677,929	2,016,080,545	3,962,075,383	5,978,155,929	936,019,074

Note 1. Realty Income Corporation owns 2,996 single-tenant properties and Crest Net Lease, Inc. owns four properties. Realty Income Corporation also owns 17 multi-tenant properties, three are located in San Diego, CA and one is located in each of the following cities: Escondido, CA; Hanford, CA; Danbury, CT; Brandon, FL; Cutler Ridge, FL; Deerfield Beach, FL; Edmond, OK; Jackson, TN; Cedar Park, TX; Dallas, TX; Humble, TX; The Colony, TX; Virginia Beach, VA and Sheboygan, WI.

Note 2. Includes mortgages payable secured by eleven properties, but excludes unamortized net debt premiums of \$9.9 million.

Note 3.

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The aggregate cost for federal income tax purposes for Realty
Income Corporation is \$6,000,102,857 and for Crest Net
Lease, Inc. is \$8,448,564.

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REALTY INCOME CORPORATION AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

Note 4. The following is a reconciliation of total real estate carrying value for the years ended December 31:	2012	2011
Balance at Beginning of Period	4,976,096,132	4,119,901,3
Additions During Period:		
Acquisitions	1,130,059,158	1,016,170,8
Less amounts allocated to intangible assets that are included in Other Assets on our Consolidated Balance Sheets	(86,100,036)	(133,491,90
Equipment	0	14,2
Improvements, Etc.	4,934,558	2,435,9
Other (Leasing Costs and Building Adjustments as a result of net debt premiums)	13,081,252	3,286,2
Total Additions	1,061,974,932	888,415,3
Deductions During Period:		
Cost of Real Estate sold or disposed of	54,223,955	31,383,5
Cost of Equipment sold	0	
Releasing costs	582,705	584,1
Other (including Provisions for Impairment)	5,108,475	252,8
Total Deductions	59,915,135	32,220,5
Balance at Close of Period	5,978,155,929	4,976,096,1
 Note 5. The following is a reconciliation of accumulated depreciation for the years ended:		
Balance at Beginning of Period	816,087,890	715,023,3
Additions During Period - Provision for Depreciation	135,470,091	113,671,1
Deductions During Period:		
Accumulated depreciation of real estate and equipment sold or disposed of	15,538,907	12,606,5
Balance at Close of Period	936,019,074	816,087,8
 Note 6. In 2012, provisions for impairment were recorded on ten Realty Income properties. In 2011, provisions for impairment were recorded on five Realty Income properties. In 2010, provisions for impairment were recorded on four Realty Income properties and three Crest properties.		
 Note 7. In accordance with FASB 143 and FASB interpretation No. 47, we recorded in aggregate \$30,553 in 2012, \$152,277 in 2011 and \$81,593 in 2010 to two buildings for the fair value of legal obligations to perform asset-retirement activities that are conditional on future events. These two properties are reported in the drug store industry and are located in Girard, PA and Slippery Rock, PA.		

See report of independent registered public accounting firm.