



**50**

REALTY INCOME

**25**

2019 ANNUAL REPORT

## Celebrating 25 Years on the New York Stock Exchange



**“THE COMPANY BELIEVES THAT OWNING A DIVERSIFIED PORTFOLIO OF COMMERCIAL PROPERTIES OPERATED UNDER TRIPLE-NET LEASE AGREEMENTS MAY OFFER IT ONE OF THE BEST OPPORTUNITIES FOR CREATING PREDICTABLE RESULTS FOR ITS SHAREHOLDERS.”**

– PROSPECTUS, 1994

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## PERFORMANCE HIGHLIGHTS SINCE 1994 NYSE LISTING<sup>(1)</sup>

**16.5%**

COMPOUND AVERAGE ANNUAL TOTAL SHAREHOLDER RETURN

**5.0%**

ANNUAL AFFO PER SHARE GROWTH

**4.5%**

COMPOUND AVERAGE ANNUAL DIVIDEND PER SHARE GROWTH

**104**

DIVIDEND INCREASES

**89**

CONSECUTIVE QUARTERLY DIVIDEND INCREASES

**0**

DIVIDEND REDUCTIONS

<sup>(1)</sup> As of 12/31/19

REALTY  INCOME

50  
YEARS

**1969**

Realty Income is founded by William and Joan Clark

**1994**

Began trading on the New York Stock Exchange  
under the ticker symbol "O"

**1996**

Received investment-grade credit ratings  
from Moody's Investors Service  
and Standard and Poor's Rating Agency

**2011**

Completed \$1.0 billion in annual  
property acquisitions for the first time

**2013**

Closed acquisition of American Realty  
Capital Trust for \$3.2 billion

**2015**

Added to the S&P 500 index and the  
S&P High Yield Dividend Aristocrats® index

**2016**

Surpassed \$1.0 billion in annual rental revenue

**2017**

Credit rating upgraded to 'A3' by Moody's Investors Service

**2018**

Credit rating upgraded to 'A-'  
by Standard and Poor's Rating Agency

**2019**

Celebrated the 50<sup>th</sup> anniversary of the company's  
founding and the 25<sup>th</sup> anniversary of the company's  
listing on the New York Stock Exchange

Surpassed \$6.7 billion in common stock dividends  
paid to shareholders

Expanded internationally through property acquisitions  
in the United Kingdom



# Company Performance

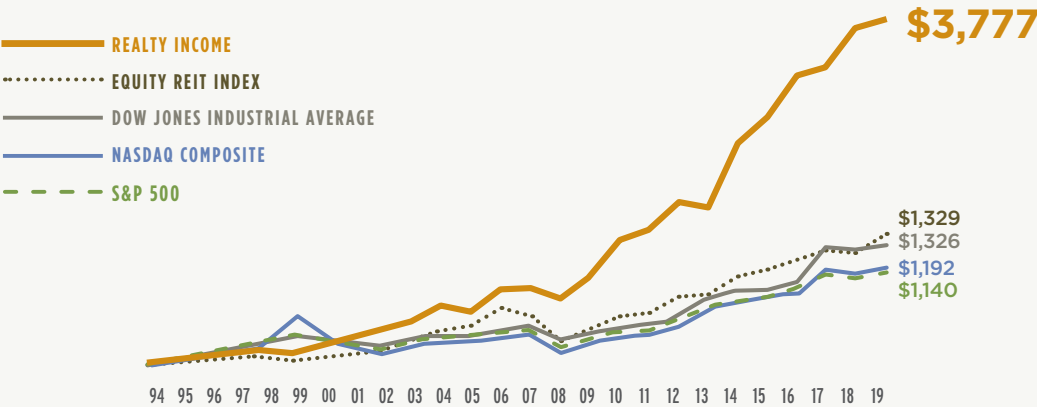
## COMPOUND AVERAGE ANNUAL TOTAL SHAREHOLDER RETURN SINCE 1994 NYSE LISTING

(AS OF DECEMBER 31, 2019)

<b>REALTY INCOME</b>	<b>16.5%</b>
EQUITY REIT INDEX	10.8%
DOW JONES INDUSTRIAL AVERAGE	10.7%
NASDAQ COMPOSITE	10.3%
S&P 500	10.1%

## COMPARISON OF \$100 INVESTED IN REALTY INCOME IN 1994 VS. MAJOR STOCK INDICES<sup>(1)</sup>

(AS OF DECEMBER 31, 2019)

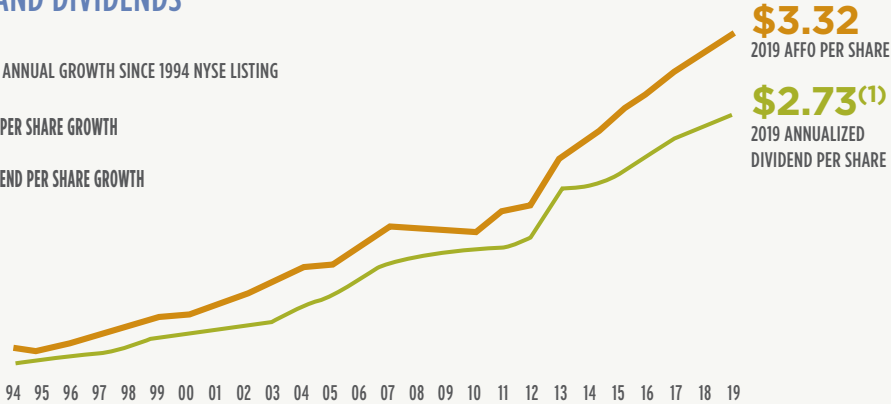


<sup>(1)</sup> Refer to page 27 for additional information on the calculation of total shareholder return.

## EARNINGS AND DIVIDENDS

COMPOUND AVERAGE ANNUAL GROWTH SINCE 1994 NYSE LISTING

**5.0%** AFFO PER SHARE GROWTH  
**4.5%** DIVIDEND PER SHARE GROWTH



<sup>(1)</sup> Annualized dividend amount reflects the December declared dividend rate per share multiplied by 12. Information as of 12/31/2019.

## 2019 PERFORMANCE HIGHLIGHTS

**21.3%**

TOTAL SHAREHOLDER RETURN

**4.1%**

AFFO PER SHARE GROWTH

**3.0%**

DIVIDEND PER SHARE GROWTH

**\$1.4**

BILLION RENTAL REVENUE

**\$3.7**

BILLION INVESTMENT VOLUME

**\$3.0**

BILLION ATTRACTIVELY PRICED  
CAPITAL RAISED

**98.6%**

PORTFOLIO OCCUPANCY

**102.6%**

RECAPTURE RATE ON  
RE-LEASING ACTIVITY

# 1969

## Dear Fellow Shareholders,

Realty Income had a milestone year in 2019 as we celebrated the 50<sup>th</sup> anniversary of our company's founding, the 25<sup>th</sup> anniversary of our public listing on the New York Stock Exchange (NYSE), and another year of favorable operating results and shareholder returns. I am deeply proud of our company's track record of success, humbled by the team's many accomplishments, and extremely optimistic about our future. As I reflect on Realty Income's bright prospects in this new decade, I am gratified that the mission which has guided the company since its inception remains core to our success.



# 2019

William and Joan Clark founded Realty Income in 1969 with the mission to provide dependable monthly income that increases over time. We have sustained this commitment to our shareholders, whom we consider loyal customers, to the present day, as we were one of only a handful of REITs that continued raising dividends through the Great Recession and, as of year-end 2019, we had paid 593 consecutive monthly dividends. That achievement led to Realty Income being added to the S&P 500 Dividend Aristocrats® index this year, making us one of only 64 companies in this exclusive group and one of only three REITs. I share this incredible honor with all of you and thank you from the bottom of my heart for the loyalty, hard work, and passion that makes this possible.

Since our founding, the company has grown its market capitalization to more than \$32 billion, annual revenue to over \$1.4 billion, the real estate portfolio to 6,483 properties,

and the team to 194 employees. In addition, since our public listing in 1994, we have grown AFFO per share by a compound average annual growth rate of 5%, increased total market capitalization by a compound average annual growth rate of 19.1%, and delivered 16.5% compound average annual total shareholder return.

Our dedication to the company's mission has remained steadfast throughout this period of growth. However, the way we do business and serve our shareholders, clients, colleagues, and community has evolved. When we listed on the NYSE in 1994, our real estate portfolio of 628 properties was primarily concentrated in child care centers, restaurants, and automotive retailers. Today, our portfolio has expanded to include clients operating in 50 industries. Similarly, ten years ago, our real estate portfolio was entirely comprised of retail properties.

Today, our strategy has expanded to include industrial properties, which represents nearly 12% of revenue. As we entered 2019, our real estate portfolio was centered in the United States and Puerto Rico. Today, we serve clients internationally to include properties located in the United Kingdom.

We are excited about our international expansion, as it enhances our robust investment pipeline and represents a natural evolution of the company's growth strategy. We believe the size of the European net lease market and the need for a large-scale, well-capitalized institutional real estate partner offers a propitious environment for us to increase our total addressable market for growth, and that our company is ideally positioned to pursue this adjacent vertical given our standing as a leader in the net lease industry. Our prospects are further enhanced by our sector-leading cost of capital and ability to complete large-scale transactions without creating issues around tenant or industry concentration. Domestically, we will continue to seek to capitalize on our size and scale advantages to drive favorable operating and financial results.

## OUR 2019 RESULTS

Our disciplined execution across all areas of our business culminates in healthy earnings and dividend growth. In 2019, we grew AFFO per share, or the cash earnings available to pay dividends to our shareholders, by 4.1%

to \$3.32. This allowed us to increase the dividend five times throughout the year, and again in February 2020, raising the dividend by 3.1% as compared to February 2019. The continued strength of our operations enabled us to increase the dividend while achieving an AFFO payout ratio of 81.7% in 2019, which we believe provided a comfortable margin of safety for our shareholders. In 2019, the shareholders who owned our common stock for the full calendar year realized a total return of 21.3%, which is comprised of the change to our stock price as well as the dividends paid throughout the year, assuming reinvestment of dividends.

During 2019, we invested more than \$3.7 billion in high-quality real estate, acquiring only 6.5% of the \$57 billion in potential real estate transactions sourced and reviewed. Total international investments during 2019 were \$798 million, which includes our first international acquisition—a portfolio of 12 properties located in the United Kingdom leased to Sainsbury's, a leading grocer. We ended the year with portfolio occupancy of 98.6% and achieved a 102.6% rent recapture rate on re-leasing activity during the year. We remain very well-positioned with a conservative capital structure and strong liquidity, ending the year with a Net Debt-to-Adjusted EBITDAre of 5.5x and approximately \$2.3 billion available on our \$3.0 billion multi-currency revolving credit facility.



## OUR TEAM - WE VALUE THOSE WE SERVE

In 2019, we revisited and refined our values, with an acute focus on those we serve—our shareholders, clients, colleagues, and community. Here are some of the key values which guide us:

**We do business with integrity, respect, transparency and humility**, because how we act is more important than what we accomplish

**We do right by our clients**, because their success is our success

**We nurture and reward our team**, so they will be inspired and engaged to give their best every day

**We prioritize diversity and inclusion**, because we are all equal

**We aspire to give more than we take**, in our community and the environment

Employees form the foundation of Realty Income's corporate culture and are our most valuable assets. Our team consists of 194 dedicated team members across 13 departments, and the talent and commitment of our colleagues drive the company's success. Our collective achievements are made possible through the guidance of the independent members of our Board of Directors, and we were pleased to welcome

Christie Kelly, former Global Chief Financial Officer of Jones Lang Lasalle Incorporated, to our board in 2019.

We are One Team, and we are dedicated to ensuring that we have the right people, processes, and systems in place, while fostering an environment in which all employees can excel. In 2019, we completed an employee engagement survey to assess, analyze, and respond to employee sentiment. The results were positive, affirming the continued strength of our corporate culture; however, we continuously monitor opportunities for improvement and will conduct employee engagement surveys on an ongoing basis. Additionally, we emphasize investing in proprietary technology solutions to ensure we have the tools to continue enhancing the scalability of our platform as we grow the company.

As a service-driven business, we are dedicated not only to our shareholders, clients, and colleagues, but also to our community. We have maintained a significant presence in San Diego County since our founding in 1969, devoting over 900 hours in employee volunteer time in 2019. We donate annually to a variety of charitable organizations and remain dedicated to operating our business in a socially and environmentally responsible manner. Environmental, social and governance ("ESG") issues increasingly factor into a

company's long-term prospects, and we are thus evolving our philosophy and strategy to take advantage of ESG opportunities and manage risks. We officially developed a Sustainability Department this year and are dedicating resources to numerous initiatives in 2020.

## MACROECONOMIC OUTLOOK

We remain dedicated to creating long-term value across a variety of economic environments. This idea is core to our business, as we are focused on being a reliable safe harbor throughout all economic cycles. Although we believe our portfolio and investment strategies are well-positioned to deliver consistently on this goal, our team continuously monitors and analyzes macroeconomic factors and their potential impact on domestic and international economies. Considerations that could affect market performance include interest rate trends, the geopolitical climate, global trade, global health, and evolving consumer behavior. The U.S. presidential election, trade negotiations between the U.S. and China, Middle East geopolitical discussions, terms of the United Kingdom's withdrawal from the European Union, enhanced volatility in oil prices, and the impact of a global pandemic are key topics we are monitoring in 2020. Recently, the COVID-19 global pandemic has significantly impacted the stability of the capital markets, the health of certain industries and subsectors, and has weakened the forecast for global economic output. Despite these challenges, we continue to

believe that the strength of our balance sheet, defensive nature of our real estate portfolio, and overall credit quality of our tenant base support a resilient income stream that can perform as consistently as it has for over 50 years.

As of the end of 2019, approximately half of our annualized rental revenue was generated from tenants, their subsidiaries or affiliated companies with an investment-grade credit rating. Additionally, 96% of our annualized retail rental revenue was generated from tenants with a service, non-discretionary, and/or low price point component to their business. We believe these characteristics allow our tenants to operate effectively in a variety of economic environments and to compete effectively with e-commerce. We view our tenants as clients, and we are committed to helping them keep the cost of occupancy low so they can grow their business over time, and we can, in turn, do the same.

Macroeconomic and geopolitical uncertainty requires increased diligence and a commitment to stringent underwriting principles, but uncertainty also provides opportunity. Our international expansion is an example of capitalizing on uncertainty, as a historically weak British Pound, driven by Brexit uncertainty, contributed to favorable transactional and financing terms on our debut international acquisition. Further, historically-low interest rates in the U.K. provided favorable pricing on Sterling-denominated debt.

## LOOKING AHEAD

Our strong track record of performance, which now spans more than 50 years, continued throughout 2019; however, we constantly seek to continue building upon our solid foundation. We entered 2020 well-positioned with a conservatively capitalized balance sheet with strong liquidity, a healthy global investment pipeline, and an experienced team prepared to execute on opportunistic growth initiatives. Our size, scale, and cost of capital advantages are fundamental to our continued success. We believe that these advantages, which are key differentiators within the net lease sector, position us to effectively expand our addressable market internationally, as well as to execute large-scale portfolio and sale-leaseback transactions on a negotiated basis.

The efficiency of our business demonstrates the scalability of our platform. In 2019, we generated more than \$1.42 billion of revenue with approximately \$1.34 billion of Adjusted EBITDA. Effectively, for every dollar of revenue we generate, we retain approximately 94 cents as earnings for investors. This enables us to effectively expand our business across new verticals, and we continue to have the lowest general and administrative expense ratio in the net lease sector.

Our cost of capital, developed through our track record of performance and loyal shareholder support, affords us the ability to pursue high-quality transactions while generating meaningful earnings growth.

We are pleased to be included in the small group of REITs with at least two 'A' credit ratings by the major credit rating agencies, with ratings of 'A3' and 'A-' by Moody's and S&P Global, respectively.

## CONCLUSION

As I hope this letter shows, our strategy to ensure the stability and growth in earnings and dividends will continue to evolve, but our commitment to our mission is steadfast. Across all we do, we take the long view every day, in every relationship, to provide stability to the clients we serve, the team we nurture, the communities we support, and the people who invest in us.

As we celebrated the 50<sup>th</sup> anniversary of our company's founding and the 25<sup>th</sup> anniversary of our public listing, we took important steps to position the company to drive favorable shareholder results throughout the company's next chapter. Most notably, our international expansion complements our domestic business and significantly increases our addressable market for growth. As we continue to grow our company, we remain cognizant of the values which have dictated our prior successes.

Thank you for your continued support, and for joining us on our journey to be a great company and create a better world.

Sincerely,



**Sumit Roy**

President & Chief Executive Officer

# Historical Financial Performance

(UNAUDITED; DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

For the Years Ended December 31,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total revenue<sup>(1)</sup></b>	<b>\$1,423</b>	<b>\$1,281</b>	<b>\$1,170</b>	<b>\$1,060</b>	<b>\$980</b>	<b>\$895</b>	<b>\$760</b>	<b>\$484</b>	<b>\$422</b>	<b>\$346</b>
Net income available to common stockholders	\$436	\$364	\$302	\$288	\$257	\$228	\$204	\$115	\$133	\$107
Funds from operations ("FFO") <sup>(2)</sup>	\$1,040	\$903	\$773	\$735	\$652	\$563	\$462	\$269	\$249	\$194
Adjusted funds from operations ("AFFO") <sup>(2)</sup>	\$1,050	\$925	\$839	\$736	\$647	\$562	\$463	\$274	\$253	\$197
Dividends paid to common stockholders	\$852	\$762	\$689	\$611	\$533	\$479	\$409	\$236	\$219	\$183
<b>AT YEAR END</b>										
Real estate at cost, before accumulated depreciation and amortization <sup>(1)</sup>	\$19,518	\$16,541	\$15,016	\$13,864	\$12,297	\$11,154	\$9,899	\$5,921	\$4,972	\$4,113
Number of properties	6,483	5,797	5,172	4,944	4,538	4,327	3,896	3,013	2,634	2,496
Gross leasable square feet (millions)	106	93	90	83	76	71	63	38	27	21
Properties acquired <sup>(4)</sup>	789	764	303	505	286	506	974	423	164	186
<b>Cost of properties acquired<sup>(4)</sup></b>	<b>\$3,715</b>	<b>\$1,797</b>	<b>\$1,519</b>	<b>\$1,859</b>	<b>\$1,259</b>	<b>\$1,402</b>	<b>\$4,670</b>	<b>\$1,165</b>	<b>\$1,016</b>	<b>\$714</b>
Property dispositions	93	128	59	77	38	46	75	44	26	28
Net proceeds from property dispositions	\$109	\$142	\$167	\$91	\$66	\$107	\$134	\$51	\$24	\$27
Number of industries	50	48	47	47	47	47	47	44	38	32
<b>Portfolio occupancy rate</b>	<b>98.6%</b>	<b>98.6%</b>	<b>98.4%</b>	<b>98.3%</b>	<b>98.4%</b>	<b>98.4%</b>	<b>98.2%</b>	<b>97.2%</b>	<b>96.7%</b>	<b>96.6%</b>
Remaining weighted average lease term (years)	9.2	9.2	9.5	9.8	10.0	10.2	10.8	11.0	11.3	11.4
<b>PER COMMON SHARE DATA<sup>(5)</sup></b>										
<b>Net income (diluted)</b>	<b>\$1.38</b>	<b>\$1.26</b>	<b>\$1.10</b>	<b>\$1.13</b>	<b>\$1.09</b>	<b>\$1.04</b>	<b>\$1.06</b>	<b>\$0.86</b>	<b>\$1.05</b>	<b>\$1.01</b>
Funds from operations ("FFO") <sup>(2)</sup>	\$3.29	\$3.12	\$2.82	\$2.88	\$2.77	\$2.58	\$2.41	\$2.02	\$1.98	\$1.83
<b>Adjusted funds from operations ("AFFO")<sup>(2)</sup></b>	<b>\$3.32</b>	<b>\$3.19</b>	<b>\$3.06</b>	<b>\$2.88</b>	<b>\$2.74</b>	<b>\$2.57</b>	<b>\$2.41</b>	<b>\$2.06</b>	<b>\$2.01</b>	<b>\$1.86</b>
<b>Dividends paid</b>	<b>\$2.711</b>	<b>\$2.631</b>	<b>\$2.527</b>	<b>\$2.392</b>	<b>\$2.271</b>	<b>\$2.192</b>	<b>\$2.147</b>	<b>\$1.772</b>	<b>\$1.737</b>	<b>\$1.722</b>
Annualized dividend amount <sup>(6)</sup>	\$2.73	\$2.65	\$2.55	\$2.43	\$2.29	\$2.20	\$2.19	\$1.82	\$1.75	\$1.73
Common shares outstanding (millions)	334	304	284	260	250	225	207	133	133	118
<b>INVESTMENT RESULTS</b>										
Closing price on December 31,	\$73.63	\$63.04	\$57.02	\$57.48	\$51.63	\$47.71	\$37.33	\$40.21	\$34.96	\$34.20
Dividend yield <sup>(7)(8)</sup>	3.7%	4.2%	4.5%	4.6%	4.4%	5.9%	5.3%	5.1%	5.1%	6.6%
<b>Total return to stockholders<sup>(9)</sup></b>	<b>21.1%</b>	<b>15.2%</b>	<b>3.6%</b>	<b>16.0%</b>	<b>13.0%</b>	<b>33.7%</b>	<b>(1.8%)</b>	<b>20.1%</b>	<b>7.3%</b>	<b>38.6%</b>

<sup>(1)</sup> For years prior to 2016, total revenue includes amounts reclassified to income from discontinued operations, but excludes gain on sales, tenant reimbursements, and revenue from Crest Net Lease, a subsidiary of Realty Income. Consistent with Realty Income's financial reporting methodology changes, total revenue for 2016 and later includes revenue from Crest Net Lease

<sup>(2)</sup> FFO and AFFO are non-GAAP financial measures. Refer to Management's Discussion and Analysis in the Company's 2019 Form 10-K for the definitions of FFO and AFFO and a reconciliation of each to net income available to common stockholders. For 2012 and 2013, FFO has been adjusted to add back American Realty Capital Trust merger-related costs

<sup>(3)</sup> Does not include properties held for sale

<sup>(4)</sup> Includes new properties acquired by Realty Income and Crest Net Lease and properties under development, redevelopment, or expansion

<sup>(5)</sup> All share and per share amounts reflect the 2-for-1 stock split that occurred on December 31, 2004

<sup>(6)</sup> Annualized dividend amount reflects the December declared dividend rate per share multiplied by 12

2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
\$329	\$331	\$296	\$241	\$198	\$178	\$150	\$138	\$121	\$116	\$105	\$85	\$68	\$57	\$52	\$49
\$107	\$108	\$116	\$99	\$90	\$90	\$77	\$69	\$58	\$45	\$41	\$41	\$35	\$32	\$26	\$15
\$191	\$186	\$190	\$156	\$130	\$121	\$105	\$95	\$78	\$67	\$66	\$63	\$52	\$48	\$40	\$39
\$193	\$192	\$193	\$159	\$131	\$126	\$107	\$96	\$79	\$68	\$66	\$62	\$52	\$47	\$40	\$39
\$178	\$170	\$158	\$130	\$109	\$97	\$84	\$78	\$65	\$58	\$56	\$52	\$44	\$43	\$37	\$39
\$3,439	\$3,409	\$3,239	\$2,744	\$2,096	\$1,691	\$1,533	\$1,286	\$1,178	\$1,074	\$1,017	\$890	\$700	\$565	\$515	\$451
2,339	2,348	2,270	1,955	1,646	1,533	1,404	1,197	1,124	1,068	1,076	970	826	740	685	630
19	19	19	17	13	12	11	10	10	9	9	8	6	5	5	4
16	108	357	378	156	194	302	111	117	22	110	149	96	62	58	4
\$58	\$190	\$534	\$770	\$487	\$215	\$372	\$139	\$156	\$99	\$181	\$193	\$142	\$56	\$65	\$3
25	29	10	13	23	43	35	35	35	21	3	5	10	7	3	5
\$20	\$28	\$7	\$11	\$23	\$35	\$23	\$20	\$40	\$45	\$9	\$3	\$4	\$4	\$1	\$4
30	30	30	29	29	30	28	26	25	24	24	22	14	8	7	5
96.8%	97.0%	97.9%	98.7%	98.5%	97.9%	98.1%	97.7%	98.2%	97.7%	98.4%	99.5%	99.2%	99.1%	99.3%	99.4%
11.2	11.9	13.0	12.9	12.4	12.0	11.8	10.9	10.4	9.8	10.7	10.2	9.8	9.5	9.2	9.5
\$1.03	\$1.06	\$1.16	\$1.11	\$1.12	\$1.15	\$1.08	\$1.01	\$0.99	\$0.84	\$0.76	\$0.78	\$0.74	\$0.70	\$0.63	\$0.39
\$1.84	\$1.83	\$1.89	\$1.73	\$1.62	\$1.53	\$1.47	\$1.40	\$1.33	\$1.26	\$1.23	\$1.18	\$1.11	\$1.04	\$1.00	\$0.98
\$1.86	\$1.90	\$1.92	\$1.77	\$1.63	\$1.61	\$1.50	\$1.41	\$1.34	\$1.27	\$1.24	\$1.17	\$1.10	\$1.03	\$0.98	\$0.98
\$1.707	\$1.662	\$1.560	\$1.437	\$1.346	\$1.241	\$1.181	\$1.151	\$1.121	\$1.091	\$1.043	\$0.983	\$0.946	\$0.931	\$0.913	\$0.300
\$1.72	\$1.70	\$1.64	\$1.52	\$1.40	\$1.32	\$1.20	\$1.17	\$1.14	\$1.11	\$1.08	\$1.02	\$0.96	\$0.95	\$0.93	\$0.90
104	104	101	101	84	79	76	70	66	53	54	54	51	46	46	39
\$25.91	\$23.15	\$27.02	\$27.70	\$21.62	\$25.29	\$20.00	\$17.50	\$14.70	\$12.44	\$10.31	\$12.44	\$12.72	\$11.94	\$11.25	\$8.56
7.4%	6.1%	5.6%	6.7%	5.3%	6.2%	6.7%	7.8%	9.0%	10.6%	8.4%	7.7%	7.9%	8.3%	10.7%	9.9%
19.3%	(8.2%)	3.2%	34.8%	(9.2%)	32.7%	21.0%	26.9%	27.2%	31.2%	(8.7%)	5.5%	14.5%	15.4%	42.0%	28.5%

<sup>(7)</sup> Dividend yield was calculated by dividing the dividend paid per share, during the year, by the closing share price on December 31 or the last trading day of the preceding year. Dividend yield excludes special dividends

<sup>(8)</sup> The 1994 dividend yield is based on the annualized dividends for the period from August 15, 1994 (the date of the consolidation of the predecessors to the Company) to December 31, 1994. The 1994 total return is based on the price change from the opening on October 18, 1994 (the Company's first day of trading) to December 31, 1994 plus the annualized dividend yield

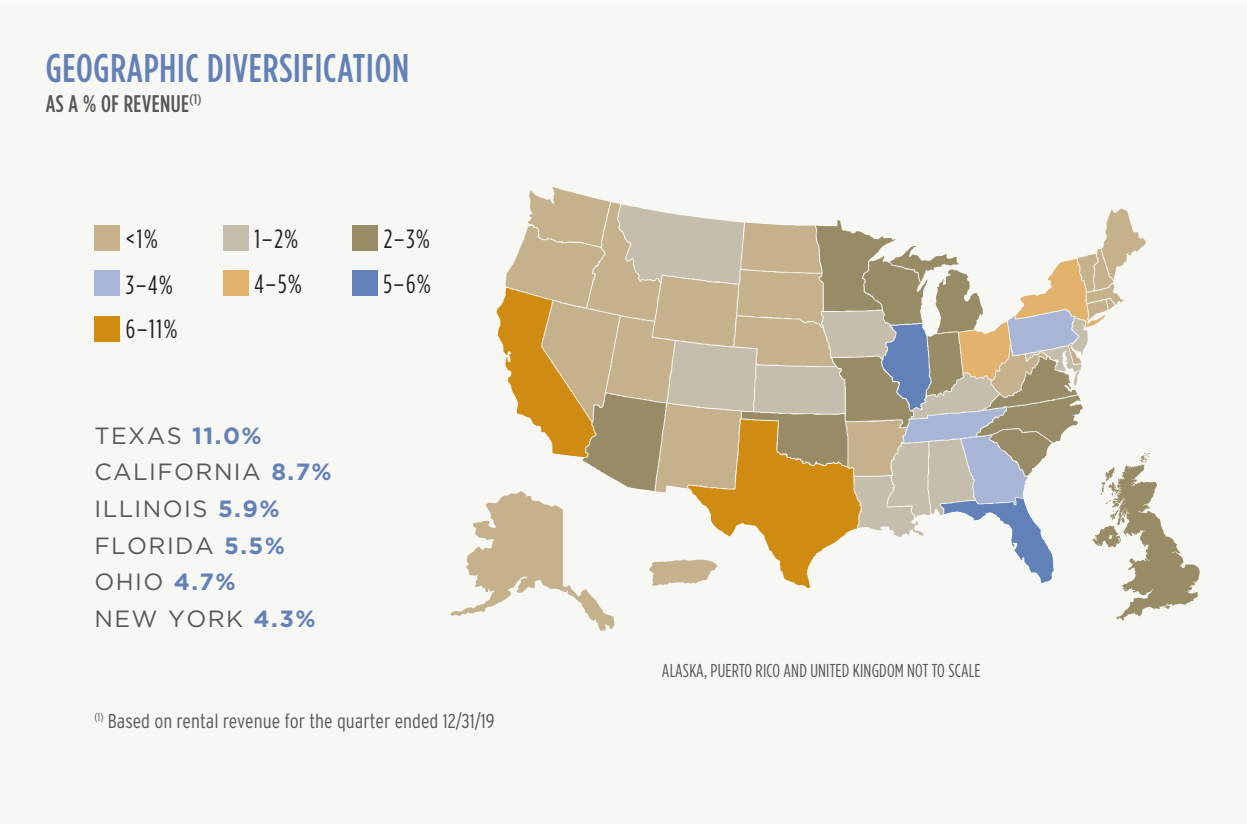
<sup>(9)</sup> Total return calculated as the difference between the closing stock price as of period end less the closing stock price as of previous period, plus dividends paid in period, divided by closing stock price as of end of previous period. Does not include reinvestment of dividends

# Real Estate Portfolio



Our real estate portfolio of 6,483 properties primarily consists of freestanding, single-tenant commercial properties that are diversified by tenant, industry, geography, and property type. At the end of 2019, our properties were leased to tenants operating across 50 industries and located in 49 states, Puerto Rico and the United Kingdom. Most of our properties continue to be retail, with the largest asset type outside of

retail being industrial properties. Our tenant base remains healthy with approximately half of our annualized rental revenue generated from properties leased to tenants, their subsidiaries or affiliated companies, with an investment-grade credit rating. Maintaining a diversified portfolio of quality real estate leased to strong tenants helps ensure the stability of revenue that supports the payment of monthly dividends.



## PROPERTY TYPE DIVERSIFICATION

Property Type	Number of Properties	% of Revenue <sup>(1)</sup>
Retail	6,305	83.0%
Industrial	120	11.5%
Office	43	3.7%
Agriculture	15	1.8%

<sup>(1)</sup> Based on rental revenue for the quarter ended 12/31/19

## TOP 10 INDUSTRIES

% of Revenue <sup>(1)</sup>	Industry
11.6%	Convenience Stores
8.6%	Drug Stores
7.3%	Dollar Stores
7.3%	Grocery Stores
7.3%	Health and Fitness
6.7%	Theaters
6.2%	Restaurants – quick service
4.4%	Transportation Services
3.1%	Restaurants – casual dining
2.9%	Home Improvement

<sup>(1)</sup> Based on rental revenue for the quarter ended 12/31/19; The presentation of top 10 industries combines rental revenue contribution from U.S. and U.K. properties.

**“DIVERSIFICATION OF THE PORTFOLIO BY INDUSTRY TYPE, TENANT AND GEOGRAPHIC LOCATION IS KEY TO ITS OBJECTIVE OF PROVIDING PREDICTABLE INVESTMENT RESULTS FOR ITS SHAREHOLDERS.”**

– PROSPECTUS, 1994

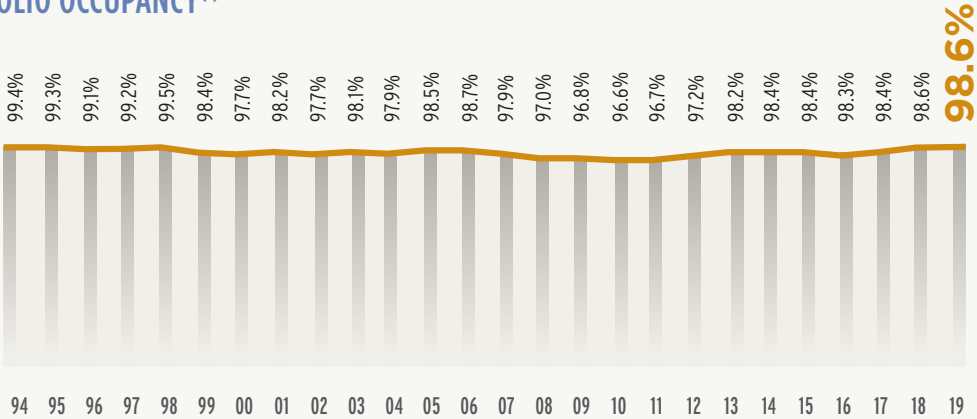
# Real Estate Portfolio (continued)

The strength of our portfolio is further enhanced by the experience of our Asset Management and Real Estate Operations teams in maximizing the revenue generated from our properties. As one of the most seasoned net lease companies, we have re-leased or sold over 3,100 properties

with expiring leases throughout our history as a public company. This is unprecedented in our sector and, as a result, we have achieved stable occupancy that has never been below 96% at year-end since 1994 while achieving a long-term average rent recapture rate above 100% on re-leasing activity since 1996.



## PORTFOLIO OCCUPANCY<sup>(1)</sup>



<sup>(1)</sup> Calculated at the end of each year by the number of properties



## TENANT DIVERSIFICATION

% of Revenue <sup>(1)</sup>	Number of Leases	Tenant
6.1%	250	Walgreens*
4.8%	403	7-Eleven*
4.4%	752	Dollar General*
4.0%	41	FedEx*
3.5%	550	Dollar Tree / Family Dollar*
3.4%	58	LA Fitness
3.0%	34	AMC Theatres
2.9%	42	Regal Cinemas (Cineworld)
2.6%	54	Walmart / Sam's Club*
2.4%	15	Sainsbury's
2.1%	14	Lifetime Fitness
1.9%	285	Circle K (Couche-Tard)*
1.8%	15	BJ's Wholesale Clubs
1.7%	88	CVS Pharmacy*
1.7%	17	Treasury Wine Estates
1.6%	161	Super America (Marathon)*
1.6%	22	Kroger*
1.4%	206	GPM Investments / Fas Mart
1.3%	159	TBC Corp*
1.2%	17	Home Depot*

<sup>(1)</sup> Based on annualized rental revenue as of 12/31/19

\*Investment-grade rated

**“Our Asset Management and Real Estate Operations teams generate long-term value in the portfolio through active asset management, driving internal growth and positioning the portfolio for stability through any economic environment.”**

– **Benjamin N. Fox**,  
Executive Vice President,  
Asset Management &  
Real Estate Operations

# Disciplined Investment Process

**“WHEN THE PARTNERSHIPS WERE FORMED, THE GENERAL PARTNERS BELIEVED, AND CONTINUE TO BELIEVE, THAT THIS INVESTMENT STRATEGY REMAINS VIABLE DURING A VARIETY OF ECONOMIC AND REAL ESTATE CONDITIONS OVER AN EXTENDED PERIOD OF TIME.”**

– PROSPECTUS, 1994

We focus on acquiring freestanding, single-tenant commercial properties leased to high-quality tenants under long-term, net lease agreements, typically in excess of 10 years. During 2019, we reviewed approximately \$57 billion of investment opportunities that generally satisfied one or more of these criteria. These opportunities underwent a rigorous, multi-step internal underwriting and legal diligence process, resulting in the selection of over \$3.7 billion of real estate investments completed during the year.

The process begins with a review of the real estate. We target properties located in significant markets or strategic locations critical to generating revenue for the tenant. We examine the property-level attributes such as access and signage, demographic trends relative to the property’s intended use, potential alternative uses, and overall viability of the market.

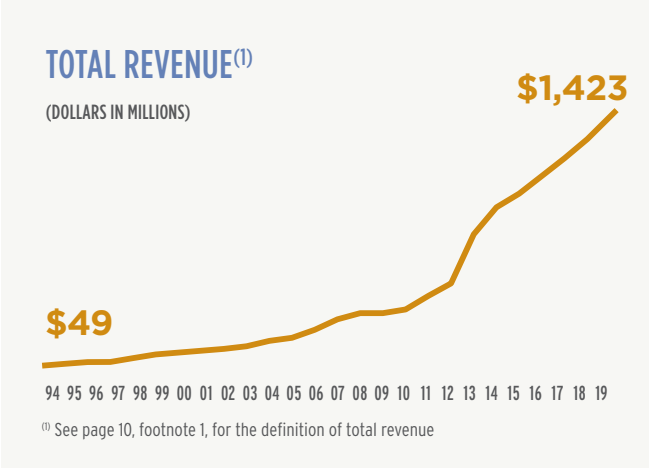
In addition to the real estate, we also carefully review the characteristics, credit, and overall financial strength of the tenant and its industry. Our team of research professionals conducts a thorough financial review and analysis of the tenant, including an assessment of the store-level performance of the retail operations, when available, to try to identify the tenant’s highest-performing locations. Our team stays abreast of trends in the various industries and frequently meets with management representatives within these industries to better understand our tenants’ operations.

The information gathered on the real estate, lease characteristics, tenant, and industry

informs the appropriate price for an investment. Our goal is to ensure the real estate that we acquire is appropriately priced relative to replacement cost and leased at rental rates that are generally in line with market rent in order to support strong long-term investment returns generated by each asset. Our Investment Committee collectively reviews these characteristics and metrics to make investment decisions. In addition, investment opportunities above a certain investment amount require approval by our Board of Directors. We believe this rigorous selection process maintains the quality of our investment portfolio and supports the stability of our cash flow over time.

**“Our strategic focus continues to be on meaningfully increasing our growth rate while maintaining our conservative risk profile. Our international platform is the first of various initiatives that are intended to achieve this goal by significantly expanding our total addressable market. We are pleased with the strength of the international investment outlook and look forward to judiciously growing the international business and other initiatives in the coming years.”**

– Neil Abraham, Executive Vice President, Chief Strategy Officer



“Our size, scale, and cost of capital are important competitive advantages within the net lease sector, and we believe we are uniquely positioned to pursue large-scale portfolio and sale-leaseback transactions on a negotiated basis. To generate investment activity, our Acquisitions Department establishes and maintains strong relationships with tenants, property owners, developers, brokers, and advisors.”

– Mark Hagan, Executive Vice President, Chief Investment Officer

### ACQUISITIONS SELECTIVITY

(DOLLARS IN BILLIONS)

Year	Amount Sourced	Amount Acquired	Selectivity <sup>(1)</sup>
2010	\$5.7	\$0.71	12%
2011	\$13.3	\$1.02	8%
2012	\$17.0	\$1.16	7%
2013	\$39.4	\$4.67	12%
2014	\$24.3	\$1.40	6%
2015	\$31.7	\$1.26	4%
2016	\$28.5	\$1.86	7%
2017	\$30.4	\$1.52	5%
2018	\$32.1	\$1.80	6%
2019	\$57.4	\$3.72	7%

<sup>(1)</sup> Selectivity is calculated as the amount of acquisitions acquired divided by the amount of acquisitions sourced

“THE INVESTMENT OBJECTIVES OF THE PARTNERSHIPS WERE AND CONTINUE TO BE TO PRESERVE ORIGINAL CAPITAL BY OWNING REAL ESTATE PROPERTIES WITH NO LOANS OR ENCUMBRANCES; TO PRODUCE MONTHLY SPENDABLE INCOME BY PRELEASING EACH PROPERTY TO COMMERCIAL RETAIL TENANTS UNDER LONG-TERM, TRIPLE-NET LEASE AGREEMENTS; AND TO HOLD PROPERTIES TO ALLOW FOR THE POTENTIAL FOR LONG-TERM CAPITAL APPRECIATION.”

– PROSPECTUS, 1994

# Conservative Capital Structure

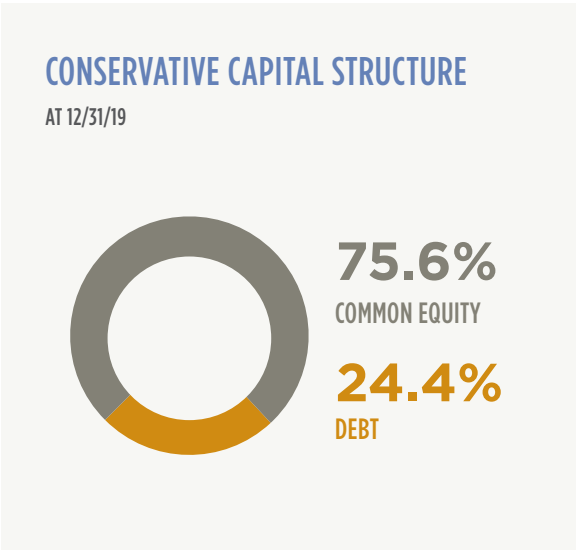
Our commitment to the dividend is demonstrated by the way we manage our balance sheet. We believe it is important to maintain a conservative capital structure that is primarily equity-focused in order to protect the dividend. At the end of 2019, our total market capitalization was \$32.5 billion, of which \$24.6 billion, or 75.6%, was common equity.

When we use debt to fund our growth, we strive to structure it in a conservative manner. Currently, 100% of our outstanding bonds are fixed rate and unsecured with a weighted average term to maturity of 8.3 years. As of December 31, 2019, our Net Debt-to-Adjusted EBITDA<sup>(1)</sup> ratio was healthy at 5.5x and our fixed charge coverage ratio of 5.0x was the highest in our company's history. We maintain a \$3.0 billion multi-currency unsecured revolving line of credit, which provides us flexibility to close on acquisitions quickly and then opportunistically raise equity and/or long-term debt when capital market dynamics are most favorable to us. Our investment-grade credit ratings of A3/A- (Moody's/S&P) continue to provide us with a low cost of public unsecured debt.

<sup>(1)</sup> Adjusted EBITDA<sup>are</sup> is a non-GAAP financial measure. Refer to Management's Discussion and Analysis in the Company's 2019 Form 10-K for a definition and reconciliation to net income.

**“Our collective efforts strive to perpetuate Realty Income’s 25-year track record of providing above-average total shareholder return with below-average volatility. Our access to well-priced capital is an important competitive advantage, and we continue to believe a conservative capital structure positions us well throughout various economic environments.”**

– **Jonathan Pong**, Senior Vice President, Head of Capital Markets and Finance



# Dependable Monthly Dividends



As The Monthly Dividend Company®, we remain committed to operating our company in a manner that provides our shareholders with dependable monthly dividends that increase over time. At the core of every business decision we make is the focus on positioning and preparing our portfolio and balance sheet to continue generating predictable cash flow. Our commitment is evidenced by our track record of dividend performance. Since our company’s listing on the NYSE in 1994, we have increased the dividend every year at a compound average annual growth rate of approximately 4.5% and

have never reduced the dividend. We are one of only three REITs in the S&P 500 Dividend Aristocrats® index, which includes S&P 500 constituents that have increased their dividend every year for the last 25 consecutive years.

**“THE INVESTMENT OBJECTIVES OF THE COMPANY WILL BE TO PAY REGULAR CASH DIVIDENDS TO ITS SHAREHOLDERS FROM A PORTFOLIO OF PROPERTIES UNDER LONG-TERM, TRIPLE-NET LEASE AGREEMENTS.”**

– PROSPECTUS, 1994

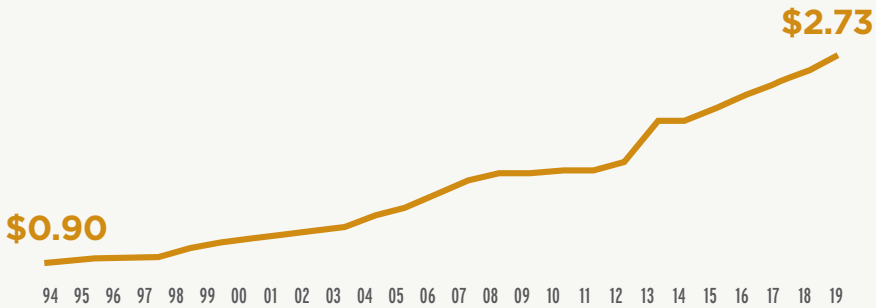
## CONSISTENT DIVIDEND GROWTH

ANNUALIZED DIVIDENDS PER SHARE AND DIVIDEND INCREASES<sup>(1)</sup>

**4.5%**  
COMPOUND AVERAGE ANNUAL GROWTH RATE

**89**  
CONSECUTIVE QUARTERLY INCREASES

**104**  
DIVIDEND INCREASES SINCE 1994 NYSE LISTING



<sup>(1)</sup> Annualized dividend amount reflects the December declared dividend rate per share multiplied by 12. All information as of December 31, 2019.

# Corporate Responsibility

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We are committed to conducting our business according to the highest ethical standards. We are dedicated to operating our business in an environmentally conscious manner and upholding our corporate responsibilities as a public company for the benefit of our stakeholders - our shareholders, clients, colleagues, and community.

In recent years, our environmental, social, and governance (“ESG”) efforts have quickly evolved from commitments to action. We continue to focus on how best to institutionalize efforts for a lasting and positive impact. We strive to be a leader in the net lease industry in ESG initiatives.

We believe that our commitment to corporate responsibility, which encompasses ESG principles, is critical to our performance and long-term success, and that we all have a shared responsibility to our community and the planet. That responsibility starts with our workforce and is demonstrated through sound governance and our ethical operating behaviors. The Nominating and Corporate Governance Committee of our Board of Directors has direct oversight of ESG matters.

In 2019, we approved resources needed to advance our sustainability agenda, including appointing a new dedicated Associate Vice President of Sustainability. We envision developments in the coming years as we build out the strategy, by and on behalf of our internal and external stakeholders, while engaging all levels of our organization in the process.

Relationships with our stakeholders are key to our success. Additionally, our corporate partners help us achieve our mission. Accordingly, we assess ways in which we can generate and sustain value for all stakeholders.

**“Our focus is to conduct our business with the utmost integrity, transparency, respect and humility. We emphasize this in our interactions with all of our stakeholders, including our shareholders, clients, colleagues and our community.”**

- **Mike Pfeiffer**, Executive Vice President, Chief Administrative Officer, General Counsel and Secretary

We believe our dedication to corporate responsibility fosters our ability to grow in a sustainable manner.

Highlights of various environmental initiatives during 2019 include:

- Established a Sustainability Department
- Appointed a new dedicated Associate Vice President of Sustainability
- Expanded property acquisition diligence to collect important environmental efficiency characteristics and green building certifications when available
- Continued tenant engagement to discuss sustainable operations
- Partnered with certain tenants to implement solar and electric vehicle charging installations
- Added a “Green Lease” clause to lease templates
- Our internal Green Team engaged in several community volunteer events focused on positively impacting the environment
- Increased employee engagement with a quarterly Green Team newsletter and additional educational events hosted throughout the year
- Reviewed breakroom and restroom supplies to substitute with recyclable, biodegradable or Forest Stewardship Council (FSC) sourced materials
- Reduced single-use disposables at our corporate headquarters



## 2019 HIGHLIGHTS

DONATED TO  
**39**  
CHARITIES

CONTRIBUTED  
**900+**  
VOLUNTEERS HOURS

RECYCLED  
**25,714**  
POUNDS OF PAPER

Highlights of various social initiatives during 2019 include:

- Launched our first Employee Engagement Survey
- Participated in our Annual San Diego Habitat for Humanity volunteer day and donation
- Enhanced onsite and offsite employee training opportunities
- Increased our philanthropic efforts through employee charity donation match and “Dollars for Doers” volunteerism program

**“Our continued commitment to corporate responsibility has united our employees while strengthening our company’s culture. A culture that promotes individual philanthropy, employee engagement, and encourages personal and professional growth. A positive workplace that inspires new thinking that attracts and retains world-class talent. Together, we’re a socially responsible employer with an aligned culture that in turn supports our domestic and international growth.”**

– **Shannon Kehle**, Senior Vice President, Human Resources

- Introduced new policies and events which support gender equity and diversity, such as expanded support for parental, maternity, and disability leave
- Instituted a new professionally appropriate dress code policy to accommodate our active workforce

Highlights of various governance initiatives during 2019 include:

- Announced the appointment of Christie Kelly to the Board of Directors
- Maintained Nominating and Corporate Governance Board Committee oversight on ESG
- Engaged with shareholders representing 34% of ownership

Additional information on Realty Income’s commitment to Corporate Responsibility may be found at [www.realtyincome.com/corporate-responsibility](http://www.realtyincome.com/corporate-responsibility).

## SELECT FINANCIAL DATA<sup>(1)</sup>

- 23** Consolidated Balance Sheets
- 24** Consolidated Statements of Income and Comprehensive Income
- 25** Consolidated Statements of Equity
- 26** Consolidated Statements of Cash Flows

<sup>(1)</sup> This financial data is derived from our audited financial statements found in the company's 2019 Form 10-K



**Consolidated Balance Sheets**

At December 31, 2019 and 2018

(Dollars in thousands, except share data)

	2019	2018
<b>ASSETS</b>		
Real estate, at cost:		
Land	\$ 5,684,034	\$ 4,682,660
Buildings and improvements	13,833,882	11,858,806
Total real estate, at cost	19,517,916	16,541,466
Less accumulated depreciation and amortization	(3,117,919)	(2,714,534)
Net real estate held for investment	16,399,997	13,826,932
Real estate held for sale, net	96,775	16,585
Net real estate	16,496,772	13,843,517
Cash and cash equivalents	54,011	10,387
Accounts receivable	181,969	144,991
Lease intangible assets, net	1,493,383	1,199,597
Other assets, net	328,661	61,991
Total assets	\$ 18,554,796	\$ 15,260,483
<b>LIABILITIES AND EQUITY</b>		
Distributions payable	\$ 76,728	\$ 67,789
Accounts payable and accrued expenses	177,039	133,765
Lease intangible liabilities, net	333,103	310,866
Other liabilities	262,221	127,109
Line of credit payable	704,335	252,000
Term loans, net	499,044	568,610
Mortgages payable, net	410,119	302,569
Notes payable, net	6,288,049	5,376,797
Total liabilities	8,750,638	7,139,505
Commitments and contingencies		
Stockholders' equity:		
Common stock and paid in capital, par value \$0.01 per share, 740,200,000 shares authorized, 333,619,106 shares issued and out- standing as of December 31, 2019 and 370,100,000 shares authorized, 303,742,090 shares issued and outstanding as of December 31, 2018	12,873,849	10,754,495
Distributions in excess of net income	(3,082,291)	(2,657,655)
Accumulated other comprehensive loss	(17,102)	(8,098)
Total stockholders' equity	9,774,456	8,088,742
Noncontrolling interests	29,702	32,236
Total equity	9,804,158	8,120,978
Total liabilities and equity	\$ 18,554,796	\$ 15,260,483

The accompanying notes to consolidated financial statements are an integral part of these statements and may be found in the company's 2019 Form 10-K.

**Consolidated Statements of Income and Comprehensive Income**

Years ended December 31, 2019, 2018 and 2017

(Dollars in thousands, except per share data)

	2019	2018	2017
<b>REVENUE</b>			
Rental (including reimbursable)	\$ 1,484,818	\$ 1,321,546	\$ 1,212,306
Other	6,773	6,292	3,462
Total revenue	1,491,591	1,327,838	1,215,768
<b>EXPENSES</b>			
Depreciation and amortization	593,961	539,780	498,788
Interest	290,991	266,020	247,413
General and administrative	66,483	84,148	58,446
Property (including reimbursable)	88,585	66,326	69,480
Income taxes	6,158	5,340	6,044
Provisions for impairment	40,186	26,269	14,751
Total expenses	1,086,364	987,883	894,922
Gain on sales of real estate	29,996	24,643	40,898
Foreign currency and derivative gains, net	2,255	-	-
Loss on extinguishment of debt	-	-	(42,426)
Net income	437,478	364,598	319,318
Net income attributable to noncontrolling interests	(996)	(984)	(520)
Net income attributable to the Company	436,482	363,614	318,798
Preferred stock dividends	-	-	(3,911)
Excess of redemption value over carrying value of preferred shares redeemed	-	-	(13,373)
Net income available to common stockholders	\$ 436,482	\$ 363,614	\$ 301,514
Amounts available to common stockholders per common share:			
Net income, basic and diluted	\$ 1.38	\$ 1.26	\$ 1.10
Weighted average common shares outstanding:			
Basic	315,837,012	289,427,430	273,465,680
Diluted	316,159,277	289,923,984	273,936,752
Other comprehensive income:			
Net income available to common stockholders	\$ 436,482	\$ 363,614	\$ 318,798
Foreign currency translation adjustment	186	-	-
Unrealized loss on derivatives, net	(9,190)	(8,098)	-
Comprehensive income available to common stockholders	\$ 427,478	\$ 355,516	\$ 318,798

The accompanying notes to consolidated financial statements are an integral part of these statements and may be found in the company's 2019 Form 10-K.

**Consolidated Statements of Equity**

Years ended December 31, 2019, 2018 and 2017

(Dollars in thousands)

	Shares of preferred stock	Shares of common stock	Preferred stock and paid in capital	Common stock and paid in capital	Distributions in excess of net income	Accumulated other comprehensive loss	Total stockholders' equity	Noncontrolling interests	Total equity
Balance, December 31, 2016	16,350,000	260,168,259	\$ 395,378	\$ 8,228,594	\$ (1,857,168)	\$ -	\$ 6,766,804	\$ 20,249	\$ 6,787,053
Net income	-	-	-	-	318,798	-	318,798	520	319,318
Distributions paid and payable	-	-	-	-	(701,020)	-	(701,020)	(2,047)	(703,067)
Share issuances, net of costs	-	23,957,741	-	1,388,080	-	-	1,388,080	-	1,388,080
Preferred shares redeemed	(16,350,000)	-	(395,378)	-	(13,373)	-	(408,751)	-	(408,751)
Reallocation of equity	-	-	-	(485)	-	-	(485)	485	-
Share-based compensation, net	-	87,685	-	8,075	-	-	8,075	-	8,075
Balance, December 31, 2017	-	284,213,685	\$ -	\$ 9,624,264	\$ (2,252,763)	\$ -	\$ 7,371,501	\$ 19,207	\$ 7,390,708
Net income	-	-	-	-	363,614	-	363,614	984	364,598
Other comprehensive loss	-	-	-	-	-	(8,098)	(8,098)	-	(8,098)
Distributions paid and payable	-	-	-	-	(768,506)	-	(768,506)	(1,996)	(770,502)
Share issuances, net of costs	-	19,304,878	-	1,119,297	-	-	1,119,297	-	1,119,297
Contributions by noncontrolling interests	-	-	-	-	-	-	-	18,848	18,848
Redemption of common units	-	88,182	-	2,829	-	-	2,829	(5,581)	(2,752)
Reallocation of equity	-	-	-	(774)	-	-	(774)	774	-
Share-based compensation, net	-	135,345	-	8,879	-	-	8,879	-	8,879
Balance, December 31, 2018	-	303,742,090	\$ -	\$ 10,754,495	\$ (2,657,655)	\$ (8,098)	\$ 8,088,742	\$ 32,236	\$ 8,120,978
Net income	-	-	-	-	436,482	-	436,482	996	437,478
Other comprehensive loss	-	-	-	-	-	(9,004)	(9,004)	-	(9,004)
Distributions paid and payable	-	-	-	-	(861,118)	-	(861,118)	(1,296)	(862,414)
Share issuances, net of costs	-	29,818,978	-	2,117,983	-	-	2,117,983	-	2,117,983
Additions to noncontrolling interests	-	-	-	-	-	-	-	11,370	11,370
Redemption of common units	-	-	-	(6,866)	-	-	(6,866)	(14,257)	(21,123)
Reallocation of equity	-	-	-	(653)	-	-	(653)	653	-
Share-based compensation, net	-	58,038	-	8,890	-	-	8,890	-	8,890
Balance, December 31, 2019	-	333,619,106	\$ -	\$ 12,873,849	\$ (3,082,291)	\$ (17,102)	\$ 9,774,456	\$ 29,702	\$ 9,804,158

The accompanying notes to consolidated financial statements are an integral part of these statements and may be found in the company's 2019 Form 10-K.

**Consolidated Statements of Cash Flows**

Years ended December 31, 2019, 2018 and 2017

(Dollars in thousands)

	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 437,478	\$ 364,598	\$ 319,318
Adjustments to net income:			
Depreciation and amortization	593,961	539,780	498,788
Loss on extinguishment of debt	-	-	42,426
Amortization of share-based compensation	13,662	27,267	13,946
Non-cash revenue adjustments	(9,338)	(7,835)	(3,927)
Amortization of net premiums on mortgages payable	(1,415)	(1,520)	(466)
Amortization of net (premiums) discounts on notes payable	(995)	(1,256)	884
Amortization of deferred financing costs	9,795	9,021	8,274
Loss (gain) on interest rate swaps	2,752	(2,733)	(3,250)
Foreign currency and derivative gains, net	(2,255)	-	-
Gain on sales of real estate	(29,996)	(24,643)	(40,898)
Provisions for impairment on real estate	40,186	26,269	14,751
Change in assets and liabilities			
Accounts receivable and other assets	(8,954)	(6,901)	(92)
Accounts payable, accrued expenses and other liabilities	24,056	18,695	26,096
Net cash provided by operating activities	1,068,937	940,742	875,850
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment in real estate	(3,572,581)	(1,769,335)	(1,413,270)
Improvements to real estate, including leasing costs	(23,536)	(25,350)	(15,247)
Proceeds from sales of real estate	108,911	142,286	166,976
Insurance and other proceeds received	-	7,648	14,411
Collection of loans receivable	-	5,267	123
Non-refundable escrow deposits	(14,603)	(200)	(7,500)
Net cash used in investing activities	(3,501,809)	(1,639,684)	(1,254,507)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash distributions to common stockholders	(852,134)	(761,582)	(689,294)
Cash dividends to preferred stockholders	-	-	(6,168)
Borrowings on line of credit	2,816,632	1,774,000	1,465,000
Payments on line of credit	(2,365,368)	(1,632,000)	(2,475,000)
Principal payment on term loan	(70,000)	(125,866)	-
Proceeds from notes and bonds payable issued	897,664	497,500	2,033,041
Principal payment on notes payable	-	(350,000)	(725,000)
Proceeds from term loan	-	250,000	-
Payments upon extinguishment of debt	-	-	(41,643)
Principal payments on mortgages payable	(20,723)	(21,905)	(139,725)
Redemption of preferred stock	-	-	(408,750)
Proceeds from common stock offerings, net	845,061	-	704,938
Proceeds from dividend reinvestment and stock purchase plan	8,437	9,114	69,931
Proceeds from At-the-Market (ATM) program	1,264,518	1,125,364	621,697
Redemption of common units	(21,123)	(2,752)	-
Distributions to noncontrolling interests	(1,342)	(1,930)	(2,043)
Net receipts on derivative settlements	4,881	-	-
Debt issuance costs	(9,129)	(18,685)	(17,510)
Other items, including shares withheld upon vesting	(4,772)	(33,387)	(14,356)
Net cash provided by financing activities	2,492,602	707,871	375,118
Effect of exchange rate changes on cash and cash equivalents	(9,796)	-	-
Net increase (decrease) in cash, cash equivalents and restricted cash	49,934	8,929	(3,539)
Cash, cash equivalents and restricted cash, beginning of period	21,071	12,142	15,681
Cash, cash equivalents and restricted cash, end of period	\$ 71,005	\$ 21,071	\$ 12,142

The accompanying notes to consolidated financial statements are an integral part of these statements and may be found in the company's 2019 Form 10-K.

## Realty Income Performance vs. Major Stock Indices

	Realty Income		Equity REIT Index <sup>(1)</sup>		Dow Jones Industrial Average		S&P 500		NASDAQ Composite	
	DIVIDEND YIELD	TOTAL RETURN <sup>(2)</sup>	DIVIDEND YIELD	TOTAL RETURN <sup>(3)</sup>	DIVIDEND YIELD	TOTAL RETURN <sup>(3)</sup>	DIVIDEND YIELD	TOTAL RETURN <sup>(3)</sup>	DIVIDEND YIELD	TOTAL RETURN <sup>(4)</sup>
10/18-12/31										
1994	10.5%	10.8%	7.7%	0.0%	2.9%	(1.6%)	2.9%	(1.2%)	0.5%	(1.7%)
1995	8.3%	42.0%	7.4%	15.3%	2.4%	36.9%	2.3%	37.6%	0.6%	39.9%
1996	7.9%	15.4%	6.1%	35.3%	2.2%	28.9%	2.0%	23.0%	0.2%	22.7%
1997	7.5%	14.5%	5.5%	20.3%	1.8%	24.9%	1.6%	33.4%	0.5%	21.6%
1998	8.2%	5.5%	7.5%	(17.5%)	1.7%	18.1%	1.3%	28.6%	0.3%	39.6%
1999	10.5%	(8.7%)	8.7%	(4.6%)	1.3%	27.2%	1.1%	21.0%	0.2%	85.6%
2000	8.9%	31.2%	7.5%	26.4%	1.5%	(4.7%)	1.2%	(9.1%)	0.3%	(39.3%)
2001	7.8%	27.2%	7.1%	13.9%	1.9%	(5.5%)	1.4%	(11.9%)	0.3%	(21.1%)
2002	6.7%	26.9%	7.1%	3.8%	2.6%	(15.0%)	1.9%	(22.1%)	0.5%	(31.5%)
2003	6.0%	21.0%	5.5%	37.1%	2.3%	28.3%	1.8%	28.7%	0.6%	50.0%
2004	5.2%	32.7%	4.7%	31.6%	2.2%	5.6%	1.8%	10.9%	0.6%	8.6%
2005	6.5%	(9.2%)	4.6%	12.2%	2.6%	1.7%	1.9%	4.9%	0.9%	1.4%
2006	5.5%	34.8%	3.7%	35.1%	2.5%	19.0%	1.9%	15.8%	0.8%	9.5%
2007	6.1%	3.2%	4.9%	(15.7%)	2.7%	8.8%	2.1%	5.5%	0.8%	9.8%
2008	7.3%	(8.2%)	7.6%	(37.7%)	3.6%	(31.8%)	3.2%	(37.0%)	1.3%	(40.5%)
2009	6.6%	19.3%	3.7%	28.0%	2.6%	22.6%	2.0%	26.5%	1.0%	43.9%
2010	5.1%	38.6%	3.5%	27.9%	2.6%	14.0%	1.9%	15.1%	1.2%	16.9%
2011	5.0%	7.3%	3.8%	8.3%	2.8%	8.3%	2.3%	2.1%	1.3%	(1.8%)
2012	4.5%	20.1%	3.5%	19.7%	3.0%	10.2%	2.5%	16.0%	2.6%	15.9%
2013	5.8%	(1.8%)	3.9%	2.9%	2.3%	29.6%	2.0%	32.4%	1.4%	38.3%
2014	4.6%	33.7%	3.6%	28.0%	2.3%	10.0%	2.0%	13.7%	1.3%	13.4%
2015	4.4%	13.0%	3.9%	2.8%	2.6%	0.2%	2.2%	1.4%	1.4%	5.7%
2016	4.2%	16.0%	4.0%	8.6%	2.5%	16.5%	2.1%	12.0%	1.4%	7.5%
2017	4.5%	3.6%	3.9%	8.7%	2.2%	28.1%	1.9%	21.8%	1.1%	28.2%
2018	4.2%	15.2%	4.4%	(4.0%)	2.5%	(3.5%)	2.2%	(4.4%)	1.4%	(3.9%)
<b>2019</b>	<b>3.7%</b>	<b>21.1%</b>	<b>3.7%</b>	<b>28.7%</b>	<b>2.4%</b>	<b>25.3%</b>	<b>1.9%</b>	<b>31.5%</b>	<b>1.1%</b>	<b>35.2%</b>

COMPOUND  
AVERAGE ANNUAL  
TOTAL RETURN<sup>(5)</sup>

**16.5%**

**10.8%**

**10.7%**

**10.1%**

**10.3%**

Note: The dividend yields are calculated as annualized dividends based on the last dividend paid in applicable time period divided by the closing price as of period end. Dividend yield sources: NAREIT website and Bloomberg, except for the 1994 NASDAQ dividend yield which was sourced from Datastream / Thomson Financial.

<sup>(1)</sup> FTSE NAREIT US Equity REIT Index, as per NAREIT website.

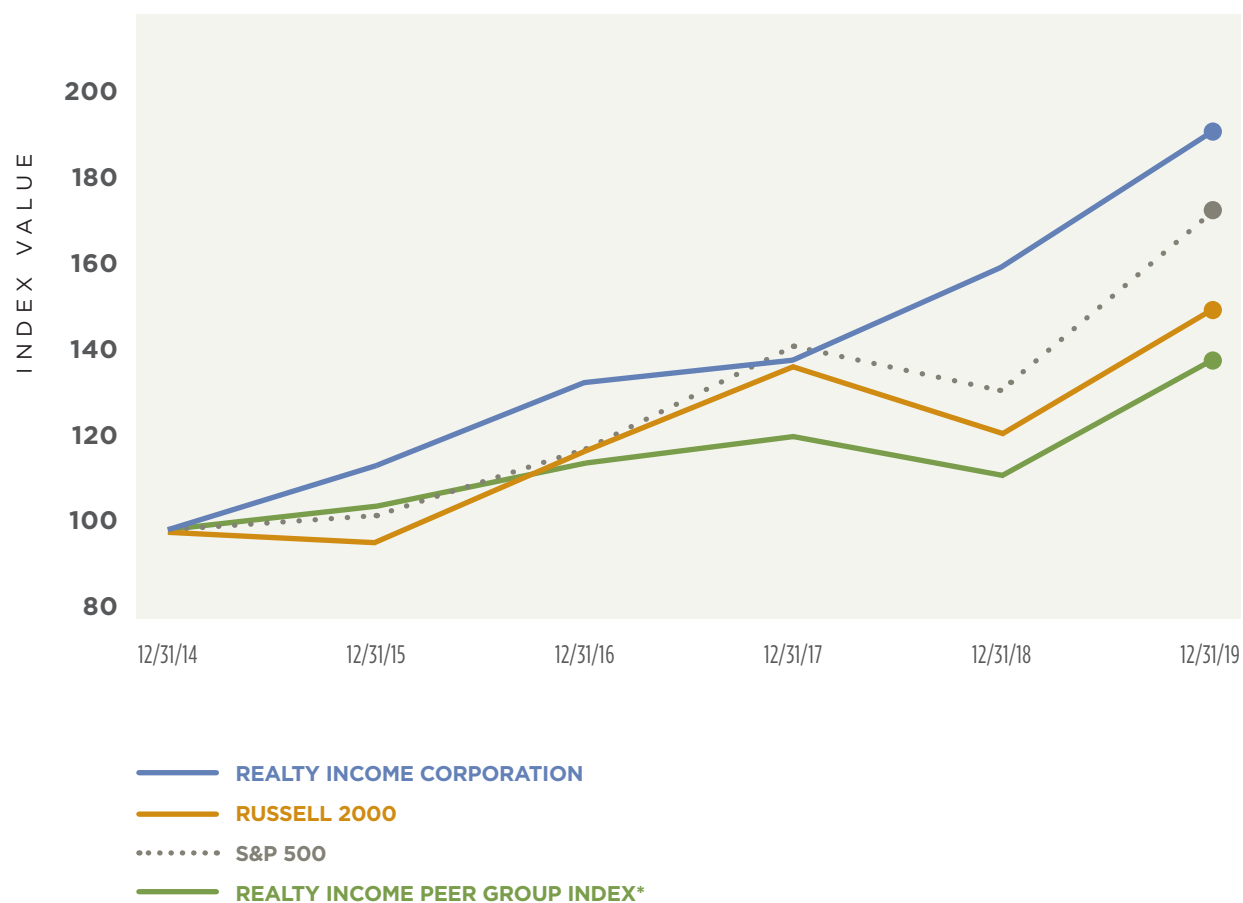
<sup>(2)</sup> Calculated as the difference between the closing stock price as of period end less the closing stock price as of previous period, plus dividends paid in period, divided by closing stock price as of end of previous period. Does not include reinvestment of dividends for the annual percentages.

<sup>(3)</sup> Includes reinvestment of dividends. Source: NAREIT website and Factset.

<sup>(4)</sup> Price only index, does not include dividends as NASDAQ did not report total return metrics for the entirety of the measurement period. Source: Factset.

<sup>(5)</sup> The Compound Average Annual Total Return rates are calculated in the same manner for each period from Realty Income's NYSE listing on October 18, 1994 through December 31, 2019, and (except for NASDAQ) assume reinvestment of dividends. Past performance does not guarantee future performance. Realty Income presents this data for informational purposes only and makes no representation about its future performance or how it will compare in performance to other indices in the future.

# Total Return Performance



INDEX	PERIOD ENDING					
	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19
Realty Income Corporation	100.00	113.38	131.27	136.10	157.78	191.31
Russell 2000	100.00	95.59	115.96	132.95	118.31	148.50
S&P 500	100.00	101.38	113.51	138.28	132.23	173.86
Realty Income Peer Group Index*	100.00	102.19	108.94	113.93	109.43	137.72

\*\* Realty Income Peer Group index consists of 18 companies with an implied market capitalization between \$3.8 billion and \$49.8 billion as of December 31, 2019.

# Company Information

## DIRECTORS



BACK: Ronald L. Merriman, Michael D. McKee, Sumit Roy, Christie Kelly FRONT: A. Larry Chapman, Priya Cherian Huskins, Reginald H. Gilyard, Kathleen R. Allen, Gregory T. McLaughlin, Gerardo I. Lopez

### Kathleen R. Allen, Ph.D.

Founding Director, Center for Technology Commercialization, University of Southern California

### A. Larry Chapman

Retired, Executive Vice President, Head of Commercial Real Estate, Wells Fargo Bank

### Reginald H. Gilyard

Senior Advisor, Boston Consulting Group, Inc.

### Priya Cherian Huskins

Senior Vice President and Partner, Woodruff-Sawyer & Co.

### Christie Kelly

Former Global Chief Financial Officer, Jones Lang LaSalle Incorporated

### Gerardo I. Lopez

Operating Partner and Head of the Operating Group, SoftBank Investment Advisers

### Michael D. McKee

Non-Executive Chairman Principal, The Contrarian Group

### Gregory T. McLaughlin

Chief Executive Officer, PGA TOUR First Tee Foundation

### Ronald L. Merriman

Retired Vice Chair and Partner, KPMG LLP

### Sumit Roy

President & Chief Executive Officer

## EXECUTIVE & SENIOR OFFICERS



**Neil Abraham**  
Executive Vice President,  
Chief Strategy Officer



**Benjamin N. Fox**  
Executive Vice President,  
Asset Management &  
Real Estate Operations



**Scott Kohnen**  
Senior Vice President,  
Research



**Sumit Roy**  
President &  
Chief Executive Officer



**TJ Chun**  
Senior Vice President,  
Investments & Head of  
Asset Management



**Mark Hagan**  
Executive Vice President,  
Chief Investment Officer



**Sean P. Nugent**  
Senior Vice President,  
Controller



**Lori Satterfield**  
Senior Vice President, Associate  
General Counsel, Asset Management  
& Real Estate Operations



**Janeen S. Drakulich**  
Senior Vice President,  
Development



**Shannon Jensen**  
Senior Vice President,  
Associate General Counsel  
and Assistant Secretary



**Michael R. Pfeiffer**  
Executive Vice President,  
Chief Administrative Officer,  
General Counsel and Secretary



**Cary Wenthur**  
Senior Vice President,  
Managing Director - Acquisitions



**Ross Edwards**  
Senior Vice President,  
Leasing & Real Estate  
Operations



**Shannon Kehle**  
Senior Vice President,  
Human Resources



**Jonathan Pong**  
Senior Vice President,  
Head of Capital Markets  
and Finance

## ADDITIONAL OFFICERS



**Steve Burchett**  
Vice President,  
Senior Legal Counsel



**Jill Cossaboom**  
Vice President,  
Assistant Controller,  
Systems



**Jonathan Kresser**  
Vice President,  
Head of Internal Audit



**Garret Pavelko**  
Vice President,  
Asset Management,  
Office & Industrial



**Ann Zhang**  
Vice President,  
Assistant Controller,  
Property Accounting



**Kyle Campbell**  
Vice President,  
Senior Legal Counsel,  
Risk Management



**John R. Couvillion**  
Vice President,  
Real Estate  
Development



**Michael Lee**  
Vice President,  
Tax Director



**Matt Renner**  
Vice President,  
Assistant Controller,  
Corporate Accounting



**Elizabeth Cate**  
Vice President,  
Asset Management



**Kristin Ferrell**  
Vice President,  
Head of Lease  
Administration



**April Little**  
Vice President,  
Acquisitions



**Joe Stewart**  
Vice President,  
Information Technology

### TRANSFER AGENT

For shareholder administration and account information, please visit Computershare's website at [www.computershare.com](http://www.computershare.com) or call toll-free at 1-877-218-2434.

**INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**  
KPMG LLP  
San Diego, CA

### FOR ADDITIONAL CORPORATE INFORMATION

Visit the Realty Income corporate website at [www.realtyincome.com](http://www.realtyincome.com)

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Copies of Realty Income's Annual Report are available upon written request to:

**REALTY INCOME CORPORATION**  
Attention: Investor Relations  
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