

REALTY INCOME GREEN FINANCING FRAMEWORK

DNV INDEPENDENT ASSESSMENT

Scope and Objectives

Realty Income Corporation (NYSE:O)¹ (henceforth referred to as “Realty Income”) owns and manages a portfolio of commercial properties located across the United States, Puerto Rico, and the United Kingdom. The company is structured as a REIT, and its monthly dividends are supported by the cash flow from over 6,600 real estate properties. Realty Income’s investment strategy is primarily focused on acquiring single-tenant retail and industrial properties, leased to regional and national chains and under long-term net lease agreements².

As part of Realty Income’s long-term Environmental, Social and Governance (ESG) goals, and as a leading company in the REIT industry, the company has set an intent to drive positive change for the communities in which it operates and to reduce its environmental footprint to protect the planet. To deliver on this commitment the company is set on partnering with clients and suppliers across its value chain (particularly important as Realty Income scales in size).

Realty Income has developed a Green Financing Framework (the “Framework”), under which it can raise capital to issue a number of sustainable focused financial products (Green Bonds) to support the financing and refinancing of activities of an environmental nature with the aim of:

- Reducing the environmental footprint within the organisation;
- Reducing the carbon footprint of Realty Income’s portfolio; and
- Increase the sustainability performance of the portfolio.

DNV Business Assurance Services UK Limited (“DNV”) has been commissioned by Realty Income to provide a review of the Framework against the International Capital Market Association (“ICMA”) Green Bond Principles 2021 (“GBP”). Our methodology to achieve this is described under the “Work Undertaken” section presented below. DNV has not been commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of Bonds via Realty Income’s Green Financing Framework, the value of any investments, or the long-term environmental benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

¹ Realty Income is also known as “The Monthly Dividend Company®”, an S&P 500 company.

² A net lease typically requires the client to be responsible for monthly rent and certain property operating expenses including property taxes, insurance, and maintenance.

Responsibilities of the Management of Realty Income and DNV

The management of Realty Income has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Realty Income's management and other interested stakeholders in the Framework as to whether the Framework is aligned with ICMA's GBP. In our work we have relied on the information and the facts presented to us by Realty Income. DNV is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Realty Income and used as a basis for this assessment that were not correct or complete.

Basis of DNV's Opinion

We have adapted our eligibility assessment methodology to create Realty Income-specific Green Financing Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria is guided by the requirement that an issuer of a Green Bond must use the funds raised, to finance or refinance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria is guided by the requirements that an issuer of a Green Bond should outline the process it follows when determining the eligibility of an investment using Green Bond proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria is guided by the requirements that a Green Bond should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to investors should be made on the use of the future Bond proceeds, and that quantitative and/or qualitative performance indicators should be used where feasible.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Realty Income in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Realty Income-specific Protocol, adapted to the purpose of the Framework, as described above.
- Assessment of documentary evidence provided by Realty Income on the Framework, supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Discussions with Realty Income's management and a review of relevant documentation and evidence related to the criteria of the Protocol.
- Documentation of findings against each element of the criteria as detailed in Schedule 2 of this document.

Our opinion as detailed below is a summary of these findings.

Findings and DNV's Opinion

DNV's findings are listed below:

1. Principle One: Use of Proceeds.

Realty Income intends to use the proceeds of future Bonds issued under the Framework to finance and refinance green projects (the "Eligible Green Projects"). The Eligible Green Projects are clearly listed in the Framework and will fall under the following categories:

- Green Buildings
- Energy efficiency
- Clean transportation
- Renewable energy
- Sustainable water and wastewater management
- Pollution prevention and control
- Climate change adaptation

Regarding the Green Buildings category, the Framework sets the threshold for environmental ratings as at least LEED Silver, BREEAM Very Good, DGNB Silver, ENERGY STAR certification, Energy Performance Certificate (EPC) grade B, Green Globes 3 Globes, and HQE Very Good. DNV concludes that these certifications conform to best market practice and are broadly comparable. While DNV would usually consider LEED Gold or Platinum (or their equivalent) to be the minimum requirement, Silver or equivalent can be deemed acceptable in certain situations where the building types considered for inclusion in the use of proceeds are for retail or light industrial purposes, for which

energy-efficiency improvements are significantly harder to achieve due to their profile. The building types described by Realty Income in the Framework fall within these categories of retail and light industrial assets.

Moreover, Realty Income has included in its Use of Proceeds projects including upgrades to properties that are designed to have expected energy efficiency gains of at least 25%.

DNV has reviewed the evidence and confirms that the provisions made by Realty Income on Green Buildings are in line with market practice and clearly laid out in the Framework. DNV therefore concludes that the stated performance criteria for Green Buildings will therefore provide a positive environmental impact. The Evidence reviewed includes Realty Income's Sustainability Report 2020 and Annual Report 2020, which are publicly available and contain descriptions of Realty Income's property portfolio and sustainability achievements.

The Green categories and their descriptions are further defined in Schedule 1 of this opinion. Realty Income has also listed example projects and expected environmental benefits for each category within the Framework, and mapped its eligible green categories against the United Nations' Sustainable Development Goals ("SDGs"). DNV concludes that these additional Eligible Green Project categories support the transition to a low-carbon economy.

DNV concludes that the eligible categories outlined in the Framework are consistent with those listed in the GBP and will provide clear environmental benefits.

2. Principle Two: Process for Project Evaluation and Selection.

DNV can confirm that future issuances will undergo evaluation and selection as new Eligible Green Projects by Realty Income's Green Bond Committee (the "Committee"), established for this purpose. The Committee comprises some of the most senior members of Realty Income's management team: the Chief Financial Officer, Head of Sustainability, Head of Corporate Finance, as well as other senior members of Realty Income's Sustainability, Capital Markets and Accounting teams.

DNV has reviewed the evidence and also confirms that the process for evaluation and selection will be supported by a stringent ESG governance framework. Realty Income has also confirmed they have a process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the Eligible Green Projects. Realty Income's goal is to ensure the Eligible Green Projects have no negative impacts across the key areas of climate change mitigation, climate change adaptation, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

Realty Income have also confirmed they intend to align with market best practices and legislation in the jurisdictions they operate in.

Realty Income's approach and commitment to sustainability are clearly described in its reports and policies, and those are publicly available on its corporate website. A more detailed description is available in Schedule 2 of this document.

DNV concludes that the Framework appropriately describes the process of project evaluation and selection and is in line with the requirements of the GBP.

3. Principle Three: Management of Proceeds.

DNV can confirm that Realty Income will track investments related to the Eligible Green Projects using their internal accounting system.

DNV confirms that Realty Income has committed to using an amount equivalent to the net proceeds of financial instruments issued under the Framework to finance and/or refinance the Eligible Green Projects. For refinancing, Realty Income has defined a look-back period of 36 months. Interviews with Realty Income management confirmed that this lookback period is aligned with the introduction of their external stakeholder engagement program on ESG and sustainability topics.

We conclude that there is a clear process in place for the tracking of the balance taking into account disbursements. Any unallocated proceeds will be used at Realty Income's discretion.

DNV has reviewed the evidence and can confirm that Realty Income has committed to appropriately managing the proceeds arising from future issuances, in line with the requirements of the GBP.

4. Principle Four: Reporting.

DNV confirms that Realty Income has committed to providing information annually on the allocation and impact of any future Green Bond issuance. For allocation reporting, Realty Income has committed to issuing a report within one year of issuance, and annually thereafter, until full allocation of proceeds. Reporting will detail how much of the financing raised has been allocated to each eligible green project. Realty Income also intends to report on, where feasible, the overall environmental impacts from green projects, and has provided examples of metrics in the Framework.

DNV concludes that Realty Income has made appropriate plans to report on the allocation and environmental impact of future issuances, in line with the requirements of the GBP.

On the basis of the information provided by Realty Income and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol, and that it is aligned with the stated definition of Green Bonds within the GBP (2021)

for DNV Business Assurance Services UK Limited

London, 25 June 2021

A handwritten signature in black ink, appearing to read "Richard Strutt".

Richard Strutt

Senior Consultant and Project Manager
DNV- Business Assurance

A handwritten signature in black ink, appearing to read "Souvik Ghosh".

Souvik Ghosh

Principal Consultant and Reviewer
DNV- Business Assurance

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF ACTIVITIES TO BE FINANCED UNDER THE FRAMEWORK

Eligible Green Project Category	Description of activities	SDG Alignment*
<p>Green Buildings</p>	<p>Investments related to the acquisition, construction, development, financing or refinancing of properties (retail and industrial) that have received, or are expected to receive, one of the following green building certifications or energy ratings in the three calendar years prior to issuance (or other equivalent green certifications):</p> <ul style="list-style-type: none"> • LEED: Silver, Gold, Platinum. • BREEAM: Very Good, Excellent, Outstanding. • DGNB: Silver, Gold, or Platinum. • ENERGY STAR: ENERGY STAR certification or an ENERGY STAR rating of 75 or higher. • Energy Performance Certificate (EPC): EPC grade of B or greater. • Green Globes: 3 or 4 Globes. • HQE: Very Good (Very Performant), Excellent, and Exceptional 	  
<p>Energy efficiency</p>	<p>Eligible energy efficiency projects include upgrades to properties that are designed to have expected energy efficiency gains of at least 25%.</p> <p>Examples include LED lighting upgrades and other energy efficient lighting, cool roof installations, HVAC and chiller replacements and other technologies known to improve energy efficiency.</p>	 

<p>Clean transportation</p>	<p>Acquisition, development, construction and/or installation of clean transportation infrastructure such as electric vehicle charging stations or bicycle facilities.</p>	
<p>Renewable energy</p>	<p>Purchase of renewable energy pursuant to power purchase agreements or virtual power purchase agreements; expenditures and/or investments related to renewable energy systems, including but not limited to solar panel installations and battery storage systems.</p>	  
<p>Sustainable water and wastewater management</p>	<p>Eligible water efficiency projects include upgrades to properties that are designed to have expected water efficiency gains of at least 20%. Examples include smart irrigation systems, installation of low flow fixtures, xeriscaping (drought-tolerant landscaping), and utilization of WaterSense fixtures and other technologies known to improve water usage efficiency.</p>	
<p>Pollution prevention and control</p>	<p>Projects aimed at reduction of air emissions, greenhouse gas control, waste reduction and prevention, and soil remediation.</p>	 

<p>Adaptation and resilience to climate change</p>	<p>Investments in early warning systems and information support systems, as well as property improvements, resilience and retrofits. UN Sustainable Development Goal 17 (SDG Icon), on Partnerships, is the cross-cutting foundation all our activities.</p>	 The icon for UN Sustainable Development Goal 13, Climate Action, is a green square with the number "13" in white, the words "CLIMATE ACTION" in white, and a white globe icon.
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*Realty Income has also determined that UN SDG 17, Partnerships, was the cross-cutting foundation for all their activities and applied to all the Use of Proceeds.

SCHEDULE 2: REALTY INCOME-SPECIFIC GREEN FINANCING FRAMEWORK ASSESSMENT PROTOCOL

1. Use of proceeds

Ref	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • Use of Proceeds Bond. • Use of Proceeds Revenue Bond. • Project Bond. • Securitized Bond. 	<p>In addition to reviewing the evidence below, we had several detailed discussions with Realty Income.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Realty Income Green Finance Framework June 2021 	<p>The Framework outlines the type of bonds expected to be issued under the Framework, but are not limited to:</p> <ul style="list-style-type: none"> • Use of Proceeds Bond Green Bonds. <p>The specific type of financing will need be further assessed on an individual basis.</p>
1b	Green Project Categories	<p>The cornerstone of a green bond is the utilisation of the proceeds which should be appropriately described in the legal documentation for the security.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Realty Income Green Finance Framework June 2021 	<p>The Framework describes the categories that the Eligible Green Projects will fall under:</p> <ul style="list-style-type: none"> • Green Buildings • Energy efficiency • Clean transportation • Renewable energy • Sustainable water and wastewater management • Pollution prevention and control • Climate change adaptation <p>We conclude that the Framework appropriately describes the proposed utilisation of proceeds. The specific utilisation of</p>

Ref	Criteria	Requirements	Work Undertaken	DNV Findings
				proceeds of each issuance will need to be further assessed on an individual basis.
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable or social benefits, which, where feasible, will be quantified or assessed by the issuer.	Evidence reviewed: <ul style="list-style-type: none"> • Realty Income Green Finance Framework June 2021 • Realty Income Corporate Website (Environment, Governance and Sustainability sections • Realty Income 2020 Sustainability Report • Policies: <ul style="list-style-type: none"> ○ Code of Business Ethics ○ Diversity, Equality and Inclusion Policy ○ Human Rights Policy ○ Privacy Policy ○ Supplier Code of Conduct ○ 2020 Annual Report ○ 2020 10-K Form 	The Schedule 1 in the Framework outlines the expected environmental benefits that will be realised by any Bond issued under the Framework. Specific quantifiable benefits of each issuance will be agreed on a case by case basis and subject to further assessment.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond proceeds	<p>In addition to reviewing the evidence below, we had several detailed discussions with Realty Income.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Realty Income Green Finance Framework June 2021 	<p>We conclude that the Framework appropriately describes the process of project selection and evaluation by the Green Bond Committee. The specific issuances will need to be further assessed on a case by case basis.</p>
2b	Issuer's environmental and governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> Realty Income Green Finance Framework June 2021 <p>We also reviewed the following environmental governance documentation:</p> <ul style="list-style-type: none"> Realty Income Corporate Website (Environment, Governance and Sustainability sections) Realty Income 2020 Sustainability Report Policies: <ul style="list-style-type: none"> Code of Business Ethics Diversity, Equality and Inclusion Policy Human Rights Policy Privacy Policy Supplier Code of Conduct 2020 Annual Report 2020 10-K Form 	<p>DNV received comprehensive evidence of Realty Income's sustainability performance and commitments. Realty Income's 2020 Sustainability Report also outlines the company's approach to sustainability and its components including Materiality Assessment, Stakeholder Engagement, SDG alignment, Environmental Responsibility, Client Engagement, Sustainability as part of Enterprise Risk Management (ERM) and Global Reporting Initiative (GRI) disclosures.</p> <p>The company's ESG governance is also underpinned by a comprehensive set of policies available on its corporate website.</p> <p>In addition, Realty Income's ESG commitments are reiterated in its 2020 Annual Report, 10-K Form and multiple sections of its corporate website.</p> <p>We conclude that from the information provided, the Framework is in line with Realty Income's wider approach to managing environmental sustainability.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of a Bond should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	In addition to reviewing the evidence below, we had several detailed discussions with Realty Income. Evidence reviewed: <ul style="list-style-type: none"> Realty Income Green Finance Framework June 2021 	We conclude that the Framework commits Realty income to tracking the Use of Proceeds in an appropriate manner.
3b	Tracking procedure	So long as the Bond are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments disbursements made during that period.	Evidence reviewed: <ul style="list-style-type: none"> Realty Income Green Finance Framework June 2021 	We conclude that there is a clear process in place for the tracking of the balance taking into account disbursements.
3c	Temporary holdings	Pending such investments or disbursements to eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Evidence reviewed: <ul style="list-style-type: none"> Realty Income Green Finance Framework June 2021 	We conclude that Realty Income has appropriately disclosed how it will manage any unallocated proceeds.

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmental impact.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Realty Income.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Realty Income Green Finance Framework June 2021 • Realty Income 2020 Sustainability Report 	<p>We can confirm Realty Income has committed to annual reporting on the allocation of the net proceeds or until the applicable Green Bond is no longer outstanding. Information will be published in an allocation report and published on the organisation’s sustainability page, within one year of issuance. Realty Income also intends to provide information on the selected projects and include quantification of their environmental benefits. Metrics may include:</p> <ul style="list-style-type: none"> • Green Buildings: level of certification reached, energy rating, or environmental performance achieved. • Energy Projects: renewable energy installed (kW, MW), renewable energy generated (kWh, MWh), energy saved aggregate (kWh), water use savings (gallons), greenhouse gas emissions avoided. <p>DNV can confirm Realty Income has committed to producing appropriate reporting on the environmental impacts of future issuances under the Framework.</p>