

press release

REALTY  INCOME



FOR
IMMEDIATE
RELEASE

REALTY INCOME TO ACQUIRE 89 PIZZA HUT PROPERTIES FOR \$59 MILLION

ESCONDIDO, CALIFORNIA August 25, 2006...Realty Income Corporation (Realty Income), The Monthly Dividend Company[®], (NYSE:O) today announced that it has entered into an agreement to acquire a portfolio of 89 Pizza Hut properties for \$59 million from NPC International, Inc.

The Company will acquire 89 existing stores subject to long-term, triple-net lease agreements. The restaurants have, on average, approximately 3,000 leasable square feet situated on an average lot size of approximately 37,000 square feet with an average purchase price for each property of approximately \$663,000. The 89 properties are located in 13 states. Realty Income plans to hold approximately \$58 million in its core portfolio as long-term investments and will place approximately \$1 million in its Crest Net Lease, Inc. subsidiary for future sale. Realty Income also intends to acquire an additional 11-unit Pizza Hut property portfolio sometime subsequent to the closing of this transaction.

NPC International is the largest Pizza Hut franchisee and the largest franchisee of any restaurant concept in the world. Founded in 1962, the company currently operates approximately 800 stores in the Midwest, South and Southeast. NPC stores comprise approximately 13% of the domestic Pizza Hut restaurant system and 17% of the domestic Pizza Hut franchised restaurant units. The stores being acquired by Realty Income represent prime retail locations within the Pizza Hut retail system and are seasoned stores that provide strong unit level cash flow rent coverages.

Commenting on the transaction, Chief Executive Officer, Tom A. Lewis said, "We are pleased to undertake another transaction with NPC International and acquire 89 additional Pizza Hut properties. The NPC properties we have previously acquired have proven to be excellent additions to our portfolio in terms of both the profitability of the locations and their contribution to the cash flow from which we pay monthly dividends. The properties being acquired in this transaction are attractively priced and situated in good retail locations. We anticipate that these properties will also generate significant cash flow supporting the payment of monthly dividends."

Consistent with Realty Income's disclosure policy, the Company does not disclose the lease rate on an individual tenant transaction. Lease rates, terms, and conditions are competitive in nature and are a major component of the Company's new business development program. The Company believes the disclosure of individual rate negotiations would be damaging to its competitive position and its ability to complete new property acquisitions. In addition, the Company has signed non-disclosure agreements with many of its tenants pertaining to its transactions. As in the past, Realty Income will announce its blended lease rate and lease terms on a cumulative basis in the Company's quarterly press release on operations.

Forward-Looking Statements

Statements in this press release that are not strictly historical are "forward-looking" statements. Forward-looking statements involve known and unknown risks, which may cause the Company's actual future results to differ materially from expected results. These risks include, among others, general economic conditions, local real estate conditions, the availability of capital to finance planned growth, property acquisitions and the timing of these acquisitions, charges for property impairments, the outcome of any legal proceedings to which the Company is a party, and the profitability of the Company's subsidiary, Crest Net Lease, as described in the Company's filings with the Securities and Exchange Commission. Consequently, such forward-looking statements should be regarded solely as reflections of the Company's current operating plans and estimates. Actual operating results may differ materially from what is expressed or forecast in this press release. The Company

undertakes 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 these statements were made.

Realty Income is The Monthly Dividend Company[®], a New York Stock Exchange real estate company dedicated to providing shareholders with dependable monthly income. To date the Company has declared 434 consecutive monthly dividend payments throughout its 37-year operating history. The monthly income is supported by the cash flow from nearly 1,700 retail properties owned under long-term lease agreements with leading regional and national retail chains. The Company is an active buyer of net-leased retail properties nationwide.

Note to Editors: Realty Income press releases are available at no charge by calling our toll-free investor hotline number: 888-811-2001, or through the Internet at <http://www.realtyincome.com/Investing/News.html>.