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REALTY INCOME TO ACQUIRE APPROXIMATELY \$350 MILLION OF BUFFETS/RYAN'S RESTAURANT PROPERTIES IN SALE-LEASEBACK TRANSACTION

Updates 2006 Acquisitions Outlook and Initiates 2007 Earnings Guidance

ESCONDIDO, CALIFORNIA, September 5, 2006....Realty Income Corporation (Realty Income), The Monthly Dividend Company®, (NYSE:O) announced today that it has signed a definitive commitment letter to acquire approximately \$350 million of Buffets/Ryan's restaurant properties under long-term, net-lease agreements. The exact locations and number of properties to be acquired is the subject of continuing discussion between the parties involved in the transaction. The Company is acquiring these properties subsequent to the closing under a previously announced merger agreement between Buffets, Inc. and Ryan's Restaurant Group. While Realty Income's acquisition of these properties is subject to a number of conditions, it is anticipated that the transaction will close in the fourth quarter.

Realty Income will acquire the Buffets/Ryan's restaurant properties subject to 20-year, triple-net lease agreements. The restaurants have, on average, approximately 10,300 leasable square feet and are situated on an average lot size of approximately 2.86 acres. In general, the properties to be purchased are existing locations that, on average, have been in business for 11 years and exhibit solid, store level cash-flow coverages of rent. The properties will be located in 20 states throughout the Midwest and the South, including properties in Alabama, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and West Virginia. The Company further disclosed that it plans to hold in excess of 80% of the properties in its core portfolio as long-term investments and will place the remaining properties in its Crest Net Lease, Inc. subsidiary for future sale.

The merger of Buffets and Ryan's will create the nation's largest buffet restaurant chain and one of the five largest companies in the casual and mid-scale dining segment. The combined company will operate approximately 675 restaurants in 42 states under various brand names, including HomeTown Buffet®, Old Country Buffet®, Fire Mountain® and Ryan's® Grill, Buffet & Bakery and will balance each other geographically. Buffets operates 337 restaurants in 33 states, primarily in the North and West whereas Ryan's Restaurant operates approximately 340 restaurants in 23 states, primarily in the Southern and Midwestern United States.

2006 Real Estate Acquisition Outlook

Realty Income further disclosed that it anticipates real estate portfolio acquisitions should exceed \$575 million during 2006, assuming the transaction closes as anticipated. The Company had previously announced anticipated acquisition volume of approximately \$250 million for the year. Realty Income also anticipates that during 2006 the Company's initial average contractual lease yield on its total investments should be approximately 8.7% and that the long-term, net-lease agreements for these properties should have an initial average lease length in excess of 18 years.

Earnings Commentary

Realty Income also stated that this transaction should have no impact on 2006 funds from operations (FFO) and reiterated its 2006 FFO per share estimate of \$1.69 to \$1.72, or an increase of 4.3% to 6.2% in annual FFO per share growth as compared to 2005. This estimate is based on a 2006 net income per diluted common share range

of \$1.09 to \$1.12, adjusted (in accordance with NAREIT's definition of FFO) for estimated real estate depreciation of \$0.65 and potential gain on sales of investment properties of \$0.05 per share.

In addition, based on the assumption that the announced transaction closes as anticipated, Realty Income announced it is initiating 2007 FFO per share estimates of \$1.80 to \$1.84, which would represent annual FFO per share growth of approximately 5% to 9%, based on 2006 estimates. This estimate is based on a 2007 net income per diluted common share range of \$1.15 to \$1.19, adjusted (in accordance with NAREIT's definition of FFO) for estimated real estate depreciation of \$0.69 and potential gain on sales of investment properties of \$0.04 per share.

Commenting on these activities, Tom A. Lewis, Chief Executive Officer stated, "We are pleased that we should be able to substantially exceed our previous real estate acquisition expectations of \$250 million in this extremely competitive net-lease market. The execution of this transaction is attractive to us for a number of reasons. First, it is within an industry in which the Company has been doing business for the past 37 years and in which we have developed considerable expertise. Second, the properties fit within our strategic focus of acquiring retail properties that provide basic human needs goods and services at low price points. Third, the properties are generally located in prime retail corridors on streets with high traffic counts where well known, national retail chains attract an abundance of consumers to the trade area. Fourth, we believe the price the Company will be paying per property, for locations averaging 10,300 leasable square feet and 2.8 acres, is attractive. Fifth, the properties exhibit high cash-flow coverage at the unit level. Sixth, the merger between Buffets and Ryan's creates a large retail chain with very little geographic overlap and the potential to achieve significant cost savings and operating efficiencies. Finally, with acquisitions in excess of \$575 million anticipated during 2006, we expect that both our revenue and FFO should benefit substantially from these additional assets during 2007. As always, our focus is on maintaining a conservative balance sheet and realizing stable real estate performance with a high occupancy rate so that we can continue to provide our shareholders with dependable monthly income that increases over time."

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 and increased its dividend 40 times since Realty Income's listing on the New York Stock Exchange in 1994. The monthly income is supported by the cash flow from nearly 1,700 retail properties located in 48 states 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.

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 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, whether the Buffets/Ryan's transaction is completed, 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.

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>.