press release

Please Contact:
Tere Miller
Vice President,
Corporate Communications
(760) 741-2111, ext. 177

REALTY INCOME
THE MONTHLY DIVIDEND COMPANY®

#1 in paying monthly dividends to shareholders

FOR IMMEDIATE RELEASE

REALTY INCOME UPGRADED BY FITCH RATINGS

ESCONDIDO, CALIFORNIA, September 7, 2005....Realty Income Corporation (Realty Income), The Monthly Dividend Company®, (NYSE:O) today announced that Fitch Ratings upgraded the Company's senior unsecured debt rating to BBB+ from BBB and its preferred stock ratings to BBB from BBB- with a stable outlook. Realty Income's Chief Executive Officer, Tom A. Lewis, stated, "We are very pleased with Fitch's rating action, and believe the upgrade reflects the Company's solid financial position, the increased diversification of our portfolio of retail properties and the consistent growth of the Company in recent years."

Fitch Ratings issued the following press release on September 7, 2005:

"Fitch Ratings has upgraded the following ratings for Realty Income Corporation (NYSE: O):

--$580 million outstanding of senior unsecured debt to BBB+ from BBB;
--Approximately $125 million preferred stock to BBB from BBB-.

The Rating Outlook remains stable.

Fitch's ratings reflect Realty Income Corporation's (Realty Income or the company) conservative financial profile demonstrated through the strength of the company's balance sheet and cash flows with debt plus preferred securities to undepreciated book capital averaging 36.3% for the last twelve quarters. During that same time period, recurring earnings before interest, taxes, depreciation, and amortization (EBITDA) coverage of interest expense has averaged 4.9 times (x).

Realty Income has long utilized a fully unsecured leverage strategy with an unencumbered portfolio that currently covers total unsecured debt by 2.9x on a book value basis. Additionally, Fitch views favorably the track record of management and their acumen in employing their research driven approach to retail and their stringent credit underwriting of tenants and locations. This type of diligence has lead to occupancy levels never dropping below 97.7% in 36 years and more than 95% recoveries of rent when Realty Income did navigate through some tenant bankruptcies (e.g. Levitz, Econo Lube and Carpet Max).

Finally, the upgrade additionally mirrors Fitch's continued positive bias toward ratings in the real estate investment trust (REIT) sector as a whole, reflecting 10 years of favorable default history, the broader acceptance of REITs as issuers in the public capital markets, more specifically the unsecured debt markets, and continued maturation of the companies with respect to infrastructure, controls and corporate governance (see '2005 REIT Scorecard' dated March 31, 2005, on the Fitch web site at 'www.fitchratings.com'). Additionally, in a recent Fitch report ('U.S. REIT Capital Standards' dated June 8, 2005), Realty Income's capital adequacy and expected recovery levels were measured as one of the highest within Fitch's REIT universe.

Fitch's primary rating concern is the below investment grade profile, on average, for the majority of the company's tenants. This is coupled with the special purpose / single use nature of certain asset types that are seen as some of the larger contributors to rental revenue (e.g. convenience stores, child care centers, and restaurants). Fitch does take some solace in the company's conservative underwriting and its proprietary DARTH scoring system to underwrite and monitor these credits. Additionally, the company has taken steps to diversify its cash flow streams. Currently, the portfolio includes 98 retail chains in 30 separate retail industries with concentrations in the top five retail industries in Realty Income's portfolio contributing 56.2% of rental revenue and are as follows: convenience stores (18.8% of rental revenue); child care (13.2%); restaurants (9.1%); automotive services (7.8%) and auto tire services (7.3%). Fitch believes that it is important to note that as of Dec. 31, 1996, the child care category (42.0% of annualized rent) combined with the restaurant category (24.4%) accounted for 66.4% of rent. Through acquisitions, dispositions, and capital recycling, the company has been able to introduce new retail segments into the tenant roster and reduce its concentration in child care and restaurants by over 65% between Dec. 31, 1996, and June 30, 2005. Finally, Fitch notes that the company has a stated goal of not allowing any one particular retail category to exceed 20%.

Fitch notes that recurring EBITDA coverage for the last 12 months (LTM) has slipped below the three-year average to 4.5x, a metric that continues to support the rating category. Additionally, in that same LTM period, leverage has increased slightly over long-term averages but to levels that affords Realty Income capacity within their current capital structure. As of June 30, 2005, the company's unencumbered assets, at book value, supported unsecured borrowings by 2.9x. In a punitive scenario, if the company fully drew its $300 million line of credit but did not get credit for investment of these funds, the unencumbered coverage would drop to 2.1x.

Realty Income, The Monthly Dividend Company®, was founded in 1969. The New York Stock Exchange real estate company is dedicated to providing shareholders with dependable monthly income through long-term stable net leases. As of June 30, 2005, the Company owned 1,582 properties with a book value of $1.8 billion and an average occupancy rate of 98.2%. The Company is an active buyer of net-leased retail properties nationwide with assets in 48 of the 50 U.S. states. The company's diversified portfolio consists of over 12.4 million square-feet leased to 98 regional and national retailers operating in over 30 retail segments with an average remaining lease term of 12 years and an average leasable retail space of 7,900 square feet."

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 422 consecutive monthly dividend payments throughout its 36-year operating history. The monthly income is supported by the cash flow from over 1,580 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.