

press release



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FOR
IMMEDIATE
RELEASE

REALTY INCOME TO ACQUIRE \$200 MILLION PROPERTY PORTFOLIO FROM KERASOTES SHOWPLACE THEATRES, LLC

Updates Acquisition and Earnings Estimates

ESCONDIDO, CALIFORNIA, September 19, 2005....Realty Income Corporation (Realty Income), The Monthly Dividend Company®, (NYSE:O) announced today that it has signed an agreement to acquire 17 Kerasotes Showplace-branded theater properties, under long-term, net-lease agreements with Kerasotes Showplace Theatres, LLC, for approximately \$200 million. While the transaction is subject to a number of conditions, it is anticipated that the transaction will close later this month.

Realty Income will acquire the 17 Kerasotes theater properties subject to 20-year, triple-net lease agreements. The theaters have, on average, approximately 45,000 leasable square feet and are situated on an average lot size of approximately 10 acres. In general, the properties to be purchased are seasoned, state-of-the-art, stadium-seating theaters with an average of 12.5 screens per location and an average building age of seven years. The properties are located in Illinois, Indiana, Minnesota and Missouri.

Kerasotes Showplace Theatres is the largest motion picture exhibitor in the Midwestern United States and the eighth largest theater chain in the country. Kerasotes Showplace Theatres, headquartered in Chicago, Illinois, operates 77 theaters with a total of 613 screens located throughout Illinois, Indiana, Iowa, Minnesota, Missouri, and Ohio. Founded in 1909, Kerasotes has successfully pursued a strategy of owning and operating modern, state-of-the-art theaters in mid-sized communities and metropolitan markets in the Midwest. Kerasotes Showplace Theatres is a privately owned company controlled by the Kerasotes family and Providence Equity Partners, a private investment firm specializing in communications and media companies around the world. The principals of Providence Equity manage funds with over \$9.0 billion in equity commitments and portfolio investments including Crown Media International, Kabel Deutschland, Metro-Goldwyn Mayer (MGM) and the Yankee's Entertainment & Sports (YES) Network.

Real Estate Acquisition Outlook

Realty Income further disclosed that it anticipates real estate portfolio acquisitions should exceed \$400 million during 2005. The Company had previously announced anticipated acquisition volume of approximately \$250 million for the year. Realty Income also anticipates that during 2005 the Company's initial average contractual lease yield on investments will be approximately 8.5% 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

The Company also reiterated its previously announced 2005 funds from operations (FFO) per share estimates of \$1.59 to \$1.62, or 6% to 8% in annual FFO per share growth.

In addition, Realty Income announced it is initiating 2006 FFO per share estimates of \$1.67 to \$1.71, which would represent annual FFO per share growth of approximately 3.1% to 7.5%, based on 2005 estimates.

Commenting on these activities, Tom A. Lewis, Chief Executive Officer stated, "We are gratified that we should be able to exceed our real estate acquisition expectations in this extremely competitive net-lease market. With an estimated \$400 million in acquisitions targeted for 2005, we anticipate that both our revenue and FFO should benefit from these additional assets during 2005 and 2006. 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."

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. 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 Kerasotas 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.

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 1,550 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.

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