press release

REALTY INCOME

The Monthly Dividend Company®

#1 in paying monthly dividends to shareholders

FOR IMMEDIATE RELEASE

REALTY INCOME INVESTMENT GRADE CREDIT RATINGS & POSITIVE OUTLOOK AFFIRMED BY STANDARD & POOR'S

ESCONDIDO, CALIFORNIA, January 18, 2008….Realty Income Corporation (Realty Income), The Monthly Dividend Company®, (NYSE:O) today announced that Standard & Poor's Ratings Services affirmed the Company's senior unsecured debt ratings at BBB and its preferred stock ratings at BBB-, with a positive outlook.

Standard & Poor's issued a press release entitled "Realty Income Corporate Credit, Debt Ratings Affirmed; Outlook Remains Positive", published by Primary Credit Analyst, Tom Taillon and Secondary Credit Analyst, George Skoufis, on January 17, 2008. The press release in its entirety is reproduced with permission of Standard & Poor's, a division of the McGraw-Hill Companies, Inc.

"On January 17, 2008, Standard & Poor's Ratings Services affirmed its corporate credit and senior unsecured debt ratings on Realty Income Corp. (Realty Income) at 'BBB'. At the same time, we affirmed our 'BBB-' rating on the company's preferred stock. The outlook remains positive (see list). The affirmations affect approximately $1.47 billion in outstanding senior unsecured debt and $344 million in preferred stock.

The ratings and outlook acknowledge the company's conservative debt leverage, diversified portfolio of triple net leased retail properties, and prudent underwriting, which collectively produce stable cash flow and solid debt protection measures. These strengths are partially offset by a less creditworthy tenant base, moderate revenue concentration by industry, and the recently reported debt covenant default of one of Realty Income's largest tenants.

Escondido, Calif.-based Realty Income invests in single-tenant retail properties throughout the U.S. The company's 2,181 properties are dispersed throughout 49 states, and the portfolio's largest geographic concentrations by revenue are in Texas (10.7% of rental revenues), Florida (8.7%), California (5.5%), Georgia (5.4%), and Illinois (5.2%). The tenant base does contain some retail segment concentration, with restaurants representing about 21% of revenues (versus 11.9% a year ago), followed by convenience stores (14.1%), theaters (8.9%), and child care operators (8.3%). However, management does intend to reduce its restaurant exposure to less than 20% in the near term by acquiring assets outside the restaurant sector. Additionally, rent coverage metrics are generally healthy. The portfolio is leased to 110 different chains, no individual tenant accounts for more then 8% of revenues, and the top 15 tenants combined account for roughly 55% of revenues.

The properties are well occupied (98.3%) under long-term (15-20 year) leases. This, combined with the triple-net feature of the leases (requires the tenant to fund all expenses, including real estate taxes, insurance, and any needed capital improvements), provides added cash flow stability. Lease expirations in the near term are manageable, with 3.5% of rental revenue and 3.7% expiring in 2008 and 2009, respectively. Additionally, leases accounting for 55% of the rent that expire over those two years are on subsequent lease renewals, reflecting a greater likelihood that rent will continue. Realty Income employs conservative underwriting to balance the weaker credit profile of its tenant base. This has helped produce solid rent coverage measures (2.76x average for the top 15 tenants) and has resulted in historically low tenant lease defaults. In situations involving tenant bankruptcies, Realty Income has successfully recovered approximately 97% of original rent. It was recently reported that Buffets Inc. ('D'), one of the company's largest tenants, is in severe financial condition and defaulted under its debt covenants on Jan. 4, 2008. However, Buffets' rent payments to Realty Income remain current at this time and the REIT has no tenants in its portfolio with rent coverage below 1.9x.

We acknowledge that a large concentration of tenants with weak credit profiles is a notable risk. However, we expect Realty Income's strict underwriting policies to help limit any potential loss of rent or invested capital related to Buffets' distress.

Realty Income also maintains a conservative financial profile to balance its tenant credit risk. Debt-to-book capitalization is moderate at 48%. While this figure is up from 37% at fiscal year end, the balance sheet is appropriately transparent as there are no off-balance-sheet investments. The debt is favorably long-term (10-year weighted average maturity) and well balanced against the 13-year weighted average remaining lease term. The company's debt structure is largely fixed-rate and completely unsecured. Additionally, the company's issuance of $550 million senior unsecured notes (due 2019) in September 2007 was timely and attractively priced (6.75% coupon), particularly given the current contraction in the overall credit markets. We expect Realty Income to continue to balance its capital structure in a conservative manner and to issue equity when market conditions warrant as an offset to a 2007 debt issuance that temporarily raised leverage. Cash flow protection metrics are very strong. For the nine months ended Sept. 30, 2007, Standard & Poor's calculation of debt service coverage was 3.8x and fixed-charge coverage, including preferred dividends, was 3.3x.

Liquidity:
Realty Income appears to have good internal liquidity and ample borrowing capacity to meet its funding needs. At Sept. 30, 2007, the company had a high cash balance of $266 million, reflecting unused proceeds from its September 2007 debt offering and full availability under its $300 million bank credit facility (due October 2008), which has an extension option and is expandable to $400 million. The company also continues to generate solid free cash flow after dividends. Total coverage, including common dividends, was comfortable at 1.14x. Given management's heavy focus on dividend growth, however, this measure could become pressured if cash flow unexpectedly declines. Realty Income has added flexibility from its entirely unencumbered, albeit less leverageable property portfolio, as potential asset sales. Funding needs remain modest, as the triple net lease structure keeps capital-expenditure requirements to a minimum. Also, debt maturities are manageable, with just $100 million due in November 2008, $20 million in 2009, and all other obligations coming due after 2012.

Outlook:
The outlook is positive. The company's solid financial position, diversified tenant base, and strong rent coverage (due largely to its stringent underwriting) should help provide downside protection in a slowing economy. Further, Realty Income expects its operating performance to benefit from the company's concerted effort in recent years to build annual increases in its new leases. We would consider a corporate upgrade if Realty Income continues to post favorable same-store revenue results in 2008 (up 1.4% in the third quarter of 2007), which we expect to be a challenging period for the retail sector. We would consider a downgrade or negative outlook revision if the company struggles in its effort to manage any potential losses with large troubled tenants, or if overall lease defaults increase from low historical levels and negatively affects the company's debt protection measures.

Ratings List
Ratings Affirmed; Outlook Remains Positive
Realty Income Corp.

Corporate credit	BBB/Positive
Senior unsecured	BBB
Preferred stock	BBB- "

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 paid 449 consecutive monthly dividend payments throughout its 38-year operating history. The monthly income is supported by the cash flow from over 2,100 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.