REALTY INCOME CORP
Form 424B5
March 09, 2017

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
4.650% Notes due 2047	$300,000,000	99.968%	$299,904,000	
4.125% Notes due 2026	$400,000,000	102.977%	$411,908,000	
			$711,812,000	$82,499.01

(1) Calculated in accordance with Rules 456(b) and 457(r) of the Securities Act.

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Filed pursuant to Rule 424(b)(5)
Registration No. 333-208652

PROSPECTUS SUPPLEMENT
(To prospectus dated December 21, 2015)

$700,000,000

$300,000,000 4.650% Notes due 2047
$400,000,000 4.125% Notes due 2026

We are offering $300,000,000 aggregate principal amount of our 4.650% Notes due 2047 (the "2047 notes") and $400,000,000 aggregate principal amount of our 4.125% Notes due 2026 (the "2026 notes" and, together with the 2047 notes, the "notes"). The 2047 notes will mature on March 15, 2047. We will pay interest on the 2047 notes on March 15 and September 15 of each year, commencing September 15, 2017. Interest on the 2047 notes will accrue from and including March 15, 2017. The 2026 notes will mature on October 15, 2026. We will pay interest on the 2026 notes on April 15 and October 15 of each year, commencing April 15, 2017. Interest on the 2026 notes will accrue from and including October 15, 2016. We may redeem the notes of each series at any time in whole, or from time to time in part, at the redemption prices described in this prospectus supplement under the caption "Description of Notes Optional Redemption." The notes will be our senior unsecured obligations.

The 2026 notes offered hereby will constitute a further issuance of our 4.125% Notes due 2026, of which $250,000,000 aggregate principal amount was issued on September 23, 2014 and is outstanding as of the date of this prospectus supplement (the "existing 2026 notes"). The 2026 notes offered hereby and the existing 2026 notes will constitute a single series of our debt securities under the indenture referred to in this prospectus supplement. The 2026 notes offered hereby will have the same terms (except for date of original issuance, the first date on which interest thereon shall be payable and the date from which interest thereon shall begin to accrue) and CUSIP number as the existing 2026 notes.

Realty Income Corporation, The Monthly Dividend Company®, is an S&P 500 company dedicated to providing stockholders with dependable monthly dividends that increase over time. We are structured as a real estate investment trust, commonly referred to as a REIT, requiring us annually to distribute at least 90% of our taxable income (excluding net capital gains) in the form of dividends to our stockholders. Our monthly dividends are supported by the cash flow generated from real estate owned under long-term, net lease agreements with regional and national commercial tenants. We have in-house acquisition, portfolio management, asset management, real estate research, credit research, legal, finance and accounting, information technology, and capital markets capabilities. As of December 31, 2016, we owned a diversified portfolio of 4,944 properties located in 49 states and Puerto Rico, with over 83.0 million square feet of leasable space leased to 248 different commercial tenants doing business in 47 separate industries.

Investing in the notes involves risks. See "Risk Factors" beginning on page S-9 of this prospectus supplement.

	Per 2047 Note	Total For 2047 Notes	Per 2026 Note	Total for 2026 Notes	Total for All Notes
Public offering price	99.968%(1)	$299,904,000(1)	102.977%(2)	$411,908,000(2)	$711,812,000(1)(2)
Underwriting discount	0.875%	$2,625,000	0.650%	$2,600,000	$5,225,000
Proceeds, before expenses, to Realty Income Corporation	99.093%(1)	$297,279,000(1)	102.327%(2)	$409,308,000(2)	$706,587,000(1)(2)

(1) Plus accrued interest, if any, from March 15, 2017, if settlement occurs after that date.

(2)

Plus accrued interest from and including October 15, 2016 to but excluding the settlement date, totaling $6,875,000 (assuming the settlement date is March 15, 2017). Such accrued interest must be paid by the purchasers of the 2026 notes offered hereby.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Delivery of the notes will be made only in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme* and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, against payment in New York, New York on or about March 15, 2017.

Joint Book-Running Managers

Citigroup **Barclays** **BNY Mellon Capital Markets, LLC** **Goldman, Sachs & Co.**
BofA Merrill Lynch **Credit Suisse** **J.P. Morgan** **Morgan Stanley** **RBC Capital Markets**
Regions Securities LLC **UBS Investment Bank** **US Bancorp** **Wells Fargo Securities**

Lead Manager

Mizuho Securities

Senior Co-Managers

BB&T Capital Markets **MUFG** **PNC Capital Markets LLC** **Stifel**

Co-Managers

Comerica Securities **Evercore ISI** **Moelis & Company**

Ramirez & Co., Inc. **Raymond James** **Academy Securities**

The date of this prospectus supplement is March 8, 2017.

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and, if applicable, any free writing prospectus we may provide you in connection with this offering. We have not, and the underwriters have not, authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities or soliciting an offer to buy these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference herein or therein and, if applicable, any free writing prospectus we may provide you in connection with this offering is accurate only as of those documents' respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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This document is in two parts. The first part is this prospectus supplement, which adds to and updates information contained in the accompanying prospectus. The second part, the prospectus, provides more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus, you should rely on the information in this prospectus supplement.

Before purchasing any securities, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the incorporated documents described under the headings "Supplemental U.S. Federal Income Tax Considerations" in this prospectus supplement and "Incorporation by Reference" in this prospectus supplement and the accompanying prospectus, and any free writing prospectus we may provide to you in connection with this offering. The descriptions of certain provisions of any instrument, agreement or other document appearing in this prospectus supplement, the accompanying prospectus or any document incorporated or deemed to be incorporated by reference therein (including, without limitation, the descriptions of certain provisions of our $2.0 billion revolving credit facility and term loan facilities and the indenture pursuant to which the notes will be issued) are not complete and are subject to, and qualified in their entirety by reference to, the terms and provisions of those instruments, agreements and other documents. You should carefully review such instruments, agreements and other documents in their entirety for complete information on the terms and provisions thereof. See "Where You Can Find More Information" in the accompanying prospectus for information on how you can obtain copies of such instruments, agreements and other documents.

No action has been or will be taken in any jurisdiction by us or by any underwriter that would permit a public offering of these securities or possession or distribution of this prospectus supplement, the accompanying prospectus or any related free writing prospectus where action for that purpose is required, other than in the United States. Unless otherwise expressly stated or the context otherwise requires, references to "dollars" and "$" in this prospectus supplement, the accompanying prospectus and any related free writing prospectus are to United States dollars.

This prospectus supplement and the accompanying prospectus are not prospectuses for the purpose of the Prospectus Directive as implemented in Member States of the European Economic Area (the "EEA"). Neither we nor the underwriters have authorized, nor do we or they authorize, the making of any offer of the notes through any financial intermediary, other than offers made by underwriters which constitute the final placement of the notes contemplated in this prospectus supplement and the accompanying prospectus.

The communication of this prospectus supplement, the accompanying prospectus and any other document or materials relating to the issue of the notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order")), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement or the accompanying prospectus or any of their contents.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary does not contain all the information that may be important to you. You should read this entire prospectus supplement and the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference herein and therein, including the financial statements and related notes, and, if applicable, any free writing prospectus we may provide you in connection with this offering before making an investment decision. Unless this prospectus supplement otherwise indicates or the context otherwise requires, the terms "Realty Income," "our," "us" and "we" as used in this prospectus supplement refer to Realty Income Corporation, a Maryland corporation, and its subsidiaries on a consolidated basis.

In this prospectus supplement, we sometimes refer to our 7.375% Monthly Income Class D Cumulative Redeemable Preferred Stock, which was redeemed by us on March 1, 2012, our 6.75% Monthly Income Class E Cumulative Redeemable Preferred Stock, which was redeemed by us on October 24, 2014, and our outstanding shares of 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock as our Class D preferred stock, Class E preferred stock and Class F preferred stock, respectively.

Realty Income

We are The Monthly Dividend Company®. We are an S&P 500 company dedicated to providing stockholders with dependable monthly dividends that increase over time. The monthly dividends are supported by the cash flow generated from real estate owned under long-term, net lease agreements with regional and national commercial tenants. We seek to increase earnings and distributions to stockholders through active portfolio management, asset management and the acquisition of additional properties.

We have in-house acquisition, portfolio management, asset management, real estate research, credit research, legal, finance and accounting, information technology, and capital markets capabilities. As of December 31, 2016, we owned a diversified portfolio of 4,944 properties located in 49 states and Puerto Rico, with over 83.0 million square feet of leasable space leased to 248 different commercial tenants doing business in 47 separate industries. Of the 4,944 properties in the portfolio, 4,920, or 99.5%, were single-tenant properties, and the remaining were multi-tenant properties. At December 31, 2016, of the 4,920 single-tenant properties, 4,836 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 9.8 years.

We are organized to operate as an equity real estate investment trust, commonly referred to as a REIT. Our principal executive offices are located at 11995 El Camino Real, San Diego, California 92130 and our telephone number is (858) 284-5000.

Recent Developments

Acquisitions During 2016

During 2016, we invested $1.86 billion in 505 new properties and properties under development or expansion, with an initial weighted average contractual lease rate of 6.3%. The 505 new properties and properties under development or expansion are located in 40 states, will contain approximately 8.2 million leasable square feet, and are 100% leased with a weighted average lease term of 14.7 years. The tenants occupying the new properties operate in 28 industries and the property types are 86.4% retail and 13.6% industrial, based on rental revenue. During 2016, none of our real estate investments caused any one tenant to be 10% or more of our total assets at December 31, 2016.

The estimated initial weighted average contractual lease rate for a property is generally computed as estimated contractual net operating income, which, in the case of a net leased property, is equal to the aggregate base rent for the first full year of each lease, divided by the total cost of the property. Since it is possible that a tenant could default on the payment of contractual rent, we cannot provide assurance that the actual return on the funds invested will remain at the percentage listed above. For

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information on how we calculate the estimated contractual lease rate on a property under development or expansion, see "Business Recent Developments Acquisitions During 2016" in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference in the accompanying prospectus.

Capital Raising

During 2016, Realty Income issued 9,449,167 common shares at a weighted average price of $60.61, receiving gross proceeds of $572.7 million. In March 2017, we issued 10,850,000 shares of common stock. After underwriting discounts and other offering costs of $27.2 million, the net proceeds of $645.5 million were used to repay borrowings under our credit facility.

Redemption of Preferred Stock

On March 7, 2017, we issued an irrevocable notice of redemption for all 16.35 million outstanding shares of our Class F preferred stock for a redemption price of $25.00 per share (or approximately $408.8 million in total), plus accrued and unpaid dividends. We expect the redemption to occur on April 6, 2017.

Key Financial Covenants

The notes will require that we comply with certain financial covenants described in this prospectus supplement under " The Offering Limitations on Incurrence of Debt" and "Description of Notes Additional Covenants of Realty Income." In general and subject to exceptions, these covenants provide: (i) that we may not incur any Debt (as defined below) if, on a pro forma basis, our total Debt would exceed 60% of our Adjusted Total Assets (as defined below), (ii) that we may not incur any Debt if, on a pro forma basis, our debt service coverage ratio (calculated as described below under "Description of Notes Additional Covenants of Realty Income Debt Service Coverage") would be less than 1.5 to 1.0, (iii) that we may not incur any Secured Debt (as defined below) if, on a pro forma basis, our total Secured Debt would exceed 40% of our Adjusted Total Assets, and (iv) that we must maintain at all times Total Unencumbered Assets (as defined below) of not less than 150% of our total outstanding Unsecured Debt (as defined below). The following table shows the foregoing percentages and ratio as required by those covenants as well as our actual percentages and ratio calculated on an historical basis as of or, in the case of the debt service coverage ratio, for the four quarters ended December 31, 2016. These calculations, which are not based on generally accepted accounting principles, are presented to show our ability to incur additional debt under those covenants and do not purport to reflect our liquidity, actual ability to incur or service debt or our future performance. These calculations do not reflect the impact of, among other things, the issuance and sale of the notes offered hereby or the application of the estimated net proceeds therefrom and, as a result, our actual percentages and ratios after giving effect to this offering and the application of those proceeds will differ, perhaps significantly, from those set forth below. Moreover, the foregoing is a very general overview of some of the terms of those covenants and those covenants are subject to a number of important exceptions and limitations and you should carefully review the information, including the definitions of some of the capitalized terms used above, appearing under "Description of Notes Additional Covenants of Realty Income," as well as the indenture and the applicable officers' certificates under which the notes will be issued, for more information. In addition, as required by the debt service coverage covenant referred to above, our debt service coverage ratio for the four quarters ended December 31, 2016 as set forth under the caption "Actual" in the following table has been calculated on a pro forma basis on the assumption that (1) the incurrence of any Debt incurred by us since the first day of such four-quarter period and the application of the proceeds therefrom (including to refinance other Debt since the first day of such four-quarter period), (2) the repayment or retirement of any of our other Debt since the first day of such four-quarter period and (3) any acquisition or disposition by us of any asset or group of assets

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since the first day of such four-quarter period (including by merger, stock purchase or sale or asset purchase or sale), had in each case occurred on January 1, 2016 and subject to certain additional adjustments. Such pro forma ratio has been prepared on the basis required by that debt service coverage covenant, reflects various estimates and assumptions and is subject to other uncertainties and therefore does not purport to reflect what our actual debt service coverage ratio would have been had transactions referred to in clauses (1), (2) and (3) of the preceding sentence occurred as of January 1, 2016 nor does it purport to reflect our debt service coverage ratio for any future period. In addition, as noted above, the debt service coverage ratio set forth under the caption "Actual" in the following table does not give effect to the issuance of the notes offered by this prospectus supplement or the application of the estimated net proceeds therefrom. See "Description of Notes Additional Covenants of Realty Income Debt Service Coverage" for additional information on how this pro forma ratio was computed.

Note Covenants	Required	Actual
Limitation on incurrence of total Debt	≤ 60% of Adjusted Total Assets	41.9%
Debt service coverage ratio	≥ 1.5x	4.8x(1)
Limitation on incurrence of Secured Debt	≤ 40% of Adjusted Total Assets	3.4%
Maintenance of Total Unencumbered Assets	≥ 150% of Unsecured Debt	243.7%

(1) The notes will require that the debt service coverage ratio be computed for a period of four consecutive fiscal quarters. The debt service coverage ratio set forth under the caption "Actual" is for the four quarters ended December 31, 2016. This ratio has been calculated on a pro forma basis as described in the paragraph immediately preceding this table and is subject to the assumptions and uncertainties described in such paragraph. For additional information, see "Description of Notes Additional Covenants of Realty Income Debt Service Coverage."

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The Offering

For a more complete description of the terms of the notes specified in the following summary, see "Description of Notes" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus.

Issuer	Realty Income Corporation
Securities We Are Offering	$300,000,000 aggregate principal amount of 4.650% Notes due 2047 $400,000,000 aggregate principal amount of 4.125% Notes due 2026 The 4.650% Notes due 2047 (the "2047 notes") offered hereby will be a new, separate series of our debt securities under the Indenture (as defined below under "Description of Notes"). The 4.125% Notes due 2026 (the "2026 notes") offered hereby will constitute a further issuance of our 4.125% Notes due 2026, of which $250 million aggregate principal amount was issued on September 23, 2014 and is outstanding as of the date of this prospectus supplement (the "existing 2026 notes"). The 2026 notes and the existing 2026 notes will constitute a single series of our debt securities under the Indenture. The 2026 notes offered hereby will have the same terms (except for date of original issuance, the first date on which interest thereon shall be payable and the date from which interest thereon shall begin to accrue) and CUSIP number as the existing 2026 notes. Upon completion of this offering, a total of $650,000,000 aggregate principal amount of the 2026 notes will be outstanding, including the existing 2026 notes.
Maturity	2047 Notes: March 15, 2047 2026 Notes: October 15, 2026
Interest Rate	2047 Notes: 4.650% per annum, accruing from March 15, 2017 2026 Notes: 4.125% per annum, accruing from October 15, 2016
Interest Payment Dates	2047 Notes: Semi-annually in arrears on March 15 and September 15, commencing September 15, 2017 2026 Notes: Semi-annually in arrears on April 15 and October 15, commencing April 15, 2017

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Ranking	The notes will be our senior unsecured obligations. The notes are not obligations of any of our subsidiaries and none of our subsidiaries has guaranteed the notes. The notes will be effectively subordinated to all indebtedness, guarantees and other liabilities of our subsidiaries from time to time outstanding and will be subordinated to our secured indebtedness to the extent of the value of the assets securing that indebtedness. None of our subsidiaries currently guarantees our $2.0 billion revolving credit facility or $250.0 million term loan facility, and therefore the notes currently rank equally in right of payment with borrowings under these facilities. See "Risk Factors Although these notes are referred to as "senior" notes, they will be effectively subordinated to all liabilities of our subsidiaries and to our indebtedness that has been guaranteed by our subsidiaries, and will be subordinated to our secured indebtedness to the extent of the assets securing that indebtedness."
Use of Proceeds	We intend to use the net proceeds of this offering to repay borrowings outstanding under our $2.0 billion revolving credit facility and, combined with proceeds from additional borrowings under the revolving credit facility, to redeem all of our outstanding shares of Class F preferred stock, including accrued but unpaid dividends payable in connection therewith, and, to the extent not used for those purposes, to fund potential investment opportunities and/or for other general corporate purposes. On March 6, 2017, we had approximately $472.0 million of outstanding borrowings under our revolving credit facility. Borrowings under the revolving credit facility were generally used to acquire properties. For information concerning potential conflicts of interest that may arise from the use of proceeds to repay borrowings under our $2.0 billion revolving credit facility, see "Underwriting (Conflicts of Interest) Other Relationships" and "Underwriting (Conflicts of Interest) Conflicts of Interest" in this prospectus supplement. On March 7, 2017, we issued an irrevocable notice of redemption for all 16.35 million outstanding shares of our Class F preferred stock for a redemption price of $25.00 per share (or approximately $408.8 million in total), plus accrued and unpaid dividends, and we expect the redemption to occur on April 6, 2017.

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Limitations on Incurrence of Debt	The notes will require that we comply with various covenants, including the following:

We will not be permitted to incur any Debt (other than Intercompany Debt) if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds therefrom on a pro forma basis, the aggregate principal amount of all of our outstanding Debt on a consolidated basis is greater than 60% of the sum of (1) our Total Assets as of the end of the fiscal quarter covered by our most recent report on Form 10-K or Form 10-Q, as the case may be, and (2) the increase, if any, in our Total Assets from the end of that quarter including any increase in Total Assets caused by the application of the proceeds of that additional Debt (that increase together with our Total Assets are referred to as "Adjusted Total Assets").

We will not be permitted to incur any Debt (other than Intercompany Debt) if the ratio of our Consolidated Income Available for Debt Service to our Annual Debt Service Charge for the period consisting of the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred is less than 1.5 to 1.0, on a pro forma basis after giving effect to the incurrence of such additional Debt and the application of the proceeds therefrom, and calculated on the assumption that (1) the incurrence of such Debt and any other Debt incurred by us since the first day of such four-quarter period and the application of the proceeds therefrom (including to refinance other Debt since the first day of such four-quarter period), (2) the repayment or retirement of any of our other Debt since the first day of such four-quarter period and (3) any acquisition or disposition by us of any asset or group of assets since the first day of such four-quarter period (including by merger, stock purchase or sale or asset purchase or sale) had in each case occurred on the first day of such four-quarter period and subject to certain additional adjustments.

We will not be permitted to incur any Secured Debt (other than Intercompany Debt) if, immediately after giving effect to the incurrence of such Secured Debt and the application of the proceeds therefrom on a pro forma basis, the aggregate principal amount of all of our outstanding Secured Debt on a consolidated basis is greater than 40% of our Adjusted Total Assets.

We will be required to maintain Total Unencumbered Assets of not less than 150% of the aggregate outstanding principal amount of our Unsecured Debt, computed on a consolidated basis.

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	The foregoing summary of certain covenants applicable to the notes is not complete, such covenants are subject to a number of important exceptions and limitations and you should carefully review the information, including the definitions of some of the capitalized terms used above, appearing in this prospectus supplement under "Description of Notes" and in the accompanying prospectus under "Description of Debt Securities," as well as the indenture under which the notes will be issued, for more information.
Sinking Fund	The notes will not be entitled to the benefit of any sinking fund payments.
Optional Redemption	Prior to September 15, 2046 in the case of the 2047 notes, and prior to July 15, 2026 in the case of the 2026 notes, the notes of each series will be redeemable at any time in whole or from time to time in part at our option at a redemption price equal to the greater of: (a) 100% of the principal amount of the notes of the applicable series to be redeemed, and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the notes of such series to be redeemed (exclusive of interest accrued to the applicable redemption date), assuming, solely in the case of the 2047 notes, the 2047 notes matured and that accrued and unpaid interest on the 2047 notes was payable on September 15, 2046, discounted to such redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined) plus 25 basis points in the case of the 2047 notes or plus 25 basis points in the case of the 2026 notes, plus, in the case of both clauses (a) and (b) above, accrued and unpaid interest, if any, on the principal amount of the notes of such series being redeemed to such redemption date. On and after September 15, 2046 in the case of the 2047 notes, and on and after July 15, 2026 in the case of the 2026 notes, the notes of each series will be redeemable at any time in whole or from time to time in part at our option at a redemption price equal to 100% of the principal amount of the notes of the applicable series to be redeemed, plus accrued and unpaid interest, if any, on the principal amount of the notes of such series being redeemed to the applicable redemption date. For additional information and the respective definitions of "Treasury Rate" applicable to the 2047 notes and the 2026 notes and other relevant definitions, see "Description of Notes Optional Redemption" in this prospectus supplement.

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U.S. Federal Income Tax Considerations Relevant to the Notes	For supplemental U.S. federal income tax considerations regarding the acquisition, ownership and disposition of the notes, see "Supplemental U.S. Federal Income Tax Considerations" in this prospectus supplement.
Risk Factors	An investment in the notes involves various risks and prospective investors should carefully consider the matters discussed under "Risk Factors" in this prospectus supplement, as well as the other risks described in this prospectus supplement, the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference therein, before making a decision to invest in the notes.

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RISK FACTORS

In evaluating an investment in the notes, you should carefully consider the following risk factors and the risk factors described under the captions "Forward-Looking Statements" in this prospectus supplement and "Risk Factors" in the accompanying prospectus and our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference in the accompanying prospectus, in addition to the other risks and uncertainties described in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference therein and, if applicable, any free writing prospectus we may provide you in connection with this offering. As used under the captions "Risk Factors" in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2016, references to our capital stock include both our common stock and any class or series of our preferred stock, references to our stockholders include holders of our common stock and any class or series of our preferred stock, references to our debt securities include the notes offered hereby and references to holders of our debt securities include holders of the notes offered hereby, in each case unless otherwise expressly stated or the context otherwise requires.

We are subject to risks associated with debt and capital stock financing.

We intend to incur additional indebtedness in the future, including borrowings under our $2.0 billion unsecured revolving credit facility. At December 31, 2016, we had $1.12 billion of outstanding borrowings under our revolving credit facility, a total of $3.98 billion of outstanding unsecured senior debt securities (excluding unamortized original issuance discounts of $19.8 million and deferred financing costs of $20.8 million), $320.0 million of borrowings outstanding under our senior unsecured term loans (excluding deferred financing costs of $873,000) and approximately $460.0 million of outstanding mortgage debt (excluding net unamortized premiums totaling $6.4 million and deferred financing costs of $324,000 on this mortgage debt), and had approximately $472.0 million of outstanding borrowings under our revolving credit facility on March 6, 2017. To the extent that new indebtedness is added to our current debt levels, the related risks that we now face would increase. As a result, we are and will be subject to risks associated with debt financing, including the risk that our cash flow could be insufficient to make required payments on our debt, including the notes offered hereby. We also face variable interest rate risk as the interest rates on our revolving credit facility, our term loans and some of our mortgage debt are variable and could therefore increase over time. We also face the risk that we may be unable to refinance or repay our debt as it comes due. Given past disruptions in the financial markets and the ongoing global financial crisis and related uncertainties, including the impact of the United Kingdom's advisory referendum to withdraw from the European Union (referred to as Brexit), we also face the risk that one or more of the participants in our revolving credit facility may not be able to lend us money.

In addition, our revolving credit facility, our term loan facilities and mortgage loan documents contain provisions that could limit or, in certain cases, prohibit the payment of dividends and other distributions on our common stock and preferred stock. In particular, our revolving credit facility and our $250.0 million term loan facility, both of which are governed by the same credit agreement, provide that, if an event of default (as defined in the credit agreement) exists, neither we nor any of our subsidiaries (other than our wholly owned subsidiaries) may make any dividends or other distributions on (except distributions payable in shares of a given class of our stock to the stockholders of that class), or repurchase or redeem, among other things, any shares of our common stock or preferred stock, during any period of four consecutive fiscal quarters in an aggregate amount in excess of the greater of:

- the sum of (a) 95% of our adjusted funds from operations (as defined in the credit agreement) for that period plus (b) the aggregate amount of cash distributions on our preferred stock for that period, and

- the minimum amount of cash distributions required to be made to our stockholders in order to maintain our status as a REIT for federal income tax purposes and to avoid the payment of any income or excise taxes that would otherwise be imposed under specified sections of the Internal Revenue Code of 1986, as amended, or the Code, on income we do not distribute to our stockholders,

except that we may repurchase or redeem shares of our preferred stock with the net proceeds from the issuance of shares of our common stock or preferred stock. The credit agreement further provides that, in the event of a failure to pay principal, interest or any other amount payable thereunder when due or upon the occurrence of certain events of bankruptcy, insolvency or reorganization with respect to us or with respect to one or more of our subsidiaries that in the aggregate meet a significance test set forth in the credit agreement, we and our subsidiaries (other than our wholly-owned subsidiaries) may not pay any dividends or other distributions on (except for (a) distributions payable in shares of a given class of our stock to the stockholders of that class and (b) dividends and distributions described in the second bullet point above), or repurchase or redeem, among other things, any shares of our common stock or preferred stock. If any such event of default under the credit agreement were to occur, it would likely have a material adverse effect on the market price of our outstanding common and preferred stock and on the market value of our debt securities, including the notes offered hereby, could limit the amount of dividends or other distributions payable on our common stock and preferred stock or the amount of interest and principal we are able to pay on our indebtedness, including the notes, or prevent us from paying those dividends, other distributions, interest or principal altogether, and may adversely affect our ability to qualify, or prevent us from qualifying, as a REIT. Likewise, one of our subsidiaries is the borrower under our $70.0 million term loan facility and that facility requires that this subsidiary maintain its consolidated tangible net worth (as defined in the term loan facility) above a certain minimum dollar amount and comply with certain other financial covenants. This minimum consolidated tangible net worth covenant may limit the ability of this subsidiary, as well as other subsidiaries that are owned by this subsidiary, to provide funds to us in order to pay dividends and other distributions on our common stock and preferred stock and amounts due on our indebtedness, including the notes offered hereby. Any failure by this subsidiary to comply with these financial covenants will, and any failure by this subsidiary to comply with other covenants in our $70.0 million term loan facility may, result in an event of default under that facility, which could have adverse consequences similar to those that may result from an event of default under our revolving credit facility or $250.0 million term loan facility as described above.

Our indebtedness could also have other important consequences to holders of our common stock, preferred stock and debt securities, including the notes offered hereby, including:

- Increasing our vulnerability to general adverse economic and industry conditions;
- Limiting our ability to obtain additional financing to fund future working capital, acquisitions, capital expenditures and other general corporate requirements;
- Requiring the use of a substantial portion of our cash flow from operations for the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund working capital, acquisitions, capital expenditures and general corporate requirements;
- Limiting our flexibility in planning for, or reacting to, changes in our business and our industry; and
- Putting us at a disadvantage compared to our competitors with less indebtedness.

If we default under a credit facility, loan agreement or other debt instrument, the lenders will generally have the right to demand immediate repayment of the principal and interest on all of their loans and, in the case of secured indebtedness, to exercise their rights to seize and sell the collateral. Moreover, a default under a single loan or debt instrument may trigger cross-default or

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cross-acceleration provisions in other indebtedness and debt instruments, giving the holders of such other indebtedness and debt instruments similar rights to demand immediate repayment and seize and sell any collateral.

In addition, we have 16,350,000 shares of Class F preferred stock outstanding, the holders of which are entitled to receive, before any dividends are paid on our common stock, monthly dividends, when, as and if authorized by our board of directors and declared by us, at the rate of $1.65625 per annum per share. On March 7, 2017, we issued an irrevocable notice of redemption for all outstanding shares of our Class F preferred stock and expect the redemption to occur on April 6, 2017. However, for so long as our Class F preferred stock remains outstanding, we will remain, and if we issue additional preferred stock in the future we will be, subject to risks associated with preferred stock financing, including the risk that our cash flow will be insufficient to pay dividends on our preferred stock.

Although these notes are referred to as "senior" notes, they will be effectively subordinated to all liabilities of our subsidiaries and to our indebtedness that has been guaranteed by our subsidiaries, and will be subordinated to our secured indebtedness to the extent of the assets securing that indebtedness.

The notes offered hereby will be our obligations exclusively and will not be the obligations of, or guaranteed by, any of our subsidiaries, nor are any of our subsidiaries required to provide funds to us, whether by dividend, loan or otherwise, to make payments on the notes. As a result, the notes will be effectively subordinated to all existing and future indebtedness and other liabilities, including guarantees (to the extent of such guarantees), of our subsidiaries from time to time outstanding. In the event of a bankruptcy, liquidation or similar proceedings involving any of our subsidiaries, the creditors of that subsidiary (including, in the case of any subsidiary that may in the future guarantee any indebtedness outstanding under our revolving credit facility, $250.0 million term loan facility, the lenders under those facilities) will generally be entitled to payment of their claims from the assets of that subsidiary before any of those assets are made available for distribution to us, except to the extent that we may also have a claim as a creditor of that subsidiary, in which case our claims would still be subordinated to any security interests or mortgages on the assets of that subsidiary and would be subordinate to any indebtedness of the subsidiary senior to that held by us. As of December 31, 2016, our subsidiaries had approximately $623.0 million of total indebtedness and other liabilities (excluding liabilities owed to us and other intercompany liabilities). None of our subsidiaries currently guarantees our borrowings outstanding under our revolving credit facility or under our $250.0 million term loan facility. However, under our revolving credit facility and our $250.0 million term loan facility, if any of our subsidiaries guarantees or otherwise becomes obligated with respect to any of our or any of our subsidiaries' other existing or future indebtedness (subject to limited exceptions), then any such subsidiary would be required to become a guarantor under those facilities. Furthermore, we may voluntarily cause any of our subsidiaries to become a guarantor under our revolving credit facility and our $250.0 million term loan facility to the extent we consider appropriate to remain in compliance with certain covenants under these facilities. In addition, one of our subsidiaries is the borrower under our $70.0 million term loan facility and borrowings under that facility are guaranteed by Realty Income Corporation (although those borrowings are not guaranteed by any of our other subsidiaries). Although the indenture under which the notes will be issued and other debt instruments to which we are a party limit our ability and the ability of our subsidiaries to incur additional indebtedness, both we and our subsidiaries have the right to incur substantial additional secured and unsecured indebtedness.

The notes are unsecured and therefore will be subordinated to all existing and future secured indebtedness of us and our subsidiaries to the extent of the value of the assets securing such indebtedness. In the event of a bankruptcy, liquidation or similar proceeding involving us, our assets which serve as collateral for our secured indebtedness must first be applied to repay our secured indebtedness before being applied to pay any of our other indebtedness or liabilities, including the notes. Likewise, in the event of a bankruptcy, liquidation or similar proceeding involving any of our

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subsidiaries, any assets of that subsidiary that serve as collateral for its secured indebtedness must first be applied to repay such secured indebtedness before being applied to pay any of its other indebtedness or liabilities or, if applicable, being provided to us. As of March 6, 2017, we (including our subsidiaries) had approximately $458.1 million of secured indebtedness outstanding, excluding net unamortized premiums and deferred financing costs. Further, we may be required, under certain limited circumstances, to post cash collateral under our revolving credit facility. Our revolving credit facility includes a facility for the issuance of standby letters of credit for our account, which letters of credit are to be issued by two of the lenders that are party to the revolving credit facility. Each other lender that is a party to the revolving credit facility is obligated to reimburse such lenders if letters of credit are drawn upon, in an amount (the "L/C Reimbursement Amount") that is proportionate to its commitment to make loans under the revolving credit facility. If any lender defaults in any funding obligation it has under the revolving credit facility or becomes subject to a bankruptcy or insolvency proceeding, then we are required to immediately put up cash collateral in an amount equal to the L/C Reimbursement Amount of that lender. In addition, we may be required to put up cash collateral if we extend the term of letters of credit available under our revolving credit facility beyond the facility's expiration date.

An active trading market may not develop or be maintained for the notes.

The 2047 notes are a new issue of securities with no established trading market. Although the underwriters may make a market for the 2047 notes or the 2026 notes after we complete this offering, they have no obligation to do so and may discontinue making a market in the 2047 notes or the 2026 notes at any time without notice. We have not listed and do not intend to apply for listing of any of the 2047 notes or 2026 notes on any securities exchange.

The liquidity of any market for the 2047 notes that may develop, and the liquidity of any market for the 2026 notes that may exist or develop, will depend on a number of factors, including prevailing interest rates, our financial condition and operating results, the number of holders of the 2047 notes and the 2026 notes, the market for similar securities and the interest of securities dealers in making a market in the 2047 notes or the 2026 notes. We cannot assure you that a trading market for the 2047 notes will develop or, if developed, that it will continue, that any trading market for the 2026 notes that may exist will continue (or, if no trading market for the 2026 notes exists, that a trading market will develop or, if developed, will continue) or as to the liquidity of any trading market for the 2047 notes th