

FUNDS FROM OPERATIONS (FFO)
(dollars in thousands, except per share amounts)

	<u>Three Months Ended 3/31/12</u>	<u>Three Months Ended 3/31/11</u>
Net income available to common stockholders	\$ 26,071	\$ 29,936
Depreciation and amortization:		
Continuing operations	35,250	26,608
Discontinued operations	52	245
Depreciation of furniture, fixtures & equipment	(67)	(62)
Provisions for impairment on Realty Income investment properties	--	200
Gain on sales of investment properties, discontinued operations	<u>(611)</u>	<u>(129)</u>
Funds from operations available to common stockholders	<u>\$ 60,695</u>	<u>\$ 56,798</u>
FFO per common share, basic and diluted	\$ 0.46	\$ 0.48
Dividends paid to common stockholders	\$ 58,192	\$ 51,123
FFO in excess of dividends paid to common stockholders	\$ 2,503	\$ 5,675
Weighted average number of common shares used for computation per share:		
Basic	132,577,100	118,960,878
Diluted	132,703,954	119,109,044

We define FFO, a non-GAAP measure, consistent with the National Association of Real Estate Investment Trust's definition, as net income available to common stockholders, plus depreciation and amortization of real estate assets, plus impairments of real estate assets, reduced by gains on sales of investment properties and extraordinary items.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)
(dollars in thousands, except per share amounts)

Most companies in our industry use a similar measurement to AFFO, but they may use the term "CAD" (for Cash Available for Distribution) or "FAD" (for Funds Available for Distribution).

	<u>Three Months Ended 3/31/12</u>	<u>Three Months Ended 3/31/11</u>
Net income available to common stockholders	\$ 26,071	\$ 29,936
Cumulative adjustments to calculate FFO ⁽¹⁾	<u>34,624</u>	<u>26,862</u>
FFO available to common stockholders	60,695	56,798
Excess of redemption value over carrying value of preferred share redemption	3,696	--
Amortization of share-based compensation	2,956	2,180
Amortization of deferred financing costs ⁽²⁾	533	376
Capitalized leasing costs and commissions	(266)	(269)
Capitalized building improvements	(793)	(674)
Other adjustments ⁽³⁾	<u>(527)</u>	<u>(172)</u>
Total AFFO available to common stockholders	<u>\$ 66,294</u>	<u>\$ 58,239</u>
AFFO per common share, basic and diluted	\$ 0.50	\$ 0.49
Dividends paid to common stockholders	\$ 58,192	\$ 51,123
AFFO in excess of dividends paid to common stockholders	\$ 8,102	\$ 7,116

⁽¹⁾ See FFO calculation above for reconciling items.

⁽²⁾ Includes the amortization of costs incurred and capitalized when our senior notes were issued in March 2003, November 2003, March 2005, September 2005, September 2006, September 2007, June 2010 and June 2011. Additionally, this includes the amortization of deferred financing costs incurred and capitalized in connection with our assumption of the mortgages payable in 2011. These costs are being amortized over the lives of the respective mortgages. No costs associated with our credit facility agreements or annual fees paid to credit rating agencies have been included.

⁽³⁾ Includes straight-line rent revenue, and the amortization of above and below-market leases.