REALTY INCOME CORP
Form 424B3
December 06, 2012
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JOINT PROXY STATEMENT/PROSPECTUS

To the Stockholders of Realty Income Corporation and the Stockholders of American Realty Capital Trust, Inc.:

Realty Income Corporation, which we refer to as Realty Income, and American Realty Capital Trust, Inc., which we refer to as ARCT, have entered into an agreement and plan of merger dated as of September 6, 2012, as it may be amended from time to time, which we refer to as the merger agreement and which is attached as Annex A to this joint proxy statement/prospectus and incorporated herein by reference. Pursuant to the merger agreement, ARCT will merge with and into a direct wholly owned subsidiary of Realty Income, which we refer to as Merger Sub, at which time the separate existence of ARCT will cease, and Realty Income will be the parent company of Merger Sub and ARCT s subsidiaries. The obligations of Realty Income and ARCT to effect the merger are subject to the satisfaction or waiver of several conditions set forth in the merger agreement. If the merger is completed pursuant to the merger agreement, each ARCT stockholder will receive 0.2874 of a share of Realty Income common stock for each share of ARCT common stock held immediately prior to the effective time. The exchange ratio is fixed and will not be adjusted to reflect changes in the stock price of Realty Income common stock or ARCT common stock. Realty Income common stock is listed on the New York Stock Exchange under the symbol O and ARCT common stock is listed on the NASDAQ Global Select Market under the symbol ARCT.

In connection with the proposed merger, Realty Income and ARCT will each hold a special meeting of their respective stockholders. At Realty Income s special meeting, Realty Income stockholders will be asked to vote on (i) a proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement, and (ii) a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement. At ARCT s special meeting, ARCT stockholders will be asked to vote on (i) a proposal to approve the merger and the other transactions contemplated by the merger agreement, (ii) on a non-binding, advisory basis, the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger and (iii) a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

The record date for determining the stockholders entitled to receive notice of, and to vote at, the Realty Income special meeting and the ARCT special meeting is December 6, 2012. The merger cannot be completed unless (i) Realty Income stockholders approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement by the affirmative vote of the holders of at least a majority of the votes cast on the proposal, provided that the total votes cast on the proposal represent at least a majority of the outstanding shares of Realty Income common stock, and (ii) ARCT stockholders approve the merger and the other transactions contemplated by the merger agreement by the affirmative vote of the holders of at least a majority of the outstanding shares of ARCT common stock entitled to vote.

Realty Income s board of directors has unanimously (i) determined that the merger agreement and the merger, including the issuance of Realty Income common stock in connection with the merger, are advisable and in the best interests of Realty Income and its stockholders, (ii) approved the merger agreement, the merger and the other transactions contemplated thereby, and (iii) approved the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement. Realty Income s board of directors unanimously recommends that Realty Income stockholders vote FOR the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement.

ARCT s board of directors has unanimously (i) determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to, and in the best interests of ARCT and its stockholders, and (ii) approved the merger agreement, the merger and the other transactions contemplated thereby. ARCT s board of directors unanimously recommends that ARCT stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, FOR the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger, and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

This joint proxy statement/prospectus contains important information about Realty Income, ARCT, the merger, the merger agreement and the special meetings. This document is also a prospectus for the shares of Realty Income common stock that will be issued to ARCT stockholders pursuant to the merger agreement. **We encourage you to read this joint proxy statement/prospectus carefully before voting, including the section entitled Risk Factors beginning on page 23.**

Your vote is important. Whether or not you plan to attend Realty Income s special meeting or ARCT s special meeting, as applicable, please submit a proxy to vote your shares as promptly as possible. To submit a proxy, complete, sign, date and mail your proxy card in the preaddressed postage-paid envelope provided or submit your proxy by one of the other methods specified in this joint proxy statement/prospectus or the accompanying notices. Submitting a proxy will ensure that your vote is counted at the applicable special meeting if you do not attend in person. If your shares of common stock are held in street name by your broker or other nominee, only your broker or other nominee can vote your shares and the vote cannot be cast unless you provide instructions to your broker or other nominee on how to vote or you obtain a legal proxy from your broker or other nominee. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares. You may revoke your proxy at any time before it is voted. Please review this joint proxy statement/prospectus for more complete information regarding the merger and Realty Income s special meeting and ARCT s special meeting, as applicable.

Thomas A. Lewis

Vice Chairman of the Board of Directors,

Chief Executive Officer Realty Income Corporation

William M. Kahane

Chief Executive Officer, President and Director American Realty Capital Trust, Inc.

Neither the Securities and Exchange Commission, which we refer to as the SEC, nor any state securities regulatory authority has approved or disapproved of the merger or the securities to be issued under this joint proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated December 6, 2012, and is first being mailed to Realty Income and ARCT stockholders on or about December 6, 2012.

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Realty Income Corporation

600 La Terraza Boulevard

Escondido, California 92025-3873

(760) 741-2111

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JANUARY 16, 2013

To the Stockholders of Realty Income Corporation:

A special meeting of the stockholders of Realty Income Corporation, a Maryland corporation, which we refer to as Realty Income, will be held at Rancho Valencia Resort, located at 5921 Valencia Circle, Rancho Santa Fe, CA 92067, on January 16, 2013, commencing at 9 a.m., local time, for the following purposes:

1. to consider and vote on a proposal to approve the issuance of shares of Realty Income common stock to the stockholders of American Realty Capital Trust, Inc., a Maryland corporation, which we refer to as ARCT, pursuant to the Agreement and Plan of Merger, dated as of September 6, 2012, as it may be amended from time to time, which we refer to as the merger agreement, by and among Realty Income, Tau Acquisition LLC, a Delaware limited liability company and a direct wholly owned subsidiary of Realty Income, and ARCT (a copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice); and

2. to consider and vote on a proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement.

We do not expect to transact any other business at the special meeting. Realty Income s board of directors has fixed the close of business on December 6, 2012 as the record date for determination of Realty Income stockholders entitled to receive notice of, and to vote at, Realty Income s special meeting and any adjournments of the special meeting. Only holders of record of Realty Income common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the Realty Income special meeting.

Approval of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement requires the affirmative vote of at least a majority of the votes cast on the proposal, provided that the total votes cast on the proposal represent at least a majority of the outstanding shares of Realty Income common stock. Approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal.

Realty Income s board of directors has unanimously (i) determined that the merger agreement and the merger, including the issuance of Realty Income common stock in connection with the merger, are advisable and in the best interests of Realty Income and its stockholders; (ii) approved the merger agreement, the merger and the other transactions contemplated thereby; and (iii) approved the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement. Realty Income s board of directors unanimously recommends that Realty Income stockholders vote FOR the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement.

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YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the special meeting, please submit a proxy to vote your shares as promptly as possible. To submit a proxy, complete, sign, date and mail your proxy card in the preaddressed postage-paid envelope provided or, if the option is available to you, call the toll free telephone number listed on your proxy card or use the Internet as described in the instructions on the enclosed proxy card to submit your proxy. Submitting a proxy will assure that your vote is counted at the special meeting if you do not attend in person. If your shares of Realty Income common stock are held in street name by your broker or other nominee, only your broker or other nominee can vote your shares of Realty Income common stock and the vote cannot be cast unless you provide instructions to your broker or other nominee on how to vote or obtain a legal proxy from your broker or other nominee. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares of Realty Income common stock. You may revoke your proxy at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the merger and Realty Income s special meeting.

By Order of the Board of Directors

Michael R. Pfeiffer
Executive Vice President, General Counsel and Secretary

Escondido, California

December 6, 2012

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American Realty Capital Trust, Inc.

405 Park Avenue, 14th Floor

New York, New York 10022

(646) 937-6900

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JANUARY 16, 2013

To the Stockholders of American Realty Capital Trust, Inc.:

A special meeting of the stockholders of American Realty Capital Trust, Inc., a Maryland corporation, which we refer to as ARCT, will be held at The Core Club, located at 66 East 55th Street, New York, New York 10022, on January 16, 2013, commencing at 9 a.m., local time, for the following purposes:

1. to consider and vote on a proposal to approve the merger of ARCT with and into Tau Acquisition LLC, a Delaware limited liability company and a direct wholly owned subsidiary of Realty Income Corporation, a Maryland corporation, which we refer to as Realty Income, pursuant to the Agreement and Plan of Merger, dated as of September 6, 2012, as it may be amended from time to time, which we refer to as the merger agreement, by and among Realty Income, Tau Acquisition LLC and ARCT (a copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice), and the other transactions contemplated by the merger agreement;

2. to consider and vote, on a non-binding, advisory basis, on the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger; and

3. to consider and vote on a proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

We do not expect to transact any other business at the special meeting. ARCT s board of directors has fixed the close of business on December 6, 2012 as the record date for determination of ARCT stockholders entitled to receive notice of, and to vote at, ARCT s special meeting and any adjournments of the special meeting. Only holders of record of ARCT common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the ARCT special meeting.

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of ARCT common stock entitled to vote on such proposal. Approval of (i) the non-binding, advisory proposal to approve the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger and (ii) the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement each requires the affirmative vote of a majority of the votes cast on such proposal.

ARCT s board of directors has unanimously (i) determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to, and in the best interests of ARCT and its stockholders, and (ii) approved the merger agreement, the merger and the other transactions contemplated thereby. ARCT s board of directors unanimously recommends that ARCT stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, FOR the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger, and FOR the

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proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the special meeting, please submit a proxy to vote your shares as promptly as possible. To submit a proxy, complete, sign, date and mail your proxy card in the preaddressed postage-paid envelope provided or, if the option is available to you, call the toll-free telephone number listed on your proxy card or use the Internet as described in the instructions on the enclosed proxy card to submit your proxy. Submitting a proxy will assure that your vote is counted at the special meeting if you do not attend in person. If your shares of ARCT common stock are held in street name by your broker or other nominee, only your broker or other nominee can vote your shares of ARCT common stock and the vote cannot be cast unless you provide instructions to your broker or other nominee on how to vote or obtain a legal proxy from your broker or other nominee. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares of ARCT common stock. You may revoke your proxy at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the merger and ARCT s special meeting.

By Order of the Board of Directors of American Realty

Capital Trust, Inc.

Susan E. Manning

Chief Accounting Officer and Secretary

New York, New York

December 6, 2012

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates by reference important business and financial information about Realty Income and ARCT from other documents filed with the SEC that are not included or delivered with this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference beginning on page 156.

Documents incorporated by reference are also available to Realty Income stockholders and ARCT stockholders without charge upon written or oral request. You can obtain any of these documents by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers.

Realty Income Corporation	American Realty Capital Trust, Inc.
Attention: Corporate Secretary	Attention: Corporate Secretary
600 La Terraza Boulevard	405 Park Avenue, 14th Floor
Escondido, California 92025-3873	New York, New York 10022
(760) 741-2111	(646) 937-6900
www.realtyincome.com	www.arctreit.com

To receive timely delivery of the requested documents in advance of the applicable special meeting, you should make your request no later than January 8, 2013.

ABOUT THIS DOCUMENT

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed by Realty Income with the SEC, constitutes a prospectus of Realty Income for purposes of the Securities Act of 1933, as amended, with respect to the shares of Realty Income common stock to be issued to ARCT stockholders in exchange for shares of ARCT common stock pursuant to the merger agreement. This joint proxy statement/prospectus also constitutes a proxy statement for each of Realty Income and ARCT for purposes of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. In addition, it constitutes a notice of meeting with respect to the special meeting of Realty Income stockholders and a notice of meeting with respect to the special meeting of ARCT stockholders.

You should rely only on the information contained or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated December 6, 2012. You should not assume that the information contained in this document is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this document is accurate as of any date other than the date of such incorporated document. Neither our mailing of this document to Realty Income stockholders or ARCT stockholders nor the issuance by Realty Income of shares of its common stock to ARCT stockholders pursuant to the merger agreement will create any implication to the contrary.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding Realty Income has been provided by Realty Income and information contained in this joint proxy statement/prospectus regarding ARCT has been provided by ARCT.

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QUESTIONS AND ANSWERS

The following are some questions that Realty Income stockholders and ARCT stockholders may have regarding the proposals being considered at Realty Income s special meeting and ARCT s special meeting and brief answers to those questions. Realty Income and ARCT urge you to read carefully this entire joint proxy statement/prospectus, including the Annexes, and the other documents to which this joint proxy statement/prospectus refers or incorporates by reference because the information in this section does not provide all the information that might be important to you. Unless stated otherwise, all references in this joint proxy statement/prospectus to Realty Income are to Realty Income Corporation, a Maryland corporation; all references to ARCT are to American Realty Capital Trust, Inc., a Maryland corporation; all references to Merger Sub or the surviving company are to Tau Acquisition LLC, a Delaware limited liability company and a direct wholly owned subsidiary of Realty Income; all references to the merger agreement are to the Agreement and Plan of Merger, dated as of September 6, 2012, by and among Realty Income, Merger Sub and ARCT, as it may be amended from time to time, a copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated herein by reference; and all references to the merger are to the merger of ARCT with and into Merger Sub pursuant to the terms of the merger agreement.

Q: What is the proposed transaction?

A: Realty Income and ARCT have entered into a merger agreement pursuant to which ARCT will merge with and into Merger Sub, with Merger Sub surviving the merger as a direct wholly owned subsidiary of Realty Income. At the effective time of the merger, each issued and outstanding share of ARCT common stock will be converted automatically into the right to receive 0.2874 of a share of Realty Income common stock, par value $0.01 per share, as described under The Merger Agreement Merger Consideration; Conversion or Cancellation of Shares in the Merger beginning on page 132.

Q: Why are Realty Income and ARCT proposing the merger?

A: Among other reasons, the board of directors of Realty Income believes that the merger will enhance the credit quality of Realty Income s real estate portfolio, immediately increase and be accretive to Realty Income s funds from operations and further diversify Realty Income s real estate portfolio generally. Similarly, the board of directors of ARCT believes that the merger will provide a premium over the current implied value of ARCT s common stock and permit ARCT s stockholders to benefit from a combined company of increased size and scale, with access to multiple forms of capital and an investment grade balance sheet, as well a more diversified portfolio by asset class. To review the reasons of the boards of directors of Realty Income and ARCT for the merger in greater detail, see The Merger Recommendation of Realty Income s Board of Directors and Its Reasons for the Merger beginning on page 64 and The Merger Recommendation of ARCT s Board of Directors and Its Reasons for the Merger beginning on page 66.

Q: Why am I receiving this joint proxy statement/prospectus?

A: Realty Income s and ARCT s boards of directors are using this joint proxy statement/prospectus to solicit proxies of Realty Income and ARCT stockholders in connection with the merger agreement and the merger. In addition, Realty Income is using this joint proxy statement/prospectus as a prospectus for ARCT stockholders because Realty Income is offering shares of its common stock to be issued in exchange for shares of ARCT common stock in the merger.

In order to complete the merger, Realty Income stockholders must vote to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement, and ARCT stockholders must vote to approve the merger and the other transactions contemplated by the merger agreement. ARCT stockholders will also vote on a non-binding, advisory proposal to approve the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger.

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Realty Income and ARCT will hold separate special meetings of their respective stockholders to obtain these approvals. This joint proxy statement/prospectus contains important information about the merger and the special meetings of the stockholders of Realty Income and ARCT, and you should read it carefully. The enclosed voting materials allow you to vote your shares of Realty Income common stock and/or ARCT common stock, as applicable, without attending the applicable special meeting.

We encourage you to submit your proxy as promptly as possible.

Q: When and where is the special meeting of Realty Income stockholders?

A: Realty Income s special meeting will be held at Rancho Valencia Resort, located at 5921 Valencia Circle, Rancho Santa Fe, CA 92067, on January 16, 2013, commencing at 9 a.m., local time.

Q: When and where is the special meeting of ARCT stockholders?

A: ARCT s special meeting will be held at The Core Club, located at 66 East 55th Street, New York, New York 10022, on January 16, 2013, commencing at 9 a.m., local time.

Q: Who can vote at the special meetings?

A: All Realty Income stockholders of record as of the close of business on December 6, 2012, the record date for determining stockholders entitled to notice of and to vote at Realty Income s special meeting, are entitled to receive notice of and to vote at Realty Income s special meeting. As of the record date, there were 133,452,411 shares of Realty Income common stock outstanding and entitled to vote at the Realty Income special meeting, held by approximately 8,057 holders of record. Each share of Realty Income common stock is entitled to one vote on each proposal presented at Realty Income s special meeting.

All ARCT stockholders of record as of the close of business on December 6, 2012, the record date for determining stockholders entitled to notice of and to vote at ARCT s special meeting, are entitled to receive notice of and to vote at ARCT s special meeting. As of the record date, there were 158,478,679 shares of ARCT common stock outstanding and entitled to vote at the ARCT special meeting, held by approximately 2,213 holders of record. Each share of ARCT common stock is entitled to one vote on each proposal presented at ARCT s special meeting.

Q: What constitutes a quorum?

A: Realty Income s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum.

ARCT s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast constitutes a quorum at a meeting of its stockholders.

Shares that are voted and shares abstaining from voting are treated as being present at each of the Realty Income special meeting and the ARCT special meeting, as applicable, for purposes of determining whether a quorum is present.

Q: What vote is required to approve the proposals at Realty Income s special meeting and ARCT s special meeting?

A: Approval of the proposal of Realty Income to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement requires the affirmative vote of the holders of at least a majority of the votes cast on such proposal, provided that the total votes cast on the proposal represent at least a majority of the outstanding shares of Realty Income common stock entitled to vote on such proposal. Approval of the proposal of Realty Income to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty

Income common stock pursuant to the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal. Approval of the proposal of ARCT to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of ARCT common stock entitled to vote on such proposal. Approval of (i) the non-binding, advisory proposal to approve the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger and (ii) the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement each requires the affirmative vote of a majority of the votes cast on such proposal.

Your vote is important. We encourage you to submit your proxy as promptly as possible.

Q: If my shares of Realty Income common stock or ARCT common stock are held in street name by my broker or other nominee, will my broker or other nominee vote my shares of Realty Income common stock or ARCT common stock for me? What happens if I do not vote for a proposal?

A: Unless you instruct your broker or other nominee how to vote your shares of Realty Income common stock or ARCT common stock, as applicable, held in street name, your shares will **NOT** be voted. This is referred to as a broker non-vote. If you hold your shares in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), you must provide your broker or other nominee with instructions on how to vote your shares. Please follow the voting instructions provided by your broker or other nominee on the enclosed voting instruction card. You should also be aware that you may not vote shares of Realty Income common stock or ARCT common stock held in street name by returning a proxy card directly to Realty Income or ARCT or by voting in person at Realty Income or ARCT s special meetings unless you provide a legal proxy, which you must obtain from your broker or other nominee.

If you are a Realty Income stockholder, abstentions will be counted in determining the presence of a quorum, but broker non-votes will not be counted in determining the presence of a quorum. Abstentions will have the same effect as a vote cast AGAINST the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement. Broker non-votes will not be counted as votes cast on such proposal, and as such, broker non-votes could result in there not being sufficient votes cast on such proposal. Abstentions will have no effect on the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement. Broker non-votes will also have no effect on such proposal as long as a quorum is present at the meeting.

If you are an ARCT stockholder, abstentions will be counted in determining the presence of a quorum, but broker non-votes will not be counted in determining the presence of a quorum. Abstentions will have the same effect as votes cast AGAINST the proposal to approve the merger and the other transactions contemplated by the merger agreement but will have no effect on the non-binding, advisory proposal to approve the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger or the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. Broker non-votes will have the same effect as votes cast AGAINST the approval of the merger and the other transactions contemplated by the merger agreement, but will have no effect on the non-binding, advisory proposal to approve the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger or the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement as long as a quorum is present at the meeting.

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Q: If I am an ARCT stockholder, should I send in my stock certificates with my proxy card?

A: **NO**. Please **DO NOT** send your ARCT stock certificates with your proxy card. If the merger and the other transactions contemplated by the merger agreement are approved, you will be sent written instructions for exchanging your stock certificates.

Q: What are the anticipated U.S. federal income tax consequences to me of the proposed merger?

A: It is expected that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and the completion of the merger is conditioned on the receipt by each of ARCT and Realty Income of an opinion from its outside counsel to the effect that the merger will qualify as a reorganization. If the merger qualifies as a reorganization, ARCT stockholders generally will not recognize gain or loss for U.S. federal income tax purposes upon the receipt of Realty Income common stock in exchange for ARCT common stock in connection with the merger, except with respect to cash received in lieu of fractional shares of Realty Income common stock. ARCT stockholders should read the discussion under the heading The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 111 of this joint proxy statement/prospectus and consult their tax advisors as to the U.S. federal income tax consequences of the merger, as well as the effects of state, local and non-U.S. tax laws.

Q: Are ARCT stockholders entitled to appraisal rights?

A: No. Under Section 3-202 of the Maryland General Corporation Law, ARCT stockholders are not entitled to exercise the right of objecting stockholders to receive fair value of their shares because, among other things, shares of ARCT common stock are listed on the NASDAQ Global Select Market.

Q: How does Realty Income s board of directors recommend that Realty Income stockholders vote?

A: Realty Income s board of directors has unanimously (i) determined that the merger agreement and the merger, including the issuance of Realty Income common stock in connection with the merger, are advisable and in the best interests of Realty Income and its stockholders; (ii) approved the merger agreement, the merger and the other transactions contemplated thereby; and (iii) approved the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement.

Realty Income s board of directors unanimously recommends that Realty Income stockholders vote FOR the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement. For a more complete description of the recommendation of Realty Income s board of directors, see The Merger Recommendation of Realty Income s Board of Directors and Its Reasons for the Merger beginning on page 64.

Q: How does ARCT s board of directors recommend that ARCT stockholders vote?

A: ARCT s board of directors has unanimously (i) determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to, and in the best interests of ARCT and its stockholders, and (ii) approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.

ARCT s board of directors unanimously recommends that ARCT stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, FOR the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger, and FOR the

proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. For a more complete description of the recommendation of ARCT s board of directors, see The Merger Recommendation of ARCT s Board of Directors and Its Reasons for the Merger beginning on page 66.

Q: Do any of ARCT s executive officers or directors have interests in the merger that may differ from those of ARCT stockholders?

A: ARCT s executive officers and directors have interests in the merger that are different from, or in addition to, their interests as ARCT stockholders. The members of the ARCT board of directors were aware of and considered these interests, among other matters, in evaluating the merger agreement and the merger, and in recommending that ARCT stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement. For a description of these interests, refer to the section entitled The Merger Interests of ARCT s Directors and Executive Officers in the Merger beginning on page 100.

Q: How will Realty Income stockholders be affected by the merger and share issuance?

A: After the merger, each Realty Income stockholder will continue to own the shares of Realty Income common stock that the stockholder held immediately prior to the merger. As a result of the merger, each Realty Income stockholder will own shares in a larger company with more assets. However, because Realty Income will be issuing new shares of Realty Income common stock to ARCT stockholders in the merger, each outstanding share of Realty Income common stock immediately prior to the merger will represent a smaller percentage of the aggregate number of shares of Realty Income common stock outstanding after the merger.

Q: What do I need to do now?

A: After you have carefully read this joint proxy statement/prospectus, please respond by completing, signing and dating your proxy card or voting instruction card and returning it in the enclosed preaddressed postage-paid envelope or, if available, by submitting your proxy by one of the other methods specified in your proxy card or voting instruction card as promptly as possible so that your shares of Realty Income common stock or ARCT common stock will be represented and voted at Realty Income s special meeting or ARCT s special meeting, as applicable.

Please refer to your proxy card or voting instruction card forwarded by your broker or other nominee to see which voting options are available to you.

The method by which you submit a proxy will in no way limit your right to vote at Realty Income s special meeting or ARCT s special meeting if you later decide to attend the meeting in person. However, if your shares of Realty Income common stock or ARCT common stock are held in the name of a broker or other nominee, you must obtain a legal proxy, executed in your favor, from your broker or other nominee, to be able to vote in person at Realty Income s special meeting or ARCT s special meeting.

Q: How will my proxy be voted?

A: All shares of Realty Income common stock entitled to vote and represented by properly completed proxies received prior to Realty Income s special meeting, and not revoked, will be voted at Realty Income s special meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of Realty Income common stock should be voted on a matter, the shares of Realty Income common stock represented by your proxy will be voted as Realty Income s board of directors recommends and therefore FOR the approval of the issuance of shares of Realty Income common stock to ARCT viii

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stockholders pursuant to the merger agreement and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement. If you do not provide voting instructions to your broker or other nominee, your shares of Realty Income common stock will NOT be voted at the meeting and will be considered broker non-votes.

All shares of ARCT common stock entitled to vote and represented by properly completed proxies received prior to ARCT s special meeting, and not revoked, will be voted at ARCT s special meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of ARCT common stock should be voted on a matter, the shares of ARCT common stock represented by your proxy will be voted as ARCT s board of directors recommends and therefore FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, FOR the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. If you do not provide voting instructions to your broker or other nominee, your shares of ARCT common stock will NOT be voted at the meeting and will be considered broker non-votes.

Q: Can I revoke my proxy or change my vote after I have delivered my proxy?

A: Yes. You may revoke your proxy or change your vote at any time before your proxy is voted at Realty Income s special meeting or ARCT s special meeting, as applicable. If you are a holder of record, you can do this in any of the three following ways:

- by sending a written notice to the Secretary of Realty Income or the Secretary of ARCT, as applicable, at the address set forth below, in time to be received before Realty Income s special meeting or ARCT s special meeting, as applicable, stating that you would like to revoke your proxy;

- by completing, signing and dating another proxy card and returning it by mail in time to be received before Realty Income s special meeting or ARCT s special meeting, as applicable, or by submitting a later dated proxy by the Internet or telephone in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

- by attending the Realty Income special meeting or the ARCT special meeting, as applicable, and voting in person. Simply attending Realty Income s special meeting or ARCT s special meeting without voting will not revoke your proxy or change your vote.

If your shares of Realty Income common stock or ARCT common stock are held in an account at a broker or other nominee and you desire to change your vote or vote in person, you should contact your broker or other nominee for instructions on how to do so.

Q: What should I do if I receive more than one set of voting materials for Realty Income s special meeting or ARCT s special meeting?

A: You may receive more than one set of voting materials for Realty Income s special meeting or ARCT s special meeting, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares of Realty Income common stock or ARCT common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares of Realty Income common stock or ARCT common stock. If you are a holder of record and your shares of Realty Income common stock or ARCT common stock are registered in more than one name, you may receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or, if available, please submit your proxy by telephone or over the Internet.

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Q: What happens if I am a stockholder of both Realty Income and ARCT?

A: You will receive separate proxy cards for each company and must complete, sign and date each proxy card and return each proxy card in the appropriate preaddressed postage-paid envelope or, if available, by submitting a proxy by one of the other methods specified in your proxy card or voting instruction card for each company.

Q: Who can answer my questions?

A: If you have any questions about the merger or how to submit your proxy or need additional copies of this joint proxy statement/prospectus, the enclosed proxy card or voting instructions, you should contact:

If you are a Realty Income stockholder:
Realty Income Corporation
Attention: Corporate Secretary
600 La Terraza Boulevard
Escondido, California 92025-3873
(760) 741-2111
www.realtyincome.com

Proxy Solicitor:
Georgeson Inc.

199 Water Street, 26th Floor

New York, NY 10038-3560

Banks and Brokers Call (212) 440-9800

All Others Call Toll-Free (800) 314-4549

E-mail: realtyincome@georgeson.com

If you are an ARCT stockholder:
American Realty Capital Trust, Inc.
Attention: Corporate Secretary
405 Park Avenue, 14th Floor

New York, New York 10022

(646) 937-6900
www.arctreit.com

Proxy Solicitor:
D.F. King & Co., Inc.

48 Wall Street

New York, NY 10005

Banks and Brokers Call (212) 269-5550

All Others Call Toll-Free (800) 714-3305

E-mail: americanrealty@dfking.com

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SUMMARY

The following summary highlights some of the information contained in this joint proxy statement/prospectus. This summary may not contain all of the information that is important to you. For a more complete description of the merger agreement, the merger and the other transactions contemplated thereby, Realty Income and ARCT encourage you to read carefully this entire joint proxy statement/prospectus, including the attached Annexes. In addition, Realty Income and ARCT encourage you to read the information incorporated by reference into this joint proxy statement/prospectus, which includes important business and financial information about Realty Income and ARCT that has been filed with the Securities and Exchange Commission, which we refer to as the SEC. You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled Where You Can Find More Information; Incorporation by Reference.

The Companies

Realty Income Corporation

Realty Income is The Monthly Dividend Company®. Realty Income is a Maryland corporation which is organized to operate as an equity real estate investment trust, commonly referred to as a REIT. Realty Income s primary business objective is to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, which we refer to as FFO, per share. Additionally, Realty Income seeks to increase distributions to common stockholders and FFO per share through both active portfolio management and the acquisition of additional properties.

Realty Income is a fully integrated, self-administered real estate company with in-house acquisition, leasing, legal, credit research, real estate research, portfolio management and capital markets expertise. As of September 30, 2012, Realty Income owned a diversified portfolio of 2,838 properties located in 49 states, with over 34.3 million square feet of leasable space leased to 144 different retail and other commercial enterprises doing business in 44 separate industries. Of the 2,838 properties in the portfolio at that date, 2,822, or 99.4%, were single-tenant properties, and the remaining 16 were multi-tenant properties. At September 30, 2012, of the 2,822 single-tenant properties, 2,739, or 97.1%, were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.0 years.

Realty Income common stock is listed on the New York Stock Exchange, which we refer to as the NYSE, and trades under the symbol O.

Realty Income s principal executive offices are located at 600 La Terraza Boulevard, Escondido, California 92025-3873, and its telephone number is (760) 741-2111.

Tau Acquisition LLC, which we refer to as Merger Sub, is a Delaware limited liability company and a direct wholly owned subsidiary of Realty Income that was formed for the purpose of entering into the merger agreement.

American Realty Capital Trust, Inc.

ARCT is a Maryland corporation incorporated in August 2007 that qualifies as a REIT for federal income tax purposes. ARCT was formed to acquire a diversified portfolio of commercial real estate, which consists primarily of freestanding single tenant properties net leased to credit worthy tenants on a long-term basis. In January 2008, ARCT commenced an initial public offering on a best efforts basis to sell up to 150.0 million shares of common stock, excluding 25.0 million shares issuable pursuant to a distribution reinvestment plan, offered at a price of $10.00 per share, subject to certain volume and other discounts, which we refer to as the ARCT IPO. In March 2008, ARCT commenced real estate operations. The ARCT IPO closed in July 2011 and ARCT operated as a non-traded REIT through February 29, 2012.

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Effective as of March 1, 2012, ARCT internalized the management services previously provided by American Realty Capital Advisors, LLC and its affiliates, which we refer to as the Internalization, as a result of which ARCT became a self-administered REIT managed full-time by its own management team.

Concurrent with the Internalization, ARCT listed its common stock on the NASDAQ Global Select Market, which we refer to as NASDAQ, and commenced trading under the symbol ARCT, which we refer to as the Listing, and ARCT s common stock continues to be so listed and trades under such symbol.

Substantially all of ARCT s business is conducted through American Realty Capital Operating Partnership, L.P., a Delaware limited partnership, which we refer to as the ARCT OP, of which ARCT is the sole general partner.

As of September 30, 2012, ARCT owned 507 properties with 15.8 million square feet of leasable area, 100% leased with a weighted average remaining lease term of 12.7 years. In constructing the portfolio, ARCT has been committed to diversification by industry, tenant and geography.

ARCT s principal executive offices are located at 405 Park Avenue, 14th Floor, New York, New York 10022, and its telephone number is (646) 937-6900.

The Merger and the Merger Agreement

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, ARCT will merge with and into Merger Sub, with Merger Sub surviving the merger as a direct wholly owned subsidiary of Realty Income. In the merger, each share of ARCT common stock issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive 0.2874 of a share of Realty Income common stock, which we refer to as the merger consideration, as described under The Merger Agreement Merger Consideration; Conversion or Cancellation of Shares in the Merger. Cash will be paid in lieu of any fractional shares.

Based on the closing price of Realty Income common stock on November 27, 2012, the aggregate value of the merger consideration to be received by ARCT stockholders is expected to be approximately $1.8 billion, based on the number of shares of outstanding ARCT common stock on November 27, 2012. The market value of the merger consideration ultimately received by ARCT stockholders will depend on the closing price of Realty Income common stock on the day that the merger is consummated. See Risk Factors Risk Factors Relating to the Merger beginning on page 23. Because the merger consideration is fixed and the market price of shares of Realty Income common stock may fluctuate, ARCT stockholders cannot be sure of the value of the merger consideration they will receive.

A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated herein by reference. Realty Income and ARCT encourage you to carefully read the merger agreement in its entirety because it is the principal document governing the merger.

Voting Agreement

Realty Income and ARCT have entered into a voting agreement with Nicholas S. Schorsch and William M. Kahane, which we refer to as the voting agreement. In the voting agreement, each of Messrs. Schorsch and Kahane has agreed to vote all of his shares of ARCT common stock in favor of approval of the merger and the other transactions contemplated by the merger agreement, subject to certain limitations, and to vote against certain actions that would reasonably be expected to impede the merger.

A copy of the voting agreement is attached as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference.

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Side Letter

Realty Income has entered into a side letter agreement, which we refer to as the side letter, with AR Capital, LLC, which we refer to as AR Capital, and Mr. Schorsch. In the side letter, each of AR Capital and Mr. Schorsch has agreed, among other things, to (i) reimburse Realty Income for certain transaction expenses of ARCT in excess of $15 million, (ii) indemnify Realty Income and the surviving entity against costs and expenses resulting from the termination of ARCT employees and certain leases and personal property of ARCT and (iii) not purchase certain real properties that are currently contemplated to be purchased by ARCT. AR Capital has also agreed to use commercially reasonable efforts to unwind all joint ventures of ARCT and to waive all fees in connection with the unwinding of certain joint ventures to which ARCT is a party.

A copy of the side letter is attached as Annex C to this joint proxy statement/prospectus and is incorporated herein by reference.

Recommendation of Realty Income s Board of Directors

Realty Income s board of directors has unanimously (i) determined that the merger agreement and the merger, including the issuance of Realty Income common stock in connection with the merger, are advisable and in the best interests of Realty Income and its stockholders; (ii) approved the merger agreement, the merger and the other transactions contemplated thereby and (iii) approved the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement.

Realty Income s board of directors unanimously recommends that Realty Income stockholders vote FOR the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement.

Recommendation of ARCT s Board of Directors

ARCT s board of directors has unanimously (i) determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to, and in the best interests of ARCT and its stockholders, and (ii) approved the merger agreement, the merger and the other transactions contemplated thereby.

ARCT s board of directors unanimously recommends that ARCT stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, FOR the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger, which we at times refer to as merger-related compensation, and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Summary of Risk Factors Related to the Merger

You should consider carefully all the risk factors together with all of the other information included in this joint proxy statement/prospectus before deciding how to vote. The risks related to the merger and the related transactions are described under the caption Risk Factors Risks Relating to the Merger beginning on page 23.

The exchange ratio is fixed and will not be adjusted in the event of any change in either Realty Income s or ARCT s stock price.

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The merger and related transactions are subject to approval by stockholders of both Realty Income and ARCT.

Realty Income and ARCT stockholders will be diluted by the merger.

If the merger does not occur, one of the companies may incur payment obligations to the other.

Failure to complete the merger could negatively impact the stock prices and the future business and financial results of Realty Income and ARCT.

The pendency of the merger could adversely affect the business and operations of Realty Income and ARCT.

Some of the directors and executive officers of ARCT have interests in seeing the merger completed that are different from, or in addition to, those of the other ARCT stockholders.

The merger agreement contains provisions that could discourage a potential competing acquirer of ARCT or could result in any competing proposal being at a lower price than it might otherwise be.

If the merger is not consummated by March 6, 2013 (unless extended), either Realty Income or ARCT may terminate the merger agreement.

The merger will likely result in a reduction in per share equivalent dividend payments for holders of ARCT common stock after the merger.

Stockholders Entitled to Vote; Vote Required

Realty Income

Realty Income stockholders who owned shares of Realty Income common stock at the close of business on December 6, 2012, which is referred to as Realty Income s record date, are entitled to notice of and to vote at Realty Income s special meeting. On Realty Income s record date, there were 133,452,411 shares of Realty Income common stock outstanding and entitled to vote at Realty Income s special meeting, held by approximately 8,057 holders of record. Each share of Realty Income common stock is entitled to one vote on each proposal to be voted on at Realty Income s special meeting.

At Realty Income s special meeting, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum. Abstentions will be counted in determining whether a quorum is present at Realty Income s special meeting.

Approval of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement requires the affirmative vote of at least a majority of the votes cast on the proposal, provided that the total votes cast on the proposal represent at least a majority of the outstanding shares of Realty Income common stock entitled to vote on the proposal. Approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal.

See page 43 for a description of the effect of abstentions and broker non-votes with respect to the above proposals.

Your vote is very important. You are encouraged to submit your proxy as promptly as possible. If you do not indicate how your shares of Realty Income common stock should be voted on a matter, the shares of Realty Income common stock represented by your properly executed proxy will be voted as Realty Income s board of directors recommends and therefore **FOR** the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement and **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement. If you do not provide voting instructions to your broker or other nominee, your shares of Realty Income common stock will NOT be voted at the meeting and will be considered broker non-votes.

ARCT

ARCT stockholders who owned shares of ARCT common stock at the close of business on December 6, 2012, which is referred to as ARCT s record date, are entitled to notice of and to vote at ARCT s special meeting. On ARCT s record date, there were 158,478,679 shares of ARCT common stock outstanding and entitled to vote at ARCT s special meeting, held by approximately 2,213 holders of record. Each share of ARCT common stock is entitled to one vote on each proposal to be voted on at ARCT s special meeting.

At ARCT s special meeting, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum. Abstentions will be counted in determining whether a quorum is present at ARCT s special meeting.

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of ARCT common stock entitled to vote on such proposal. The approval of (i) the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger and (ii) the proposal to adjourn ARCT s special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement in each case the affirmative vote of a majority of the votes cast on such proposal.

See page 47 for a description of the effect of abstentions and broker non-votes with respect to the above proposals.

Your vote is very important. You are encouraged to submit your proxy as promptly as possible. If you do not indicate how your shares of ARCT common stock should be voted on a matter, the shares of ARCT common stock represented by your properly executed proxy will be voted as ARCT s board of directors recommends and therefore **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement, **FOR** the proposal to approve, on a non-binding advisory basis, the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger, and **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. If you do not provide voting instructions to your broker or other nominee, your shares of ARCT common stock will NOT be voted at the meeting and will be considered broker non-votes.

Opinions of Financial Advisors

Opinions of Realty Income s Financial Advisors

BofA Merrill Lynch. In connection with the merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated, which we refer to as BofA Merrill Lynch, one of Realty Income s financial advisors, delivered to Realty Income s board of directors a written opinion, dated September 5, 2012, as to the fairness, from a financial point of view and as of the date of the opinion, to Realty Income of the exchange ratio provided for in the merger. The full text of the written opinion, dated September 5, 2012, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex D to this document and is incorporated by reference herein in its entirety. **BofA Merrill Lynch provided its opinion to Realty Income s board of directors (in its capacity as such) for the benefit and use of Realty Income s board of directors in connection with and for purposes of its evaluation of the**

exchange ratio from a financial point of view. BofA Merrill Lynch s opinion does not address any other aspect of the merger and no opinion or view was expressed as to the relative merits of the merger in comparison to other strategies or transactions that might be available to Realty Income or in which Realty Income might engage or as to the underlying business decision of Realty Income to proceed with or effect the merger. BofA Merrill Lynch s opinion does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed merger or any related matter.

Wells Fargo Securities, LLC. In connection with the merger, Realty Income s board of directors received an opinion, dated September 5, 2012, of Wells Fargo Securities, LLC, one of Realty Income s financial advisors, which we refer to as Wells Fargo Securities, as to the fairness, from a financial point of view and as of the date of such opinion, to Realty Income of the exchange ratio provided for in the merger pursuant to the merger agreement. The full text of the written opinion is attached as Annex E to this joint proxy statement/prospectus and is incorporated herein by reference. The written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Wells Fargo Securities in rendering its opinion. **The opinion was addressed to Realty Income s board of directors (in its capacity as such) for its information and use in connection with its evaluation of the exchange ratio from a financial point of view to Realty Income and Wells Fargo Securities expressed no opinion or view with regard to any other terms, aspects or implications of the merger. Wells Fargo Securities opinion did not address the merits of the underlying decision by Realty Income to enter into the merger agreement or the relative merits of the merger compared with other business strategies or transactions available or that have been or might be considered by Realty Income s management or board of directors or in which Realty Income might engage. The opinion does not constitute a recommendation to Realty Income s board of directors or any other person or entity in respect of the merger, including as to how any stockholder should vote or act in connection with the merger or any other matters.**

See The Merger Opinions of Realty Income s Financial Advisors beginning on page 71.

Opinion of ARCT s Financial Advisor

On September 6, 2012, at a meeting of the ARCT board of directors, Goldman, Sachs & Co., which we refer to as Goldman Sachs, rendered to the board of directors of ARCT its oral opinion, subsequently confirmed in writing, that, as of September 6, 2012, and based upon and subject to the limitations and assumptions set forth therein, the exchange ratio of 0.2874 shares of Realty Income common stock to be paid for each share of ARCT common stock pursuant to the merger agreement was fair from a financial point of view to the holders (other than Realty Income and its affiliates) of shares of ARCT common stock.

The full text of the written opinion of Goldman Sachs, dated September 6, 2012, which sets forth the assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with the opinion, is attached to this joint proxy statement/prospectus as Annex F. The summary of the Goldman Sachs opinion provided in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the written opinion. Goldman Sachs advisory services and opinion were provided for the information and assistance of the board of directors of ARCT in connection with its consideration of the proposed merger and the opinion does not constitute a recommendation as to how any holder of shares of ARCT common stock should vote with respect to the proposed merger or any other matter.

See The Merger Opinion of ARCT s Financial Advisor beginning on page 88.

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Treatment of ARCT Stock Options, Restricted Shares and LTIP Units

Treatment of Stock Options. Pursuant to, and as further described in the merger agreement, each option to purchase ARCT common stock that is outstanding and unexercised at the effective time of the merger will be deemed subject to a cashless exercise and the holder of such option will be deemed to receive a number of shares of ARCT common stock equal to (i) the number of shares of ARCT common stock subject to such option, less (ii) the number of shares of ARCT common stock equal in value to the aggregate exercise price of such option, assuming a fair market value of a share of ARCT common stock equal to the closing price of ARCT common stock on the last completed trading day immediately prior to the consummation of the merger, which shares of ARCT common stock will be converted into the right to receive the merger consideration.

Treatment of Restricted Shares. Pursuant to, and as further described in the merger agreement, each share of ARCT restricted stock outstanding as of immediately prior to the effective time of the merger will become fully vested and will convert into the right to receive the merger consideration.

Treatment of LTIP Units. Pursuant to, and as further described in the merger agreement, each award of long term incentive plan units in ARCT OP, which we refer to as LTIP Units, that is outstanding at the effective time of the merger will become fully vested immediately prior to the merger and will be adjusted as set forth in the merger agreement.

See The Merger Agreement Merger Consideration; Conversion or Cancellation of Shares in the Merger Treatment of ARCT Stock Options, Restricted Shares and LTIP Units beginning on page 132.

Directors and Management of Realty Income After the Merger

Realty Income currently anticipates that the directors and officers of Realty Income prior to the merger will continue as directors and officers of Realty Income after the merger.

Share Ownership of Directors and Executive Officers of Realty Income

At the close of business on December 6, 2012, the directors and executive officers of Realty Income and their affiliates held and were entitled to vote 1,441,788 shares of Realty Income common stock, collectively representing approximately 1.08% of the shares of Realty Income common stock outstanding and entitled to vote on that date. The directors and executive officers of Realty Income have each indicated that they expect to vote **FOR** the proposal to approve the issuance of Realty Income common stock to ARCT stockholders pursuant to the merger agreement and **FOR** the proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement.

Share Ownership of Directors and Executive Officers of ARCT

At the close of business on December 6, 2012, the directors and executive officers of ARCT and their affiliates held and were entitled to vote 1,467,135 shares of ARCT common stock (including shares held by AR Capital), collectively representing approximately 0.9% of the shares of ARCT common stock outstanding and entitled to vote on that date. The directors and executive officers of ARCT have each indicated that they expect to vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement, **FOR** the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger, and **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. In addition, under the terms of the voting agreement, each of Messrs. Schorsch and Kahane has agreed to vote all of his shares of

ARCT common stock in favor of approval of the merger and the other transactions contemplated by the merger agreement, subject to certain limitations.

Interests of ARCT s Directors and Executive Officers in the Merger

In considering the recommendation of ARCT s board of directors to approve the merger and the other transactions contemplated by the merger agreement, ARCT stockholders should be aware that ARCT s directors and executive officers have certain interests in the merger that may be different from, or in addition to, the interests of ARCT stockholders generally. These interests include those discussed below.

In connection with the Listing, and prior to any revisions made as a result of ARCT s negotiations with Realty Income in connection with the merger, AR Capital, an entity majority-owned and controlled by Nicholas S. Schorsch, chairman of the board of directors of ARCT, and William M. Kahane, ARCT s chief executive officer, president and a director, was entitled to a subordinated incentive listing fee, payable in the form of a promissory note, equal to 15% of the amount, if any, by which (a) the market value of ARCT s outstanding common stock plus distributions paid by ARCT prior to the Listing exceeded (b) the sum of the total amount of capital raised from stockholders during the ARCT IPO and the amount of cash flow necessary to generate a 6% annual cumulative, non-compounded return to such stockholders. For this purpose, (i) the market value of ARCT s common stock was to be calculated based on the average market value of the shares issued and outstanding at Listing over the 30 trading days beginning 180 days after the shares are first listed or included for quotation, and (ii) the promissory note would be non-transferrable with a maturity of three years, bearing interest at the applicable federal rate established by the Internal Revenue Service on the date the note is issued, and subject to mandatory amortization payments from any sale proceeds (except for the interest imputed for tax purposes). Further, the promissory note was to be convertible by AR Capital, at its option, into shares of ARCT common stock and, if AR Capital elected to convert any unpaid portion of the note into shares of ARCT common stock, the number of shares of ARCT common stock that would be issued upon such conversion would be valued for this purpose at the average market value of ARCT s shares over the 30 trading days beginning 180 days after ARCT s shares were first listed. We refer herein to such promissory note as the Subordinated Incentive Listing Fee Note.

In connection with the merger, ARCT and the ARCT OP (acting through and at the direction of ARCT s independent directors) and AR Capital, entered into an Incentive Listing Fee Note Agreement, dated as of September 6, 2012, by and among ARCT, ARCT OP, and AR Capital, as amended by a First Amendment to Incentive Listing Fee Note Agreement on September 10, 2012 which, as amended, we refer to as the Incentive Listing Fee Note Agreement, and a letter agreement, dated September 6, 2012, between Realty Income and AR Capital, pursuant to which the parties agreed to modify the terms of the Subordinated Incentive Listing Fee Note, if and to the extent issued, to (i) add a cap of $76,000,000 on its principal amount, (ii) add a floor of $58,600,000 on its principal amount, (iii) provide that, until October 31, 2012, such note shall be due and payable upon demand on not less than five (5) business days prior written notice by AR Capital, (iv) eliminate AR Capital s right to convert the principal amount of the Subordinated Incentive Listing Fee Note into shares of ARCT s common stock at maturity and (v) clarify that the average market value of ARCT s common stock for purposes of the calculation of the amount of the Subordinated Incentive Listing Fee Note would be based on the volume-weighted average of the daily volume-weighted average price, as reported by Bloomberg Financial, increased by the cumulative ARCT dividends paid during the measurement period for each day following the ex-dividend date of each respective dividend on September 5, 2012 and October 3, 2012, as declared by NASDAQ, of the shares issued and outstanding at the Listing over the 30 trading days beginning 180 days after the Listing (which measurement period commenced August 28, 2012 and ended on October 9, 2012). Other than the modifications listed above, the Incentive Listing Fee Note Agreement did not modify the terms of the Subordinated Incentive Listing Fee Note.

Pursuant to the terms of the Incentive Listing Fee Note Agreement, the Subordinated Incentive Listing Fee Note was issued to AR Capital on October 9, 2012, the end of the calculation period, with a principal amount of $63,189,091. On October 12, 2012, the outstanding principal amount, plus $1,201.25 in accrued interest, was paid to AR Capital in full satisfaction of the Subordinated Incentive Listing Fee Note. Messrs. Schorsch and Kahane own 63.6% and 13.5%, respectively, of the equity interests in AR Capital and, accordingly, indirectly received $40.2 million and $8.5 million, respectively, of such payment. Such payment represented gross income to AR Capital, not net income distributable to the equity holders of AR Capital.

In connection with the merger, on September 5, 2012, ARCT entered into a letter agreement, which we refer to as the letter agreement, with Realty Capital Securities, LLC, which we refer to as RC Securities, and ARC Advisory Services, LLC, which we refer to as ARC Advisory Services, to act as non-exclusive financial advisor and information agent, respectively, to ARCT in connection with the merger and the related proxy solicitation seeking approval of the merger by ARCT s stockholders and to pay an aggregate amount of $1,500,000 in consideration for the services provided under the letter agreement and such fee will be payable upon the closing of the merger; provided that if the merger is not consummated, ARCT will be responsible for the payment of such fee. The letter agreement is subject to the expense cap under the terms of the side letter. See Side Letter on page 150 and The Merger Interests of ARCT s Directors and Executive Officers in the Merger Letter Agreement on page 102.

In connection with the merger, on September 5, 2012, ARCT and the ARCT OP entered into a certain Legal Services Agreement, which we refer to as the Legal Services Agreement, with ARC Advisory Services, pursuant to which ARCT, on its own behalf and, as general partner of the ARCT OP, on behalf of the ARCT OP, retained ARC Advisory Services to perform legal support services in connection with the merger agreement. ARCT and the ARCT OP will pay to ARC Advisory Services an aggregate amount of $350,000 in consideration for the services provided under the Legal Services Agreement; provided that if the merger does not occur, ARCT will be responsible for the payment of such fee. The Legal Services Agreement is subject to the expense cap under the terms of the side letter. See Side Letter on page 150 and The Merger Interests of ARCT s Directors and Executive Officers in the Merger Legal Services Agreement on page 102.

In connection with the merger, on September 5, 2012, ARCT and the ARCT OP entered into a certain Legal Services Reimbursement Agreement, which we refer to as the Legal Services Reimbursement Agreement, with ARC Advisory Services, pursuant to which ARCT, on its own behalf and, as general partner of the ARCT OP, on behalf of the ARCT OP, reaffirmed the retention of ARC Advisory Services for the performance of legal support services in connection with the merger agreement rendered prior to the date of the Legal Services Reimbursement Agreement. ARCT and the ARCT OP will pay to ARC Advisory Services an aggregate amount of $1,200,000 in consideration for the services provided under the Legal Services Reimbursement Agreement. The Legal Services Reimbursement Agreement is subject to the expense cap under the terms of the side letter. See Side Letter on page 150 and The Merger Interests of ARCT s Directors and Executive Officers in the Merger Legal Services Reimbursement Agreement on page 103.

In connection with the merger, on September 5, 2012, ARCT and the ARCT OP entered into a certain Transition Services Agreement, which we refer to as the Transition Services Agreement, with ARC Advisory Services, pursuant to which ARC Advisory Services and ARCT, on its own behalf and, as general partner of the ARCT OP, on behalf of the ARCT OP, memorialized ARC Advisory Services obligation to perform the following services, which it has historically performed for, and for which it has historically been compensated by, ARCT and the ARCT OP: legal support, accounting support, marketing support, acquisition support, investor relations support, public relations support, event coordination, human resources and administration, general human resources duties, payroll services, benefits services, insurance and risk management, information technology services, telecom and internet services and services relating to office supplies. The Transition Services Agreement does not govern any legal support services rendered in connection with the merger agreement and its related transactions, which will be governed by the Legal Services Agreement and the Legal Services Reimbursement Agreement. ARCT and the ARCT OP will pay to ARC Advisory Services the actual costs and expenses incurred by ARC Advisory Services in connection with providing the services contemplated by the Transition Services Agreement. See The Merger Interests of ARCT s Directors and Executive Officers in the Merger Transition Services Agreement on page 103.

RC Securities and ARC Advisory Services are each wholly owned by AR Capital, and Messrs. Schorsch and Kahane own 63.6% and 13.5%, respectively, of the equity interests in AR Capital. Payments under the letter agreement, the Legal Services Agreement, the Legal Services Reimbursement Agreement and the Transition Services Agreement represent gross income to the applicable affiliate of AR Capital, not net income distributable to the equity holders of such affiliate of AR Capital.

Some of the directors and executive officers of ARCT are entitled to certain contractual change of control payments, benefits and incentive awards in connection with the merger, as described below.

Summary of Accelerated Vesting of Incentive Compensation

OPP Agreements

Messrs. Schorsch and Kahane were each granted LTIP Units in ARCT OP under 2012 Outperformance Award Agreements between them, ARCT and ARCT OP made as of March 1, 2012 and August 29, 2012, which we collectively refer to as the OPP Agreements. Under the terms of the OPP Agreements, the LTIP Units may be earned at the end of a three-year performance period ending on February 28, 2015, and thereafter vest as to 25% of the earned LTIP Units on each of February 28, 2015 and February 28, 2016, and as to 50% of the earned LTIP Units on February 28, 2017, based on continued service. Under the OPP Agreements, Messrs. Schorsch and Kahane will be eligible to earn and vest in LTIP Units in connection with a change in control (as defined in the OPP Agreements) under certain circumstances. The consummation of the transactions contemplated by the merger agreement will constitute a change in control under the OPP Agreements.

In connection with entering into the merger agreement, ARCT and Messrs. Schorsch and Kahane agreed, subject to the consummation of the merger, that the value of the awards under the OPP Agreements and the ARCT Annual Incentive Compensation Plan (as discussed below, which we refer to as the ARCT Annual Plan, and together with the OPP Agreements as the ARCT Incentive Plans) will be capped and reduced to an aggregate value not to exceed $22,000,000 (which we refer to as the Incentive Cap). Accordingly, in connection with the Incentive Cap and as required under the merger agreement, on September 6, 2012, ARCT and ARCT OP entered into amendments to the OPP Agreements with Messrs. Schorsch and Kahane (which we refer to as the OPP Amendments) pursuant to which, subject to the consummation of the transactions contemplated by the merger agreement, effective as of immediately prior to the effective time of the merger the number of vested and earned LTIP Units under the OPP Agreements in connection with the change in control would be based on a reduced aggregate value of $19,000,000, allocated $14,825,000 for Mr. Schorsch and $4,175,000 for Mr. Kahane, divided by $11.506 (the average closing trading price of ARCT s common stock during the ten-day trading period ending August 31, 2012). As a result, under the OPP Amendments, Messrs. Schorsch and Kahane would have earned an aggregate of 1,288,458 and 362,854 fully vested LTIP Units, respectively, in connection with the consummation of the merger. Subsequent to the execution of the merger agreement, the amounts that will be earned by Messrs. Schorsch and Kahane under the OPP Agreements in connection with the consummation of the merger were further reduced to an aggregate of 1,255,080 and 353,454 fully vested LTIP Units, respectively, and the remainder of their LTIP Units granted under the OPP Agreements will be automatically cancelled and forfeited without payment of any consideration. Messrs. Schorsch and Kahane have acknowledged and agreed to these further reductions.

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Annual Incentive Compensation Plan

Under the ARCT Annual Plan Messrs. Schorsch and Kahane have the opportunity to earn annual awards from a bonus pool that is funded through both a discretionary component and a formulaic performance component. Upon a change in control of ARCT under the ARCT Annual Plan, they will be eligible to receive cash bonus awards as equitably adjusted in accordance with the ARCT Annual Plan to reflect the shortened plan year (ending on the date of the change in control), paid in one lump-sum within 45 days following the change in control. The consummation of the transactions contemplated by the merger agreement will constitute a change in control under the ARCT Annual Plan. In connection with the Incentive Cap and as required under the merger agreement, under the OPP Amendments, on the date on which the effective time of the merger occurs, ARCT will pay a reduced lump-sum cash payment in the amount of $1,500,000 to each of Messrs. Schorsch and Kahane in full satisfaction of any rights they may have under the ARCT Annual Plan, less any applicable tax withholdings.

Summary of Change in Control Payments

Set forth below is a summary of the estimated payments that ARCT executives will be entitled to receive in connection with the change in control that will occur as a result of the consummation of the transactions contemplated under the merger agreement:

i. Nicholas S. Schorsch:

Payment	Amount ($)
Reduced payment under the ARCT Annual Plan	1,500,000
Cash value of reduced number of earned and vested LTIP Units under the OPP Agreements assuming the conversion into shares of ARCT common stock at a price per share of ARCT common stock of $12.18 (the average closing price of ARCT common stock over the first five business days following September 6, 2012)	15,286,874
Total	16,786,874

ii. William M. Kahane

Payment	Amount ($)
Reduced payment under the ARCT Annual Plan	1,500,000
Cash value of reduced number of earned and vested LTIP Units under the OPP Agreements assuming the conversion into shares of ARCT common stock at a price per share of ARCT common stock of $12.18	4,305,070
ARCT s estimated costs for continued health and welfare benefits for a period of 18 months following a termination without cause , for good reason or due to Mr. Kahane s death or disability.	33,839
Total	5,838,909

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iii. Brian Jones

Payment	Amount ($)
Severance payment equal to Mr. Jones annual base salary if he does not accept employment with AR Capital, LLC or its affiliates within six months following the consummation of the merger	325,000
Value of the acceleration of 13,502 unvested shares of ARCT restricted stock as of the effective time of the merger assuming a price per share of ARCT common stock of $12.18	164,454
ARCT s estimated costs for continued health and welfare benefits for a period of 18 months following a termination without cause , for good reason or due to Mr. Jones death or disability.	26,596
Total	516,050

See The Merger Recommendation of ARCT s Board of Directors and Its Reasons for the Merger and The Merger Interests of ARCT s Directors and Executive Officers in the Merger.

Listing of Shares of Realty Income Common Stock; Delisting and Deregistration of Shares of ARCT Common Stock

Approval of the listing on the NYSE of the shares of Realty Income common stock to be issued to ARCT stockholders pursuant to the merger agreement, subject to official notice of issuance, is a condition to each party s obligation to complete the merger. Realty Income has agreed to use its reasonable best efforts to cause the shares of Realty Income common stock to be issued to ARCT stockholders pursuant to the merger agreement to be approved for listing on the NYSE prior to the effective time of the merger, subject to official notice of issuance. If the merger is completed, shares of ARCT common stock will be delisted from NASDAQ and deregistered under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act.

No Stockholder Appraisal Rights in the Merger

Under the Maryland General Corporation Law, neither Realty Income stockholders nor ARCT stockholders are entitled to exercise appraisal rights in connection with the merger. See No Appraisal Rights beginning on page 150.

Conditions to Completion of the Merger

A number of conditions must be satisfied or waived, where legally permissible, before the merger can be consummated. These include, among others:

- the approval by Realty Income s stockholders of the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement;
- the approval by ARCT s stockholders of the merger and the other transactions contemplated by the merger agreement;
- the absence of injunction or law prohibiting the merger;
- the effectiveness of the Form S-4 registration statement, of which this joint proxy statement/prospectus is a part;
- the approval for listing on the NYSE of the shares of Realty Income common stock to be issued to ARCT stockholders pursuant to the merger agreement, subject to official notice of issuance;

- the accuracy of all representations and warranties made by the parties in the merger agreement and performance by the parties of their obligations under the merger agreement (subject in each case to certain materiality standards);

- the absence of any material adverse effect being experienced by either party;

- the receipt of a legal opinion from each party s legal counsel regarding such party s qualification as a REIT;

- the receipt by each party of an opinion from such party s legal counsel to the effect that the merger will be treated as a reorganization within the meaning of section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code; and

- receipt by ARCT of certain debt consents.

Neither Realty Income nor ARCT can give any assurance as to when or if all of the conditions to the consummation of the merger will be satisfied or waived or that the merger will occur.

For more information regarding the conditions to the consummation of the merger and a complete list of such conditions, see The Merger Agreement Conditions to Completion of the Merger beginning on page 136.

Regulatory Approvals Required for the Merger

The merger may be subject to the regulatory requirements of municipal, state and federal, domestic or foreign, governmental agencies and authorities. Nevertheless, neither Realty Income nor ARCT is aware of any regulatory approvals that are expected to prevent the consummation of the merger. See The Merger Regulatory Approvals Required for the Merger beginning on page 111.

No Solicitation and Change in Recommendation

Under the merger agreement, ARCT has agreed not to, and to cause its subsidiaries not to (and not authorize and use reasonable best efforts to cause its officers, directors, managers and other representatives not to), directly or indirectly, (i) solicit, initiate, knowingly encourage or facilitate any inquiry, discussion, offer or request that constitutes, or could reasonably be expected to lead to, a competing acquisition proposal, (ii) engage in any discussions or negotiations regarding, or furnish to any third party any nonpublic information in connection with, or knowingly facilitate in any way any effort by, any third party in furtherance of any competing acquisition proposal or inquiry, (iii) approve or recommend a competing acquisition proposal, or enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar definitive agreement providing for or relating to a competing acquisition proposal, or (iv) propose or agree to do any of the foregoing.

However, prior to the approval of the merger and the other transactions contemplated by the merger agreement by ARCT stockholders, ARCT may, under certain specified circumstances, engage in discussions or negotiations with and provide nonpublic information regarding itself to a third party making an unsolicited, bona fide written competing acquisition proposal. Under the merger agreement, ARCT is required to notify Realty Income promptly if it receives any competing acquisition proposal or inquiry or any request for nonpublic information in connection with a competing acquisition proposal.

Before the approval of the merger and the other transactions contemplated by the merger agreement by ARCT stockholders, ARCT s board of directors may, under certain specified circumstances, withdraw its recommendation of the merger if ARCT s board of directors determines in good faith, after consultation with outside legal counsel, that failure to take such action would be inconsistent with the directors duties under applicable law. For more information regarding the limitations on ARCT and its board of directors to consider other proposals, see The Merger Agreement Covenants and Agreements No Solicitation of Transactions by ARCT beginning on page 140.

Termination of the Merger Agreement

Realty Income and ARCT may mutually agree to terminate the merger agreement before completing the merger, even after approval of the Realty Income stockholders or approval of the ARCT stockholders.

In addition, either Realty Income or ARCT (so long as it is not at fault) may decide to terminate the merger agreement if:

- the merger is not consummated by March 6, 2013, unless as of March 6, 2013, all conditions to closing have been satisfied or waived other than the obligation of ARCT to obtain certain debt consents, in which case this date will be extended to April 8, 2013;
- there is a final, non-appealable order or injunction prohibiting the merger;
- ARCT stockholders fail to approve the merger and the other transactions contemplated by the merger agreement;
- Realty Income stockholders fail to approve the issuance of shares of Realty Income common stock to ARCT stockholders in connection with the merger; or
- the other party materially breaches the merger agreement and does not cure such breach within a specified period.

ARCT may also terminate the merger agreement prior to the ARCT stockholder approval in order to enter into an alternative acquisition agreement with respect to a superior proposal provided that ARCT concurrently pays the termination fee. Realty Income may also terminate the merger agreement if (i) the ARCT board of directors has made an adverse recommendation change, (ii) ARCT materially breaches its obligations regarding the preparation of the Form S-4 and the joint proxy statement/prospectus and the holding of ARCT s stockholder meeting, or (iii) ARCT enters into a definitive agreement with respect to an alternative acquisition proposal. For more information regarding the rights of Realty Income and ARCT to terminate the merger agreement, see The Merger Agreement Termination of the Merger Agreement beginning on page 146.

Expenses and Termination Fees

Generally, all fees and expenses incurred in connection with the merger and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses. However, under the side letter, AR Capital and Mr. Schorsch have agreed to reimburse Realty Income for certain transaction expenses of ARCT in excess of $15 million. In addition, the merger agreement provides that if the merger agreement is terminated under certain circumstances, ARCT may be obligated to pay Realty Income a termination fee of $51 million plus $4 million in expense reimbursement. In certain other circumstances, Realty Income or ARCT may be required to pay $4 million in expense reimbursement to the other party, even if, in the case of payment by ARCT, the termination fee is not payable.

For more information regarding the termination fee and expense reimbursement, see The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by ARCT to Realty Income beginning on page 147 and The Merger Agreement Termination of the Agreement Expenses Payable by Realty Income to ARCT beginning on page 148.

Material U.S. Federal Income Tax Consequences of the Merger

It is expected that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code, and it is a condition to the completion of the merger that Realty Income and ARCT receive written opinions from their respective counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. Assuming the merger qualifies as such a reorganization, U.S. holders of ARCT common stock generally will not recognize gain or loss for U.S. federal income tax purposes upon the exchange of their ARCT common stock for Realty Income common stock pursuant to the merger, except with respect to cash received in lieu of fractional shares of Realty Income common stock.

For further discussion of the material U.S. federal income tax consequences of the merger, see The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 111.

Holders of ARCT common stock should consult their tax advisors to determine the tax consequences to them (including the application and effect of any state, local or non-U.S. income and other tax laws) of the merger.

Accounting Treatment of the Merger

Realty Income will account for the merger using the purchase method of accounting under U.S. generally accepted accounting principles, which we refer to as GAAP. The merger will be accounted for by applying the purchase method, with Realty Income treated as the acquiror.

Comparison of Rights of Realty Income Stockholders and ARCT Stockholders

At the effective time of the merger, ARCT stockholders will become Realty Income stockholders. Realty Income s charter and bylaws contain provisions that are different from ARCT s charter and bylaws as currently in effect.

For a summary of certain differences between the rights of Realty Income stockholders and ARCT stockholders, see Comparison of Rights of Realty Income Stockholders and ARCT Stockholders beginning on page 151.

Recent Developments

During the first nine months of 2012, Realty Income acquired properties with an aggregate purchase price of approximately $717.6 million. Moreover, in addition to the transactions contemplated by the merger agreement, Realty Income has entered into agreements to acquire additional properties with an aggregate purchase price of approximately $283 million. The total acquired properties and contracted property acquisitions for the second half of 2012 consist of approximately 145 single-tenant properties net leased to 26 different tenants, and all are of property types that Realty Income already has in its portfolio. In aggregate, during all of 2012, Realty Income anticipates acquiring in excess of $1.0 billion of new properties. On an aggregate basis, no single tenant of the properties that Realty Income has acquired or anticipates acquiring during 2012 will account for more than 10% of Realty Income s assets as of December 31, 2011, which is the date of the last audited balance sheet.

Similarly, ARCT has acquired or entered into agreements to acquire properties with an aggregate purchase price of approximately $78 million during the second half of 2012 and first half of 2013. These acquisitions consist of approximately 40 single-tenant properties net leased to 12 different tenants, and all are in industries and of property types that ARCT already has in its portfolio. On an aggregate basis, no single tenant of the properties that ARCT has acquired or anticipates acquiring during 2012 and the first half of 2013 will account for more than 10% of ARCT s assets as of December 31, 2011, which is the date of ARCT s last audited balance sheet.

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The acquisitions that have not closed yet are subject to various customary conditions to closing, the failure of which could delay the closing of one or more of these proposed acquisitions or result in one or more of these proposed transactions not closing or closing on terms that are different from those currently contemplated. Realty Income expects to fund any of these acquisitions that close in the future (including any ARCT acquisitions that close after the merger) with borrowings under its acquisition credit facility or possible issuances of additional securities. ARCT is expected to fund any of its acquisitions that are to close before the merger closes with borrowings under its credit facility.

On October 2, 2012, Realty Income issued $350 million in aggregate principal amount of 2.00% senior unsecured notes due January 2018, or the 2018 Notes, and $450 million in aggregate principal amount of 3.25% senior unsecured notes due October 2022, or the 2022 Notes. The price to the investors for the 2018 Notes was 99.910% of the principal amount for an effective yield of 2.017% per annum. The price to the investors for the 2022 Notes was 99.382% of the principal amount for an effective yield of 3.323% per annum. The total net proceeds of approximately $790.7 million from these offerings were used to repay all outstanding borrowings under Realty Income s acquisition credit facility, and the remaining proceeds will be used for general corporate purposes, which may include additional property acquisitions.

Selected Historical Financial Information of Realty Income

Presented below is the selected consolidated financial data of Realty Income as of and for the periods indicated. The selected historical consolidated financial data as of December 31, 2011 and 2010 and for each of the fiscal years ended December 31, 2011, 2010 and 2009 have been derived from Realty Income s historical audited consolidated financial statements, which were adjusted for discontinued operations and are incorporated by reference herein. The selected historical consolidated financial data as of December 31, 2009, 2008 and 2007 and for each of the fiscal years ended December 31, 2008 and 2007 were derived from Realty Income s historical audited consolidated financial statements, which were adjusted for discontinued operations but not included in this joint proxy statement/prospectus or incorporated by reference herein.

The historical financial data as of September 30, 2012 and 2011 and for the nine-month periods ended September 30, 2012 and 2011 were derived from Realty Income s historical unaudited condensed consolidated financial statements, which are incorporated by reference herein. In Realty Income s opinion, such unaudited financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the interim September 30, 2012 financial information. Interim results for the nine months ended and as of September 30, 2012 are not necessarily indicative of, and are not projections for, the results to be expected for the fiscal year ending December 31, 2012.

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You should read this selected historical financial information together with the financial statements included in reports that are incorporated by reference in this document and their accompanying notes and management s discussion and analysis of operations and financial condition of Realty Income contained in such reports.

	Historical as of or for the nine months ended September 30,		Historical as of or for the years ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
	(In thousands, except per share data)						
Total assets (book value)	$ 5,036,326	$ 4,274,774	$ 4,419,389	$ 3,535,590	$ 2,914,787	$ 2,994,179	$ 3,077,352
Cash and cash equivalents	2,794	5,543	4,165	17,607	10,026	46,815	193,101
Total debt	2,492,394	1,914,750	2,055,181	1,600,000	1,354,600	1,370,000	1,470,000
Total liabilities	2,593,623	1,999,232	2,164,535	1,688,625	1,426,778	1,439,518	1,539,260
Total stockholders equity	2,442,703	2,275,542	2,254,854	1,846,965	1,488,009	1,554,661	1,538,092
Net cash provided by operating activities	208,528	199,247	298,952	243,368	226,707	246,155	318,169
Net change in cash and cash equivalents	(1,371)	12,064	(13,442)	7,581	(36,789)	(146,286)	182,528
Total revenue	349,932	303,486	416,730	339,642	318,589	318,371	284,002
Income from continuing operations	113,188	108,518	148,079	118,128	116,083	105,514	118,549
Income from discontinued operations	6,941	7,509	8,953	12,656	15,044	26,327	21,860
Net income	120,129	116,027	157,032	130,784	131,127	131,841	140,409
Preferred stock cash dividends	(30,435)	(18,190)	(24,253)	(24,253)	(24,253)	(24,253)	(24,253)
Excess of redemption value over carrying value of preferred shares redeemed	(3,696)						
Net income available to common stockholders	85,998	97,837	132,779	106,531	106,874	107,588	116,156
Cash distributions paid to common stockholders	175,719	161,276	219,297	182,500	178,008	169,655	157,659
Net income per common share, basic and diluted	0.65	0.79	1.05	1.01	1.03	1.06	1.16
Cash distributions paid per common share	1.3173125	1.3010625	1.736625	1.721625	1.706625	1.662250	1.560250
Cash distributions declared per common share	1.3232500	1.3020000	1.737875	1.722875	1.707875	1.667250	1.570500
Basic weighted average number of common shares outstanding	132,731,984	123,921,317	126,142,696	105,869,637	103,577,507	101,178,191	100,195,031
Diluted weighted average number of common shares outstanding	132,845,970	124,013,142	126,189,399	105,942,721	103,581,053	101,209,883	100,333,966

Selected Historical Financial Information of ARCT

The following selected historical financial information for each of the years during the three-year period ended December 31, 2011 and the selected balance sheet data as of December 31, 2011 and 2010 have been derived from ARCT s audited consolidated financial statements contained in its Annual Report on Form 10-K/A filed with the SEC on May 11, 2012, which has been incorporated into this document by reference. The selected historical financial information for each of the years ended December 31, 2008 and 2007 and as of December 31, 2009, 2008 and 2007 has been derived from ARCT s audited consolidated financial statements for such years, which have not been incorporated into this document by reference.

The selected historical financial information for each of the nine-month periods ended September 30, 2012 and 2011, and as of September 30, 2012 has been derived from ARCT s unaudited consolidated financial statements contained in ARCT s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, which has been incorporated into this joint proxy statement/prospectus by reference. The selected historical financial information as of September 30, 2011 has been derived from ARCT s unaudited consolidated financial statements contained in ARCT s Quarterly Report on Form 10-Q for the quarterly period ended September 30,

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2011, which has not been incorporated into this joint proxy statement/prospectus by reference. In ARCT s opinion, such unaudited financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the interim September 30, 2012 financial information. Interim results for the nine months ended and as of September 30, 2012 are not necessarily indicative of, and are not projections for, the results to be expected for the fiscal year ending December 31, 2012.

You should read this selected historical financial information together with the financial statements included in reports that are incorporated by reference in this document and their accompanying notes and management s discussion and analysis of operations and financial condition of ARCT contained in such reports.

	Historical as of September 30,		Historical as of December 31,				
	2012	2011	2011	2010	2009	2008	2007
	(In thousands, except per share data)						
Total real estate investments, at cost	$ 2,169,394	$ 1,843,115	$ 2,126,171	$ 882,593	$ 338,556	$ 164,770	$
Total assets	2,059,501	2,133,164	2,130,575	914,054	339,277	164,942	938
Short-term borrowings					15,878	30,926	
Mortgage notes payable	511,144	649,068	673,978	372,755	183,811	112,742	
Mortgage discount and premium, net	756	716	679	1,163			
Long-term notes payable				12,790	13,000	1,090	
Note payable	235,000						
Revolving credit facilities	202,307		10,000				
Total liabilities	1,039,524	718,307	730,371	411,390	228,721	163,183	738
Total equity	1,019,977	1,424,857	1,400,204	502,664	110,556	1,759	200

	Historical Results For the Nine Months Ended September 30,		Historical Results For the Years Ended December 31,				Historical Results for the Period from August 17, 2007 (date of inception) to December 31,
	2012	2011	2011	2010	2009	2008	2007
	(In thousands, except per share data)						
Total revenue	$ 137,324	$ 86,029	$ 129,120	$ 44,773	$ 14,964	$ 5,546	$
Expenses:							
Acquisition and transaction related costs	1,233	23,377	30,005	12,471	506		
Property operating	7,488	2,666	5,297				
Fees to affiliate	4,143	2,572	5,572	1,350	145	4	
General and administrative	6,600	1,104	2,691	1,013	507	380	1
Equity-based compensation	1,955	1,099	1,477	431			
Depreciation and amortization	78,521	45,015	68,939	21,654	8,315	3,056	
Listing and internalization	85,766						
Total operating expenses	185,706	75,833	113,981	36,919	9,473	3,440	1
Operating income (loss)	(48,382)	10,196	15,139	7,854	5,491	2,106	(1)
Other income (expenses):							
Interest expense (includes extinguishment of debt)	(30,447)	(25,879)	(35,950)	(18,109)	(10,352)	(4,774)	
Extinguishment of debt	(6,902)	(720)	(1,423)				
Equity in income of unconsolidated joint venture	36	71	96				
Other income (loss), net	1,980	(473)	766	765	51	3	
Gains (losses) on derivative instruments	(4,055)	(2,967)	(2,539)	(305)	495	(1,618)	
Gains (losses) on disposition of property		(44)	(44)	143			

Total other expenses	(39,388)	(29,066)	(39,094)	(17,506)	(9,806)	(6,389)

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	Historical Results For the Nine Months Ended September 30, 2012	2011	Historical Results For the Years Ended December 31, 2011	2010	2009	2008	Historical Results for the Period from August 17, 2007 (date of inception) to December 31, 2007
	(In thousands, except per share data)						
Net loss	(87,770)	(18,870)	(23,955)	(9,652)	(4,315)	(4,283)	(1)
Net income (loss) attributable to non-controlling interests	(526)	(830)	(1,121)	(181)	49		
Net loss attributable to American Realty Capital Trust, Inc.	$ (88,296)	$ (19,700)	$ (25,076)	$ (9,833)	$ (4,266)	$ (4,283)	$ (1)
Other data							
Net loss per common share basic and diluted	$ (0.54)	$ (0.17)	$ (0.20)	$ (0.31)	$ (0.74)	$ (6.02)	
Distributions declared	$ 0.70	$ 0.70	$ 0.70	$ 0.70	$ 0.67	$ 0.65	$
Weighted-average number of common shares outstanding, basic and diluted	165,271,199	119,235,958	133,730,159	32,539,393	5,768,761	711,524	

Selected Unaudited Pro Forma Consolidated Financial Information

The following tables set forth selected unaudited pro forma consolidated financial information. The pro forma consolidated financial information combines the historical financial statements of Realty Income and ARCT after giving effect to the merger using the purchase method of accounting and Realty Income s preliminary estimates, assumptions and pro forma adjustments as described below and in the accompanying notes to the unaudited pro forma consolidated financial information.

The unaudited pro forma consolidated financial information should be read in conjunction with Realty Income s historical consolidated financial statements and ARCT s historical consolidated financial statements, including the notes thereto, which are incorporated by reference into this proxy statement/prospectus. The selected unaudited pro forma consolidated financial information has been derived from and should be read in conjunction with the unaudited pro forma consolidated financial information and accompanying notes included in this joint proxy statement/prospectus beginning on page F-1.

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The unaudited pro forma consolidated financial information is presented for illustrative purposes only and does not purport to be indicative of the results that would actually have occurred if the transactions described above had occurred as presented in such statements or that may be obtained in the future. In addition, future results may vary significantly from the results reflected in such statements.

	Nine months ended September 30, 2012	Year ended December 31, 2011
	(in thousands, except for per share data)	
Statement of operations data:		
Total revenue	$ 486,878	$ 597,453
Income (loss) from continuing operations		
attributable to common stockholders	$ (6,457)	$ 89,679
Income (loss) from continuing operations attributable to common stockholders		
per common share:		
Basic	$ (0.04)	$ 0.52
Diluted	$ (0.04)	$ 0.52

	As of September 30, 2012
Balance sheet data:	
Total real estate, at costs	$ 8,078,779
Total assets	$ 7,957,666
Line of credit payable	$ 305,100
Mortgages payable, net	$ 660,538
Notes payable	$ 2,550,000
Total liabilities	$ 3,718,140
Total stockholders equity	$ 4,215,484
Total equity	$ 4,239,526

Unaudited Comparative Per Share Information

The following tables set forth, for the nine months ended September 30, 2012 and for the year ended December 31, 2011, selected per share information for Realty Income common stock on a historical and pro forma combined basis and for ARCT common stock on a historical and pro forma equivalent basis, each on an unaudited basis after giving effect to the merger using the purchase method of accounting. The data is derived from and should be read in conjunction with the Realty Income and ARCT audited consolidated financial statements and related notes, the unaudited condensed consolidated interim financial statements of Realty Income and ARCT and related notes, and the unaudited pro forma condensed consolidated financial information and related notes, which are included elsewhere in this joint proxy statement/prospectus.

The pro forma consolidated ARCT equivalent information shows the effect of the merger from the perspective of an owner of ARCT common stock. The information was computed by multiplying the Realty Income pro forma combined information by the exchange ratio of 0.2874.

The unaudited pro forma consolidated per share data is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transactions had been consummated at the beginning of the earliest period presented, nor is it necessarily indicative of future operating results or financial position. The pro forma adjustments are estimates based upon information and assumptions available at the time of the filing of this joint proxy statement/prospectus.

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The pro forma income from continuing operations per share includes the combined income (loss) from continuing operations of Realty Income and ARCT on a pro forma basis as if the transactions were consummated on January 1, 2011.

	Realty Income		ARCT	
	Historical	Pro Forma Combined	Historical	Pro Forma Equivalent
For the Nine Months Ended September 30, 2012				
Income (loss) from continuing operations attributable to common stockholders per common share:				
Basic	$ 0.60	$ (0.04)	$ (0.54)	$ (0.01)
Diluted	$ 0.60	$ (0.04)	$ (0.54)	$ (0.01)
Dividends declared per common share	$ 1.32	$ 1.32	$ 0.53	$ 0.38
Book value per common share	$ 13.74	$ 20.14	$ 6.36	$ 5.79
For the Year Ended December 31, 2011				
Income (loss) from continuing operations attributable to common stockholders per common share:				
Basic	$ 0.98	$ 0.52	$ (0.20)	$ 0.15
Diluted	$ 0.98	$ 0.52	$ (0.20)	$ 0.15
Dividends declared per common share	$ 1.74	$ 1.74	$ 0.70	$ 0.50
Book value per common share	$ 14.39	$ 20.64	$ 7.75	$ 5.93

Comparative Realty Income and ARCT Market Price and Dividend Information

Realty Income s Market Price Data

Realty Income s common stock is listed on the NYSE under the symbol O. This table sets forth, for the periods indicated, the high and low sales prices per share of Realty Income s common stock, as reported by the NYSE, and distributions declared per share of Realty Income common stock.

	Price Per Share of Common Stock		Distributions Declared
	High	Low	Per Share(1)
2010			
First Quarter	31.18	25.30	0.429313
Second Quarter	34.53	28.42	0.430250
Third Quarter	34.79	29.12	0.431188
Fourth Quarter	35.97	32.92	0.432125
2011			
First Quarter	36.12	33.40	0.433063
Second Quarter	36.35	32.19	0.434000
Third Quarter	35.03	27.95	0.4349375
Fourth Quarter	35.76	29.78	0.4358750
2012			
First Quarter	39.03	34.30	0.4368125
Second Quarter	41.98	36.87	0.4377500
Third Quarter	44.22	40.35	0.4486875

(1) Common stock cash distributions currently are declared monthly by Realty Income, based on financial results for the prior months.

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ARCT s Market Price Data

ARCT s common stock is listed on NASDAQ under the symbol ARCT. This table sets forth, for the periods indicated, the range of high and low sales prices for ARCT s common stock as reported on NASDAQ. ARCT s fiscal year ends on December 31 of each year.

	Price Per Share of Common Stock		Distributions Declared
	High	Low	Per Share
2012			
First Quarter	10.58	5.54	0.17499
Second Quarter	11.25	9.76	0.17499
Third Quarter	12.74	10.62	0.17624

If Realty Income continues to pay monthly cash dividends at the rate of $0.1514375 per share after the merger, this dividend, from the perspective of a holder of ARCT common stock, would be equivalent to a monthly dividend of approximately $0.04352 per share of ARCT common stock, based on the exchange ratio of 0.2874, which is approximately 27% less than ARCT s most recent monthly dividend of $0.05958 per share of ARCT common stock.

Recent Closing Prices

The following table sets forth the closing per share sales prices of Realty Income s common stock and ARCT s common stock as reported on the NYSE and NASDAQ, respectively, on September 5, 2012, the last full trading day before the public announcement of the execution of the merger agreement by Realty Income and ARCT, and on November 27, 2012, the latest practicable trading day before the date of this joint proxy statement/prospectus:

	Realty Income Common Stock	ARCT Common Stock
September 5, 2012	$ 42.48	$ 11.96
November 27, 2012	$ 39.45	$ 11.43

The market price of Realty Income common stock and ARCT common stock will fluctuate between the date of this joint proxy statement/prospectus and the effective time of the merger. Because the number of shares of Realty Income common stock to be issued in connection with the merger for each share of ARCT common stock is fixed in the merger agreement, the market value of Realty Income common stock to be received by ARCT stockholders at the effective time of the merger may vary significantly from the prices shown in the table above.

Following the transaction, Realty Income common stock will continue to be listed on the NYSE and, until the completion of the merger, ARCT s common stock will continue to be listed on NASDAQ.

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RISK FACTORS

In addition to the other information included and incorporated by reference into this joint proxy statement/prospectus, including the matters addressed in the section entitled Cautionary Statement Concerning Forward-Looking Statements, you should carefully consider the following risks before deciding whether to vote for (i) if you are a Realty Income stockholder, the issuance of shares of Realty Income common stock to ARCT stockholders in connection with the merger, or (ii) if you are an ARCT stockholder, the approval of the merger and other transactions contemplated by the merger agreement, the approval of the compensation that may be paid or become payable to ARCT s named executive officers in connection with the merger and the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. In addition, you should read and consider the risks associated with each of the businesses of Realty Income and ARCT because these risks will also affect the combined company. These risks can be found in Realty Income s and ARCT s respective Annual Reports on Form 10-K for the year ended December 31, 2011 and other reports filed by Realty Income and ARCT with the SEC, which are incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference beginning on page 156.

Risk Factors Relating to the Merger

The exchange ratio is fixed and will not be adjusted in the event of any change in either Realty Income s or ARCT s stock price.

Upon the consummation of the merger, each share of ARCT common stock will be converted into the right to receive 0.2874 of a share of Realty Income common stock, with cash paid in lieu of fractional shares. This exchange ratio was fixed in the merger agreement and will not be adjusted for changes in the market price of either Realty Income common stock or ARCT common stock. Changes in the price of Realty Income common stock prior to the merger will affect the market value of the merger consideration that ARCT stockholders will receive on the date of the merger. Stock price changes may result from a variety of factors (many of which are beyond our control), including the following factors:

- market reaction to the announcement of the merger and the prospects of the combined company;
- changes in our respective businesses, operations, assets, liabilities and prospects;
- changes in market assessments of the business, operations, financial position and prospects of either company;
- market assessments of the likelihood that the merger will be completed;
- interest rates, general market and economic conditions and other factors generally affecting the price of Realty Income s and ARCT s common stock;
- federal, state and local legislation, governmental regulation and legal developments in the businesses in which ARCT and Realty Income operate; and
- other factors beyond the control of Realty Income and ARCT, including those described or referred to elsewhere in this Risk Factors section.

The price of Realty Income common stock at the closing of the merger may vary from its price on the date the merger agreement was executed, on the date of this joint proxy statement/prospectus and on the date of the special meetings of Realty Income and ARCT. As a result, the market value of the merger consideration represented by the exchange ratio will also vary. For example, based on the range of closing prices of Realty Income common stock during the period from September 5, 2012, the last trading day before public announcement of the merger, through

November 27, 2012, the latest practicable date before the date of this joint proxy statement/prospectus, the exchange ratio of 0.2874 shares of Realty Income common stock represented a market value ranging from a low of $10.77 to a high of $12.29.

Because the merger will be completed after the date of the special meetings, at the time of your special meeting, you will not know the exact market value of the Realty Income common stock that ARCT stockholders will receive upon completion of the merger. You should consider the following two risks:

- If the price of Realty Income common stock increases between the date the merger agreement was signed or the date of the Realty Income special meeting and the effective time of the merger, ARCT stockholders will receive shares of Realty Income common stock that have a market value upon completion of the merger that is greater than the market value of such shares calculated pursuant to the exchange ratio when the merger agreement was signed or the date of the Realty Income special meeting, respectively. Therefore, while the number of shares of Realty Income common stock to be issued per share of ARCT common stock is fixed, Realty Income stockholders cannot be sure of the market value of the consideration that will be paid to ARCT stockholders upon completion of the merger.

- If the price of Realty Income common stock declines between the date the merger agreement was signed or the date of the ARCT special meeting and the effective time of the merger, including for any of the reasons described above, ARCT stockholders will receive shares of Realty Income common stock that have a market value upon completion of the merger that is less than the market value of such shares calculated pursuant to the exchange ratio on the date the merger agreement was signed or on the date of the ARCT special meeting, respectively. Therefore, while the number of shares of Realty Income common stock to be issued per share of ARCT common stock is fixed, ARCT stockholders cannot be sure of the market value of the Realty Income common stock they will receive upon completion of the merger or the market value of Realty Income common stock at any time after the completion of the merger.

The merger and related transactions are subject to approval by stockholders of both Realty Income and ARCT.

In order for the merger to be completed, ARCT stockholders must approve the merger and the other transactions contemplated by the merger agreement, which requires the affirmative vote of the holders of at least a majority of the outstanding shares of ARCT common stock entitled to vote on such proposal. In addition, while a vote of Realty Income stockholders is not required to approve the merger, Realty Income s stockholders approval is required under applicable NYSE rules in order for Realty Income to be authorized to issue the shares of Realty Income common stock to ARCT stockholders as part of the merger consideration. Approval of the issuance of shares of Realty Income common stock to ARCT stockholders under NYSE rules requires approval by holders of at least a majority of the total votes cast, provided that the total votes cast represent at least a majority of the outstanding shares of Realty Income common stock entitled to vote on such proposal.

Realty Income and ARCT stockholders will be diluted by the merger.

The merger will dilute the ownership position of the current Realty Income stockholders, and result in ARCT stockholders having an ownership stake in Realty Income that is smaller than their current stake in ARCT. Following the issuance of shares of Realty Income common stock to ARCT stockholders pursuant to the merger agreement, Realty Income stockholders and the former ARCT stockholders are expected to hold approximately 74.4% and 25.6%, respectively, of the combined company s common stock outstanding immediately after the merger, based on the number of shares of common stock of each of Realty Income and ARCT currently outstanding and various assumptions regarding share issuances by each of Realty Income and ARCT prior to the effective time of the merger. Consequently, Realty Income stockholders and ARCT stockholders, as a general matter, will have less influence over the management and policies of Realty Income after the merger than each currently exercise over the management and policies of Realty Income and ARCT, as applicable.

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If the merger does not occur, one of the companies may incur payment obligations to the other.

If the merger agreement is terminated under certain circumstances, ARCT may be obligated to pay Realty Income a termination fee of $51 million plus $4 million in expense reimbursement, or Realty Income may be required to pay ARCT $4 million in expense reimbursement. See The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by ARCT to Realty Income beginning on page 147 and The Merger Agreement Termination of the Agreement Expenses Payable by Realty Income to ARCT beginning on page 148.

Failure to complete the merger could negatively impact the stock prices and the future business and financial results of Realty Income and ARCT.

If the merger is not completed, the ongoing businesses of Realty Income and ARCT could be adversely affected and each of Realty Income and ARCT will be subject to several risks, including the following:

- ARCT being required, under certain circumstances, to pay to Realty Income a termination fee of $51 million and/or $4 million in expense reimbursement or Realty Income being required, under certain circumstances, to pay to ARCT $4 million in expense reimbursement;

- having to pay certain costs relating to the proposed merger, such as legal, accounting, financial advisor, filing, printing and mailing fees; and

- diversion of management focus and resources from operational matters and other strategic opportunities while working to implement the merger.

If the merger is not completed, these risks could materially affect the business, financial results and stock prices of Realty Income or ARCT.

The pendency of the merger could adversely affect the business and operations of Realty Income and ARCT.

In connection with the pending merger, some customers or vendors of each of Realty Income and ARCT may delay or defer decisions, which could negatively impact the revenues, earnings, cash flows and expenses of Realty Income and ARCT, regardless of whether the merger is completed. In addition, due to operating covenants in the merger agreement, each of Realty Income and ARCT may be unable, during the pendency of the merger, to pursue certain strategic transactions, undertake certain significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions that are not in the ordinary course of business, even if such actions would prove beneficial.

Some of the directors and executive officers of ARCT have interests in seeing the merger completed that are different from, or in addition to, those of the other ARCT stockholders.

Some of the directors and executive officers of ARCT have arrangements that provide them with interests in the merger that are different from, or in addition to, those of the stockholders of ARCT. These interests include, among other things, an incentive listing fee note agreement, a financial advisory and information letter agent agreement, a legal services agreement, a legal services reimbursement agreement, a transition services agreement, a facilities license agreement, certain change of control payments, benefits and certain incentive awards. These interests, among other things, may influence the directors and executive officers of ARCT to support or approve the merger. See The Merger Interests of ARCT s Directors and Executive Officers in the Merger beginning on page 100.

In addition, Realty Income and ARCT have entered into a voting agreement with Nicholas S. Schorsch, the chairman of the board of directors of ARCT, and William M. Kahane, the chief executive officer, president and a director of ARCT, in their capacities as stockholders of ARCT. The voting agreement requires Messrs. Schorsch and Kahane to vote in favor of the proposals to be voted on at the ARCT special meeting of stockholders and to vote against certain actions. The voting agreement specifically does not limit or restrict the rights and obligations of Mr. Schorsch as a director of ARCT or Mr. Kahane as a director and officer of ARCT, and it in no way

restricts Messrs. Schorsch and Kahane from exercising their fiduciary duties to ARCT. However, the voting agreement does limit the rights of Messrs. Schorsch and Kahane, solely in their capacity as stockholders, to vote against the proposals to be voted on at ARCT s special meeting of stockholders and for certain other actions. A copy of the voting agreement can be found attached to this joint proxy statement/prospectus as Annex B and is incorporated herein by reference.

The merger agreement contains provisions that could discourage a potential competing acquirer of ARCT or could result in any competing proposal being at a lower price than it might otherwise be.

The merger agreement contains no shop provisions that, subject to limited exceptions, restrict ARCT s ability to solicit, encourage, facilitate or discuss competing third-party proposals to acquire all or a significant part of ARCT. In addition, Realty Income generally has an opportunity to offer to modify the terms of the proposed merger in response to any competing acquisition proposals that may be made before the ARCT board of directors may withdraw or qualify its recommendation. Upon termination of the merger agreement in certain circumstances, ARCT may be required to pay a termination fee and/or expense reimbursement to Realty Income, and in certain other circumstances, Realty Income may be required to pay an expense reimbursement to ARCT. See The Merger Agreement Covenants and Agreements No Solicitation of Transactions by ARCT beginning on page 140, The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by ARCT to Realty Income beginning on page 147, and The Merger Agreement Termination of the Merger Agreement Expenses Payable by Realty Income to ARCT beginning on page 148.

These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of ARCT from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee and/or expense reimbursement that may become payable in certain circumstances.

If the merger is not consummated by March 6, 2013 (unless extended), either Realty Income or ARCT may terminate the merger agreement.

Either Realty Income or ARCT may terminate the merger agreement if the merger has not been consummated by March 6, 2013, unless as of March 6, 2013, all conditions to closing have been satisfied or waived other than the obligation of ARCT to obtain certain debt consents, in which case this date will be extended to April 8, 2013. However, this termination right will not be available to a party if that party failed to fulfill its obligations under the merger agreement and that failure was a principle cause of, or resulted in, the failure to consummate the merger. For more information, please see the section titled The Merger Agreement Termination of the Merger Agreement beginning on page 146.

Risk Factors Relating to Realty Income Following the Merger

Realty Income expects to incur substantial expenses related to the merger.

Realty Income expects to incur substantial expenses in connection with completing the merger and integrating the business, operations, networks, systems, technologies, policies and procedures of ARCT with those of Realty Income. There are several systems that must be integrated, including accounting and finance and asset management. While Realty Income has assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond its control that could affect the total amount or the timing of its integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. As a result, the transaction and integration expenses associated with the merger could, particularly in the near term, exceed the savings that Realty Income expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses following the completion of the merger.

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Following the merger, the combined company may be unable to integrate successfully the businesses of Realty Income and ARCT and realize the anticipated benefits of the merger or do so within the anticipated timeframe.

The merger involves the combination of two companies which currently operate as independent public companies. Even though the companies are operationally similar, the combined company will be required to devote significant management attention and resources to integrating the business practices and operations of Realty Income and ARCT. In addition, ARCT s real estate portfolio includes a number of U.S. General Services Administration assets, among others, and Realty Income has less experience with this type of property than with its historical property base. It is possible that the integration process could result in the distraction of the combined company s management, the disruption of the combined company s ongoing business or inconsistencies in the combined company s operations, services, standards, controls, procedures and policies, any of which could adversely affect the ability of the combined company to maintain relationships with customers, vendors and employees or to fully achieve the anticipated benefits of the merger.

The future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following the merger.

Following the merger, the combined company may continue to expand its operations through additional acquisitions and other strategic transactions, some of which may involve complex challenges. The future success of the combined company will depend, in part, upon its ability to manage its expansion opportunities, integrate new operations into its existing business in an efficient and timely manner, successfully monitor its operations, costs, regulatory compliance and service quality, and maintain other necessary internal controls. The combined company cannot assure you that its expansion or acquisition opportunities will be successful, or that the combined company will realize its expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

The market price of Realty Income common stock may decline as a result of the merger.

The market price of Realty Income common stock may decline as a result of the merger if the combined company does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts, or the effect of the merger on Realty Income s financial results is not consistent with the expectations of financial or industry analysts.

In addition, following the effective time of the merger, Realty Income stockholders and former ARCT stockholders will own interests in a combined company operating an expanded business with a different mix of properties, risks and liabilities. Current stockholders of Realty Income and ARCT may not wish to continue to invest in the combined company, or for other reasons may wish to dispose of some or all of their shares of Realty Income common stock. If, following the effective time of the merger, large amounts of Realty Income common stock are sold, the price of Realty Income common stock could decline.

After the merger is completed, ARCT stockholders who receive Realty Income common stock in the merger will have different rights that may be less favorable than their current rights as ARCT stockholders.

After the closing of the merger, ARCT stockholders who receive Realty Income common stock in the merger will have different rights than they currently have as ARCT stockholders. For a detailed discussion of the significant differences between your rights as a stockholder of ARCT and your rights as a stockholder of Realty Income, see Comparison of Rights of Realty Income Stockholders and ARCT Stockholders beginning on page 151.

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Realty Income cannot assure you that it will be able to continue paying dividends at the current rate.

As noted elsewhere in this joint proxy statement/prospectus, Realty Income plans to continue its current monthly dividend practices following the merger. However, Realty Income stockholders may not receive the same dividends following the merger for various reasons, including the following:

- as a result of the merger and the issuance of shares of Realty Income common stock in connection with the merger, the total amount of cash required for Realty Income to pay dividends at its current rate will increase;
- Realty Income may not have enough cash to pay such dividends due to changes in Realty Income s cash requirements, capital spending plans, cash flow or financial position;
- decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of the Realty Income board of directors, which reserves the right to change Realty Income s dividend practices at any time and for any reason;
- Realty Income may desire to retain cash to maintain or improve its credit ratings; and
- the amount of dividends that Realty Income s subsidiaries may distribute to Realty Income may be subject to restrictions imposed by state law, restrictions that may be imposed by state regulators, and restrictions imposed by the terms of any current or future indebtedness that these subsidiaries may incur.

Realty Income s stockholders have no contractual or other legal right to dividends that have not been declared.

The merger will likely result in a reduction in per share equivalent dividend payments for holders of ARCT common stock after the merger.

If Realty Income continues to pay monthly cash dividends at the rate of $0.1514375 per share after the merger, this dividend, from the perspective of a holder of ARCT common stock, would be equivalent to a monthly dividend of approximately $0.04352 per share of ARCT common stock, based on the exchange ratio of 0.2874, which is approximately 27% less than ARCT s most recent monthly dividend of $0.05958 per share of ARCT common stock.

In connection with the announcement of the merger agreement, nine lawsuits have been filed and are pending, as of December 6, 2012, seeking, among other things, to enjoin the merger and rescind the merger agreement, and an adverse judgment in any of the lawsuits may prevent the merger from becoming effective within the expected timeframe (if at all).

As of December 6, 2012, purported stockholders of ARCT have filed nine lawsuits against ARCT, its directors, Realty Income and Merger Sub, challenging the merger. The complaints allege that ARCT s directors breached their fiduciary duties to ARCT stockholders and/or to ARCT itself in connection with the merger, and further claim that Realty Income and Merger Sub aided and abetted those alleged breaches of fiduciary duty. The various amended complaints add allegations that disclosures regarding the proposed merger in the joint proxy statement/prospectus filed on October 1, 2012 are inadequate. The complaints seek injunctive relief, including enjoining or rescinding the merger, and an award of unspecified attorneys and other fees and costs, in addition to other relief (including damages). We may also be the target of similar litigation in the future.

While Realty Income and ARCT management believe that the allegations in the complaints are without merit and intend to defend vigorously against these allegations, we cannot assure you as to the outcome of these, or any similar future lawsuits, including the costs associated with defending these claims or any other liabilities that may be incurred in connection with the litigation or settlement of these claims. If plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the merger on the agreed-upon terms, such an injunction may prevent the completion of the merger in the expected time frame, or may prevent it from being

completed altogether. Whether or not the plaintiffs claims are successful, this type of litigation is often expensive and diverts management s attention and resources, which could adversely affect the operation of our businesses. For more information about litigation related to the merger, see The Merger Litigation Relating to the Merger beginning on page 130.

Counterparties to certain significant agreements with ARCT may have consent rights in connection with the merger.

ARCT is party to certain agreements that give the counterparty certain rights, including consent rights, in connection with change in control transactions. Under certain of these agreements, the merger will constitute a change in control and, therefore, the counterparty may assert its rights in connection with the merger. Any such counterparty may request modifications of its agreements as a condition to granting a waiver or consent under those agreements and there can be no assurance that such counterparties will not exercise their rights under the agreements, including termination rights where available.

Realty Income may incur adverse tax consequences if ARCT has failed or fails to qualify as a REIT for U.S. federal income tax purposes.

If ARCT has failed or fails to qualify as a REIT for U.S. federal income tax purposes and the merger is completed, Realty Income may inherit significant tax liabilities, and Realty Income could lose its REIT status should disqualifying activities continue after the merger.

REITs are subject to a range of complex organizational and operational requirements.

In order to qualify as a REIT, each of Realty Income and ARCT must distribute with respect to each taxable year at least 90% of its net income (excluding capital gains) to its stockholders. A REIT must also meet certain requirements with respect to the nature of its income and assets, and the ownership of its stock. For any taxable year that Realty Income or ARCT fails to qualify as a REIT, it will not be allowed a deduction for dividends paid to its stockholders in computing taxable income and thus would become subject to U.S. federal income tax as if it were a regular taxable corporation. In such an event, Realty Income or ARCT, as the case may be, could be subject to potentially significant tax liabilities. Unless entitled to relief under certain statutory provisions, Realty Income or ARCT, as the case may be, would also be disqualified from treatment as a REIT for the four taxable years following the year in which it lost its qualification. If Realty Income or ARCT failed to qualify as a REIT, the market price of Realty Income common stock may decline, and Realty Income may need to reduce substantially the amount of distributions to its stockholders because of its increased tax liability.

Realty Income s anticipated level of indebtedness will increase upon completion of the merger and will increase the related risks Realty Income now faces.

In connection with the merger, Realty Income will assume certain indebtedness of ARCT and will be subject to increased risks associated with debt financing, including an increased risk that the combined company s cash flow could be insufficient to meet required payments on its debt. At September 30, 2012, Realty Income had indebtedness of $2.5 billion, including $609.0 million of outstanding borrowings under its acquisition credit facility, a total of $1.75 billion of outstanding unsecured senior debt securities and $133.4 million of outstanding mortgage debt. Taking into account Realty Income s existing indebtedness and the assumption of indebtedness in the merger, Realty Income s pro forma consolidated indebtedness as of September 30, 2012, after giving effect to the merger, would be approximately $3.5 billion, including $660.5 million of mortgage debt and $800 million of notes issued by Realty Income in October 2012, the proceeds of which were used to pay down the line of credit.

Realty Income s increased indebtedness could have important consequences to holders of its common stock and preferred stock, including ARCT stockholders who receive Realty Income common stock in the merger, including:

- increasing Realty Income s vulnerability to general adverse economic and industry conditions;

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- limiting Realty Income s ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;

- requiring the use of a substantial portion of Realty Income s cash flow from operations for the payment of principal and interest on its indebtedness, thereby reducing its ability to use its cash flow to fund working capital, acquisitions, capital expenditures and general corporate requirements;

- limiting Realty Income s flexibility in planning for, or reacting to, changes in its business and its industry; and

- putting Realty Income at a disadvantage compared to its competitors with less indebtedness.

If Realty Income defaults under a mortgage loan, it will automatically be in default under any other loan that has cross-default provisions, and it may lose the properties securing these loans. Although Realty Income anticipates that it will pay off its mortgage payables as soon as prepayment penalties and other costs make it economically feasible to do so, Realty Income cannot anticipate when such payment will occur.

Realty Income and ARCT Face Other Risks.

The risks listed above are not exhaustive, and you should be aware that following the merger, Realty Income and ARCT will face various other risks, including those discussed in reports filed by Realty Income and ARCT with the SEC. See Where You Can Find More Information; Incorporation by Reference beginning on page 156.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus, including information included or incorporated by reference in this joint proxy statement/prospectus, may contain certain forecasts and other forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Generally, the words expects, anticipates, targets, goals, projects, intends, plans, believes, seeks, estimates, variation similar expressions identify forward-looking statements and any statements regarding the benefits of the merger, or Realty Income s or ARCT s future financial condition, results of operations and business are also forward-looking statements. Without limiting the generality of the preceding sentence, certain statements contained in the sections The Merger Background of the Merger, The Merger Recommendation of Realty Income s Board of Directors and Its Reasons for the Merger, The Merger Recommendation of ARCT s Board of Directors and Its Reasons for the Merger, The Merger Certain Prospective Financial Information Reviewed by Realty Income and The Merger Certain Prospective Financial Information Reviewed by ARCT constitute forward-looking statements.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, most of which are difficult to predict and many of which are beyond Realty Income s and ARCT s control. These include the factors described above in Risk Factors and under the caption Risk Factors in Realty Income s Annual Report on Form 10-K for the year ended December 31, 2011 and in ARCT s Annual Report on Form 10-K for the year ended December 31, 2011 as well as:

- each company s success in implementing its business strategy and its ability to identify, underwrite, finance, consummate and integrate diversifying acquisitions or investments;
- the nature and extent of future competition;
- increases in each company s cost of borrowing as a result of changes in interest rates and other factors;
- each company s ability to pay down, refinance, restructure and/or extend its indebtedness as it becomes due;
- the ability and willingness of each company s tenants to renew their leases upon expiration of the leases and each company s ability to reposition its properties on the same or better terms in the event such leases expire and are not renewed by the tenants or in the event either company exercises its right to replace an existing tenant upon default;
- the impact of any financial, accounting, legal or regulatory issues or litigation that may affect either company or its major tenants;
- risks associated with the ability to consummate the merger and the timing of the closing of the merger;
- the risk that the anticipated benefits from the merger may not be realized or may take longer to realize than expected;
- unexpected costs or unexpected liabilities that may arise from the transaction, whether or not consummated; and
- each company s ability and willingness to maintain its qualification as a REIT due to economic, market, legal, tax or other considerations.

Should one or more of the risks or uncertainties described above or elsewhere in reports incorporated by reference herein occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements.

You are cautioned not to place undue reliance on these statements, which speak only as of the date of this joint proxy statement/prospectus or the date of any document incorporated by reference in this joint proxy statement/prospectus, as applicable.

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All forward-looking statements, expressed or implied, included in this joint proxy statement/prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Realty Income, ARCT or persons acting on their behalf may issue.

Except as otherwise required by applicable law, Realty Income and ARCT disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section. See also Where You Can Find More Information; Incorporation by Reference.

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THE COMPANIES

Realty Income Corporation and Tau Acquisition LLC

Realty Income is The Monthly Dividend Company®. Realty Income is a Maryland corporation organized to operate as an equity real estate investment trust, commonly referred to as a REIT. Realty Income s primary business objective is to generate dependable monthly cash distributions from a consistent and predictable level of FFO per share. Additionally, Realty Income seeks to increase distributions to common stockholders and FFO per share through both active portfolio management and the acquisition of additional properties.

Realty Income is a fully integrated, self-administered real estate company with in-house acquisition, leasing, legal, credit research, real estate research, portfolio management and capital markets expertise. As of September 30, 2012, Realty Income owned a diversified portfolio of 2,838 properties located in 49 states, with over 34.3 million square feet of leasable space leased to 144 different retail and other commercial enterprises doing business in 44 separate industries. Of the 2,838 properties in the portfolio at that date, 2,822, or 99.4%, were single-tenant properties, and the remaining 16 were multi-tenant properties. At September 30, 2012, of the 2,822 single-tenant properties, 2,739, or 97.1%, were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 11.0 years.

Realty Income common stock is listed on the NYSE and trades under the symbol O.

Realty Income s principal executive offices are located at 600 La Terraza Boulevard, Escondido, California 92025-3873, and its telephone number is (760) 741-2111.

Tau Acquisition LLC, referred to as Merger Sub, is a Delaware limited liability company and a direct wholly owned subsidiary of Realty Income that was formed for the purpose of entering into the merger agreement.

Additional information about Realty Income and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference on page 156.

American Realty Capital Trust, Inc.

ARCT is a Maryland corporation incorporated in August 2007 that qualifies as a REIT for federal income tax purposes. ARCT was formed to acquire a diversified portfolio of commercial real estate, which consists primarily of freestanding single tenant properties net leased to credit worthy tenants on a long-term basis. In January 2008, ARCT commenced an initial public offering on a best efforts basis to sell up to 150.0 million shares of common stock, excluding 25.0 million shares issuable pursuant to a distribution reinvestment plan, offered at a price of $10.00 per share, subject to certain volume and other discounts. In March 2008, ARCT commenced real estate operations. The ARCT IPO closed in July 2011 and ARCT operated as a non-traded REIT through February 29, 2012.

Effective as of March 1, 2012, ARCT internalized the management services previously provided by American Realty Capital Advisors, LLC and its affiliates, as a result of which ARCT became a self-administered REIT managed full-time by its own management team.

Substantially all of ARCT s business is conducted through ARCT OP, of which ARCT is the sole general partner.

As of September 30, 2012, ARCT owned 507 properties with 15.8 million square feet of leasable area, 100% leased with a weighted average remaining lease term of 12.7 years. In constructing the portfolio, ARCT has been committed to diversification by industry, tenant and geography.

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Concurrent with the Internalization, ARCT listed its common stock on NASDAQ, and commenced trading under the symbol ARCT, and ARCT s common stock continues to be so listed and trades under such symbol.

ARCT s principal executive offices are located at 405 Park Avenue, 14th Floor, New York, New York 10022, and its telephone number is (646) 937-6900.

Additional information about ARCT and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information; Incorporation by Reference on page 156.

Property Portfolio Information

At September 30, 2012, Realty Income owned a diversified portfolio:

Of 2,838 properties;

With an occupancy rate of 97.0%, or 2,754 properties leased and only 84 properties available for lease;

Leased to 144 different retail and other commercial enterprises doing business in 44 separate industries;

Located in 49 states;

With over 34.3 million square feet of leasable space; and

With an average leasable space per property of approximately 12,100 square feet.

At September 30, 2012, of Realty Income s 2,838 properties, 2,739 were leased under net-lease agreements. A net lease typically requires the tenant to be responsible for minimum monthly rent and property operating expenses including property taxes, insurance and maintenance. In addition, Realty Income s tenants are typically subject to future rent increases based on increases in the consumer price index (typically subject to ceilings), additional rent calculated as a percentage of the tenants gross sales above a specified level, or fixed increases.

At September 30, 2012, ARCT owned a diversified portfolio:

Of 507 properties;

With an occupancy rate of 100%;

Leased to 63 different retail and other commercial enterprises doing business in 20 separate industries;

Located in 43 states and in Puerto Rico;

- With over 15.8 million square feet of leasable space; and

- With an average leasable space per property of approximately 31,000 square feet.

The following tables present the pro-forma combination of the Realty Income and ARCT portfolios:

- Of 3,345 properties, including 2,838 Realty Income properties at September 30, 2012 and 507 ARCT properties at September 30, 2012;

- With an occupancy rate of 97.5%;

- Leased to 188 different retail and other commercial enterprises doing business in 48 separate industries;

- Located in 49 states and in Puerto Rico;

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With over 50.1 million square feet of leasable space; and

With an average leasable space per property of approximately 15,000 square feet.

Combined Property Portfolio

All of the following property portfolio information is provided to illustrate the combined property portfolio of Realty Income and ARCT post-merger. This information includes an illustration of the combined portfolio by industry, property type and geography, as well as a combined lease expiration schedule. The Realty Income information is for the quarter ended September 30, 2012. The ARCT information represents quarterly information for the 507 properties owned at September 30, 2012.

Industry Diversification

The following table sets forth certain information regarding the property portfolios classified according to the business of the respective tenants, expressed as a percentage of total rental revenue:

Percentage of Rental Revenue

Industries	**Realty Income[1][2]**	**ARCT[3]**	**Combined Total**
Retail Industries			
Apparel stores	1.4%	%	1.1%
Automotive collision services	1.2		0.9
Automotive parts	1.0	1.6	1.2
Automotive service	3.1	4.0	3.3
Automotive tire services	4.7		3.4
Book stores	0.1		0.1
Business services	*		*
Child care	4.5		3.3
Consumer electronics	0.5		0.4
Convenience stores	16.3	2.4	12.6
Crafts and novelties	0.3	0.5	0.3
Dollar stores	3.0	3.9	3.2
Drug stores	3.5	17.2	7.2
Education	0.7		0.5
Entertainment	1.0		0.7
Equipment services	0.1		0.1
Financial services	0.2	7.6	2.2
General merchandise	0.5	3.7	1.4
Grocery stores	3.7	2.5	3.3
Health and fitness	6.7		4.9
Home furnishings	1.0	1.2	1.1
Home improvement	1.5	2.6	1.8
Jewelry		0.4	0.1
Motor vehicle dealerships	2.0		1.5
Office supplies	0.8		0.6
Pet supplies and services	0.6	2.1	1.0
Restaurants casual dining	7.3	2.6	6.0
Restaurants quick service	5.9	2.6	5.0
Shoe stores	0.1	3.7	1.1
Sporting goods	2.4		1.8

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Industries	Realty Income(1)(2)	ARCT(3)	Combined Total
Theaters	9.5		6.9
Transportation services	0.2		0.1
Video rental	0.0		0.0
Wholesale clubs	2.8	0.5	2.2
Other	0.1		0.1
	86.7	59.1	79.4
Other Industries			
Aerospace	1.0	0.6	0.9
Beverages	5.1		3.8
Consumer appliance	0.2	1.9	0.6
Consumer goods	*	3.8	1.0
Diversified industrial	*		*
Equipment services	0.2		0.2
Financial services	0.4		0.3
Food processing	1.2	1.1	1.1
Government services		4.5	1.2
Healthcare		8.8	2.4
Home furnishings		0.9	0.2
Insurance	0.1		*
Machinery	0.2		0.1
Other manufacturing		2.2	0.6
Packaging	0.6		0.4
Paper	0.1		0.1
Telecommunications	0.8	0.6	0.8
Transportation services	2.3	16.5	6.1
Other	1.1		0.8
	13.3%	40.9%	20.6%
Totals	100.0%	100.0%	100.0%

* Less than 0.1%

(1) The Realty Income information is for the quarter ended September 30, 2012.
(2) Realty Income s percentages exclude revenue from properties owned by Crest Net Lease, Inc., which we refer to as Crest.
(3) The ARCT information represents quarterly rental revenue for the properties owned at September 30, 2012.

Property Type Diversification

The following table sets forth certain property type information regarding the property portfolios (dollars in thousands):

Realty Income

Property Type	Number of Properties	Approximate Leasable Square Feet	Rental Revenue for the Quarter Ended	Percentage of Rental Revenue

			Sept. 30, 2012[1]	
Retail	2,771	25,697,200	$ 102,959	85.8%
Agriculture	15	184,500	5,138	4.3
Distribution	20	4,741,500	4,578	3.8
Office	9	824,000	3,000	2.5
Manufacturing	8	2,030,300	2,745	2.3
Industrial	15	850,500	1,570	1.3
Totals	2,838	34,328,000	$ 119,990	100.0%

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ARCT

Property Type	Number of Properties(2)	Approximate Leasable Square Feet	Quarterly Rental Revenue(2)	Percentage of Rental Revenue
Retail	438	5,325,200	$ 23,636	53.6%
Distribution	38	9,007,900	13,820	31.4
Office	31	1,421,100	6,569	15.0
Totals	507	15,754,200	$ 44,025	100.0%

Combined

Property Type	Number of Properties(2)	Approximate Leasable Square Feet	Total Rental Revenue(1) (2)	Percentage of Total Rental Revenue
Retail	3,209	31,022,400	$ 126,595	77.2%
Distribution	58	13,749,400	18,398	11.2
Office	40	2,245,100	9,569	5.8
Agriculture	15	184,500	5,138	3.1
Manufacturing	8	2,030,300	2,745	1.7
Industrial	15	850,500	1,570	1.0
Totals	3,345	50,082,200	$ 164,015	100.0%

(1) Includes rental revenue for all properties owned by Realty Income at September 30, 2012, including revenue from properties reclassified as discontinued operations of $168. Excludes revenue of $23 from three properties owned by Crest.

(2) The ARCT information represents quarterly rental revenue for the properties owned at September 30, 2012.

Geographic Diversification

The following table sets forth certain state-by-state information regarding the property portfolios (dollars in thousands):

Realty Income

State	Number of Properties	Percent Leased	Approximate Leasable Square Feet	Rental Revenue for the Quarter Ended Sept. 30, 2012(1)	Percentage of Rental Revenue
Alabama	65	94%	450,500	$ 1,799	1.5%
Alaska	2	100	128,500	307	0.3
Arizona	97	98	713,300	3,417	2.8
Arkansas	17	100	105,100	320	0.3
California	137	100	3,670,500	15,729	13.1
Colorado	59	95	507,400	1,961	1.6

Connecticut	25	96	456,500	1,283	1.1
Delaware	16	100	29,500	391	0.3
Florida	188	97	2,088,900	7,917	6.6
Georgia	144	93	1,274,900	4,993	4.2
Hawaii					
Idaho	12	100	80,700	332	0.3
Illinois	104	99	1,367,400	6,156	5.1

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State	Number of Properties	Percent Leased	Approximate Leasable Square Feet	Rental Revenue for the Quarter Ended Sept. 30, 2012[1]	Percentage of Rental Revenue
Indiana	84	96	830,600	3,750	3.1
Iowa	28	89	1,876,600	1,211	1.0
Kansas	53	94	790,500	1,512	1.3
Kentucky	23	96	138,900	629	0.5
Louisiana	39	100	384,600	1,419	1.2
Maine	3	100	22,500	139	0.1
Maryland	30	100	492,500	2,255	1.9
Massachusetts	64	92	575,400	2,280	1.9
Michigan	64	100	374,700	1,492	1.2
Minnesota	150	100	1,003,600	6,756	5.6
Mississippi	77	95	775,300	1,817	1.5
Missouri	77	99	1,047,300	3,857	3.2
Montana	2	100	30,000	89	0.1
Nebraska	20	100	204,100	561	0.5
Nevada	16	100	333,700	1,054	0.9
New Hampshire	15	93	217,200	944	0.8
New Jersey	32	94	258,000	1,934	1.6
New Mexico	17	100	139,000	401	0.3
New York	44	98	899,800	4,271	3.6
North Carolina	94	97	851,800	2,878	2.4
North Dakota	6	100	36,600	59	*
Ohio	143	97	1,678,100	4,584	3.8
Oklahoma	42	95	813,400	1,458	1.2
Oregon	20	100	384,200	1,240	1.0
Pennsylvania	105	98	1,092,500	4,173	3.5
Rhode Island	3	100	11,000	37	*
South Carolina	99	98	426,700	2,469	2.1
South Dakota	10	100	89,800	186	0.2
Tennessee	133	97	1,076,000	2,992	2.5
Texas	284	96	3,759,900	11,149	9.3
Utah	9	100	159,300	413	0.3
Vermont	4	100	12,700	130	0.1
Virginia	110	97	1,680,800	4,707	3.9
Washington	35	94	298,100	1,086	0.9
West Virginia	2	100	23,000	125	0.1
Wisconsin	32	94	645,500	1,265	1.1
Wyoming	3	100	21,100	63	0.1
Totals/Average	2,838	97%	34,328,000	$ 119,990	100.0%

ARCT

State	Number of Properties	Percent Leased	Approximate Leasable Square Feet	Quarterly Rental Revenue[2]	Percentage of Rental Revenue
Alabama	16	100%	158,400	$ 599	1.4%
Alaska					
Arizona	5	100	368,800	1,333	3.0
Arkansas	6	100	397,500	657	1.5
California	10	100	727,000	2,279	5.2

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State	Number of Properties	Percent Leased	Approximate Leasable Square Feet	Quarterly Rental Revenue[(2)]	Percentage of Rental Revenue
Colorado	5	100	97,000	282	0.6
Connecticut	1	100	19,100	89	0.2
Delaware					
Florida	22	100	204,100	1,337	3.0
Georgia	24	100	984,400	1,985	4.5
Hawaii					
Idaho	2	100	16,800	112	0.3
Illinois	20	100	1,948,400	2,896	6.6
Indiana	4	100	50,900	348	0.8
Iowa	7	100	801,600	677	1.5
Kansas	9	100	636,700	1,012	2.3
Kentucky	10	100	329,300	1,308	3.0
Louisiana	21	100	191,300	714	1.6
Maine	2	100	45,100	253	0.6
Maryland	2	100	165,500	1,034	2.3
Massachusetts	19	100	127,200	685	1.6
Michigan	27	100	450,000	1,226	2.8
Minnesota	5	100	122,900	407	0.9
Mississippi	6	100	59,600	293	0.7
Missouri	30	100	686,500	2,446	5.6
Montana					
Nebraska	4	100	157,300	632	1.4
Nevada	2	100	32,300	159	0.4
New Hampshire	1	100	46,000	149	0.3
New Jersey	33	100	181,800	737	1.7
New Mexico	2	100	12,200	79	0.2
New York	33	100	1,046,500	5,218	11.9
North Carolina	14	100	119,200	804	1.8
North Dakota	1	100	29,400	58	0.1
Ohio	26	100	2,013,600	3,147	7.1
Oklahoma	7	100	70,100	359	0.8
Oregon	3	100	10,700	97	0.2
Pennsylvania	42	100	610,200	2,253	5.1
Rhode Island					
South Carolina	16	100	171,300	1,131	2.6
South Dakota	1	100	43,800	74	0.2
Tennessee	8	100	213,300	592	1.3
Texas	40	100	1,032,000	4,045	9.2
Utah	2	100	578,300	712	1.6
Vermont					
Virginia	6	100	51,500	424	1.0
Washington	2	100	79,000	181	0.4
West Virginia	5	100	146,500	479	1.1
Wisconsin	2	100	492,200	508	1.1
Wyoming					
Puerto Rico	4	100	28,900	215	0.5
Totals/Average	507	100%	15,754,200	$ 44,025	100.0%

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Combined

State	Number of Properties	Percent Leased	Approximate Leasable Square Feet	Total Rental Revenue(1)(2)	Percentage of Total Rental Revenue
Alabama	81	95%	608,900	$ 2,398	1.5%
Alaska	2	100	128,500	307	0.2
Arizona	102	98	1,082,100	4,750	2.9
Arkansas	23	100	502,600	977	0.6
California	147	100	4,397,500	18,008	11.0
Colorado	64	95	604,400	2,243	1.4
Connecticut	26	96	475,600	1,372	0.8
Delaware	16	100	29,500	391	0.2
Florida	210	98	2,293,000	9,254	5.6
Georgia	168	94	2,259,300	6,978	4.3
Hawaii					
Idaho	14	100	97,500	444	0.3
Illinois	124	99	3,315,800	9,052	5.5
Indiana	88	97	881,500	4,098	2.5
Iowa	35	91	2,678,200	1,888	1.2
Kansas	62	95	1,427,200	2,524	1.5
Kentucky	33	97	468,200	1,937	1.2
Louisiana	60	100	575,900	2,133	1.3
Maine	5	100	67,600	392	0.2
Maryland	32	100	658,000	3,289	2.0
Massachusetts	83	94	702,600	2,965	1.8
Michigan	91	100	824,700	2,718	1.7
Minnesota	155	100	1,126,500	7,163	4.4
Mississippi	83	95	834,900	2,110	1.3
Missouri	107	99	1,733,800	6,303	3.8
Montana	2	100	30,000	89	*
Nebraska	24	100	361,400	1,193	0.7
Nevada	18	100	366,000	1,213	0.7
New Hampshire	16	94	263,200	1,093	0.7
New Jersey	65	97	439,800	2,671	1.6
New Mexico	19	100	151,200	480	0.3
New York	77	99	1,946,300	9,489	5.8
North Carolina	108	97	971,000	3,682	2.2
North Dakota	7	100	66,000	117	0.1
Ohio	169	98	3,691,700	7,731	4.7
Oklahoma	49	96	883,500	1,817	1.1
Oregon	23	100	394,900	1,337	0.8
Pennsylvania	147	99	1,702,700	6,426	3.9
Rhode Island	3	100	11,000	37	*
South Carolina	115	98	598,000	3,600	2.2
South Dakota	11	100	133,600	260	0.2
Tennessee	141	97	1,289,300	3,584	2.2
Texas	324	97	4,791,900	15,192	9.3
Utah	11	100	737,600	1,127	0.7
Vermont	4	100	12,700	130	0.1
Virginia	116	97	1,732,300	5,131	3.1
Washington	37	95	377,100	1,267	0.8
West Virginia	7	100	169,500	604	0.4
Wisconsin	34	94	1,137,700	1,773	1.1

Wyoming	3	100	21,100	63	*
Puerto Rico	4	100	28,900	215	0.1
Totals/Average	3,345	98%	50,082,200	$ 164,015	100.0%