REALTY INCOME CORP
Form 424B5
October 02, 2015

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To be Registered(1)	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Common Stock, par value $0.01 per share	11,500,000	$46.88	$539,120,000	$54,289.38

(1) Includes 1,500,000 shares of Common Stock, par value $0.01 per share, which may be purchased by the underwriters upon the exercise of the underwriters' option to purchase additional shares of Common Stock.

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

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Filed pursuant to Rule 424(b)(5)
Registration No. 333-186788

PROSPECTUS SUPPLEMENT
(To prospectus dated February 22, 2013)

10,000,000 Shares

Common Stock

All of the 10,000,000 shares are being sold by us. We currently pay regular monthly distributions to holders of our common stock, which is listed on the New York Stock Exchange, or NYSE, under the symbol "O." On September 30, 2015, the last reported sale price of our common stock on the NYSE was $47.39 per share.

Realty Income Corporation, The Monthly Dividend Company®, is an S&P 500 real estate company with the primary business objective of generating dependable monthly cash dividends from a consistent and predictable level of cash flow from operations. Our monthly dividends are supported by the cash flow from our property portfolio. We have in-house acquisition, portfolio management, asset management, credit research, real estate research, legal, finance and accounting, information technology, and capital markets capabilities. As of June 30, 2015, we owned a diversified portfolio of 4,452 properties located in 49 states and Puerto Rico, with over 74.1 million square feet of leasable space leased to 235 different commercial tenants doing business in 47 separate industries. We are organized to operate as an equity real estate investment trust, commonly referred to as a REIT.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-6 of this prospectus supplement.

	Per Share	Total
Public offering price	$46.88	$468,800,000
Underwriting discount	$1.89	$18,900,000
Proceeds, before expenses, to Realty Income Corporation	$44.99	$449,900,000

The underwriters have the option to purchase up to an additional 1,500,000 shares of common stock from us.

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

The shares of common stock will be ready for delivery on or about October 7, 2015.

Joint Book-Running Managers

BofA Merrill Lynch **Morgan Stanley** **Wells Fargo Securities** **RBC Capital Markets**

Barclays **Goldman, Sachs & Co.** **J.P. Morgan** **UBS Investment Bank**

Co-Lead Managers

Baird **Citigroup** **Credit Suisse** **Jefferies**

Mizuho Securities **Raymond James** **Stifel**

Senior Co-Manager

BB&T Capital Markets

Co-Managers

BNY Mellon Capital Markets, LLC **Comerica Securities** **MUFG**

Moelis & Company **Piper Jaffray** **Ramirez & Co., Inc.**

The date of this prospectus supplement is October 1, 2015.

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Prospectus Supplement

Prospectus

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

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

Before purchasing any securities, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the incorporated documents described under the headings "Supplemental U.S. Federal Income Tax Considerations" in this prospectus supplement and "Incorporation by Reference" in this prospectus supplement and the accompanying prospectus, and any free writing prospectus we may provide to you in connection with this offering.

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

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PROSPECTUS SUPPLEMENT SUMMARY

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

In this prospectus supplement, we sometimes refer to our outstanding shares of 6.625% Monthly Income Class F Cumulative Redeemable Preferred Stock as our Class F preferred stock.

Realty Income

We are The Monthly Dividend Company®. We are an S&P 500 real estate company with the primary business objective of generating dependable monthly cash dividends from a consistent and predictable level of cash flow from operations. Our monthly dividends are supported by the cash flow from our property portfolio. We seek to increase earnings and distributions to stockholders through active portfolio management, asset management and the acquisition of additional properties.

We have in-house acquisition, portfolio management, asset management, credit research, real estate research, legal, finance and accounting, information technology, and capital markets capabilities. As of June 30, 2015, we owned a diversified portfolio of 4,452 properties located in 49 states and Puerto Rico, with over 74.1 million square feet of leasable space leased to 235 different commercial tenants doing business in 47 separate industries. Of the 4,452 properties in the portfolio, 4,433, or 99.6%, were single-tenant properties, and the remaining were multi-tenant properties. At June 30, 2015, of the 4,433 single-tenant properties, 4,352 were leased with a weighted average remaining lease term (excluding rights to extend a lease at the option of the tenant) of approximately 10.3 years.

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

Recent Developments

Increases in Monthly Dividends to Common Stockholders

We have continued our 46-year policy of paying monthly common stock dividends. In addition, we increased the dividend four times during 2014 and five times in the first nine months of 2015. As of

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September 30, 2015, we have paid 71 consecutive quarterly dividend increases and increased the dividend 82 times since our listing on the NYSE in 1994.

	Month Declared	Month Paid	Dividend per share	Increase per share
2014 Dividend Increases				
1st increase	Dec 2013	Jan 2014	$ 0.1821667	$ 0.0003125
2nd increase	Mar 2014	Apr 2014	0.1824792	0.0003125
3rd increase	Jun 2014	Jul 2014	0.1827917	0.0003125
4th increase	Sep 2014	Oct 2014	0.1831042	0.0003125
2015 Dividend Increases				
1st increase	Dec 2014	Jan 2015	$ 0.1834167	$ 0.0003125
2nd increase	Jan 2015	Feb 2015	0.1890000	0.0055833
3rd increase	Mar 2015	Apr 2015	0.1895000	0.0005000
4th increase	Jun 2015	Jul 2015	0.1900000	0.0005000
5th increase(1)	Sep 2015	Oct 2015	0.1905000	0.0005000

(1) Dividend to be paid on October 15, 2015 to stockholders of record as of the close of business on October 1, 2015. Purchasers of shares of common stock in this offering will not be entitled to receive the October 15, 2015 dividend on those shares.

The dividends paid per share during 2014 as compared to 2013 increased 2.1%. The 2014 dividends paid per share totaled $2.1916254, as compared to $2.1474587 in 2013, an increase of $0.0441667.

The current monthly dividend of $0.1905 per common share represents a current annualized dividend of $2.286 per share, and an annualized dividend yield of approximately 4.8% based on the last reported sale price of our common stock on the NYSE of $47.39 on September 30, 2015. Although we expect to continue our policy of paying monthly dividends, we cannot guarantee that we will maintain our current level of dividends, that we will continue our pattern of increasing dividends per share of common stock, or what our actual dividend yield will be in any future period.

Acquisitions During the First Six Months of 2015

During the first six months of 2015, we invested $931.2 million in 166 new properties and properties under development or expansion, with an initial weighted average contractual lease rate of 6.4%. The 166 new properties and properties under development or expansion are located in 35 states, will contain approximately 4.2 million leasable square feet, and are 100% leased with a weighted average lease term of 17.5 years. The tenants occupying the new properties operate in 16 industries and the property types consist of 92.1% retail and 7.9% industrial, based on rental revenue. During the first six months of 2015, none of our real estate investments caused any one tenant to be 10% or more of our total assets at June 30, 2015.

The estimated initial weighted average contractual lease rate for a property is generally computed as estimated contractual net operating income, which, in the case of a net leased property, is equal to the aggregate base rent for the first full year of each lease, divided by the total cost of the property. Since it is possible that a tenant could default on the payment of contractual rent, we cannot provide assurance that the actual return on the funds invested will remain at the percentage listed above. For information on how we calculate the estimated contractual lease rate on a property under development or expansion, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Recent Developments Acquisitions during the First Six Months of 2015" in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, which is incorporated by reference in the accompanying prospectus.

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Net Income Available to Common Stockholders

Net income available to common stockholders was $119.8 million in the first six months of 2015, compared to $98.6 million in the first six months of 2014, an increase of $21.2 million. On a diluted per common share basis, net income was $0.52 in the first six months of 2015, as compared to $0.46 in the first six months of 2014, an increase of $0.06, or 13.0%.

The calculation to determine net income available to common stockholders includes gains from the sale of properties. The amount of gains varies from period to period based on the timing of property sales and can significantly impact net income available to common stockholders.

Gains from the sale of properties during the first six months of 2015 were $10.9 million, as compared to gains from the sale of properties of $5.8 million during the first six months of 2014.

Funds from Operations (FFO) Available to Common Stockholders

In the first six months of 2015, our FFO increased by $35.5 million, or 12.8%, to $312.4 million versus $276.9 million in the first six months of 2014. On a diluted per common share basis, FFO was $1.36 in the first six months of 2015, compared to $1.29 in the first six months of 2014, an increase of $0.07, or 5.4%.

For information on how we define FFO (which is not a financial measure under U.S. generally accepted accounting principles, or GAAP), as well as a reconciliation of net income available to common stockholders (which we believe is the most comparable GAAP financial measure) to FFO, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Funds From Operations (FFO) Available to Common Stockholders" in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, which is incorporated by reference in the accompanying prospectus.

Adjusted Funds from Operations (AFFO) Available to Common Stockholders

In the first six months of 2015, our AFFO increased by $37.4 million, or 13.7%, to $311.2 million versus $273.8 million in the first six months of 2014. On a diluted per common share basis, AFFO was $1.36 in the first six months of 2015, compared to $1.28 in the first six months of 2014, an increase of $0.08, or 6.3%

For information on how we define AFFO (which is not a financial measure under GAAP), as well as a reconciliation of net income available to common stockholders (which we believe is the most comparable GAAP financial measure) to AFFO, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Adjusted Funds From Operations (AFFO) Available to Common Stockholders" in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, which is incorporated by reference in the accompanying prospectus.

S&P 500 Index

On March 27, 2015, Standard & Poor's, a division of McGraw-Hill Financial Inc. (S&P), announced that our common stock would be included in the S&P 500 index after the close of trading on April 6, 2015. The S&P 500 index is comprised of the common stock of 500 large-cap U.S. companies that S&P selects.

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The Offering

We are selling all of the shares of common stock offered by this prospectus supplement and no shares are being sold by our stockholders. For a description of our common stock, see "Description of Common Stock" and "Restrictions on Ownership and Transfers of Stock" in the accompanying prospectus, as supplemented by the information in our Current Report on Form 8-K filed with the Securities and Exchange Commission on June 17, 2015.

Issuer	Realty Income Corporation
Common Stock we are Offering	10,000,000 shares of common stock, plus up to an additional 1,500,000 shares if the underwriters exercise their option to purchase additional shares of common stock from us in full.
Shares to be Outstanding After this Offering(1)	248,085,515 (or 249,585,515 shares if the underwriters exercise their option to purchase additional shares of common stock from us in full).
Use of Proceeds	We intend to use the net proceeds from this offering to repay a portion of the borrowings outstanding under our $2.0 billion revolving credit facility and for other general corporate purposes and working capital, which may include acquisitions. On September 30, 2015, we had approximately $439.0 million of outstanding borrowings under our revolving credit facility. Borrowings under the revolving credit facility were generally used to acquire properties. For information concerning potential conflicts of interest that may arise from the use of proceeds to repay borrowings under our $2.0 billion revolving credit facility, see "Underwriting (Conflicts of Interest) Other Relationships" and " Conflicts of Interest" in this prospectus supplement.

(1) Based on 238,085,515 shares outstanding as of September 30, 2015. Does not include, as of September 30, 2015, 2,068,649 shares of common stock reserved for issuance under our stock incentive plans, up to 22,495,965 shares (subject to adjustment under specified circumstances) of common stock that may be issued upon conversion of outstanding shares of our Class F preferred stock following the occurrence of certain change of control events affecting us, up to 317,022 shares (subject to adjustment under specified circumstances) of common stock that may be issued upon the exchange of outstanding operating partnership units issued by one of the subsidiaries that we acquired pursuant to our acquisition of American Realty Capital Trust, Inc. ("ARCT") during 2013, and up to 419,546 shares (subject to adjustment under specified circumstances) of common stock that may be issued upon the exchange of outstanding operating partnership units issued by our subsidiary, Realty Income, L.P.

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Restrictions on Ownership and Transfer	Our charter contains restrictions on the ownership and transfer of our common stock intended to assist us in maintaining our status as a REIT for United States federal and/or state income tax purposes. For example, our charter restricts any person from acquiring actual or constructive ownership of more than 9.8% (in value or number of shares, whichever is more restrictive) of our outstanding shares of common stock, as more fully described in the section entitled "Restrictions on Ownership and Transfers of Stock" in the accompanying prospectus.
NYSE Symbol	"O"
Risk Factors	An investment in our common stock involves various risks and prospective investors should carefully consider the matters discussed under "Risk Factors" in this prospectus supplement, as well as the other risks described in this prospectus supplement, the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference therein, before making a decision to invest in the common stock.

Our board of directors has authorized and we have declared a monthly dividend of $0.1905 per share of common stock payable on October 15, 2015 to stockholders of record of our common stock as of the close of business on October 1, 2015. Purchasers of shares of common stock in this offering will not be entitled to receive the October 15, 2015 dividend on those shares.

As of June 30, 2015, we had 16,350,000 shares of Class F preferred stock outstanding. In the event that we liquidate, dissolve or wind up Realty Income, the holders of this preferred stock will have the right to receive $25.00 per share, plus accrued and unpaid dividends to the date of payment, before any payment is made to the holders of our common stock. In addition, this preferred stock ranks senior to our common stock with respect to the payment of dividends and distributions. See the description of the Class F preferred stock contained in the applicable Registration Statement on Form 8-A (File No. 001-13374), including any subsequently filed amendments and reports filed for the purpose of updating the description, which are incorporated by reference into the accompanying prospectus.

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RISK FACTORS

In evaluating an investment in our common stock, you should carefully consider the following risk factors and the risk factors described under the captions "Forward-Looking Statements" in this prospectus supplement and "Risk Factors" in the accompanying prospectus and our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference in the accompanying prospectus, in addition to the other risks and uncertainties described in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference therein and, if applicable, any free writing prospectus we may provide you in connection with this offering. As used under the captions "Risk Factors" in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2014, references to our capital stock include both our common stock, including the common stock offered by this prospectus supplement, and any class or series of our preferred stock, and references to our stockholders include holders of our common stock and any class or series of our preferred stock, in each case unless otherwise expressly stated or the context otherwise requires.

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

We intend to incur additional indebtedness in the future, including borrowings under our $2.0 billion unsecured revolving credit facility. At June 30, 2015, we had approximately $430.0 million of outstanding borrowings under our revolving credit facility, a total of $3.8 billion of outstanding unsecured senior debt securities (excluding unamortized original issuance discounts of $13.9 million), $320.0 million of borrowings outstanding under our senior unsecured term loans and approximately $756.7 million of outstanding mortgage debt (excluding net premiums totaling $12.7 million on these mortgages), and we had approximately $439.0 million of borrowings outstanding under our revolving credit facility on September 30, 2015. To the extent that new indebtedness is added to our current debt levels, the related risks that we now face would increase. As a result, we are and will be subject to risks associated with debt financing, including the risk that our cash flow could be insufficient to make required payments on our debt. We also face variable interest rate risk as the interest rates on our revolving credit facility and some of our mortgage debt are variable and could therefore increase over time. We also face the risk that we may be unable to refinance or repay our debt as it comes due. Given past disruptions in the financial markets and the ongoing global financial crisis, we also face the risk that one or more of the participants in our revolving credit facility may not be able to lend us money.

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

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

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

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

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

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

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

In addition, we have 16,350,000 shares of Class F preferred stock outstanding, the holders of which are entitled to receive, before any dividends are paid on our common stock, monthly dividends, when, as and if authorized by our board of directors and declared by us, at the rate of $1.65625 per annum per share. As a result, we are subject to risks associated with preferred stock financing, including the risk that our cash flow will be insufficient to pay dividends on our preferred stock.

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Negative market conditions or adverse events affecting our existing or potential tenants, or the industries in which they operate, could have an adverse impact on our ability to attract new tenants, re-lease space, collect rent or renew leases, which could adversely affect our cash flow from operations and inhibit growth.

Cash flow from operations depends in part on our ability to lease space to tenants on economically favorable terms. We could be adversely affected by various facts and events over which we have limited or no control, such as:

- Lack of demand in areas where our properties are located;
- Inability to retain existing tenants and attract new tenants;
- Oversupply of space and changes in market rental rates;
- Declines in our tenants' creditworthiness and ability to pay rent, which may be affected by their operations, economic downturns and competition within their industries from other operators;
- Defaults by and bankruptcies of tenants, failure of tenants to pay rent on a timely basis, or failure of tenants to comply with their contractual obligations;
- Economic or physical decline of the areas where the properties are located; and
- Deterioration of physical condition of our properties.

At any time, any tenant may experience a downturn in its business that may weaken its operating results or overall financial condition. As a result, a tenant may delay lease commencement, fail to make rental payments when due, decline to extend a lease upon its expiration, become insolvent or declare bankruptcy. Any tenant bankruptcy or insolvency, leasing delay or failure to make rental payments when due could result in the termination of the tenant's lease and material losses to us.

If tenants do not renew their leases as they expire, we may not be able to rent or sell the properties. Furthermore, leases that are renewed, and some new leases for properties that are re-leased, may have terms that are less economically favorable than expiring lease terms, or may require us to incur significant costs, such as renovations, tenant improvements or lease transaction costs. Negative market conditions may cause us to sell vacant properties for less than their carrying value, which could result in impairments. Any of these events could adversely affect cash flow from operations and our ability to make distributions to stockholders, including holders of shares of common stock offered hereby, and service indebtedness. A significant portion of the costs of owning property, such as real estate taxes, insurance and maintenance, are not necessarily reduced when circumstances cause a decrease in rental revenue from the properties. In a weakened financial condition, tenants may not be able to pay these costs of ownership and we may be unable to recover these operating expenses from them.

Further, the occurrence of a tenant bankruptcy or insolvency could diminish the income we receive from the tenant's lease or leases. In addition, a bankruptcy court might authorize the tenant to terminate its leases with us. If that happens, our claim against the bankrupt tenant for unpaid future rent would be subject to statutory limitations that most likely would result in rent payments that would be substantially less than the remaining rent we are owed under the leases or we may elect not to pursue claims against a tenant for terminated leases. In addition, any claim we have for unpaid past rent, if any, may not be paid in full, or at all. Moreover, in the case of a tenant's leases that are not terminated as the result of its bankruptcy, we may be required or elect to reduce the rent payable under those leases or provide other concessions, reducing amounts we receive under those leases. As a result, tenant bankruptcies may have a material adverse effect on our results of operations. Any of these events could adversely affect our cash flow from operations and our ability to make distributions to stockholders, including owners of the shares of common stock offered hereby, and service our indebtedness.

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Eighty-one of our properties were available for lease or sale at June 30, 2015, all of which were single-tenant properties. At June 30, 2015, forty-three of our properties under lease were unoccupied and available for sublease by the tenants, all of which were current with their rent and other obligations. During the first six months of 2015, each of our tenants accounted for less than 10% of our rental revenue.

For the second quarter of 2015, our tenants in the "drug store" industry accounted for approximately 10.7% of our rental revenue. A downturn in this industry, whether nationwide or limited to specific sectors of the United States, could adversely affect tenants in this industry, which in turn could have a material adverse effect on our financial position, results of operations and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions on our common stock, including the common stock offered hereby, and preferred stock.

Individually, each of the other industries in our property portfolio accounted for less than 10% of our rental revenue for the second quarter of 2015. Nevertheless, downturns in these industries could also adversely affect our tenants, which in turn could also have a material adverse effect on our financial position, results of operations and our ability to pay the principal of and interest on our debt securities and other indebtedness and to make distributions on our common stock, including the common stock offered hereby, and preferred stock. In addition, we may in the future make additional investments in the "drug store" industry, which would increase this industry's percentage of our rental revenues, thereby increasing the effect that such a downturn in this industry would have on us.

In addition, some of our properties are leased to tenants that may have limited financial and other resources, and therefore, they are more likely to be adversely affected by a downturn in their respective businesses or in the regional, national, or international economy.

Furthermore, we have made and may continue to make selected acquisitions of properties that fall outside our historical focus on freestanding, single-tenant, net lease retail locations in the United States. We may be exposed to a variety of new risks by expanding into new property types and/or new jurisdictions outside the United States and properties leased to tenants engaged in non-retail businesses. For example, our acquisition of ARCT in 2013 included tenants in the aerospace, freight, governmental services, healthcare, home maintenance, manufacturing, pharmacy, retail banking, technology, and telecommunications businesses, some of which are non-retail businesses and none of which was in an industry segment that was within our property portfolio prior to our acquisition of ARCT. These risks may include limited experience in managing certain types of new properties, new types of real estate locations and lease structures, and the laws and culture of any non-U.S. jurisdiction.

Our charter contains restrictions upon ownership of our common stock.

Our charter contains restrictions on ownership and transfer of our common stock intended to, among other purposes, assist us in maintaining our status as a REIT for United States federal and/or state income tax purposes. For example, our charter restricts any person from acquiring actual or constructive ownership of more than 9.8% (in value or number of shares, whichever is more restrictive) of our outstanding common stock. See "Restrictions on Ownership and Transfers of Stock" in the accompanying prospectus. These restrictions could have anti-takeover effects and could reduce the possibility that a third party will attempt to acquire control of us, which could adversely affect the market price of our common stock.

We could issue preferred stock without stockholder approval.

Our charter authorizes our board of directors to issue up to 69,900,000 shares of preferred stock, including convertible preferred stock, without stockholder approval. The board of directors may establish the preferences, rights and other terms of any class or series of preferred stock we may issue, including the right to vote and the right to convert into common stock any shares issued. The issuance

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of preferred stock could delay or prevent a tender offer or a change of control even if a tender offer or a change of control were in our stockholders' interests, which could adversely affect the market price of our common stock. As of June 30, 2015, we had 16,350,000 shares of Class F preferred stock outstanding. See "General Description of Preferred Stock" in the accompanying prospectus and the description of the Class F preferred stock contained in the applicable Registration Statement on Form 8-A (File No. 001- 13374), including any subsequently filed amendments and reports filed for the purpose of updating the description, which are incorporated by reference into the accompanying prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference therein contain, and any free writing prospectus we may provide you in connection with this offering may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference therein and any free writing prospectus we may provide you in connection with this offering, the words "estimated," "anticipated," "expect," "believe," "intend" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, without limitation, discussions of strategy, plans and intentions and statements regarding estimated or future results of operations (including, without limitation, estimated and future normalized and adjusted funds from operations and net income). Forward-looking statements are subject to risks, uncertainties and assumptions about us, including, among other things:

- our anticipated growth strategies;
- our intention to acquire additional properties and the timing of these acquisitions;
- our intention to sell properties and the timing of these property sales;
- our intention to re-lease vacant properties;
- anticipated trends in our business, including trends in the market for long-term net-leases of freestanding, single-tenant properties; and
- future expenditures for development projects.

Future events and actual results, financial and otherwise, may differ materially from the results discussed in or implied by the forward-looking statements. In particular, forward-looking statements regarding estimated or future results of operations are based upon numerous assumptions and estimates and are inherently subject to substantial uncertainties and actual results of operations may differ materially from those expressed or implied in the forward-looking statements, particularly if actual events differ from those reflected in the estimates and assumptions upon which such forward-looking statements are based. Some of the factors that could cause actual results to differ materially are:

- our continued qualification as a real estate investment trust;
- general business and economic conditions;
- competition;
- fluctuating interest rates;
- access to debt and equity capital markets;
- continued volatility and uncertainty in the credit markets and broader financial markets;

other risks inherent in the real estate business, including tenant defaults, potential liability relating to environmental matters, illiquidity of real estate investments and potential damages from natural disasters;

impairments in the value of our real estate assets;

changes in the tax laws of the United States of America;

the outcome of any legal proceedings to which we are a party or which may occur in the future; and

acts of terrorism and war.

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Additional factors that may cause risks and uncertainties include those discussed in the section "Risk Factors" in this prospectus supplement and the sections entitled "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our subsequent Quarterly Reports on Form 10-Q, and also include risks and other information discussed in other documents that are incorporated by reference in the accompanying prospectus.

You are cautioned not to place undue reliance on forward-looking statements contained in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference therein and any free writing prospectus we may provide you in connection with this offering. Those forward-looking statements speak only as of the respective dates of those documents and we undertake no obligation to update any information contained in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference therein and any free writing prospectus we may provide you in connection with this offering or to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the respective dates of those documents or to reflect the occurrence of unanticipated events. In light of these risks and uncertainties, the forward-looking events discussed in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference therein and any free writing prospectus we may provide you in connection with this offering might not occur.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of common stock offered by this prospectus supplement will be approximately $449.6 million, or approximately $517.0 million if the underwriters' option to purchase additional shares from us in this offering is exercised in full, in each case after deducting the underwriting discount and estimated expenses payable by us.

We intend to use the net proceeds from this sale of common stock to repay a portion of the borrowings under our $2.0 billion revolving credit facility and for other general corporate purposes and working capital, which may include acquisitions. At September 30, 2015, we had approximately $439.0 million of outstanding borrowings under our revolving credit facility. Borrowings under the revolving credit facility were generally used to acquire properties. Our revolving credit facility matures on June 30, 2019, but may, at our option, be extended by up to two six-month extensions, subject to certain terms and conditions. As of September 30, 2015, the weighted average interest rate of borrowings under the revolving credit facility was approximately 1.3% per annum. Borrowings under our revolving credit facility that we repay with net proceeds from this offering may be reborrowed, subject to customary conditions.

Pending application of the net proceeds for the purposes described above, we may temporarily invest the net proceeds in short-term government securities, short-term money market funds and/or bank certificates of deposit.

Affiliates of some or all of the underwriters participating in this offering are lenders under our revolving credit facility and, accordingly, they will receive net proceeds from this offering through the repayment of borrowings under that facility. See "Underwriting (Conflicts of Interest) Other Relationships" and " Conflicts of Interest."