

REALTY INCOME CORP  
Form 10-Q  
August 01, 2011

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2011, or

Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 1-13374

REALTY INCOME CORPORATION  
(Exact name of registrant as specified in its charter)

Maryland	33-0580106
(State or	(IRS
Other	Employer
Jurisdiction of	Identification
Incorporation	Number)
or	
Organization)	

600 La Terraza Boulevard, Escondido, California 92025-3873  
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (760) 741-2111

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer,

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or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

There were 126,871,299 shares of common stock outstanding as of July 21, 2011.

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## REALTY INCOME CORPORATION

Form 10-Q  
June 30, 2011

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

REALTY INCOME CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE  
SHEETS

June 30, 2011 and December 31, 2010  
(dollars in thousands, except per share data)

	2011	2010
	(unaudited)	
<b>ASSETS</b>		
Real estate, at cost:		
Land	\$1,568,479	\$1,520,413
Buildings and improvements	2,819,307	2,592,449
Total real estate, at cost	4,387,786	4,112,862
Less accumulated depreciation and amortization	(761,077 )	(711,615 )
Net real estate held for investment	3,626,709	3,401,247
Real estate held for sale, net	6,354	3,631
Net real estate	3,633,063	3,404,878
Cash and cash equivalents	155,671	17,607
Accounts receivable, net	10,899	11,301
Goodwill	17,206	17,206
Other assets, net	174,214	84,598
Total assets	\$3,991,053	\$3,535,590
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Distributions payable	\$20,401	\$19,051
Accounts payable and accrued expenses	51,963	47,019
Other liabilities	18,090	22,555
Line of credit payable	--	--
Mortgages payable, net	59,606	--
Notes payable	1,750,000	1,600,000
Total liabilities	1,900,060	1,688,625
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Preferred stock and paid in capital, par value \$1.00 per share, 20,000,000 shares authorized, 13,900,000 shares issued and outstanding in 2011 and 2010	337,790	337,790
Common stock and paid in capital, par value \$1.00 per share, 200,000,000 shares authorized, 126,865,242 and 118,058,988 shares issued and outstanding as of June 30, 2011 and December 31, 2010, respectively	2,354,676	2,066,287
Distributions in excess of net income	(601,473 )	(557,112 )
Total stockholders' equity	2,090,993	1,846,965
Total liabilities and stockholders' equity	\$3,991,053	\$3,535,590

The accompanying notes to consolidated financial statements are an integral part of these statements.

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REALTY INCOME CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF  
INCOME

For the three and six months ended June 30, 2011 and 2010  
(dollars in thousands, except per share data)  
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
<b>REVENUE</b>				
Rental	\$102,367	\$82,202	\$199,956	\$164,614
Other	259	195	398	301
<b>Total revenue</b>	<b>102,626</b>	<b>82,397</b>	<b>200,354</b>	<b>164,915</b>
<b>EXPENSES</b>				
Depreciation and amortization	29,001	23,287	55,750	46,280
Interest	25,647	21,576	50,769	42,971
General and administrative	7,987	6,650	15,857	13,360
Property	1,656	1,646	3,462	3,623
Income taxes	368	277	735	555
<b>Total expenses</b>	<b>64,659</b>	<b>53,436</b>	<b>126,573</b>	<b>106,789</b>
Income from continuing operations	37,967	28,961	73,781	58,126
Income from discontinued operations:				
Real estate acquired for resale by Crest	220	238	442	449
Real estate held for investment	1,061	1,849	1,024	2,679
<b>Total income from discontinued operations</b>	<b>1,281</b>	<b>2,087</b>	<b>1,466</b>	<b>3,128</b>
<b>Net income</b>	<b>39,248</b>	<b>31,048</b>	<b>75,247</b>	<b>61,254</b>
Preferred stock cash dividends	(6,063 )	(6,063 )	(12,127 )	(12,127 )
<b>Net income available to common stockholders</b>	<b>\$33,185</b>	<b>\$24,985</b>	<b>\$63,120</b>	<b>\$49,127</b>
Amounts available to common stockholders per common share:				
Income from continuing operations:				
Basic	\$0.25	\$0.22	\$0.50	\$0.44
Diluted	\$0.25	\$0.22	\$0.50	\$0.44
Net income:				
Basic	\$0.26	\$0.24	\$0.52	\$0.47
Diluted	\$0.26	\$0.24	\$0.51	\$0.47
Weighted average common shares outstanding:				
Basic	125,999,323	103,612,454	122,547,027	103,653,250
Diluted	126,202,047	103,765,828	122,691,418	103,778,609

The accompanying notes to consolidated financial statements are an integral part of these statements.





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REALTY INCOME CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH  
 FLOWS

For the six months ended June 30, 2011 and 2010  
 (dollars in thousands)(unaudited)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$75,247	\$61,254
Adjustments to net income:		
Depreciation and amortization	55,750	46,280
Income from discontinued operations:		
Real estate acquired for resale	(442 )	(449 )
Real estate held for investment	(1,024 )	(2,679 )
Gain on sale of land	(155 )	--
Amortization of share-based compensation	4,347	3,476
Cash provided by discontinued operations:		
Real estate acquired for resale	442	449
Real estate held for investment	171	956
Collection of notes receivable by Crest	72	68
Change in assets and liabilities:		
Accounts receivable and other assets	7,826	6,075
Accounts payable, accrued expenses and other liabilities	(5,266 )	(4,914 )
Net cash provided by operating activities	136,968	110,516
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of income producing investment properties	(303,764 )	(290,643 )
Proceeds from the sales of real estate:		
Continuing operations	675	--
Discontinued operations	4,372	6,352
Restricted escrow deposits	(5,999 )	(399 )
Net cash used in investing activities	(304,716 )	(284,690 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash distributions to common stockholders	(106,131 )	(89,674 )
Cash dividends to preferred stockholders	(12,127 )	(12,127 )
Borrowings under line of credit	38,600	337,600
Payments on line of credit	(38,600 )	(315,300 )
Proceeds from common stock offering, net	285,605	--
Proceeds from bonds issued, net of financing costs of \$9,915	140,085	--
Proceeds from notes issued, net of financing costs of \$3,740	--	246,260
Proceeds from dividend reinvestment and stock purchase plan, net	716	--
Other items	(2,336 )	(1,739 )
Net cash provided by financing activities	305,812	165,020
Net increase (decrease) in cash and cash equivalents	138,064	