



**NEWS RELEASE**

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FOR IMMEDIATE RELEASE  
 August 2, 2016

**SECOND QUARTER 2016 OPERATING RESULTS  
 ANNOUNCED BY NATIONAL RETAIL PROPERTIES, INC.**

**Orlando, Florida, August 2, 2016** – National Retail Properties, Inc. (NYSE: NNN), a real estate investment trust, today announced its operating results for the quarter and six months ended June 30, 2016. Highlights include:

Operating Results:

- Revenues and net earnings, FFO, Core FFO and AFFO available to common stockholders and diluted per share amounts:

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
	(in thousands, except per share data)			
Revenues	\$ 130,926	\$ 117,208	\$ 257,907	\$ 233,394
Net earnings available to common stockholders	\$ 43,084	\$ 37,330	\$ 104,908	\$ 82,450
Net earnings per common share	\$ 0.30	\$ 0.28	\$ 0.73	\$ 0.62
FFO available to common stockholders	\$ 80,503	\$ 73,090	\$ 160,601	\$ 143,933
FFO per common share	\$ 0.56	\$ 0.55	\$ 1.13	\$ 1.08
Core FFO available to common stockholders	\$ 84,404	\$ 73,518	\$ 164,722	\$ 144,517
Core FFO per common share	\$ 0.59	\$ 0.55	\$ 1.15	\$ 1.09
AFFO available to common stockholders	\$ 86,531	\$ 75,181	\$ 168,280	\$ 147,304
AFFO per common share	\$ 0.60	\$ 0.56	\$ 1.18	\$ 1.11

Second Quarter 2016 Highlights:

- FFO per share increased 1.8% over prior year results
- Core FFO per share increased 7.3% over prior year results
- AFFO per share increased 7.1% over prior year results
- Portfolio occupancy was 99.1% at June 30, 2016 consistent with March 31, 2016 and December 31, 2015
- Invested \$343.6 million in property investments, including the acquisition of 165 properties with an aggregate 1,095,000 square feet of gross leasable area at an initial cash yield of 6.9%
- Sold seven properties for \$19.7 million producing \$1.2 million of gains on sales
- Raised \$128.3 million net proceeds from the issuance of 2,763,555 common shares

## First Half 2016 Highlights:

- FFO per share increased 4.6% over prior year results
- Core FFO per share increased 5.5% over prior year results
- AFFO per share increased 6.3% over prior year results
- Invested \$468.7 million in 211 properties with an aggregate 1,686,000 square feet of gross leasable area at an initial cash yield of 6.9%
- Sold 17 properties for \$72.5 million producing \$18.1 million of gains on sales
- Raised \$216.3 million in net proceeds from the issuance of 4,762,965 common shares

Craig Macnab, Chief Executive Officer, commented: "2016 is off to a terrific start with better than expected acquisitions. Our balance sheet remains very strong and our portfolio occupancy continues to be exceptional. Also, we are pleased to have recently announced a 4.6% increase in our third quarter dividend which will make 2016 our 27<sup>th</sup> consecutive year of increased annual dividends per share."

National Retail Properties invests primarily in high-quality retail properties subject generally to long-term, net leases. As of June 30, 2016, the company owned 2,452 properties in 48 states with a gross leasable area of approximately 26.3 million square feet and with a weighted average remaining lease term of 11.4 years. For more information on the company, visit [www.nnnreit.com](http://www.nnnreit.com).

Management will hold a conference call on August 2, 2016, at 10:30 a.m. ET to review these results. The call can be accessed on the National Retail Properties web site live at <http://www.nnnreit.com>. For those unable to listen to the live broadcast, a replay will be available on the company's web site. In addition, a summary of any earnings guidance given on the call will be posted to the company's web site.

*Statements in this press release that are not strictly historical are "forward-looking" statements. These statements generally are characterized by the use of terms such as "believe," "expect," "intend," "may," "estimated," or other similar words or expressions. Forward-looking statements involve known and unknown risks, which may cause the company's actual future results to differ materially from expected results. These risks include, among others, general economic conditions, local real estate conditions, changes in interest rates, increases in operating costs, the preferences and financial condition of the company's tenants, the availability of capital, risks related to the company's status as a REIT and the profitability of the company's taxable subsidiary. Additional information concerning these and other factors that could cause actual results to differ materially from these forward-looking statements is contained from time to time in the company's Securities and Exchange Commission ("SEC") filings, including, but not limited to, the company's Annual Report on Form 10-K. Copies of each filing may be obtained from the company or the SEC. Such forward-looking statements should be regarded solely as reflections of the company's current operating plans and estimates. Actual operating results may differ materially from what is expressed or forecast in this press release. National Retail Properties, Inc. undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date these statements were made.*

*The reported results are preliminary and not final and there can be no assurance that the results will not vary from the final information filed on Form 10-Q with the SEC for the quarter and six months ended June 30, 2016. In the opinion of management, all adjustments considered necessary for a fair presentation of these reported results have been made.*

*Funds From Operations, commonly referred to as FFO, is a relative non-GAAP financial measure of operating performance of an equity REIT in order to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") and is used by the company as follows: net earnings (computed in accordance with GAAP) plus depreciation and amortization of assets unique to the real estate industry, excluding gains (or including losses), any applicable taxes and noncontrolling interests on the disposition of certain assets, the company's share of these items from the company's unconsolidated partnerships and any impairment charges on a depreciable real estate asset.*

*FFO is generally considered by industry analysts to be the most appropriate measure of performance of real estate companies. FFO does not necessarily represent cash provided by operating activities in accordance with GAAP and should not be considered an alternative to net earnings as an indication of the company's performance or to cash flow as a measure of liquidity or ability to make distributions. Management considers FFO an appropriate measure of performance of an equity REIT because it primarily excludes the assumption that the value of the real estate assets diminishes predictably over time, and because industry analysts have accepted it as a performance measure. The company's computation of FFO may differ from the methodology for calculating FFO used by other equity REITs, and therefore, may not be comparable to such other REITs. A reconciliation of net earnings (computed in accordance with GAAP) to FFO, as defined by NAREIT, is included in the financial information accompanying this release.*

*Core Funds From Operations (“Core FFO”) is a non-GAAP measure of operating performance that adjusts FFO to eliminate the impact of certain GAAP income and expense amounts that the company believes are infrequent and unusual in nature and/or not related to its core real estate operations. Exclusion of these items from similar FFO-type metrics is common within the REIT industry, and management believes that presentation of Core FFO provides investors with a potential metric to assist in their evaluation of the company’s operating performance across multiple periods and in comparison to the operating performance of its peers because it removes the effect of unusual items that are not expected to impact the company’s operating performance on an ongoing basis. Core FFO is used by management in evaluating the performance of the company’s core business operations and is a factor in determining management compensation. Items included in calculating FFO that may be excluded in calculating Core FFO may include items like transaction related gains, income or expense, impairments on land or commercial mortgage residual interests, preferred stock redemption costs or other non-core amounts as they occur. The company’s computation of Core FFO may differ from the methodology for calculating Core FFO used by other equity REITs, and therefore, may not be comparable to such other REITs. A reconciliation of net earnings (computed in accordance with GAAP) to Core FFO is included in the financial information accompanying this release.*

*Adjusted Funds From Operations (“AFFO”) is a non-GAAP financial measure of operating performance used by many companies in the REIT industry. AFFO adjusts FFO for certain non-cash items that reduce or increase net income in accordance with GAAP. AFFO should not be considered an alternative to net earnings, as an indication of the company’s performance or to cash flow as a measure of liquidity or ability to make distributions. Management considers AFFO a useful supplemental measure of the company’s performance. The company’s computation of AFFO may differ from the methodology for calculating AFFO used by other equity REITs, and therefore, may not be comparable to such other REITs. A reconciliation of net earnings (computed in accordance with GAAP) to AFFO is included in the financial information accompanying this release.*

**National Retail Properties, Inc.**  
(in thousands, except per share data)  
(unaudited)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
<b>Income Statement Summary</b>				
<b>Revenues:</b>				
Rental and earned income	\$ 126,929	\$ 113,224	\$ 249,404	\$ 225,288
Real estate expense reimbursement from tenants	3,248	3,324	6,838	6,838
Interest and other income from real estate transactions	301	213	764	376
Interest income on commercial mortgage residual interests	448	447	901	892
	<u>130,926</u>	<u>117,208</u>	<u>257,907</u>	<u>233,394</u>
<b>Operating expenses:</b>				
General and administrative	8,735	7,830	17,984	16,435
Real estate	4,567	4,658	9,355	9,417
Depreciation and amortization	36,489	34,202	71,144	66,343
Impairment – commercial mortgage residual interests valuation	632	428	852	428
Impairment losses – real estate and other charges, net of recoveries	5,459	2,686	6,031	3,714
	<u>55,882</u>	<u>49,804</u>	<u>105,366</u>	<u>96,337</u>
<b>Other expenses (revenues):</b>				
Interest and other income	(72)	(35)	(91)	(47)
Interest expense	24,081	21,678	47,667	43,464
Real estate acquisition costs	280	96	409	695
	<u>24,289</u>	<u>21,739</u>	<u>47,985</u>	<u>44,112</u>
Income tax benefit	—	495	—	54
Earnings before gain on disposition of real estate, net of income tax expense	50,755	46,160	104,556	92,999
Gain on disposition of real estate, net of income tax expense	1,178	30	18,053	7,230
Earnings including noncontrolling interests	51,933	46,190	122,609	100,229
Loss (earnings) attributable to noncontrolling interests	9	(2)	16	(62)
Net earnings attributable to NNN	51,942	46,188	122,625	100,167
Series D preferred stock dividends	(4,762)	(4,762)	(9,523)	(9,523)
Series E preferred stock dividends	(4,096)	(4,096)	(8,194)	(8,194)
Net earnings available to common stockholders	<u>\$ 43,084</u>	<u>\$ 37,330</u>	<u>\$ 104,908</u>	<u>\$ 82,450</u>

**National Retail Properties, Inc.**  
(in thousands, except per share data)  
(unaudited)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Weighted average common shares outstanding:				
Basic	143,443	133,267	142,142	132,471
Diluted	<u>143,977</u>	<u>133,601</u>	<u>142,694</u>	<u>132,825</u>
Net earnings per share available to common stockholders:				
Basic	\$ 0.30	\$ 0.28	\$ 0.74	\$ 0.62
Diluted	<u>\$ 0.30</u>	<u>\$ 0.28</u>	<u>\$ 0.73</u>	<u>\$ 0.62</u>

**National Retail Properties, Inc.**  
(in thousands, except per share data)  
(unaudited)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
<b><u>Funds From Operations (FFO) Reconciliation:</u></b>				
Net earnings available to common stockholders	\$ 43,084	\$ 37,330	\$ 104,908	\$ 82,450
Real estate depreciation and amortization	36,407	34,086	70,984	66,113
Gain on disposition of real estate, net of income tax and noncontrolling interest	(1,178)	(30)	(18,053)	(7,178)
Impairment losses – depreciable real estate, net of recoveries and income tax	2,190	1,704	2,762	2,548
Total FFO adjustments	<u>37,419</u>	<u>35,760</u>	<u>55,693</u>	<u>61,483</u>
FFO available to common stockholders	<u>\$ 80,503</u>	<u>\$ 73,090</u>	<u>\$ 160,601</u>	<u>\$ 143,933</u>
FFO per common share:				
Basic	<u>\$ 0.56</u>	<u>\$ 0.55</u>	<u>\$ 1.13</u>	<u>\$ 1.09</u>
Diluted	<u>\$ 0.56</u>	<u>\$ 0.55</u>	<u>\$ 1.13</u>	<u>\$ 1.08</u>
<b><u>Core Funds from Operations Reconciliation:</u></b>				
Net earnings available to common stockholders	\$ 43,084	\$ 37,330	\$ 104,908	\$ 82,450
Total FFO adjustments	37,419	35,760	55,693	61,483
FFO available to common stockholders	<u>80,503</u>	<u>73,090</u>	<u>160,601</u>	<u>143,933</u>
Impairment – commercial mortgage residual interests valuation	632	428	852	428
Impairment losses – non-depreciable real estate and other charges	3,269	—	3,269	156
Total Core FFO adjustments	<u>3,901</u>	<u>428</u>	<u>4,121</u>	<u>584</u>
Core FFO available to common stockholders	<u>\$ 84,404</u>	<u>\$ 73,518</u>	<u>\$ 164,722</u>	<u>\$ 144,517</u>
Core FFO per common share:				
Basic	<u>\$ 0.59</u>	<u>\$ 0.55</u>	<u>\$ 1.16</u>	<u>\$ 1.09</u>
Diluted	<u>\$ 0.59</u>	<u>\$ 0.55</u>	<u>\$ 1.15</u>	<u>\$ 1.09</u>

**National Retail Properties, Inc.**  
(in thousands, except per share data)  
(unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b><u>Adjusted Funds From Operations (AFFO) Reconciliation:</u></b>				
Net earnings available to common stockholders	\$ 43,084	\$ 37,330	\$ 104,908	\$ 82,450
Total FFO adjustments	37,419	35,760	55,693	61,483
Total Core FFO adjustments	3,901	428	4,121	584
Core FFO available to common stockholders	<u>84,404</u>	<u>73,518</u>	<u>164,722</u>	<u>144,517</u>
Straight line accrued rent	84	187	(157)	(18)
Net capital lease rent adjustment	353	342	692	676
Below market rent amortization	(661)	(676)	(1,520)	(1,700)
Stock based compensation expense	2,667	2,368	5,370	4,777
Capitalized interest expense	(316)	(558)	(827)	(948)
Total AFFO adjustments	<u>2,127</u>	<u>1,663</u>	<u>3,558</u>	<u>2,787</u>
AFFO available to common stockholders	<u>\$ 86,531</u>	<u>\$ 75,181</u>	<u>\$ 168,280</u>	<u>\$ 147,304</u>
AFFO per common share:				
Basic	<u>\$ 0.60</u>	<u>\$ 0.56</u>	<u>\$ 1.18</u>	<u>\$ 1.11</u>
Diluted	<u>\$ 0.60</u>	<u>\$ 0.56</u>	<u>\$ 1.18</u>	<u>\$ 1.11</u>
<b><u>Other Information:</u></b>				
Percentage rent	<u>\$ 164</u>	<u>\$ 112</u>	<u>\$ 638</u>	<u>\$ 297</u>
Amortization of debt costs	<u>\$ 757</u>	<u>\$ 714</u>	<u>\$ 1,513</u>	<u>\$ 1,423</u>
Scheduled debt principal amortization (excluding maturities)	<u>\$ 133</u>	<u>\$ 410</u>	<u>\$ 392</u>	<u>\$ 819</u>
Non-real estate depreciation expense	<u>\$ 84</u>	<u>\$ 122</u>	<u>\$ 165</u>	<u>\$ 240</u>

**2016 Earnings Guidance:**

FFO guidance for 2016 is \$2.31 to \$2.36 per share before any impairment expense. The 2016 AFFO is estimated to be \$2.36 to \$2.41 per share. The FFO guidance equates to net earnings before any impairments or gains or losses from the sale of real estate of \$1.30 to \$1.35 per share, plus \$1.01 per share of expected real estate depreciation and amortization. The guidance is based on current plans and assumptions and subject to risks and uncertainties more fully described in this press release and the company's reports filed with the Securities and Exchange Commission.

**2016 Guidance**

Net earnings per common share before any impairment charges or gains (losses) on sale of real estate	\$1.30 - \$1.35 per share
Real estate depreciation and amortization per share	\$1.01 per share
FFO per share (Core)	\$2.31 - \$2.36 per share
AFFO per share	\$2.36 - \$2.41 per share
G&A expenses	\$35.5 - \$36.0 Million
Real estate expenses, net of tenant reimbursements	\$5.5 Million
Acquisition volume	\$650 - \$750 Million
Disposition volume	\$85 - \$100 Million

**National Retail Properties, Inc.**

(in thousands)

(unaudited)

	<u>June 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
<b>Balance Sheet Summary</b>		
<b>Assets:</b>		
Cash and cash equivalents	\$ 2,371	\$ 13,659
Restricted cash and cash held in escrow	242	601
Receivables, net of allowance	2,205	3,344
Mortgages, notes and accrued interest receivable, net of allowance	5,271	8,688
Real estate portfolio:		
Accounted for using the operating method, net of accumulated depreciation and amortization	5,630,117	5,253,511
Accounted for using the direct financing method	13,826	14,518
Real estate held for sale	3,062	35,429
Commercial mortgage residual interests	10,580	11,115
Accrued rental income, net of allowance	25,221	25,529
Debt costs, net of accumulated amortization	3,396	4,003
Other assets	88,999	89,647
Total assets	<u>\$ 5,785,290</u>	<u>\$ 5,460,044</u>
<b>Liabilities:</b>		
Line of credit payable	\$ 147,300	\$ —
Mortgages payable, including unamortized premium and net of unamortized debt costs	16,900	23,964
Notes payable, net of unamortized discount and unamortized debt costs	1,953,479	1,951,980
Accrued interest payable	19,138	20,113
Other liabilities	100,977	121,594
Total liabilities	<u>2,237,794</u>	<u>2,117,651</u>
Stockholders' equity of NNN	3,547,253	3,342,134
Noncontrolling interests	243	259
Total equity	<u>3,547,496</u>	<u>3,342,393</u>
Total liabilities and equity	<u>\$ 5,785,290</u>	<u>\$ 5,460,044</u>
Common shares outstanding	<u>146,002</u>	<u>141,008</u>
Gross leasable area, Property Portfolio (square feet)	<u>26,326</u>	<u>24,964</u>



**National Retail Properties, Inc.**  
Debt Summary  
As of June 30, 2016  
(in thousands)  
(unaudited)

<b>Unsecured Debt</b>	Principal	Principal, Net of Unamortized Discount	Stated Rate	Effective Rate	Maturity Date
Line of credit payable	\$ 147,300	\$ 147,300	L + 92.5 bps	1.385%	January 2019
Unsecured notes payable:					
2017	250,000	249,851	6.875%	6.924%	October 2017
2021	300,000	297,551	5.500%	5.689%	July 2021
2022	325,000	321,682	3.800%	3.985%	October 2022
2023	350,000	348,146	3.300%	3.388%	April 2023
2024	350,000	349,420	3.900%	3.924%	June 2024
2025	400,000	399,090	4.000%	4.029%	November 2025
<b>Total</b>	<u>1,975,000</u>	<u>1,965,740</u>			
<b>Total unsecured debt <sup>(1)</sup></b>	<u>\$ 1,975,000</u>	<u>\$ 1,965,740</u>			
Debt costs		(17,782)			
Accumulated amortization		5,521			
Debt costs, net of accumulated amortization		<u>(12,261)</u>			
Notes payable, net of unamortized discount and unamortized debt costs		<u>\$ 1,953,479</u>			

<sup>(1)</sup> Unsecured notes payable have a weighted average interest rate of 4.5% and a weighted maturity of 6.5 years

<b>Mortgages Payable</b>	Principal Balance	Interest Rate	Maturity Date
Mortgage <sup>(1)</sup>	\$ 14,274	5.230%	July 2023
Mortgage <sup>(1)</sup>	2,744	6.400%	February 2017
	<u>\$ 17,018</u>		
Debt costs		(226)	
Accumulated amortization		108	
Debt costs, net of accumulated amortization		<u>(118)</u>	
Mortgages payable, including unamortized premium and net of unamortized debt costs	<u>\$ 16,900</u>		

<sup>(1)</sup> Includes unamortized premium

<sup>(2)</sup> Mortgages payable have a weighted average interest rate of 5.4% and a weighted average maturity of 6.0 years

**National Retail Properties, Inc.**  
**Property Portfolio**

**Top 20 Lines of Trade**

Line of Trade	As of June 30,	
	2016 <sup>(1)</sup>	2015 <sup>(2)</sup>
1. Convenience stores	16.7%	17.5%
2. Restaurants – full service	12.6%	8.9%
3. Restaurants – limited service	7.7%	7.1%
4. Automotive service	6.7%	7.1%
5. Family entertainment centers	5.7%	5.6%
6. Theaters	5.1%	5.1%
7. Health and fitness	4.2%	3.8%
8. Automotive parts	4.0%	4.5%
9. Recreational vehicle dealers, parts and accessories	3.4%	3.6%
10. Banks	3.3%	3.6%
11. Sporting goods	2.8%	3.4%
12. Wholesale clubs	2.5%	2.8%
13. Medical service providers	2.2%	2.0%
14. Drug stores	2.2%	2.4%
15. Consumer electronics	2.1%	2.3%
16. Travel plazas	2.0%	2.2%
17. Home improvement	1.9%	1.9%
18. General merchandise	1.8%	2.1%
19. Home furnishings	1.8%	2.0%
20. Grocery	1.6%	1.6%
Other	9.7%	10.5%
Total	100.0%	100.0%

**Top 10 States**

State	% of Total <sup>(1)</sup>	State	% of Total <sup>(1)</sup>
1. Texas	18.9%	6. Indiana	4.3%
2. Florida	9.3%	7. Georgia	4.3%
3. Ohio	5.8%	8. Virginia	3.6%
4. Illinois	5.1%	9. Alabama	3.1%
5. North Carolina	4.9%	10. Tennessee	2.9%

<sup>(1)</sup> Based on the annualized base rent for all leases in place as of June 30, 2016.

<sup>(2)</sup> Based on the annualized base rent for all leases in place as of June 30, 2015.

**National Retail Properties, Inc.**  
**Property Portfolio**

**Top Tenants (> 2.0%)**

	Properties	% of Total <sup>(1)</sup>
Sunoco	125	5.6%
Mister Car Wash	90	4.1%
LA Fitness	26	3.6%
Couche-Tard (Pantry)	86	3.4%
Camping World	32	3.4%
7-Eleven	77	3.3%
SunTrust	121	3.1%
AMC Theatre	17	2.9%
Bell American (Taco Bell)	115	2.9%
Chuck E. Cheese's	53	2.6%
BJ's Wholesale Club	8	2.5%
Frisch's Restaurant	74	2.3%
Gander Mountain	12	2.2%
Bob Evans	117	2.1%
Best Buy	19	2.0%

**Lease Expirations<sup>(2)</sup>**

	% of Total <sup>(1)</sup>	# of Properties	Gross Leasable Area <sup>(3)</sup>		% of Total <sup>(1)</sup>	# of Properties	Gross Leasable Area <sup>(3)</sup>
2016	0.3%	9	130,000	2022	5.5%	99	1,182,000
2017	2.3%	44	852,000	2023	2.3%	56	930,000
2018	5.9%	183	1,645,000	2024	2.7%	50	885,000
2019	3.2%	79	1,116,000	2025	5.3%	133	1,118,000
2020	4.0%	136	1,549,000	2026	5.9%	167	1,738,000
2021	4.6%	120	1,343,000	Thereafter	58.0%	1,348	13,419,000

<sup>(1)</sup> Based on the annual base rent of \$517,010,000, which is the annualized base rent for all leases in place as of June 30, 2016.

<sup>(2)</sup> As of June 30, 2016, the weighted average remaining lease term is 11.4 years.

<sup>(3)</sup> Square feet.