

Section 1: 8-K (8-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: October 31, 2019

NATIONAL RETAIL PROPERTIES, INC.

(exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

001-11290
(Commission
File Number)

56-1431377
(I.R.S. Employment
Identification No.)

450 South Orange Avenue, Suite 900, Orlando, Florida 32801
(Address of principal executive offices, including zip code)

(407) 265-7348
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Common Stock, \$0.01 par value	NNN	New York Stock Exchange
5.200% Series F Preferred Stock, \$0.01 par value	NNN/PF	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition

period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On October 31, 2019 National Retail Properties, Inc. issued a press release announcing its results of operations and financial condition for the quarter and nine months ended September 30, 2019. The press release is attached hereto as Exhibit 99.1.

The information in this Form 8-K is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of such section, nor shall such information be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

- | | |
|-------|---|
| 99.1 | Press Release, dated October 31, 2019, of National Retail Properties, Inc. |
| 104.1 | Cover Page Interactive Data File (the Cover Page Interactive Data File is embedded within the Inline XBRL document) |

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

National Retail Properties, Inc.

Dated: October 31, 2019

By: /s/ Kevin B. Habicht

Kevin B. Habicht

Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated October 31, 2019, of National Retail Properties, Inc.
104.1	Cover Page Interactive Data File (the Cover Page Interactive Data File is embedded within the Inline XBRL document)

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Section 2: EX-99.1 (EXHIBIT 99.1)



NEWS RELEASE

For information contact:

Kevin B. Habicht

Chief Financial Officer

(407) 265-7348 FOR IMMEDIATE RELEASE

October 31, 2019

THIRD QUARTER 2019 OPERATING RESULTS AND 2020 GUIDANCE ANNOUNCED BY NATIONAL RETAIL PROPERTIES, INC.

Orlando, Florida, October 31, 2019 – National Retail Properties, Inc. (NYSE: NNN), a real estate investment trust, today announced its operating results for the quarter and nine months ended September 30, 2019. Highlights include:

Operating Results:

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

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(in thousands, except per share data)			
Revenues	\$ 168,607	\$ 155,331	\$ 497,111	\$ 463,683
Net earnings available to common stockholders	\$ 58,111	\$ 73,450	\$ 199,648	\$ 230,140
Net earnings per common share	\$ 0.35	\$ 0.47	\$ 1.22	\$ 1.48
FFO available to common stockholders	\$ 115,013	\$ 105,134	\$ 336,215	\$ 312,847
FFO per common share	\$ 0.70	\$ 0.67	\$ 2.06	\$ 2.02
Core FFO available to common stockholders	\$ 115,013	\$ 105,356	\$ 334,884	\$ 313,590
Core FFO per common share	\$ 0.70	\$ 0.67	\$ 2.05	\$ 2.02
AFFO available to common stockholders	\$ 116,870	\$ 106,997	\$ 340,119	\$ 315,180
AFFO per common share	\$ 0.71	\$ 0.68	\$ 2.09	\$ 2.03

Third Quarter 2019 Highlights:

- FFO and Core FFO per common share increased 4.5% over prior year results

- AFFO per common share increased 4.4% over prior year results
- Portfolio occupancy was 99.1% at September 30, 2019 as compared to 98.8% on June 30, 2019 and 98.2% on March 31, 2019
- Invested \$116.8 million in property investments, including the acquisition of 27 properties with an aggregate 533,000 square feet of gross leasable area at an initial cash yield of 6.8%
- Sold 13 properties for \$33.5 million producing \$2.1 million of gains on sales
- Raised \$434.6 million net proceeds from the issuance of 8,020,285 common shares

Highlights for the nine months ended September 30, 2019:

- FFO per share increased 2.0% over prior year results
- Core FFO per share increased 1.5% over prior year results
- AFFO per common share increased 3.0% over prior year results
- Invested \$509.6 million in property investments, including the acquisition of 131 properties with an aggregate 2,645,000 square feet of gross leasable area at an initial cash yield of 6.9%
- Sold 43 properties for \$94.8 million producing \$25.1 million of gains on sales, net of noncontrolling interest
- Raised \$521.8 million in net proceeds from issuance of 9,653,149 common shares

Core FFO guidance for 2019 was increased from a range of \$2.71 to \$2.76 per share to a range of \$2.74 to \$2.77 per share. The 2019 AFFO is estimated to be \$2.79 to \$2.82 per share. The Core FFO guidance equates to net earnings of \$1.60 to \$1.63 per share, plus \$1.14 per share of expected real estate depreciation and amortization and excludes any gains from the sale of real estate, any charges for impairments and preferred stock redemption charges. 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.

The company also announced 2020 Core FFO guidance of \$2.83 to \$2.87 per share and estimated 2020 AFFO to be \$2.90 to \$2.94 per share. The Core FFO guidance equates to net earnings of \$1.70 to \$1.74 per share, plus \$1.13 per share of expected real estate depreciation and amortization and excludes any gains from the sale of real estate, and any charges for impairments. 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.

Jay Whitehurst, Chief Executive Officer, commented: "National Retail Properties posted another quarter of solid results, highlighted by increasing our annual common stock dividend for the 30th consecutive year and by raising over \$434 million of well-priced equity. Driven by our high occupancy rate, strong performance in acquisitions and dispositions and a fortress-like balance sheet, we are pleased to raise our guidance for 2019 and to introduce 2020 guidance. We run our business with a long-term focus, characterized by consistent per share growth on a multi-year basis, and our guidance for 2019 and 2020 reflects that consistent philosophy."

National Retail Properties invests primarily in high-quality retail properties subject generally to long-term, net leases. As of September 30, 2019, the company owned 3,057 properties in 48 states with a gross leasable area of approximately 32.2 million square feet and with a weighted average remaining lease term of 11.2 years. For more information on the company, visit www.nnnreit.com.

Management will hold a conference call on October 31, 2019, 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, and, risks related to the company's status as a REIT. 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 (the "Commission") 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 Commission. 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 Commission for the quarter and nine months ended September 30, 2019. 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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Income Statement Summary				
Revenues:				
Rental income	\$ 168,224	\$ 154,656	\$ 495,846	\$ 462,570
Interest and other income from real estate transactions	383	675	1,265	1,113
	<u>168,607</u>	<u>155,331</u>	<u>497,111</u>	<u>463,683</u>
Operating expenses:				
General and administrative	8,726	8,543	27,524	25,980
Real estate	6,706	5,759	20,398	17,449
Depreciation and amortization	48,348	42,479	140,769	130,280
Impairment losses – real estate, net of recoveries	10,692	3,635	21,124	9,718
Retirement severance costs	—	222	—	743
	<u>74,472</u>	<u>60,638</u>	<u>209,815</u>	<u>184,170</u>
Gain on disposition of real estate	2,061	14,348	25,508	57,050
Earnings from operations	<u>96,196</u>	<u>109,041</u>	<u>312,804</u>	<u>336,563</u>
Other expenses (revenues):				
Interest and other income	(501)	(195)	(2,912)	(258)
Interest expense	29,948	27,194	89,716	80,906
Leasing transaction costs	51	—	178	—
	<u>29,498</u>	<u>26,999</u>	<u>86,982</u>	<u>80,648</u>
Net earnings	66,698	82,042	225,822	255,915
Earnings attributable to noncontrolling interests	(5)	(10)	(428)	(29)
Net earnings attributable to NNN	66,693	82,032	225,394	255,886
Series E preferred stock dividends	(4,097)	(4,097)	(12,291)	(12,291)
Series F preferred stock dividends	(4,485)	(4,485)	(13,455)	(13,455)
Net earnings available to common stockholders	<u>\$ 58,111</u>	<u>\$ 73,450</u>	<u>\$ 199,648</u>	<u>\$ 230,140</u>
Weighted average common shares outstanding:				
Basic	<u>164,884</u>	<u>156,853</u>	<u>162,641</u>	<u>154,582</u>
Diluted	<u>165,362</u>	<u>157,286</u>	<u>163,126</u>	<u>155,008</u>
Net earnings per share available to common stockholders:				
Basic	<u>\$ 0.35</u>	<u>\$ 0.47</u>	<u>\$ 1.23</u>	<u>\$ 1.49</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 0.47</u>	<u>\$ 1.22</u>	<u>\$ 1.48</u>

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

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Funds From Operations (FFO) Reconciliation:				
Net earnings available to common stockholders	\$ 58,111	\$ 73,450	\$ 199,648	\$ 230,140
Real estate depreciation and amortization	48,271	42,397	140,539	130,039
Gain on disposition of real estate, net of noncontrolling interests	(2,061)	(14,348)	(25,096)	(57,050)
Impairment losses – depreciable real estate, net of recoveries	10,692	3,635	21,124	9,718
Total FFO adjustments	56,902	31,684	136,567	82,707
FFO available to common stockholders	<u>\$ 115,013</u>	<u>\$ 105,134</u>	<u>\$ 336,215</u>	<u>\$ 312,847</u>
FFO per common share:				
Basic	<u>\$ 0.70</u>	<u>\$ 0.67</u>	<u>\$ 2.07</u>	<u>\$ 2.02</u>
Diluted	<u>\$ 0.70</u>	<u>\$ 0.67</u>	<u>\$ 2.06</u>	<u>\$ 2.02</u>
Core Funds From Operations Reconciliation:				
Net earnings available to common stockholders	\$ 58,111	\$ 73,450	\$ 199,648	\$ 230,140
Total FFO adjustments	56,902	31,684	136,567	82,707
FFO available to common stockholders	115,013	105,134	336,215	312,847
Retirement severance costs	—	222	—	743
Gain on sale of equity investments	—	—	(1,331)	—
Total Core FFO adjustments	—	222	(1,331)	743
Core FFO available to common stockholders	<u>\$ 115,013</u>	<u>\$ 105,356</u>	<u>\$ 334,884</u>	<u>\$ 313,590</u>
Core FFO per common share:				
Basic	<u>\$ 0.70</u>	<u>\$ 0.67</u>	<u>\$ 2.06</u>	<u>\$ 2.03</u>
Diluted	<u>\$ 0.70</u>	<u>\$ 0.67</u>	<u>\$ 2.05</u>	<u>\$ 2.02</u>

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

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<u>Adjusted Funds From Operations (AFFO) Reconciliation:</u>				
Net earnings available to common stockholders	\$ 58,111	\$ 73,450	\$ 199,648	\$ 230,140
Total FFO adjustments	56,902	31,684	136,567	82,707
Total Core FFO adjustments	—	222	(1,331)	743
Core FFO available to common stockholders	<u>115,013</u>	<u>105,356</u>	<u>334,884</u>	<u>313,590</u>
Straight-line accrued rent	(542)	59	(1,702)	(871)
Net capital lease rent adjustment	170	192	508	655
Below-market rent amortization	(178)	(219)	(579)	(2,334)
Stock based compensation expense	2,734	2,205	7,805	6,640
Capitalized interest expense	(327)	(596)	(797)	(2,500)
Total AFFO adjustments	<u>1,857</u>	<u>1,641</u>	<u>5,235</u>	<u>1,590</u>
AFFO available to common stockholders	<u>\$ 116,870</u>	<u>\$ 106,997</u>	<u>\$ 340,119</u>	<u>\$ 315,180</u>
AFFO per common share:				
Basic	<u>\$ 0.71</u>	<u>\$ 0.68</u>	<u>\$ 2.09</u>	<u>\$ 2.04</u>
Diluted	<u>\$ 0.71</u>	<u>\$ 0.68</u>	<u>\$ 2.09</u>	<u>\$ 2.03</u>
<u>Other Information:</u>				
Rental income from operating leases ⁽¹⁾	<u>\$ 163,673</u>	<u>\$ 150,418</u>	<u>\$ 482,306</u>	<u>\$ 449,216</u>
Earned income from direct financing leases ⁽¹⁾	<u>\$ 204</u>	<u>\$ 242</u>	<u>\$ 624</u>	<u>\$ 696</u>
Percentage rent ⁽¹⁾	<u>\$ 329</u>	<u>\$ 284</u>	<u>\$ 1,051</u>	<u>\$ 1,018</u>
Real estate expense reimbursement from tenants ⁽¹⁾	\$ 4,018	\$ 3,712	\$ 11,865	\$ 11,640
Real estate expenses	(6,706)	(5,759)	(20,398)	(17,449)
Real estate expenses, net of tenant reimbursements	<u>\$ (2,688)</u>	<u>\$ (2,047)</u>	<u>\$ (8,533)</u>	<u>\$ (5,809)</u>
Amortization of debt costs	<u>\$ 936</u>	<u>\$ 913</u>	<u>\$ 2,787</u>	<u>\$ 2,695</u>
Scheduled debt principal amortization (excluding maturities)	<u>\$ 141</u>	<u>\$ 134</u>	<u>\$ 422</u>	<u>\$ 400</u>
Non-real estate depreciation expense	<u>\$ 80</u>	<u>\$ 84</u>	<u>\$ 238</u>	<u>\$ 249</u>

⁽¹⁾ The condensed consolidated financial statements for the quarter and nine months ended September 30, 2019 and 2018 are presented under the new accounting standard, ASU 2016-02, "Leases (Topic 842)." For the quarter and nine months ended September 30, 2019, the aggregate of such amounts is \$168,224 and \$495,846, respectively, classified as rental income on the income statement summary. For the quarter and nine months ended September 30, 2018, the aggregate of such amounts is \$154,656 and \$462,570, respectively.

Earnings Guidance:

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.

	<u>2019 Guidance</u>	<u>2020 Guidance</u>
Net earnings per common share excluding any gains on disposition of real estate, impairment charges and preferred stock redemption charges	\$1.60 - \$1.63 per share	\$1.70 - \$1.74 per share
Real estate depreciation and amortization per share	\$1.14 per share	\$1.13 per share
Core FFO per share	\$2.74 - \$2.77 per share	\$2.83 - \$2.87 per share
AFFO per share	\$2.79 - \$2.82 per share	\$2.90 - \$2.94 per share
G&A expenses	\$37.0 - \$38.0 Million	\$42.0 - \$43.0 Million
Real estate expenses, net of tenant reimbursements	\$10.0 - \$10.5 Million	\$8.0 - \$9.0 Million
Acquisition volume	\$650 - \$750 Million	\$550 - \$650 Million
Disposition volume	\$110 - \$130 Million	\$80 - \$120 Million

National Retail Properties, Inc.

(in thousands)

(unaudited)

	September 30, 2019	December 31, 2018
	<u> </u>	<u> </u>
Balance Sheet Summary		
Assets:		
Real estate:		
Accounted for using the operating method, net of accumulated depreciation and amortization	\$ 7,121,156	\$ 6,838,907
Accounted for using the direct financing method	6,882	8,069
Real estate held for sale	13,961	28,456
Cash and cash equivalents	353,688	114,267
Receivables, net of allowance of \$506 and \$2,273, respectively	2,882	3,797
Accrued rental income, net of allowance of \$1,842	28,570	25,387
Debt costs, net of accumulated amortization	3,104	4,081
Other assets	97,441	80,474
Total assets	<u>\$ 7,627,684</u>	<u>\$ 7,103,438</u>
Liabilities:		
Line of credit payable	\$ —	\$ —
Mortgages payable, including unamortized premium and net of unamortized debt cost	12,221	12,694
Notes payable, net of unamortized discount and unamortized debt costs	2,841,680	2,838,701
Accrued interest payable	45,886	19,519
Other liabilities	101,393	77,919
Total liabilities	<u>3,001,180</u>	<u>2,948,833</u>
Stockholders' equity of NNN	4,626,497	4,154,250
Noncontrolling interests	7	355
Total equity	<u>4,626,504</u>	<u>4,154,605</u>
Total liabilities and equity	<u>\$ 7,627,684</u>	<u>\$ 7,103,438</u>
Common shares outstanding	<u>171,637</u>	<u>161,504</u>
Gross leasable area, Property Portfolio (square feet)	<u>32,209</u>	<u>30,487</u>

National Retail Properties, Inc.

Debt Summary

As of September 30, 2019

(in thousands)

(unaudited)

Principal, Net of
Unamortized

Unsecured Debt	Principal	Discount	Stated Rate	Effective Rate	Maturity Date
Line of credit payable	\$ —	\$ —	L + 87.5 bps	3.165%	January 2022
Unsecured notes payable:					
2022	325,000	323,293	3.800%	3.985%	October 2022
2023	350,000	348,981	3.300%	3.388%	April 2023
2024	350,000	349,635	3.900%	3.924%	June 2024
2025	400,000	399,368	4.000%	4.029%	November 2025
2026	350,000	347,080	3.600%	3.733%	December 2026
2027	400,000	398,657	3.500%	3.548%	October 2027
2028	400,000	397,385	4.300%	4.388%	October 2028
2048	300,000	295,826	4.800%	4.890%	October 2048
Total	<u>2,875,000</u>	<u>2,860,225</u>			
Total unsecured debt⁽¹⁾	<u>\$ 2,875,000</u>	<u>\$ 2,860,225</u>			

Debt costs (26,932)

Accumulated amortization 8,387

Debt costs, net of accumulated amortization (18,545)

Notes payable, net of unamortized discount and unamortized debt costs \$ 2,841,680

⁽¹⁾ Unsecured notes payable have a weighted average interest rate of 4.0% and a weighted average maturity of 8.6 years.

Mortgages Payable	Principal Balance	Interest Rate	Maturity Date
Mortgage ⁽¹⁾	\$ 12,282	5.23%	July 2023
Debt costs	(147)		
Accumulated amortization	86		
Debt costs, net of accumulated amortization	(61)		
Mortgages payable, including unamortized premium and net of unamortized debt costs	<u>\$ 12,221</u>		

⁽¹⁾ Includes unamortized premium

National Retail Properties, Inc.
Property Portfolio

Top 20 Lines of Trade

Line of Trade	As of September 30,	
	2019 ⁽¹⁾	2018 ⁽²⁾
1. Convenience stores	17.5%	18.5%
2. Restaurants – full service	11.3%	11.8%
3. Automotive service	9.3%	7.6%
4. Restaurants – limited service	8.8%	7.8%
5. Family entertainment centers	6.8%	7.0%
6. Health and fitness	5.3%	5.6%
7. Theaters	4.8%	5.1%
8. Recreational vehicle dealers, parts and accessories	3.5%	3.0%
9. Automotive parts	3.2%	3.5%
10. Equipment rental	2.7%	1.9%
11. Home improvement	2.6%	2.2%
12. Wholesale clubs	2.6%	2.4%
13. Medical service providers	2.2%	2.3%
14. General merchandise	1.8%	1.8%
15. Home furnishings	1.7%	1.5%
16. Furniture	1.6%	1.8%
17. Drug stores	1.6%	1.8%
18. Travel plazas	1.6%	1.7%
19. Consumer electronics	1.5%	1.7%
20. Banks	1.4%	1.7%
Other	8.2%	9.3%
Total	100.0%	100.0%

Top 10 States

State	% of Total ⁽¹⁾	State	% of Total ⁽¹⁾
1. Texas	17.3%	6. Georgia	4.5%
2. Florida	9.0%	7. Indiana	4.0%
3. Ohio	5.7%	8. Tennessee	3.8%
4. Illinois	5.1%	9. Virginia	3.7%
5. North Carolina	4.6%	10. California	3.1%

⁽¹⁾ Based on the annualized base rent for all leases in place as of September 30, 2019.

⁽²⁾ Based on the annualized base rent for all leases in place as of September 30, 2018.

National Retail Properties, Inc.
Property Portfolio

Top Tenants (≥ 2.0%)

	<u>Properties</u>	<u>% of Total⁽¹⁾</u>
7-Eleven	140	5.1%
Mister Car Wash	109	4.3%
Camping World	47	4.3%
LA Fitness	30	3.8%
Flynn Restaurant Group (Taco Bell/Arby's)	204	3.5%
GPM Investments (Convenience Stores)	151	3.4%
AMC Theatre	20	3.1%
Couche Tard (Pantry)	85	2.8%
BJ's Wholesale Club	11	2.6%
Sunoco	61	2.3%
Chuck E. Cheese's	53	2.2%

Lease Expirations⁽²⁾

	<u>% of Total⁽¹⁾</u>	<u># of Properties</u>	<u>Gross Leasable Area⁽³⁾</u>		<u>% of Total⁽¹⁾</u>	<u># of Properties</u>	<u>Gross Leasable Area⁽³⁾</u>
2019	0.3%	17	377,000	2025	5.1%	145	1,573,000
2020	2.1%	89	944,000	2026	4.7%	176	1,681,000
2021	3.7%	119	1,301,000	2027	7.3%	193	2,611,000
2022	5.6%	123	1,634,000	2028	4.7%	157	1,172,000
2023	3.0%	118	1,468,000	2029	3.0%	75	1,030,000
2024	3.8%	101	1,596,000	Thereafter	56.7%	1,713	16,264,000

⁽¹⁾ Based on the annual base rent of \$658,347,000, which is the annualized base rent for all leases in place as of September 30, 2019.

⁽²⁾ As of September 30, 2019, the weighted average remaining lease term is 11.2 years.

⁽³⁾ Square feet.