

THE **POWER** OF **CONSISTENCY** IS
PROFOUND

*A river cuts through rock, not because of its **POWER**,
but because of its **PERSISTENCE**.*



COVER: TOROWEAP OVERLOOK ON THE NORTH RIM OF THE GRAND CANYON, AZ
INSIDE COVER: PLATEAU VIEW OF THE WINDING COLORADO RIVER NEAR PAGE, AZ

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TRIPLE NET LEASE

A net lease requires the tenant to directly pay many of the costs associated with a property.

Our properties are typically leased on a **TRIPLE NET LEASE** basis, meaning the tenant pays for the real estate **TAXES, MAINTENANCE, INSURANCE** and utilities at the property level. We believe strongly that triple net leases provide increased stability to our rental revenue over the long term; we are insulated against increases in these property operating costs and our rental income goes directly to the bottom line. The real estate industry moniker for triple net leases is "NNN," which is the basis for our New York Stock Exchange ticker symbol.

TOTAL SHAREHOLDER RETURN COMPARISON

(NNN = \$48.51 at December 31, 2018)

	1 YEAR	3 YEARS	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS
NATIONAL RETAIL PROPERTIES	17.7%	11.3%	14.8%	16.9%	13.2%	14.1%	12.8%
Indices							
* NAREIT Equity REIT Index (FNERTR)	-4.0%	4.2%	8.3%	12.5%	8.5%	9.9%	9.9%
* Morgan Stanley REIT Index (RMS G)	-4.6%	2.9%	7.8%	12.2%	8.2%	9.6%	n/a
S&P 500 Index (SPX)	-4.4%	9.2%	8.5%	13.1%	7.8%	5.6%	9.1%
Nasdaq (CCMP)	-2.8%	11.2%	11.1%	16.9%	9.6%	6.7%	9.9%

* NNN is a member of this index Source: Bloomberg

VALUE OF \$1,000 INVESTMENT

(As of December 31, 2018)

	1 YEAR	3 YEARS	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS
NATIONAL RETAIL PROPERTIES	\$ 1,177	\$ 1,378	\$ 1,990	\$ 4,762	\$ 6,405	\$ 13,865	\$ 20,356
Indices							
* NAREIT Equity REIT Index	\$ 960	\$ 1,133	\$ 1,491	\$ 3,253	\$ 3,404	\$ 6,654	\$ 10,615
* Morgan Stanley REIT Index (RMS G)	\$ 955	\$ 1,089	\$ 1,455	\$ 3,153	\$ 3,257	\$ 6,301	n/a
S&P 500 Index (SPX)	\$ 956	\$ 1,304	\$ 1,502	\$ 3,425	\$ 3,068	\$ 2,979	\$ 8,743
Nasdaq (CCMP)	\$ 972	\$ 1,374	\$ 1,690	\$ 4,746	\$ 3,934	\$ 3,658	\$ 10,495

* NNN is a member of this index





MY FELLOW SHAREHOLDERS

I am pleased to report that your investment in National Retail Properties once again delivered above-average returns while taking below-average risk.

Our commitment to consistent per share growth on a multi-year basis produced an annual dividend increase of 4.8% and annual Core FFO per share growth of 5.2% over 2017 results, all while maintaining our low-leverage, conservatively financed balance sheet.

We increased our annual dividend for the 29th consecutive year in 2018, a feat matched by only two other REITs and by fewer than 90 U.S. public companies.

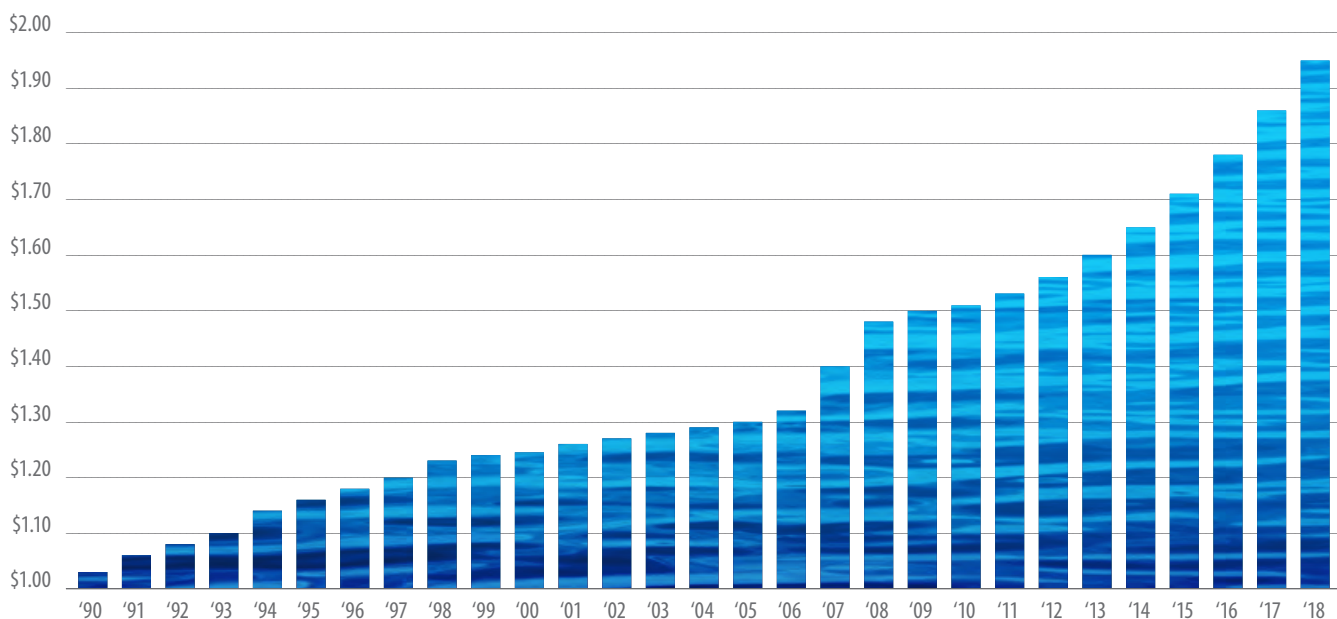
Even more impressively, our multi-year track record of consistent performance delivered total shareholder returns that beat the REIT averages and most major equity indices over the past 1-, 3-, 5-, 10-, 15-, 20- and 25-year periods, respectively.

Throughout this annual report, we will highlight specific details of our 2018 results. Rather than reiterate those outcomes in this letter, I want to highlight a few strengths of our business and culture that position us very well for the years ahead.

\$4.3B INVESTED IN RELATIONSHIP TENANTS SINCE 2010

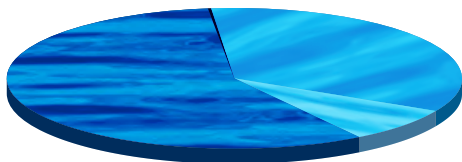
29 Consecutive Annual Dividend Increases

Third longest run of all public REITs and longer than 99% of all public companies



Conservative Balance Sheet Management

(As of December 31, 2018 – based on total gross book assets)



Common Equity
57.4% | **\$4,546.3 Million**

Unsecured Debt
34.4% | **\$2,724.4 Million**

Preferred Equity
8.0% | **\$632.5 Million**

Not Shown: \$12.4 Million
Secured Debt (0.2%)

OUR PEOPLE

The team of 67 associates who come to work every day at National Retail Properties are some of the best in the business. A real competitive advantage for our company is the deep experience and long tenure of our associates. Our senior executive team averages over 18 years with the company, as does the next level of department heads and senior managers. Over half of our associates have been with the company for 10 years or longer, and over 70% have been with the company for at least five years. We foster a culture of teamwork and collaboration that emphasizes respect, recognition, professional development, diversity of thought, and support for our community. Our associates are true retail real estate experts, and to encourage continued learning and development we provide hundreds of hours of in-person and online training opportunities that touch on all aspects of our business. This commitment to our people results in deeper relationships with our tenants, more efficient execution of our business plan and invaluable “institutional memory.” I am constantly amazed and inspired by the “Yes I Can” attitude of our associates.

Top Lines of Trade

(As a percentage of annualized base rent as of December 31, 2018)

Convenience Stores | **18.0%**

Restaurants - Full Service | **11.4%**

Restaurants - Limited Service | **8.9%**

Automotive Service | **8.6%**

Family Entertainment Centers | **7.1%**

Health & Fitness | **5.6%**

Theaters | **5.0%**

Automotive Parts | **3.4%**

RV Dealers & Parts | **3.4%**

Wholesale Clubs | **2.3%**

(Remaining 27 categories make up 26.3%)

OUR RETAIL REAL ESTATE

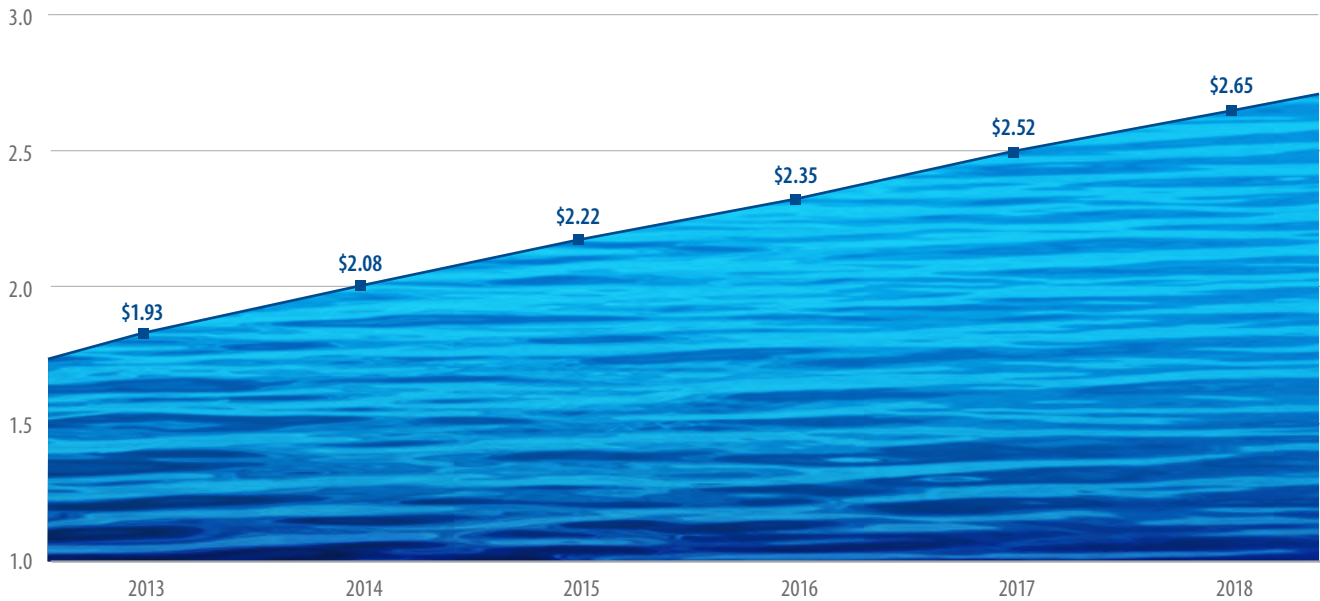
National Retail Properties focuses solely on single tenant retail properties. We are retail real estate experts and we have not deviated from that core competency. The universe of available freestanding retail properties is vast, allowing us to be very selective in our underwriting. Our properties are typically small box buildings located at signalized intersections or along high traffic roads, with good access, signage and visibility and close proximity to homes and workplaces. The compelling real estate attributes of our properties and their flexibility for alternative uses are two of the major drivers of our consistently high occupancy rate. Our well-located and conveniently accessible properties retain enduring value, even as retailing continues its constant evolution.





CORE FFO Per Share Growth

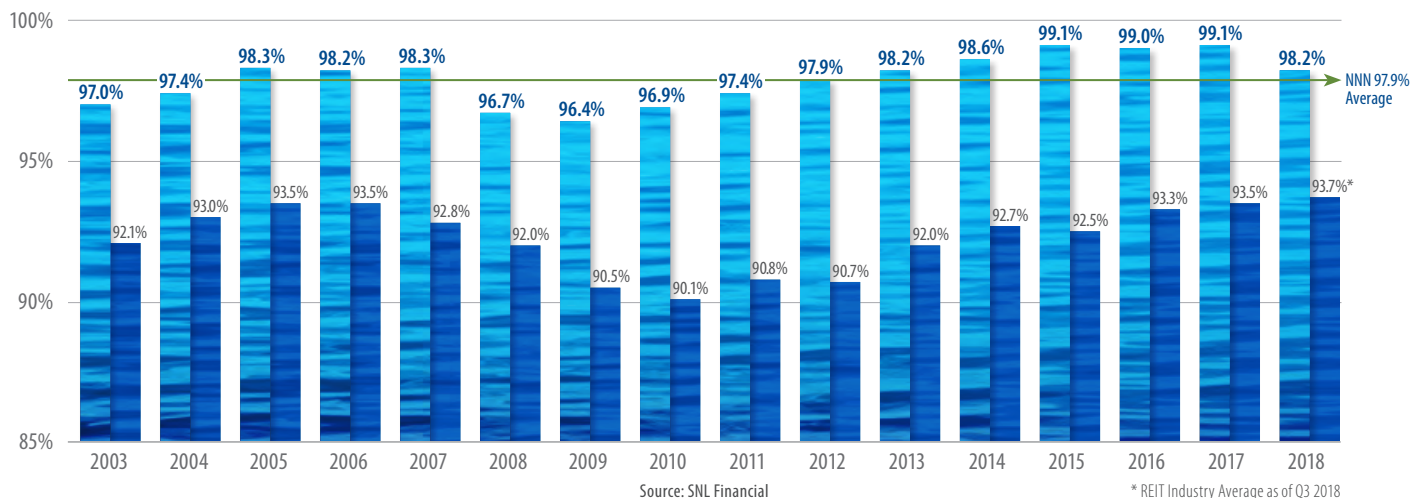
Compounded Annual Growth Rate of 6.5%



TOP 25 TENANTS AVERAGE APPROXIMATELY 1,100 STORES EACH

NNN's Strategy Results in Higher Occupancy, Less Volatility

■ NNN
■ REIT Industry (Excluding Hotels & Healthcare)





MARY MORRISON

Senior Vice President,
Financial Reporting and Operations
Joined NNN in 1997

“One of the strengths of NNN has been a consistent conservative balance sheet philosophy that maximizes flexibility. We had \$0 outstanding on our line of credit at December 31, 2018, and maintain below-average leverage and strong liquidity, providing significant flexibility in accessing capital markets.”

OUR TENANT RELATIONSHIPS

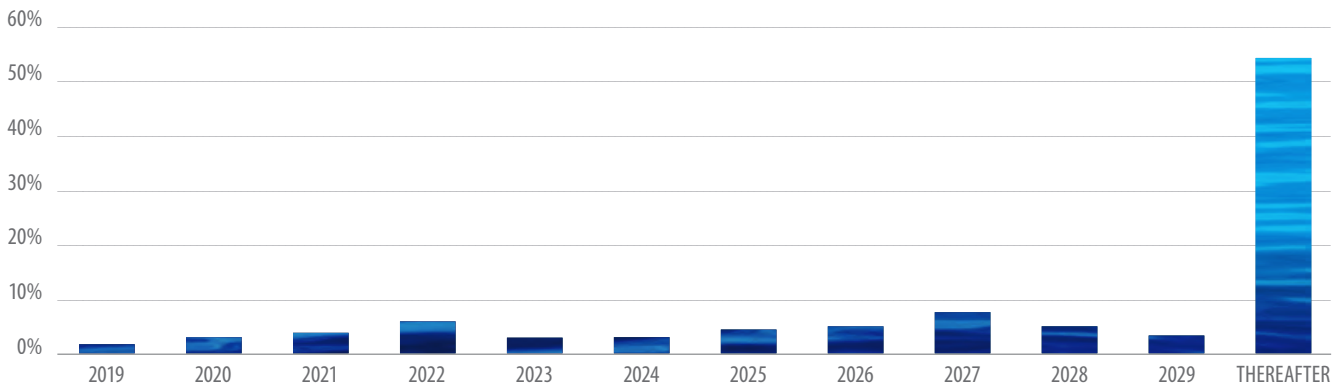
One of the strategic moats around our business is our focus on building and maintaining deep relationships with our portfolio of large regional and national tenants. In 2018, we did business with 31 relationship tenants. Over the past three years we have done business with 61 relationship tenants, investing over \$1.75B, and with those tenants, we develop a comprehensive win-win culture. To our tenants, a recurring relationship with National Retail Properties means reliability, certainty, and creative problem solving, as well as all the benefits that come from having a professional landlord that is a long-term holder, with no property level debt or joint ventures. These tenant relationships take years to build, and involve tremendous effort across our entire company. But it is worth it. When we acquire properties directly from our relationship tenants, we typically get the tenant’s better properties, at better-than-market yields, with a lease document that is tailored to our standards, all of which supports our high occupancy and high lease renewal statistics.

OUR STABLE INCOME STREAM

Our portfolio of 2,969 single tenant retail properties leased to strong regional and national tenants remains very healthy, at an occupancy rate of over 98%. The highly stable cash flow from our long-term triple net leases of single tenant retail properties is far superior, in our opinion, to the more variable cash flows from other property types in commercial real estate. Our tenants are primarily engaged in businesses focused on customer services,

Lease Expirations (As a percentage of annualized base rent as of December 31, 2018)

Weighted average remaining lease term is 11.5 years







customer experiences and e-commerce resistant consumer necessities. Our portfolio has little exposure to apparel or other retail concepts that are struggling with competition from Amazon or other e-commerce disruptors. And retailers do not like to relocate their stores. Historically, at the end of the lease term, around 80 to 85% of the time the tenant will renew its lease generally at its then-current rent, all without any investment by the landlord for tenant improvement or lease incentive payments. This high rate of renewal without any additional payment by the landlord is typically unheard of in other areas of commercial real estate.



SUSAN VEGA

Investor Relations Representative
 Joined NNN in 2010

“Increasing our annual dividend for 29 consecutive years and having a 25-year average annual total return of 12.8% have been the result of consistently operating with a multi-year approach while having the ability to adapt as needed to any potential capital market and retail operator challenges.”

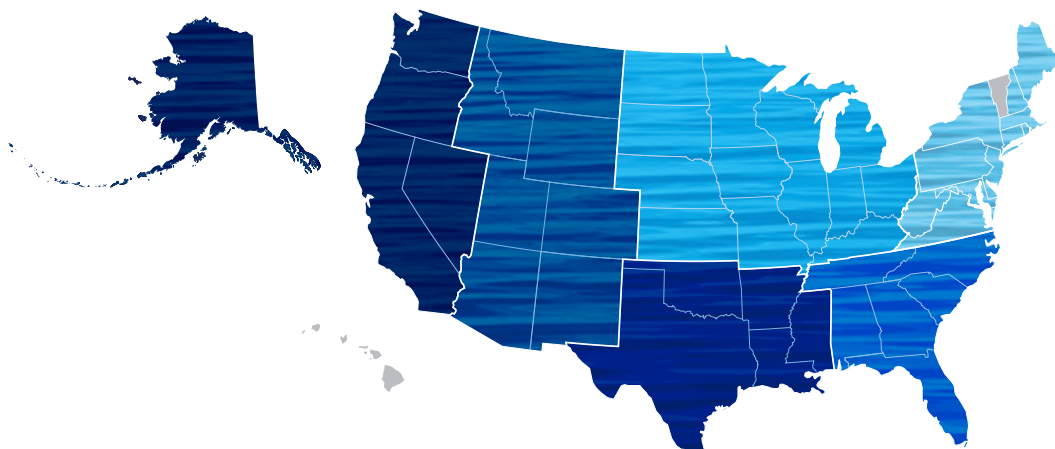
OUR FORTRESS-LIKE BALANCE SHEET

Well before it was fashionable, we operated with a very conservative balance sheet philosophy. Our debt level remains low, our interest coverage and fixed charge ratios remain high and our investment grade rating of BBB+/Baa1 allows us to access low cost capital when the market makes it available. When our stock traded higher in the second half of 2018, we took the opportunity to raise well-priced equity and store more dry powder for future investments. During the year we also issued our first 30-year bonds at an impressive interest rate of 4.8%. Notably, we are one of very few REITs to have ever issued 30-year unsecured debt. The proceeds of that offering were used to redeem more expensive debt that was coming due in 2021. Thus, we further de-risked the balance sheet by extending our average maturities while also lowering our overall weighted

5-YEAR AVERAGE ANNUAL DIVIDEND GROWTH RATE OF 4.0%

Nationwide Reach

(As a percentage of annualized base rent as of December 31, 2018)



- West | 4.2%
- Rocky Mountain | 5.7%
- Midwest | 25.7%
- South | 22.4%
- Southeast | 26.7%
- Northeast | 15.3%



JON ADAMO

Senior Vice President, Acquisitions
Joined NNN in 2003

“Our consistent focus on developing and maintaining long-term relationships with growing retail operators has allowed us to offer more than just the lowest cap rate as our value proposition. This strategy has served us well in sourcing off-market opportunities, as evidenced in our results: over 80% of our dollars invested in 2018 were with a diversified pool of over 30 relationship tenants operating in 16 different lines of trade.”

average cost of debt. And it is also worth noting that we have achieved our enviable results without relying on short-term and/or floating rate debt – we have appropriately financed long-term leased assets with long-term capital. Although our balance sheet has been strong and flexible for many years, in my opinion it has NEVER been stronger. As we look ahead to a future where many are predicting higher interest rates or a volatile capital market environment, we see very few companies that are better positioned than National Retail Properties to be able to continue to access capital and deliver per share growth to shareholders on a multi-year basis.

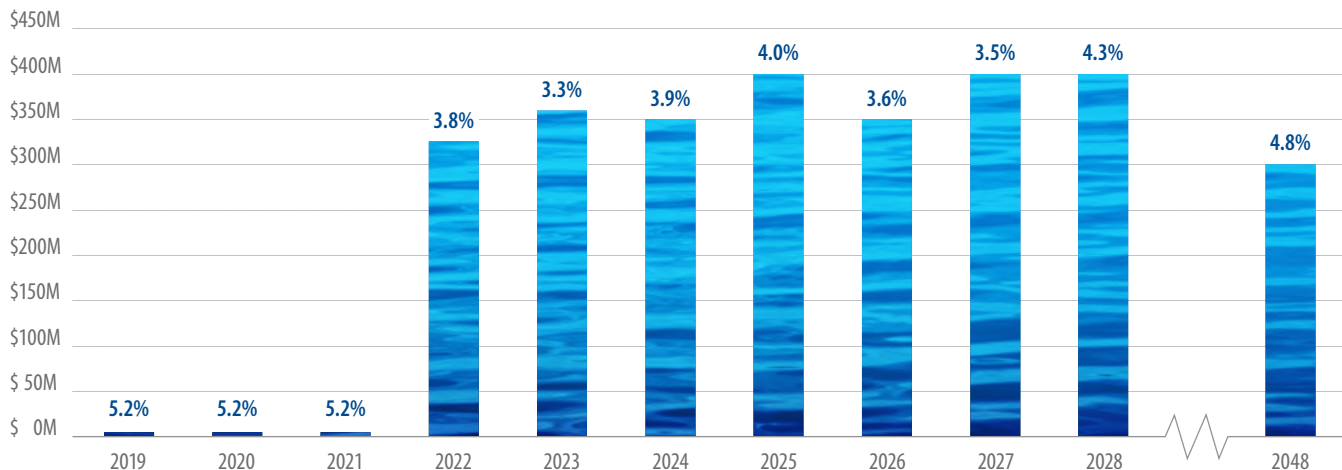
OUR CONSISTENCY

No word better describes National Retail Properties than “consistent.” Consistent investment focus on single tenant retail properties. Consistency of people and culture. Consistently increasing the annual dividend for 29 consecutive years. Consistent conservative balance sheet philosophy that maintains flexibility and dry powder. Consistently delivering mid-single digits per share growth on a multi-year basis. The disciplined execution of our business plan on a steady, recurring – consistent – multi-year basis has rewarded our shareholders with total returns that exceed the REIT industry averages. We are not slow, but we are certainly steady. . . and steady wins the race.

Well-Laddered Debt Maturities

(As of December 31, 2018; percentages shown are stated interest rates)

NNN’s low leverage balance sheet strategy is enhanced by its well-laddered debt maturity.





*Small disciplines repeated with **CONSISTENCY** every day
lead to **GREAT ACHIEVEMENTS** gained slowly over time.*



2019 WILL ONCE AGAIN REFLECT THESE STRENGTHS

Although many predict 2019 will be a year of increasing volatility and dramatic market shifts, and perhaps slower corporate earnings growth, we will continue to consistently execute our business strategy. Coupled with our safe and growing dividend, our business model positions us to continue producing a total shareholder return that we believe will exceed the REIT equity averages over the long-term.

On behalf of the board of directors and all the associates at National Retail Properties, thank you for your investment, your trust and your continued support.

Best regards,



Julian E. (Jay) Whitehurst
President and Chief Executive Officer



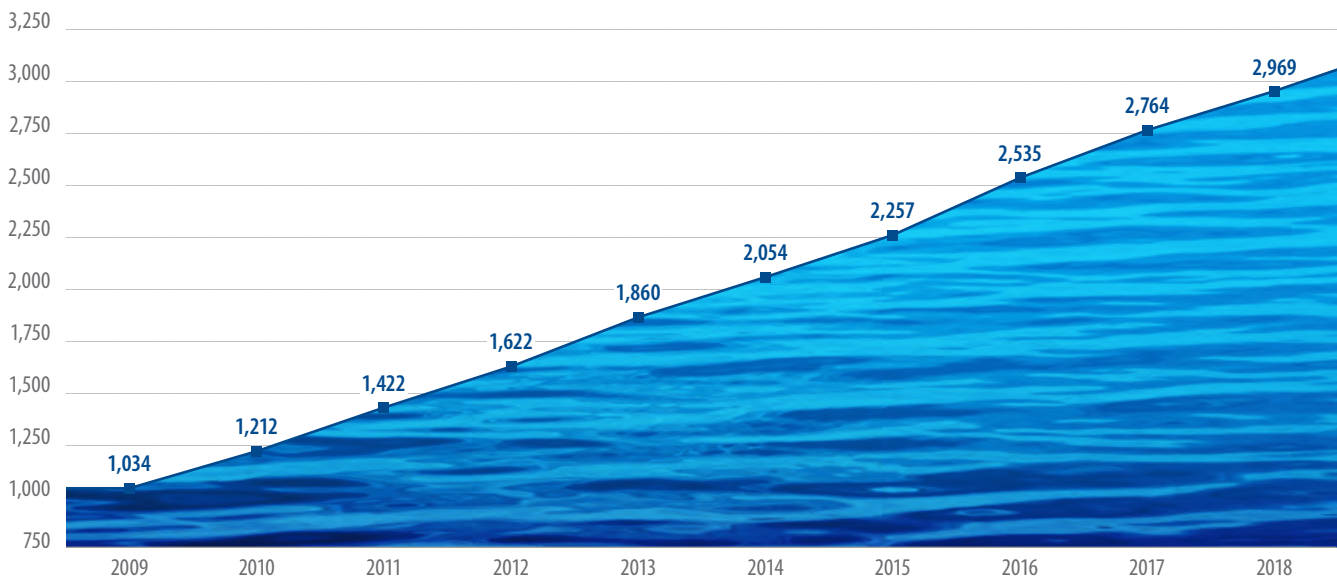
JAY WHITEHURST

President and
Chief Executive Officer

12.8% PER YEAR AVERAGE ANNUAL
TOTAL RETURN OVER THE PAST 25 YEARS

Portfolio Growth

(Number of properties owned as of December 31 for each respective year)



HISTORICAL FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data)

	2018	2017	2016	2015	2014
GROSS REVENUES⁽¹⁾	\$ 624,471	\$ 585,255	\$ 533,817	\$ 483,025	\$ 435,278
EARNINGS FROM CONTINUING OPERATIONS⁽²⁾	292,485	265,371	239,506	197,961	191,046
NET EARNINGS	292,485	265,371	239,506	197,961	191,170
NET EARNINGS ATTRIBUTABLE TO NNN	292,447	264,973	239,500	197,836	190,601
TOTAL ASSETS	7,103,438	6,560,534	6,334,151	5,460,044	4,915,551
TOTAL DEBT	2,851,395	2,580,207	2,311,689	1,975,944	1,729,891
TOTAL STOCKHOLDERS' EQUITY OF NNN	4,154,250	3,840,593	3,916,799	3,342,134	3,082,515
CASH DIVIDENDS DECLARED TO:					
Common stockholders	303,164	277,120	257,007	228,699	204,157
Series D preferred stockholders	—	3,598	19,047	19,047	19,047
Series E preferred stockholders	16,387	16,387	16,387	16,387	16,387
Series F preferred stockholders	17,940	17,940	3,189	—	—
WEIGHTED AVERAGE COMMON SHARES:					
Basic	155,744,601	149,111,188	144,176,224	133,998,674	124,257,558
Diluted	156,295,619	149,432,641	144,660,633	134,489,416	124,710,226
PER SHARE INFORMATION:					
Earnings from continuing operations and net earnings:					
Basic	\$ 1.65	\$ 1.45	\$ 1.39	\$ 1.21	\$ 1.24
Diluted	1.65	1.45	1.38	1.20	1.24
Cash dividends declared per share to:					
Common stockholders	1.95	1.86	1.78	1.71	1.65
Series D preferred depositary stockholders	—	0.312847	1.656250	1.656250	1.656250
Series E preferred depositary stockholders	1.425000	1.425000	1.425000	1.425000	1.425000
Series F preferred depositary stockholders	1.300000	1.300000	0.231111	—	—
OTHER DATA:					
Cash flows provided by (used in):					
Operating activities	\$ 471,909	\$ 421,557	\$ 415,337	\$ 341,095	\$ 296,733
Investing activities	(609,371)	(625,557)	(779,943)	(644,544)	(541,558)
Financing activities	250,365	(89,176)	644,886	307,105	253,944
FUNDS FROM OPERATIONS – AVAILABLE TO COMMON STOCKHOLDERS⁽³⁾	395,337	359,179	330,544	289,193	260,902

⁽¹⁾ Gross revenues include the aggregate of total revenue and interest and other income found on the Consolidated Statements of Income and Comprehensive Income.

⁽²⁾ Certain amounts previously reported in the consolidated financial statements have been reclassified in the accompanying consolidated financial statements to conform to the current period's presentation, primarily to change the presentation of gain on disposition of real estate on the Consolidated Statements of Income and Comprehensive Income. NNN has included gain on disposition of real estate as a component of earnings from operations to present gain and losses on dispositions of properties in accordance with ASC 360-10-45-5. The change was made for the prior periods as the Securities and Exchange Commission (the "Commission") has eliminated Rule 3-15(a) of Regulation S-X as part of Release No. 33-10532; 34-83875; IC-33203, which had required REITs to present gain and losses on disposition of properties outside of continuing operations in the income statement.

⁽³⁾ The National Association of Real Estate Investment Trusts ("NAREIT") developed Funds from Operations ("FFO") as a relative non-U.S. generally accepted accounting principles ("GAAP") financial measure of performance of a REIT in order to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. FFO is defined by NAREIT and is used by NNN as follows: net earnings (computed in accordance with GAAP) plus depreciation and amortization of real estate assets, excluding gains (or losses) on the disposition of certain assets, any impairment charges on a depreciable real estate asset and NNN's share of these items from NNN's unconsolidated partnerships and joint ventures.





OUR OFFICERS AND DIRECTORS

Executive Officers

JULIAN E. (JAY) WHITEHURST

President & Chief Executive Officer

KEVIN B. HABICHT

Executive Vice President
& Chief Financial Officer

PAUL E. BAYER

Executive Vice President
& Chief Investment Officer

CHRISTOPHER P. TESSITORE

Executive Vice President
& General Counsel

STEPHEN A. HORN, JR.

Executive Vice President
& Chief Acquisition Officer

MICHELLE L. MILLER

Executive Vice President
& Chief Accounting Officer

Directors

PAMELA K. M. BEALL ^{1,2}

Executive Vice President
& Chief Financial Officer
MPLX GP LLC

STEVEN D. COSLER ^{1,3}

Operating Partner
Water Street Healthcare Partners

DON DEFOSSET

Chairman

DAVID M. FICK ^{1,3}

Professional Faculty Member
Johns Hopkins University
Carey Business School; and,
President
Nandua Oyster Company

EDWARD J. FRITSCH ^{1,2}

President & Chief Executive Officer
Highwoods Properties, Inc.

BETSY D. HOLDEN ^{1,3}

Senior Advisor
McKinsey & Company
Retired Co-CEO
Kraft Foods, Inc.

SAM L. SUSSER ^{2,3}

President
Susser Investment Company

JULIAN E. (JAY) WHITEHURST

President & Chief Executive Officer
National Retail Properties, Inc.

KEVIN B. HABICHT

Executive Vice President
& Chief Financial Officer
National Retail Properties, Inc.

¹ Member, Audit Committee

² Member, Governance and Nominating Committee

³ Member, Compensation Committee

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CONSECUTIVE ANNUAL DIVIDEND INCREASES

SHAREHOLDER INFORMATION

General Information

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Shareholder Toll-free Line

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Worldwide: (718) 921-8346
Fax: (718) 236-2641

For Dividend Reinvestment

AST Financial
P.O. Box 922
Wall Street Station
New York, NY 10269

Independent Registered Public Accounting Firm

Ernst & Young LLP

Corporate Office

National Retail Properties, Inc.
450 S. Orange Avenue, Suite 900
Orlando, FL 32801
(800) NNN-REIT
(407) 265-7348
www.nnnreit.com

Form 10-K

A copy of the Company's Form 10-K, as filed with the Securities and Exchange Commission (SEC) for fiscal 2018, which includes as Exhibits the Chief Executive Officer and Chief Financial Officer certifications required to be filed with the SEC pursuant to Section 302 of the Sarbanes-Oxley Act, has been filed with the SEC and may also be obtained by stockholders without charge upon written request to the Company's Secretary at the above address, or by visiting www.nnnreit.com. During fiscal 2018, the Company filed with the New York Stock Exchange (NYSE) the Certification of its Chief Executive Officer confirming that the Chief Executive Officer was not aware of any violations by the Company of the NYSE's corporate governance listing standards.



**NATIONAL RETAIL
PROPERTIES®**
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