



BUILDING with \_\_\_\_\_  
an EYE on the FUTURE

34  
CONSECUTIVE ANNUAL  
DIVIDEND INCREASES

NN  
REIT

ANNUAL REPORT | 2023

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## TOTAL SHAREHOLDER RETURN COMPARISON

(NNN = \$43.10 at December 31, 2023)

	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS	30 YEARS
NNN REIT, Inc. (NNN)	2.5%	8.5%	11.9%	10.4%	11.6%	11.0%
<b>Indices</b>						
* NAREIT Equity REIT Index (FNERTR)	7.6%	8.0%	10.9%	8.3%	9.5%	9.5%
* Morgan Stanley REIT Index (RMS G)	7.4%	7.6%	10.6%	8.0%	9.2%	n/a
S&P 500 Index (SPX)	15.7%	12.0%	14.0%	9.7%	7.6%	10.1%
* S&P 400 Index (MID)	12.6%	9.3%	13.3%	9.8%	9.7%	11.2%

\* NNN is a member of this index

## VALUE OF \$1,000 INVESTMENT

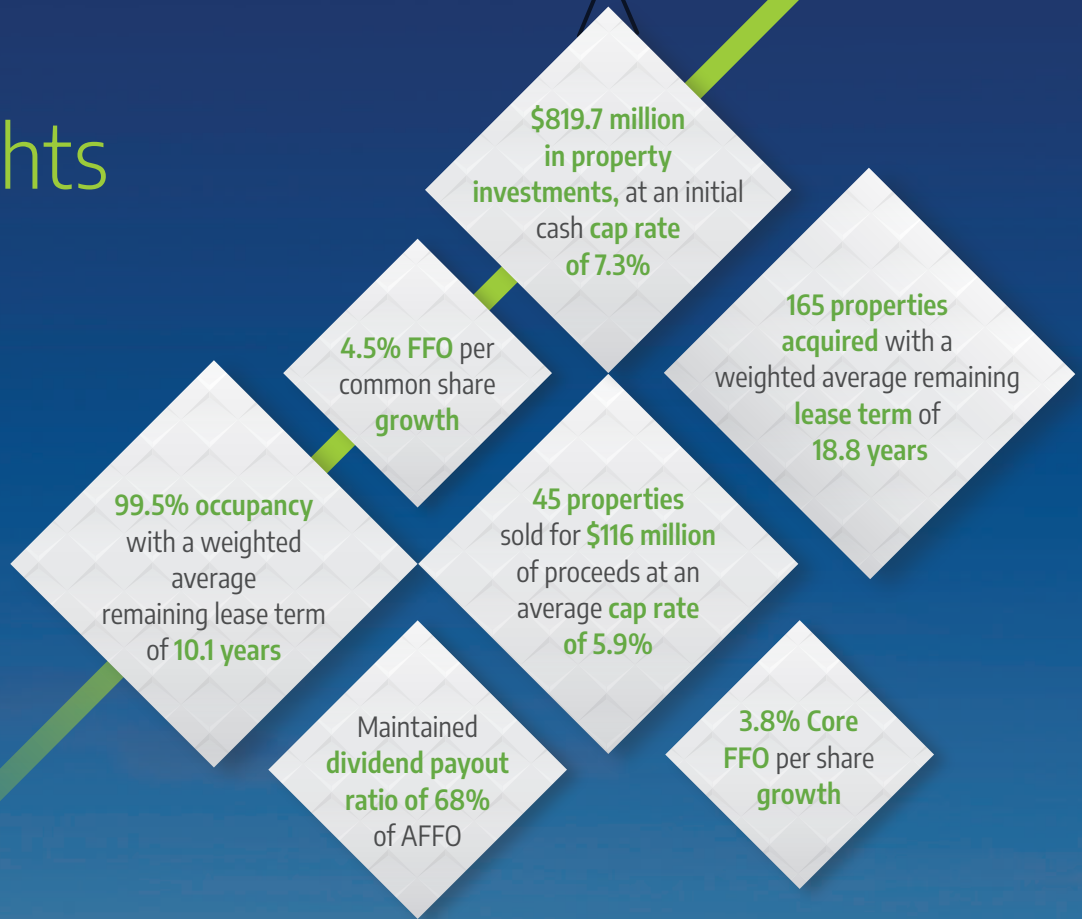
(As of December 31, 2023)

	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS	30 YEARS
NNN REIT, Inc. (NNN)	\$ 1,130	\$ 2,251	\$ 5,386	\$ 7,247	\$ 15,685	\$ 23,016
<b>Indices</b>						
* NAREIT Equity REIT Index (FNERTR)	\$ 1,442	\$ 2,149	\$ 4,695	\$ 4,909	\$ 9,602	\$ 15,304
* Morgan Stanley REIT Index (RMS G)	\$ 1,429	\$ 2,080	\$ 4,508	\$ 4,661	\$ 9,007	n/a
S&P 500 Index (SPX)	\$ 2,072	\$ 3,111	\$ 7,091	\$ 6,347	\$ 6,170	\$ 18,128
* S&P 400 Index (MID)	\$ 1,809	\$ 2,422	\$ 6,508	\$ 6,475	\$ 10,051	\$ 23,839

\* NNN is a member of this index

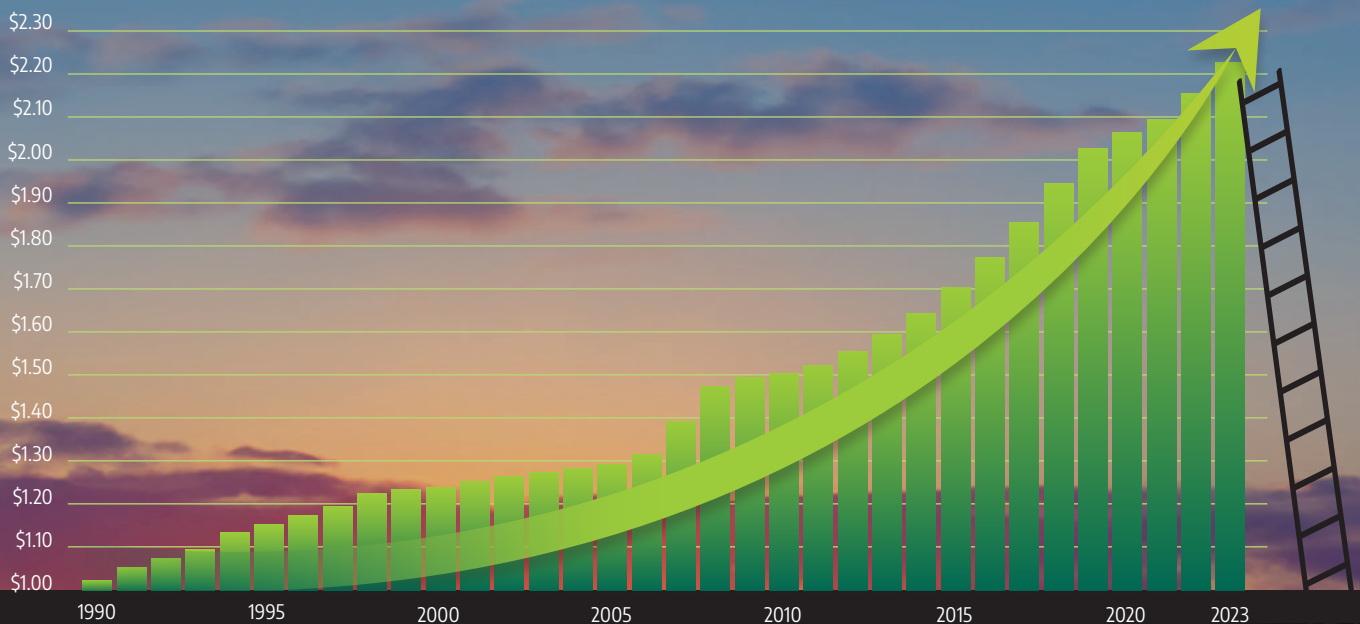


# 2023 Highlights



## 34 CONSECUTIVE ANNUAL DIVIDEND INCREASES

Third longest track record of all REITs









NNN's **track record**  
of 34 consecutive annual  
dividend increases  
**is the third longest**  
of all REITs

## Dear Fellow Shareholders:

For almost 40 years, our company has been building with an eye toward the future, creating a durable foundation balancing sustainable growth while creating shareholder value.

On May 1, 2023, we rebranded the company to NNN REIT, Inc. In many ways, changing our corporate name is one of the most consistent things we have done.

We are, and always have been, a publicly traded Real Estate Investment Trust. We own a strong portfolio of triple-net-leased properties. Our ticker symbol on the New York Stock Exchange has been NNN since January 1994. For three decades, our web address has been [www.nnnreit.com](http://www.nnnreit.com) and our toll-free phone number has remained 1-800-NNN-REIT. Many long-term shareholders, tenants, and vendors refer to us as NNN.

For those reasons, rebranding to NNN REIT was seamless. Our core philosophy remains unchanged: we maintain a solid balance sheet that keeps us well-positioned to react to market conditions while reliably growing Core FFO per share year-over-year and continuing our annual dividend increase track record of 34 years and counting.

## MAINTAINING OUR MULTI-YEAR VIEW

For those familiar with the NNN story, our commitment to taking a multi-year view in operating every aspect of our business remains unwavering. Throughout our presentations, you will not find “month” as a metric on any of our slides. While we diligently monitor monthly, quarterly, and annual market conditions, our overarching focus remains rooted in the long term.

This steadfast philosophy has empowered us to maintain a resilient balance sheet, strategically positioning us to:

- ◆ Navigate through turbulent market conditions successfully;
- ◆ Seize opportunities promptly as they arise;
- ◆ Most importantly, maintain operations **without** requiring additional capital.

We remain dedicated to our long-term objectives of executing our strategy through a bottom-up approach starting with consistent Core FFO per share growth, ensuring sustainable value creation for our shareholders at below-average risk levels.

## 2023 HIGHLIGHTS

The year was marked by several significant milestones, including our 34th consecutive annual dividend increase, the rebranding to NNN REIT, Inc., and the expansion of our executive team to fortify our position for the future.

I am enthusiastic about the additions of Gina Steffens and Jon Adamo to our executive team. Gina, who assumed the role of Executive Vice President and General Counsel late in the fourth quarter, brings a wealth of experience from both public and private companies, particularly in transactional matters. Jon, named

Executive Vice President, Portfolio Operations, boasts over 20 years of tenure with the company, making him well-equipped to drive shareholder value. Both individuals bring fresh perspectives, and I am eager to see their contributions as we continue to grow.

Gina replaced Chris Tessitore, who retired at the end of 2023. We are grateful to Chris for his more than 18 years of dedicated service to NNN's shareholders, associates, board members and tenants. He was an integral part of the growth of NNN, navigating our legal efforts with a steady hand, sound judgment and an innate skill for solving complex issues. We wish him a happy retirement.

Operational highlights for the year included:

- ◆ The annual dividend per common share increased to \$2.23, marking the 34th consecutive year of annual dividend increases, positioning us among the top REITs;
- ◆ Core FFO per common share increased by 3.8% over the prior year;
- ◆ AFFO per common share increased by 1.6% over the prior year;
- ◆ A dividend yield of 5.2% at December 31, 2023;
- ◆ Raised \$31.4 million in net proceeds from the issuance of 726,364 common shares;
- ◆ Issued \$500 million principal amount of 5.600% senior unsecured notes due 2033;
- ◆ Maintained a sector-leading 12-year weighted average debt maturity;
- ◆ Achieved a total average annual shareholder return of 11.0% for the past 30 years, outperforming industry equity averages across various time periods.



**3,532**  
PROPERTIES



**390**  
TENANTS



**49**  
STATES



**37**  
LINES OF TRADES



**\$819M**  
ANNUALIZED BASE RENT

## OUR APPROACH TO ACCRETIVE ACQUISITIONS

In 2023, NNN strategically added nearly \$820 million of real estate to our property portfolio. While our acquisition total may not match the volumes of others, this is by design. And this strategy sets us apart from some other REITs.

NNN consciously differentiated from the other companies' strategies of pursuing high volumes of acquisitions with lower returns in recent years. Instead, we prudently invested capital into new property acquisitions, responsibly growing our portfolio while managing associated risks.

Unlike companies that adopt a binary approach to accretion, viewing acquisitions simply as either accretive or not, we embrace a nuanced perspective. We recognize varying levels of accretion, factoring in relative risk to our investments. Our focus remains on acquisitions that we believe will yield appropriate returns relative to the risk involved.

Throughout the year, we deployed approximately \$820 million in property investments, including the acquisition of 165 properties with an aggregate gross leasable area of approximately 1.3 million square feet at an initial cash cap rate of 7.3% and a weighted average remaining lease term of 18.8 years. The majority of the capital



deployed was directed towards our relationship business partners. Additionally, the long-term projected yield on 2023 acquisitions stands at 8.6%, showcasing the effectiveness of our sale-leaseback acquisition model over buying existing shorter-term leases.

Despite a market characterized by fluctuating bid-ask spreads and ongoing price discovery, we maintained our thoughtful and disciplined underwriting approach throughout 2023. By year-end, NNN's average acquisition cap rate saw an uptick of almost 100 basis points year-over-year.

## CORE PORTFOLIO PERFORMANCE

In 2023, NNN achieved a commendable 3.8% Core FFO growth, bolstered by the acquisitions mentioned earlier. Moreover, the year concluded with an unprecedented occupancy rate of 99.5%, while dispositions of income-producing assets were 140 basis points lower than our acquisition cap rate.

The portfolio now comprises 3,532 freestanding properties, which continue to demonstrate exceptional performance. With our occupancy level consistently above our long-term average, we believe we are securing high-quality properties in attractive locations, appealing not only to existing tenants but also to potential alternative users should the space become available. Additionally, our portfolio boasts a robust weighted average remaining lease term of 10.1 years.

Overall, our battle-tested portfolio performed exceptionally well over the course of the year. However, we do business with retailers and occasionally challenges do present themselves. During the fourth quarter, our tenant Rite Aid filed for bankruptcy protection, however, we anticipate minimal impact. At the time of the filing, NNN owned six properties leased to Rite Aid, and as of the end of January, two of those leases had been rejected by the tenant. However, the rent on these properties aligns closely with market pricing, indicating strong rent recovery within our historical averages.

On the disposition front, we raised approximately \$116 million from the sale of 45 properties at an average cap rate of 5.9%, including 21 vacant properties. While our priority remains to re-lease vacancies, we will continue to divest nonperforming assets when a clear path to generating rental income is not evident within a reasonable time frame.

## CORPORATE RESPONSIBILITY

We are proud of the progress made with our corporate responsibility activities over the last several years. A significant internal update was the creation of an in-house corporate responsibility team which reports directly to our Executive Vice President and General Counsel. This group focuses on environmental data collection and property-level sustainability, while continuing to evolve the company's sustainability program. Our corporate stewardship is important to us and we are set up for consistent and meaningful improvements going forward.

## NNN'S VACANT STORE STRATEGY

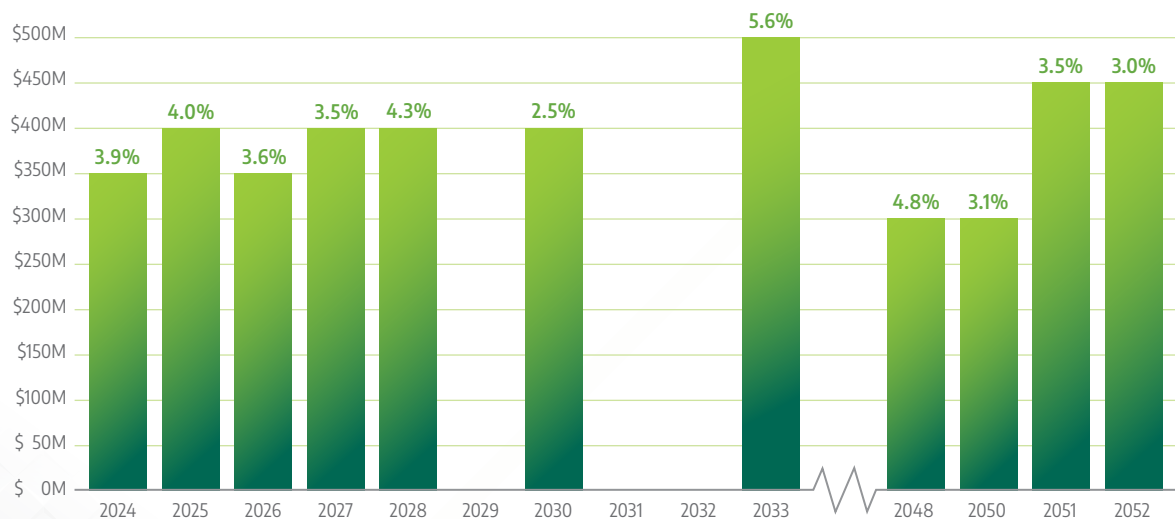
*When one of our properties becomes vacant, we evaluate the net present value of the alternatives for the property. That internal evaluation – which includes a review of local market data and the potential value of an alternate re-use of the space – typically results in one of three outcomes: re-lease the property; redevelop the property; or sell the property. Whichever outcome produces the best return for NNN shareholders will dictate our action.*

*From 2007-2023:*

- ◆ *83% of leases renewed – 983 leases out of 1,180 (230 tenants)*
- ◆ *67% of renewals were above prior rent, 25% below and 8% equal to*

## WELL-LADDERED DEBT MATURITIES

Weighted average debt maturity of 12.0 years as of December 31, 2023, including a balance of \$132,000,000 on the bank line of credit which matures June 2025



**STEPHEN A. HORN, JR.**

President and  
Chief Executive Officer

## 2024 AND BEYOND

Based on our initial acquisitions guidance for the year, NNN is well-positioned to execute our 2024 strategy with minimal capital market activity. Leveraging disciplined use of our bank line of credit, combined with approximately \$180 million in annual free cash flow and an anticipated \$100 million from disposition activities, we aim to continue our thoughtful approach to capital deployment. Management takes pride in being best-in-class capital allocators, prioritizing quality over quantity. However, we remain open to capitalizing on opportunities that may arise as market conditions evolve throughout the year.

In conclusion, NNN remains committed to its long-term view and measured approach to operations, maintaining a conservative balance sheet philosophy to capitalize on market opportunities. We extend our gratitude to our investors and stakeholders and look forward to maintaining your confidence as we navigate the future together.

Sincerely,

Stephen A. Horn, Jr.  
President and Chief Executive Officer

March 2024

NNN's 25-year  
average occupancy  
rate is **98%**











## GINA M. STEFFENS

Executive Vice President & General Counsel

"NNN stands out because of its consistency, stability and impressive track record - and now that I've joined NNN, it is clear that consistency is not simply marketing rhetoric but a pillar of the NNN company culture. I'm excited to be a part of this team and about the future vision for NNN's next stages of growth."



## 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 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

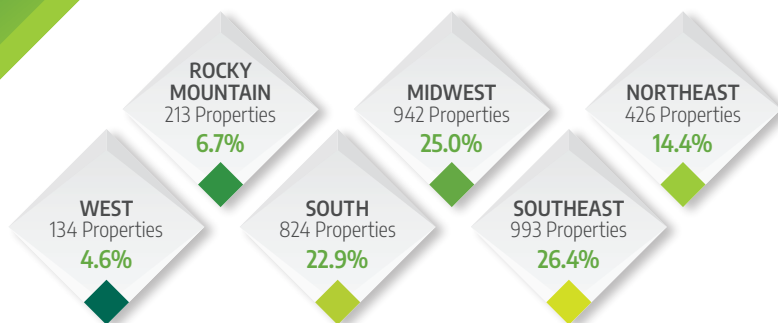
and our rental income growth goes directly to the bottom line. The real estate industry moniker for triple-net leases is "NNN," which was selected as our New York Stock Exchange ticker symbol in 1994.

**\$1,000 invested  
in NNN stock  
in 1994 would now  
be worth \$23,016**

100% of assets  
unencumbered  
– no mortgages

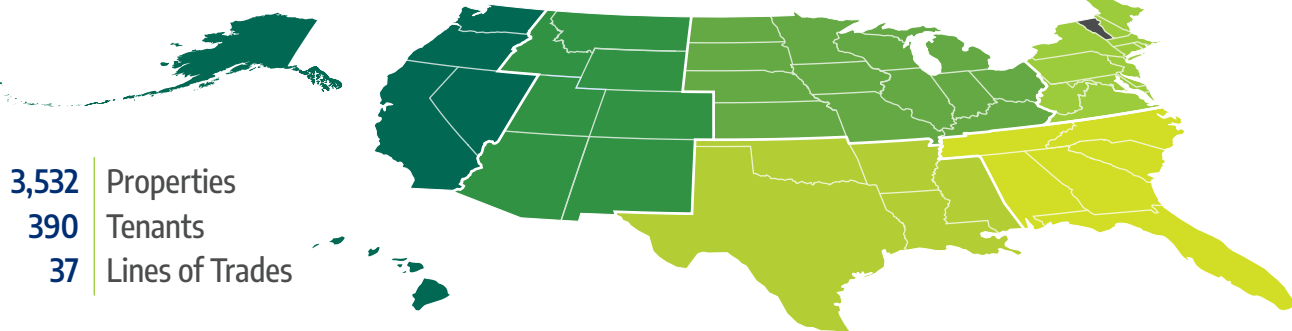
## NATIONWIDE REACH

(As a percentage of annualized base rent as of December 31, 2023)



### Top Five States by Number of Properties

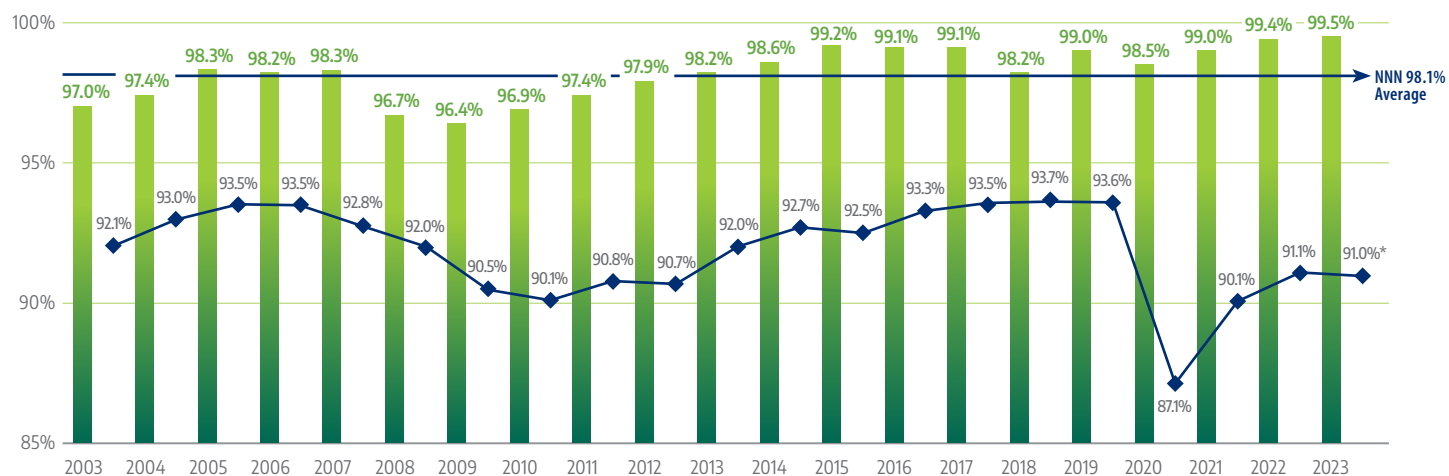
Texas	549
Florida	278
Ohio	195
Georgia	172
Illinois	169



## NNN'S STRATEGY RESULTS IN HIGHER OCCUPANCY, LESS VOLATILITY

■ NNN

◆ REIT Industry (Excluding Hotels & Healthcare)



\*REIT Industry Average as of Q3 2023

Source: S&P Capital IQ





NNN celebrated the 30<sup>th</sup> anniversary of our listing on the New York Stock Exchange by ringing the Closing Bell<sup>®</sup> on February 14, 2024.

Image courtesy of NYSE Group. NYSE does not recommend or endorse any investments, investment strategies, companies, products or services.









## JASON LAPIERRE

Vice President, Enterprise Systems

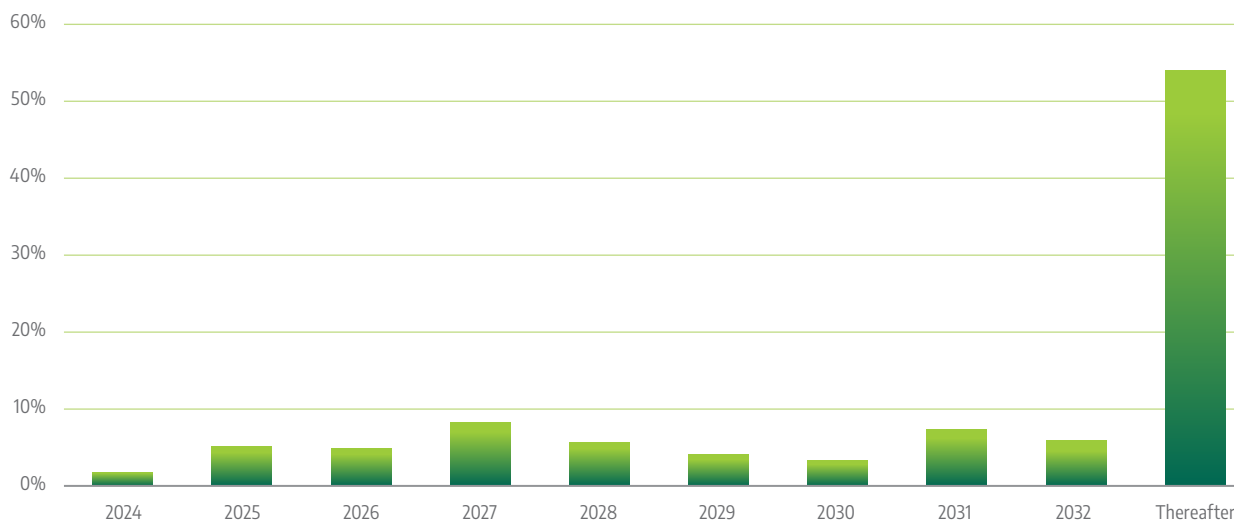
"We take pride in creating proprietary systems and reporting solutions that enhance decision making. In the past year, our Enterprise Systems team created applications for managing the acquisitions pipeline, capturing key property and lease-related activities, and assigning those activities to associates across multiple departments. These applications and related reports have replaced manual operations, providing a single platform for associates to quickly find and share information."



## LEASE EXPIRATIONS (As a percentage of annualized base rent as of December 31, 2023)

Weighted average remaining lease term of 10.1 years

Only 6.8% of leases expire through 2025







83% of  
leases renewed  
since 2007



## CONSERVATIVE BALANCE SHEET MANAGEMENT

As of December 31, 2023 – based on total gross book assets



Unsecured Debt  
42% | \$4,360.5 Million

Common Equity  
58% | \$6,026.2 Million

## GREAT PEOPLE IN A SUPPORTIVE CULTURE

Average tenure of an NNN employee is 10 years



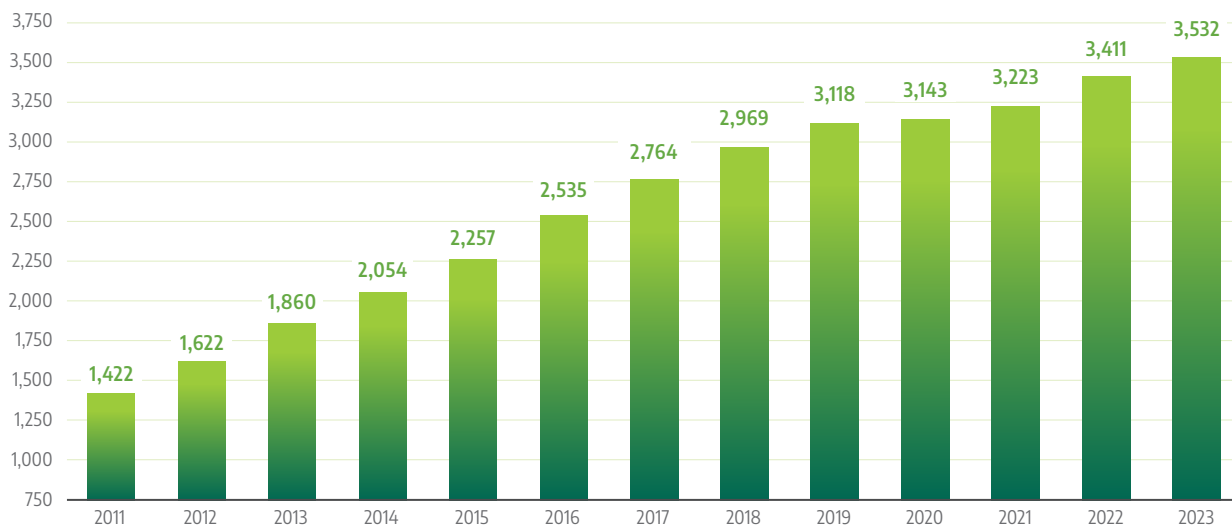
**60%**  
 >5 YEARS

**45%**  
 >10 YEARS

**21 YEARS**  
 AVERAGE TENURE  
 OF SENIOR LEADERSHIP

## PORTFOLIO GROWTH

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









## JILL FUSSELL

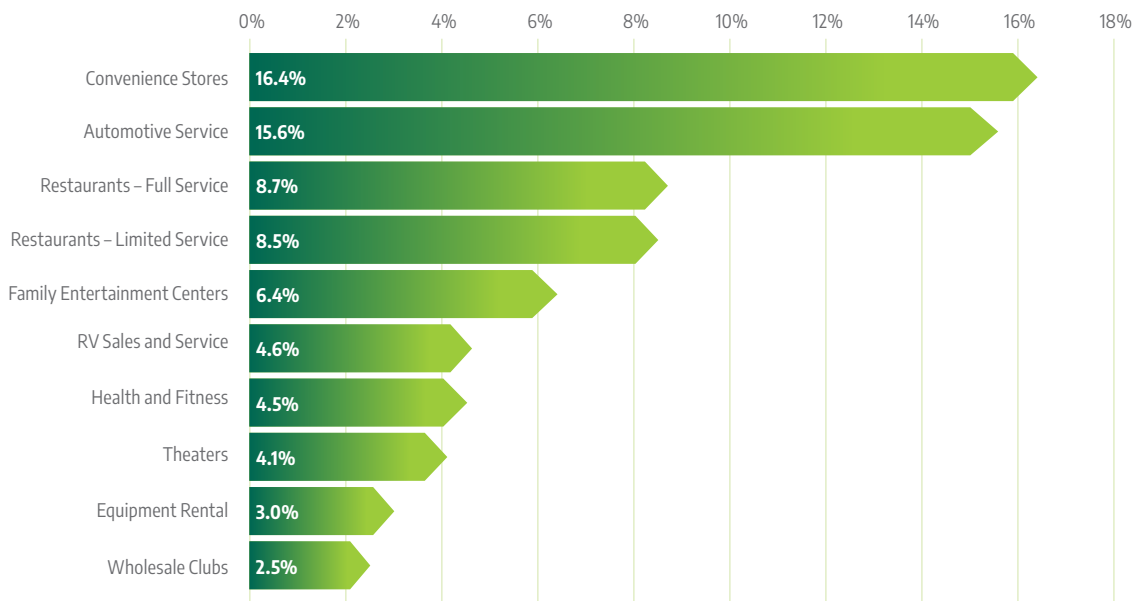
Director, Property Manager

“One of the things I love about working at NNN is that everyone in the company has the same goal: increasing shareholder value. We’re all on the same page and that makes it easier when working with other departments. There is a built-in efficiency because there is such depth of experience.”

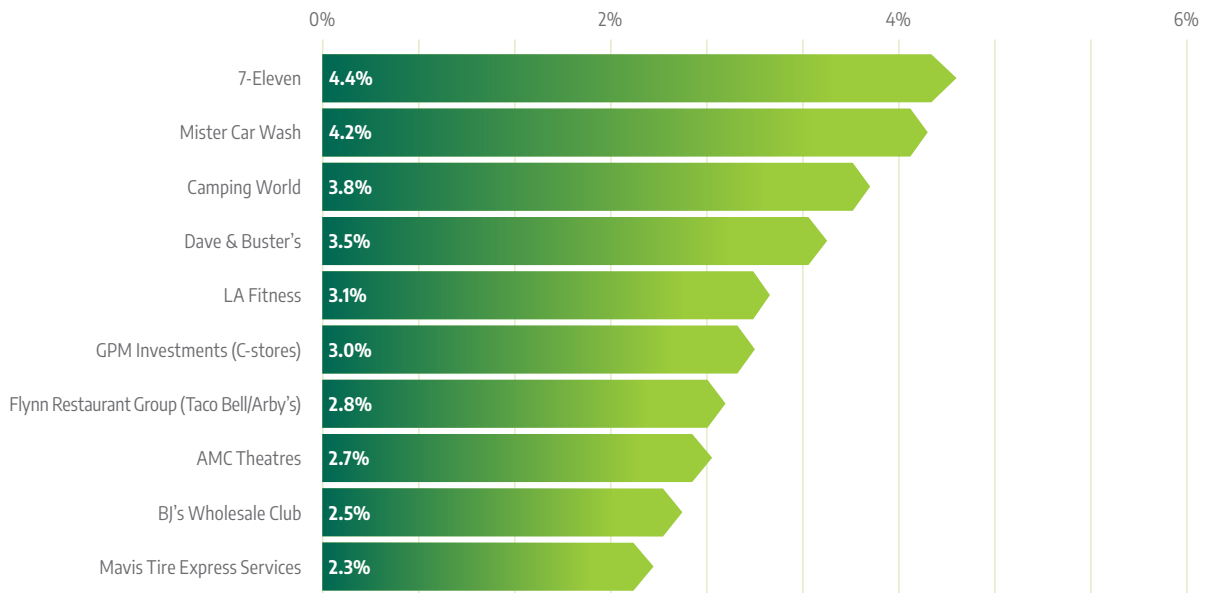


## TOP LINES OF TRADE

(As a percentage of annualized base rent as of December 31, 2023)



## TOP TENANTS



# Corporate Responsibility

We are proud of the progress NNN has made in developing and expanding our corporate responsibility strategy in recent years. We maintain an in-house Sustainability Team reporting directly to the Executive Vice President and General Counsel, and with oversight by the Governance and Nominating Committee of the Board of Directors. Comprising associates from various seniority levels and departments, the Sustainability Team focuses on environmental data collection and property-level sustainability. We are committed to environmental stewardship and believe that adhering to high standards contributes to long-term success for our stakeholders and the community.



ABOVE: The first LEED certified convenience store in the United States, located in Gainesville, Florida.





## OUR PEOPLE

We employ 82 top-tier professionals at our headquarters in Orlando, Florida. We strive to create and maintain a culture that enhances their work experience and incentivizes them to remain a long-term part of our team. Statistics suggest we're well on our way to achieving that: almost half of our associates have been with the company for 10 years or longer; the executive team, department heads, and senior managers average more than 21 years of experience with the company.



## OUR ETHICS

As a fiduciary to our shareholders it is paramount that NNN REIT conducts business with integrity and with an unwavering commitment to the highest level of ethics in everything we do. To help ensure that we meet our goal of operating at the highest ethical level, NNN REIT has adopted a set of Guiding Policies, which include our Corporate Governance Guidelines, Code of Business Conduct Policy and Whistleblower Policy.



## OUR ENVIRONMENT

As an owner of more than 3,500 triple-net-leased properties throughout the U.S., we are also committed to good stewardship of the environment. We actively engage with our tenants and other stakeholders to reduce our energy, emissions, and water usage footprint. We have also implemented various initiatives at our EPA ENERGY STAR® certified corporate headquarters to minimize our own impact on the environment.



## OUR COMMUNITY

For more than three decades, NNN has been an active partner with numerous organizations to help our community become a better place to live and work for everyone. We encourage our associates to volunteer and be actively involved in the betterment of the Central Florida community. Our longest running partnerships include Boys & Girls Clubs of Central Florida, Ronald McDonald House of Central Florida, and Elevate Orlando. One of our newest relationships is with the Coalition for the Homeless of Central Florida.



# Our Officers and Directors

## EXECUTIVE OFFICERS

### STEPHEN A. HORN, JR.

President & Chief Executive Officer

### KEVIN B. HABICHT

Executive Vice President  
& Chief Financial Officer

### MICHELLE L. MILLER

Executive Vice President  
& Chief Accounting and  
Technology Officer

### GINA M. STEFFENS

Executive Vice President,  
General Counsel & Secretary

### JON ADAMO

Executive Vice President,  
Portfolio Operations

## DIRECTORS

### STEVEN D. COSLER, CHAIRPERSON

Operating Partner  
Water Street Healthcare Partners

### PAMELA K. M. BEALL <sup>1,2</sup>

Retired Executive Vice President  
& Chief Financial Officer  
Marathon Petroleum Corporation

### DAVID M. FICK <sup>1,3</sup>

Adjunct Professor  
Johns Hopkins University  
Carey Business School; and,  
President  
Nandua Oyster Company

### EDWARD J. FRITSCH <sup>2,3</sup>

Retired President  
& Chief Executive Officer  
Highwoods Properties, Inc.

### ELIZABETH CASTRO GULACSY <sup>1</sup>

Former Chief Financial Officer & Treasurer  
SeaWorld Entertainment, Inc.

### KEVIN B. HABICHT

Executive Vice President  
& Chief Financial Officer  
NNN REIT, Inc.

### BETSY D. HOLDEN <sup>1,3</sup>

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

### STEPHEN A. HORN, JR.

President & Chief Executive Officer  
NNN REIT, Inc.

### KAMAU O. WITHERSPOON <sup>1,2</sup>

Chief Executive Officer  
Shipt

<sup>1</sup> Member, Audit Committee

<sup>2</sup> Member, Governance and Nominating Committee

<sup>3</sup> Member, Compensation Committee





**NNN  
REIT**<sup>™</sup>  
NYSE:NNN

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(800) NNN-REIT | [www.nnnreit.com](http://www.nnnreit.com)



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Paper | Supporting  
responsible forestry  
FSC® C127009