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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from to

Commission file number 001-11290

NNN REIT, INC.

(Exact name of registrant as specified in its charter)

Maryland	56-1431377
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

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

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

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

Title of each class:	*Trading Symbol(s):*	*Name of exchange on which registered:*
Common Stock, $0.01 par value	NNN	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ 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. ☐

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

As of October 28, 2024, the registrant had

187,526,191
shares of common stock, $0.01 par value, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NNN REIT, INC.
and SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)

	September 30, 2024 (unaudited)	December 31, 2023
ASSETS		
Real estate portfolio, net of accumulated depreciation and amortization	$ 8,625,489	$ 8,535,851
Cash and cash equivalents	173,526	1,189
Restricted cash and cash held in escrow	4,986	3,966
Receivables, net of allowance of $ 592 and $ 669, respectively	2,224	3,649
Accrued rental income, net of allowance of $ 4,117 and $ 4,168, respectively	33,849	34,611
Debt costs, net of accumulated amortization of $ 26,280 and $ 23,952, respectively	9,656	3,243
Other assets	73,913	79,459
Total assets	$ 8,923,643	$ 8,661,968
LIABILITIES AND EQUITY		
Liabilities:		
Line of credit payable	$ —	$ 132,000
Notes payable, net of unamortized discount and unamortized debt costs	4,372,293	4,228,544
Accrued interest payable	75,399	34,374
Other liabilities	107,025	109,593
Total liabilities	4,554,717	4,504,511
Equity:		

Stockholders' equity:		
Common stock, $ 0.01 par value. Authorized 375,000,000 shares; 187,525,891 and 182,474,770 shares issued and outstanding, respectively	1,877	1,826
Capital in excess of par value	5,194,330	4,971,625
Accumulated deficit	(818,862)	(805,883)
Accumulated other comprehensive income (loss)	(8,419)	(10,111)
Total equity	4,368,926	4,157,457
Total liabilities and equity	$ 8,923,643	$ 8,661,968

See accompanying notes to condensed consolidated financial statements.

NNN REIT, INC.
and SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(dollars in thousands, except per share data)
(unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Rental income	$ 218,155	$ 204,856	$ 649,120	$ 610,912
Interest and other income from real estate transactions	409	276	1,664	968
	218,564	205,132	650,784	611,880
Operating expenses:				
General and administrative	11,209	10,225	35,582	33,216
Real estate	7,263	6,459	21,175	20,141
Depreciation and amortization	63,369	59,523	186,487	178,546
Leasing transaction costs	22	96	75	223
Impairment losses – real estate, net of recoveries	760	1,001	2,908	3,675
Executive retirement costs	156	153	626	885
	82,779	77,457	246,853	236,686
Gain on disposition of real estate	7,765	19,992	30,207	40,222
Earnings from operations	143,550	147,667	434,138	415,416
Other expenses (revenues):				
Interest and other income	(845)	(644)	(1,940)	(751)
Interest expense	46,491	41,524	137,137	120,509
	45,646	40,880	135,197	119,758
Net earnings	$ 97,904	$ 106,787	$ 298,941	$ 295,658
Net earnings per share:				

Basic	$ 0.53	$ 0.59	$ 1.63	$ 1.63
Diluted	$ 0.53	$ 0.59	$ 1.63	$ 1.63
Weighted average shares outstanding:				
Basic	184,007,176	181,398,273	182,757,097	181,120,963
Diluted	184,561,431	181,721,467	183,301,570	181,460,622
Other comprehensive income:				
Net earnings	$ 97,904	$ 106,787	$ 298,941	$ 295,658
Amortization of interest rate hedges	450	620	1,692	1,843
Total comprehensive income	$ 98,354	$ 107,407	$ 300,633	$ 297,501

See accompanying notes to condensed consolidated financial statements.

NNN REIT, INC.
and SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
Quarter Ended September 30, 2024
(dollars in thousands, except per share data)
(unaudited)

	Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balances at June 30, 2024	$ 1,838	$ 5,012,642	$ (810,689)	$ (8,869)	$ 4,194,922
Net earnings	—	—	97,904	—	97,904
Dividends declared and paid:					
$ 0.5800 per share of common stock	—	635	(106,077)	—	(105,442)
Issuance of common stock:					
8,614 shares – director compensation	—	320	—	—	320
1,074 shares – stock purchase plan	—	49	—	—	49
3,848,657 shares – ATM equity program	39	181,095	—	—	181,134
Stock issuance costs	—	(2,909)	—	—	(2,909)
Amortization of deferred compensation	—	2,498	—	—	2,498
Amortization of interest rate hedges	—	—	—	450	450
Balances at September 30, 2024	$ 1,877	$ 5,194,330	$ (818,862)	$ (8,419)	$ 4,368,926

See accompanying notes to condensed consolidated financial statements.

NNN REIT, INC.
and SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY – CONTINUED
Quarter Ended September 30, 2023
(dollars in thousands, except per share data)
(unaudited)

	Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balances at June 30, 2023	$ 1,825	$ 4,963,808	$ (804,040)	$ (11,359)	$ 4,150,234
Net earnings	—	—	106,787	—	106,787
Dividends declared and paid:					
$ 0.5650 per share of common stock	—	700	(102,647)	—	(101,947)
Issuance of common stock:					
8,291 shares – director compensation	—	294	—	—	294
1,575 shares – stock purchase plan	—	62	—	—	62
9,800 restricted shares – net of forfeitures	—	—	—	—	—
Stock issuance costs	—	(375)	—	—	(375)
Amortization of deferred compensation	—	2,383	—	—	2,383
Amortization of interest rate hedges	—	—	—	620	620
Balances at September 30, 2023	$ 1,825	$ 4,966,872	$ (799,900)	$ (10,739)	$ 4,158,058

See accompanying notes to condensed consolidated financial statements.

NNN REIT, INC.
and SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY – CONTINUED
Nine Months Ended September 30, 2024
(dollars in thousands, except per share data)
(unaudited)

	Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balances at December 31, 2023	$ 1,826	$ 4,971,625	$ (805,883)	$ (10,111)	$ 4,157,457
Net earnings	—	—	298,941	—	298,941
Dividends declared and paid:					
$ 1.7100 per share of common stock	—	1,941	(311,920)	—	(309,979)
Issuance of common stock:					
27,838 shares – director compensation	—	959	—	—	959
3,061 shares – stock purchase plan	—	132	—	—	132
4,652,100 shares – ATM equity program	47	214,814	—	—	214,861
344,525 restricted shares – net of forfeitures	4	(4)	—	—	—
Stock issuance costs	—	(3,219)	—	—	(3,219)
Amortization of deferred compensation	—	8,082	—	—	8,082
Amortization of interest rate hedges	—	—	—	1,692	1,692
Balances at September 30, 2024	$ 1,877	$ 5,194,330	$ (818,862)	$ (8,419)	$ 4,368,926

See accompanying notes to condensed consolidated financial statements.

NNN REIT, INC.
and SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY – CONTINUED
Nine Months Ended September 30, 2023
(dollars in thousands, except per share data)
(unaudited)

	Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balances at December 31, 2022	$ 1,815	$ 4,928,034	$ (793,765)	$ (12,582)	$ 4,123,502
Net earnings	—	—	295,658	—	295,658
Dividends declared and paid:					
$ 1.6650 per share of common stock	—	2,155	(301,793)	—	(299,638)
Issuance of common stock:					
24,097 shares – director compensation	—	833	—	—	833
5,151 shares – stock purchase plan	—	222	—	—	222
650,135 shares – ATM equity program	7	29,143	—	—	29,150
265,467 restricted shares – net of forfeitures	3	(3)	—	—	—
Stock issuance costs	—	(933)	—	—	(933)
Amortization of deferred compensation	—	7,421	—	—	7,421
Amortization of interest rate hedges	—	—	—	1,843	1,843
Balances at September 30, 2023	$ 1,825	$ 4,966,872	$ (799,900)	$ (10,739)	$ 4,158,058

See accompanying notes to condensed consolidated financial statements.

NNN REIT, INC.
and SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net earnings	$ 298,941	$ 295,658
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	186,487	178,546
Impairment losses – real estate, net of recoveries	2,908	3,675
Amortization of notes payable discount	2,149	1,416
Amortization of debt costs	4,538	3,648
Amortization of mortgages payable premium	—	(21)
Amortization of interest rate hedges	1,692	1,843
Gain on disposition of real estate	(30,207)	(40,222)
Performance incentive plan expense	9,976	8,997
Performance incentive plan payment	(1,274)	(916)
Change in operating assets and liabilities, net of assets acquired and liabilities assumed:		
Decrease in receivables	1,425	654
Decrease (increase) in accrued rental income	8	(1,496)
Increase in other assets	(1,057)	(500)
Increase in accrued interest payable	41,025	36,939
Increase in other liabilities	1,353	2,478
Other	(138)	114

Net cash provided by operating activities	517,826	490,813
Cash flows from investing activities:		
Proceeds from the disposition of real estate	106,764	89,542
Additions to real estate	(351,149)	(524,719)
Principal payments received on mortgages and notes receivable	470	440
Other	(1,099)	(1,534)
Net cash used in investing activities	(245,014)	(436,271)

See accompanying notes to condensed consolidated financial statements.

NNN REIT, INC.
and SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED
(dollars in thousands)
(unaudited)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash flows from financing activities:		
Proceeds from line of credit payable	$ 449,000	$ 646,000
Repayment of line of credit payable	(581,000)	(812,200)
Repayment of mortgages payable	—	(9,947)
Proceeds from notes payable	493,840	488,380
Repayment of notes payable	(350,000)	—
Payment of debt issuance costs	(13,103)	(4,248)
Proceeds from issuance of common stock	216,934	31,528
Stock issuance costs	(3,206)	(777)
Payment of common stock dividends	(311,920)	(301,793)
Net cash provided by (used in) financing activities	(99,455)	36,943
Net increase in cash, cash equivalents and restricted cash(1)	173,357	91,485
Cash, cash equivalents and restricted cash at beginning of period(1)	5,155	6,778
Cash, cash equivalents and restricted cash at end of period(1)	$ 178,512	$ 98,263
Supplemental disclosure of cash flow information:		
Interest paid, net of amount capitalized	$ 92,477	$ 79,058
Supplemental disclosure of noncash investing and financing activities:		
Change in other comprehensive income	$ 1,692	$ 1,843
Right-of-use asset recorded in connection with lease liability	$ —	$ 6,401

Change in work in progress accrual	$ (2,539)	$ 24,498

(1)

Cash, cash equivalents and restricted cash is the aggregate of *cash and cash equivalents* and *restricted cash and cash held in escrow* from the Condensed Consolidated Balance Sheets. As of September 30, 2024, December 31, 2023 and September 30, 2023, NNN had restricted cash of $4,986, $3,966 and $21,126, respectively.

See accompanying notes to condensed consolidated financial statements.

NNN REIT, INC.
and SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024
(Unaudited)

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization and Nature of Business. NNN REIT, Inc., a Maryland corporation, is a fully integrated real estate investment trust ("REIT") formed in 1984. The term "NNN" or the "Company" refers to NNN REIT, Inc. and all of its consolidated subsidiaries. NNN may elect to treat certain of its subsidiaries as taxable REIT subsidiaries.

NNN's assets primarily include real estate assets. NNN acquires, owns, invests in and develops properties that are leased primarily to retail tenants under long-term net leases and are primarily held for investment ("Properties" or "Property Portfolio", or individually a "Property").

	September 30, 2024
Property Portfolio:	
Total Properties	3,549
Gross leasable area (square feet)	36,550,000
States	49
Weighted average remaining lease term (years)	10.0

NNN's operations are reported within one reportable segment in the unaudited condensed consolidated financial statements and all properties are considered part of the Properties or Property Portfolio. As such, property counts and calculations involving property counts reflect all NNN Properties.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by U.S. generally accepted accounting principles. The unaudited condensed consolidated financial statements reflect all adjustments (including normal recurring accruals) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. Operating results for the quarter and nine months ended September 30, 2024, may not be indicative of the results that may be expected for the year ending December 31, 2024. Amounts as of December 31, 2023, included in the condensed consolidated financial statements have been derived from the audited consolidated financial statements as of that date. The unaudited condensed consolidated financial statements, included herein, should be read in conjunction with the consolidated financial statements and notes thereto as well as Management's Discussion and Analysis of Financial Condition and Results of Operations in NNN's Form 10-K for the year ended December 31, 2023.

Principles of Consolidation. NNN's unaudited condensed consolidated financial statements include the accounts of each of the respective majority owned and controlled affiliates, including transactions whereby NNN has been determined to be the primary beneficiary in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") guidance included in Topic 810, *Consolidation.* All significant intercompany account balances and transactions have been eliminated.

Real Estate Portfolio. NNN records the acquisition of real estate at cost, including acquisition and closing costs. The cost of Properties developed or funded by NNN includes direct and indirect costs of construction, property taxes, interest, third-party costs and other miscellaneous costs incurred during the development period until the project is substantially complete and available for occupancy. NNN recorded $ 4,744,000 and $ 2,374,000 in capitalized interest during the development period for the nine months ended September 30, 2024 and 2023, respectively, of which $ 1,268,000 and $ 1,248,000 was recorded during the quarters ended September 30, 2024 and 2023, respectively.

Purchase Accounting for Acquisition of Real Estate. In accordance with the FASB ASC guidance on business combinations, consideration for the real estate acquired is allocated to the acquired tangible assets, consisting of land, building and tenant improvements, and, if applicable, to identified intangible assets and liabilities, consisting of the value of above-market and below-market leases and the value of in-place leases, as applicable, based on their respective fair values.

The fair value estimate is sensitive to significant assumptions, such as establishing a range of relevant market assumptions for land, building and rent and where the acquired property falls within that range. These market assumptions for land, building and rent use the most relevant comparable properties for an acquisition. The final value relies upon ranking comparable properties' attributes from most to least similar.

The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land, building and tenant improvements based on the determination of their fair values.

In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above-market and below-market in-place lease values are recorded as other assets or liabilities based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases, and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining term of the lease and the renewal option terms if it is probable that the tenant will exercise options. The capitalized above-market lease values are amortized as a reduction of rental income over the remaining terms of the respective leases. The capitalized below-market lease values are amortized as an increase to rental income over the initial term unless the Company believes that it is likely that the tenant will renew the lease for an option term whereby the Company amortizes the value attributable to the renewal over the renewal period.

The aggregate value of other acquired intangible assets, consisting of in-place leases, is valued by comparing the purchase price paid for a property after adjusting for existing in-place leases to the estimated fair value of the property as-if-vacant, determined as set forth above. This intangible asset is amortized to expense over the remaining non-cancelable periods of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be written off in that period. The value of tenant relationships is reviewed on individual transactions to determine if future value was derived from the acquisition.

Lease Accounting. NNN records its leases on the Property Portfolio in accordance with FASB ASC Topic 842, *Leases* ("ASC 842"). In addition, NNN records right-of-use assets and operating lease liabilities as lessee under operating leases in accordance with ASC 842.

NNN's real estate is typically leased to tenants under triple-net leases, whereby the tenant is responsible for all operating expenses relating to the Property, including utilities, real estate taxes and assessments, property and liability insurance, maintenance, repairs and capital expenditures. The leases on the Property Portfolio are predominantly classified as operating leases and are accounted for as follows:

> *Operating method* – Properties with leases accounted for using the operating method are recorded at the cost of the real estate and depreciated on the straight-line method over their estimated remaining useful lives, which generally range from 20 to 40 years for buildings and improvements and 15 years for land improvements. Leasehold interests are amortized on the straight-line method over the terms of their respective leases. Revenue is recognized as rentals are earned and expenses (including depreciation) are charged to operations as incurred. When scheduled rentals vary during the lease term, income is recognized on a straight-line basis so as to produce a constant periodic rent over the term of the lease. Accrued rental income is the aggregate difference between the scheduled rents which vary during the lease term and the income recognized on a straight-line basis.

Collectability. In accordance with ASC 842, NNN reviews the collectability of its rental income on an ongoing basis. NNN considers collectability indicators when analyzing accounts receivable (and accrued rent), historical bad debt levels, tenant credit-worthiness and current economic trends, all of which assists in evaluating the probability of outstanding and future rental income collections and the adequacy of the allowance for doubtful accounts. In addition, tenants in bankruptcy are analyzed and considerations are made in connection with the expected recovery of pre-petition and post-petition bankruptcy claims.

When NNN deems the collection of rental income from a tenant not probable, uncollected and previously recognized rental revenue and any related accrued rent are reversed as a reduction to rental income and, subsequently, rental income is only recognized when cash receipts are received. At this point, a tenant is deemed cash basis for accounting purposes. If NNN subsequently deems the collection of rental income is probable, any related accrued rental income or expense is restored.

As a result of the review of collectability, NNN recorded a write-off of $

709,000
and $

348,000
of outstanding receivables and related accrued rent for certain tenants reclassified to cash basis for accounting purposes during the nine months ended September 30, 2024 and 2023, respectively.

The following table summarizes those tenants classified as cash basis for accounting purposes as of September 30:

	2024	2023
Number of tenants	11	8
Cash basis tenants as a percent of:		
Total Properties	4.3 %	4.8 %
Total annual base rent	5.6 % (1)	6.9 % (2)
Total gross leasable area	6.5 %	6.4 %

Based on annualized base rent for all leases in place on each respective date.

(1) $ 850,976,000 as of September 30, 2024.

(2) $ 800,194,000 as of September 30, 2023.

During the nine months ended September 30, 2024 and 2023, NNN recognized $

31,330,000
and $

44,368,000
, respectively, of rental income from certain tenants for periods following their classification to cash basis for accounting purposes, of which $

10,446,000
and $

14,281,000
was recognized during the quarters ended September 30, 2024 and 2023, respectively.

NNN includes an allowance for doubtful accounts in *rental income* on the Condensed Consolidated Statements of Income and Comprehensive Income.

Real Estate – Held for Sale. Real estate held for sale is not depreciated and is recorded at the lower of cost or fair value, less cost to sell. On a quarterly basis, the Company evaluates its Properties for held for sale classification based on specific criteria as outlined in FASB ASC Topic 360, *Property, Plant and Equipment,* including management's intent to commit to a plan to sell the asset. NNN anticipates the disposition of Properties classified as held for sale to occur within 12 months. At September 30, 2024 and December 31, 2023, NNN had recorded real estate held for sale of $

3,564,000
(two properties) and $

4,573,000
(one property), respectively, in *real estate portfolio* on the Condensed Consolidated Balance Sheets. The property classified as held for sale as of December 31, 2023 was sold during the nine months ended September 30, 2024.

Real Estate Dispositions. When real estate is disposed, the related cost, accumulated depreciation or amortization and any accrued rental income from operating leases and the net investment from direct financing leases are removed from the accounts, and gains and losses from the dispositions are reflected in income. FASB ASC Topic 610-20, *Gains and Losses from the Derecognition of Nonfinancial Assets* ("ASC 610-20"), provides guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. An entity that transfers a nonfinancial asset in the scope of ASC 610-20 follows a two-step derecognition model to determine whether (and when) to derecognize the asset. NNN determined the key transactions impacted by ASC 610-20 are recorded in *gain on disposition of real estate* reported on the Condensed Consolidated Statements of Income and Comprehensive Income. In accordance with ASC 610-20, NNN evaluates any separate contracts or performance obligations to determine proper timing and/or amount of revenue recognition, as well as, transfer of control and transaction price allocation in determining the amount of gain or loss to record.

Impairment – Real Estate. NNN periodically assesses its long-lived real estate assets for possible impairment whenever certain events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. These indicators include, but are not limited to: changes in real estate market conditions, the ability of NNN to re-lease properties that are currently vacant or become vacant, properties reclassified as held for sale, persistent vacancies greater than one year, and properties leased to tenants in bankruptcy. Management evaluates whether an impairment in carrying value has occurred by comparing the estimated future cash flows (undiscounted and without interest charges), and the residual value of the real estate, with the carrying value of the individual asset. The future undiscounted cash flows are primarily driven by estimated future market rents. Future cash flow estimates are sensitive to the assumptions made by management regarding future market rents, which are affected by expectations about future market and economic conditions. If an impairment is indicated, a loss will be recorded for the amount by which the carrying value of the asset exceeds its estimated fair value. NNN's Properties are leased primarily to retail tenants under long-term net leases and primarily held for investment. Generally, NNN's Property leases provide for initial terms of 10 to 20 years, with cash flows provided over the entire term.

Credit Losses on Financial Instruments. FASB ASC Topic 326, *Financial Instruments – Credit Losses,* requires entities to estimate an expected lifetime credit loss on financial assets ranging from short-term trade accounts receivable to long-term financings. The guidance requires a lifetime credit loss expected at inception and requires pooling of assets, which share similar risk characteristics. NNN is required to evaluate current economic conditions, as well as make future expectations of economic conditions. In addition, the measurement of the expected credit loss is over the asset's contractual term.

NNN held mortgages receivable, including accrued interest, of $

581,000
and $

1,002,000
included in *other assets* on the Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, respectively, net of $

12,000
and $

64,000
allowance for credit loss, respectively. NNN periodically evaluates the allowance for credit loss based on the fair value of the collateral and a 15-year historical collectability trend analysis.

Cash and Cash Equivalents. NNN considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash and money market accounts. Cash equivalents are stated at cost plus accrued interest, which approximates fair value. Cash accounts maintained on behalf of NNN in demand deposits at commercial banks and money market funds may exceed federally insured levels or may be held in accounts without any federal insurance or any other insurance or guarantee. However, NNN has not experienced any losses in such accounts.

Restricted Cash and Cash Held in Escrow. Restricted cash and cash held in escrow may include (i) cash proceeds from the sale of assets held by qualified intermediaries in anticipation of the acquisition of replacement properties in tax-deferred exchanges under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) cash that has been placed in escrow for the future funding of construction commitments, or (iii) cash that is not immediately available to NNN. NNN held $

4,986,000
and $

3,966,000
in restricted cash and cash held in escrow as of September 30, 2024 and December 31, 2023, respectively.

Debt Costs – Line of Credit Payable. Debt costs incurred in connection with NNN's $

1,200,000,000
unsecured revolving line of credit have been deferred and are being amortized to interest expense over the term of the loan commitment using the straight-line method, which approximates the effective interest method. NNN has recorded debt costs associated with the Credit Facility (as defined in "Note 3 – Line of Credit Payable") as an asset, in *debt costs* on the Condensed Consolidated Balance Sheets.

Debt Costs – Notes Payable. Debt costs incurred in connection with the issuance of NNN's unsecured notes have been deferred and are being amortized to interest expense over the term of the respective debt obligation using the effective interest method. NNN had debt costs of $

43,820,000
and $

42,595,000
, included in *notes payable* on the Condensed Consolidated Balance Sheets, as of September 30, 2024 and December 31, 2023, respectively, net of accumulated amortization of $

13,327,000
and $

14,343,000
, respectively.

Revenue Recognition. Rental revenues for properties under construction commence upon completion of construction of the leased asset and delivery of the leased asset to the tenant. Rental revenues for non-development real estate assets are recognized when earned in accordance with ASC 842*,* based on the terms of the lease of the leased asset. Leasehold interests are amortized on the straight-line method over the terms of their respective leases. When scheduled rentals vary during the lease term, income is recognized on a straight-line basis so as to produce a constant periodic rent over the term of the lease. Lease termination fees are recognized when collected subsequent to the related lease that is cancelled and NNN no longer has continuing involvement with the former tenant with respect to that property.

Earnings Per Share. Earnings per share have been computed pursuant to the FASB guidance included in FASB ASC Topic 260, *Earnings Per Share*. The guidance requires classification of the Company's unvested restricted share units, which carry rights to receive nonforfeitable dividends, as participating securities requiring the two-class method of computing earnings per share. Under the two-class method, earnings per common share are computed by dividing the sum of distributed earnings to common stockholders and undistributed earnings allocated to common stockholders by the weighted average common shares outstanding for the period. In applying the two-class method, undistributed earnings are allocated to both common shares and participating securities based on the weighted average shares outstanding during the period.

The following table is a reconciliation of the numerator and denominator used in the computation of basic and diluted earnings per share using the two-class method (dollars in thousands):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Basic and Diluted Earnings:				
Net earnings	$ 97,904	$ 106,787	$ 298,941	$ 295,658
Less: Earnings allocated to unvested restricted shares	(185)	(171)	(511)	(448)
Net earnings used in basic and diluted earnings per share	$ 97,719	$ 106,616	$ 298,430	$ 295,210
Basic and Diluted Weighted Average Shares Outstanding:				
Weighted average shares outstanding	185,094,982	182,424,814	183,780,842	182,092,117
Less: Unvested restricted shares	(318,796)	(290,458)	(298,973)	(268,713)
Less: Unvested contingent restricted shares	(769,010)	(736,083)	(724,772)	(702,441)
Weighted average shares outstanding used in basic earnings per share	184,007,176	181,398,273	182,757,097	181,120,963
Other dilutive securities	554,255	323,194	544,473	339,659
Weighted average shares outstanding used in diluted earnings per share	184,561,431	181,721,467	183,301,570	181,460,622

Income Taxes. NNN has made an election to be taxed as a REIT under Sections 856 through 860 of the Code, and related regulations. NNN generally will not be subject to federal income taxes on taxable income it distributes to stockholders, provided it meets certain other requirements for qualifying as a REIT. As of September 30, 2024, NNN believes it has qualified as a REIT. Notwithstanding NNN's qualification for taxation as a REIT, NNN is subject to certain state and local income, franchise and excise taxes.

Fair Value Measurement. NNN's estimates of fair value of financial and non-financial assets and liabilities are based on the framework established in FASB ASC Topic 820, *Fair Value Measurement*. The framework specifies a hierarchy of valuation inputs which was established to increase consistency, clarity and comparability in fair value measurements and related disclosures. The guidance describes a fair value hierarchy based upon three levels of inputs that may be used to measure fair value, two of which are considered observable and one that is considered unobservable. The following describes the three levels:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuation is based upon inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation

techniques include option pricing models, discounted cash flow models and similar techniques.

Accumulated Other Comprehensive Income (Loss). The following table outlines the changes in accumulated other comprehensive income (loss) for the nine months ended September 30, 2024 (dollars in thousands):

	Gain (Loss) on Cash Flow Hedges[1]
Beginning balance, December 31, 2023	$ (10,111)
Reclassifications from accumulated other comprehensive income to net earnings	1,692 [2]
Ending balance, September 30, 2024	$ (8,419)

[1] Additional disclosure is included in "Note 4 – Notes Payable and Derivatives".

[2] Recorded in *interest expense* on the Condensed Consolidated Statements of Income and Comprehensive Income. There is no income tax expense (benefit) resulting from this reclassification.

New Accounting Pronouncements. In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), effective for fiscal years, beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The amendments in this update require public entities to provide enhanced disclosures primarily around segment expenses. On an annual and interim basis, entities will disclose significant segment expenses that are regularly provided to the chief operating decision maker and included with each measure of segment profit or loss, an amount for “other segment items” by reportable segment accompanied by a description of its composition, and all annual disclosures about segment profit and loss currently required by Topic 280 to be disclosed in interim periods. While NNN only has one reportable segment, NNN is currently evaluating the potential impact the adoption of ASU 2023-07 will have on its future disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"), effective for annual periods beginning after December 15, 2024. The amendments in the update require public business entities on an annual basis to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold of equal to or greater than five percent of the amount computed by multiplying pretax income by the statutory income tax rate. The amendments also require that entities disclose on an annual basis information about the amount of income taxes paid disaggregated by federal, state, and foreign taxes and the amount of income taxes paid disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than five percent of total income taxes paid. The amendments eliminate some of the previous required disclosures for all entities relating to estimates of the change in unrecognized tax benefits reasonably possible within 12 months. NNN is currently evaluating the potential impact the adoption of ASU 2023-09 will have on its future disclosures.

Use of Estimates. Additional critical accounting policies of NNN include management's estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities which are required to prepare the unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Significant accounting policies include management's estimates of the purchase accounting for acquisition of real estate, the recoverability of the carrying value of long-lived assets and management's evaluation of the probability of outstanding and future lease payment collections. Estimates are sensitive to evaluations by management about current and future expectations of market and economic conditions. Actual results could differ from those estimates.

Note 2 – Real Estate:

Real Estate – Portfolio

Leases. At September 30, 2024, NNN's real estate portfolio had a weighted average remaining lease term of 10.0 years and consisted of

3,541 leases classified as operating leases and an additional

four leases accounted for as direct financing leases.

The following is a summary of the general structure of the leases in the Property Portfolio, although the specific terms of each lease can vary significantly. Typically, the Property leases provide for initial terms of 10 to 20 years. The Properties are generally leased under triple-net leases, pursuant to which the tenant typically bears responsibility for all operating expenses of the Property, including utilities, real estate taxes and assessments, property and liability insurance, maintenance, repairs and capital expenditures. Certain Properties are subject to leases under which NNN retains responsibility for specific costs and expenses associated with the Property. NNN's leases provide for annual base rental payments (generally payable in monthly installments), and generally provide for limited increases in rent as a result of increases in the Consumer Price Index or fixed increases.

Generally, NNN's leases provide the tenant with one or more multi-year renewal options, subject to generally the same terms and conditions provided under the initial lease term, including rent increases. NNN's lease term is based on the non-cancellable base term unless economic incentives make it reasonably certain that an option period to extend the lease will be exercised, in which event NNN includes the renewal options. Some of the leases also provide that in the event NNN wishes to sell the Property subject to that lease, NNN first must offer the lessee the right to purchase the Property on the same terms and conditions as any offer which NNN intends to accept for the sale of the Property.

Real Estate Portfolio. NNN's real estate consisted of the following at (dollars in thousands):

	September 30, 2024	December 31, 2023
Land and improvements[1]	$ 2,901,152	$ 2,878,400
Buildings and improvements	7,650,577	7,368,873
Leasehold interests	355	355
	10,552,084	10,247,628
Less accumulated depreciation and amortization	(2,012,183)	(1,863,451)
	8,539,901	8,384,177
Work in progress and improvements	79,447	144,068
Accounted for using the operating method	8,619,348	8,528,245
Accounted for using the direct financing method	2,577	3,033
Classified as held for sale[2]	3,564	4,573
	$ 8,625,489	$ 8,535,851

(1) Includes $ 39,373 and $ 96,464 in land for Properties under construction at September 30, 2024 and December 31, 2023, respectively.

[2] As of September 30, 2024, two Properties were classified as held for sale. The one property classified as held for sale as of December 31, 2023 was sold during the nine months ended September 30, 2024.

NNN recognized the following revenues in rental income (dollars in thousands):

	Quarter Ended September 30, 2024	Quarter Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Rental income from operating leases	$ 213,447	$ 200,287	$ 634,088	$ 596,099
Earned income from direct financing leases	116	140	353	427
Percentage rent	200	336	1,347	1,390
Rental revenues	213,763	200,763	635,788	597,916
Real estate expenses reimbursed from tenants	4,392	4,093	13,332	12,996
	$ 218,155	$ 204,856	$ 649,120	$ 610,912

Some leases provide for a free rent period or scheduled rent increases throughout the lease term. Such amounts are recognized on a straight-line basis over the terms of the leases.

For the nine months ended September 30, 2024 and 2023, NNN recognized ($ 8,000) and $ 1,496,000 , respectively, of net straight-line accrued rental income, net of reserves, of which $ 123,000 and $ 493,000 of such income, net of reserves was recorded during the quarters ended September 30, 2024 and 2023, respectively.

Real Estate – Intangibles

In accordance with purchase accounting for the acquisition of real estate subject to a lease, NNN has recorded intangible assets and lease liabilities that consisted of the following at (dollars in thousands):

	September 30, 2024	December 31, 2023
Intangible lease assets (included in *other assets*):		
Above-market in-place leases	$ 14,875	$ 15,297
Less: accumulated amortization	(12,130)	(12,080)
Above-market in-place leases, net	$ 2,745	$ 3,217
In-place leases	$ 119,143	$ 122,802
Less: accumulated amortization	(86,722)	(85,332)

In-place leases, net	$ 32,421	$ 37,470
Intangible lease liabilities (included in *other liabilities*):		
Below-market in-place leases	$ 40,557	$ 41,244
Less: accumulated amortization	(29,246)	(29,117)
Below-market in-place leases, net	$ 11,311	$ 12,127

The amounts amortized as a net increase to rental income for above-market and below-market in-place leases for the nine months ended September 30, 2024 and 2023, were $351,000 and $349,000, respectively, of which $109,000 and $115,000 were recorded for the quarters ended September 30, 2024 and 2023, respectively. The value of in-place leases amortized to expense for the nine months ended September 30, 2024 and 2023, was $4,687,000 and $5,197,000, respectively, of which $1,457,000 and $1,671,000 was recorded for the quarters ended September 30, 2024 and 2023, respectively.

Real Estate – Dispositions

The following table summarizes the properties sold and the corresponding gain recognized on the disposition of properties (dollars in thousands):

	Quarter Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	# of Sold Properties	Net Gain	# of Sold Properties	Net Gain	# of Sold Properties	Net Gain	# of Sold Properties	Net Gain
Gain on disposition of real estate	9	$ 7,765	13	$ 19,992	29	$ 30,207	26	$ 40,222

Real Estate – Commitments

NNN has committed to fund construction on 16 Properties. The improvements on such Properties are estimated to be completed within 12 to 18 months. These construction commitments, as of September 30, 2024, are outlined in the table below (dollars in thousands):

Total commitment[1]	$ 177,392
Less amount funded	(118,820)
Remaining commitment	$ 58,572

[1] Includes land, construction costs, tenant improvements, lease costs, capitalized interest and third-party costs.

Real Estate – Impairments

NNN periodically assesses its long-lived real estate assets for possible impairment whenever certain events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

As a result of NNN's review of long-lived assets, including identifiable intangible assets, NNN recognized real estate impairments, net of recoveries as summarized in the table below (dollars in thousands):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total real estate impairments, net of recoveries	$ 760	$ 1,001	$ 2,908	$ 3,675
Number of Properties:				
Vacant	—	1	2	4
Occupied	2	1	5	2

The valuation of impaired assets is determined using widely accepted valuation techniques including discounted cash flow analysis, income capitalization, analysis of recent comparable sales transactions, actual sales negotiations and bona fide purchase offers received from third parties, which are Level 3 inputs. NNN may consider a single valuation technique or multiple valuation techniques, as appropriate, when estimating the fair value of its real estate.

Note 3 – Line of Credit Payable:

In April 2024, NNN amended and restated its credit agreement to increase borrowing capacity under its unsecured revolving credit facility from $

1,100,000,000
to $

1,200,000,000
and amended certain other terms under the former revolving credit facility (as the context requires, the previous and new revolving credit facility, the "Credit Facility"). The Credit Facility had a weighted average outstanding balance of $

75,769,000
and a weighted average interest rate of

6.28
% during the nine months ended September 30, 2024. The Credit Facility has a base interest rate of the Secured Overnight Financing Rate ("SOFR") plus a SOFR adjustment of

10
basis points ("Adjusted SOFR"). The Credit Facility bears interest at Adjusted SOFR plus

77.5
basis points; however, such interest rate may change pursuant to a tiered interest rate structure based on NNN's debt rating. Additionally, as part of NNN's environmental, social and governance ("ESG") initiative, pricing may be reduced if specified ESG metrics are achieved. The Credit Facility matures in April 2028, unless the Company exercises its options to extend maturity to April 2029. The Credit Facility also includes an accordion feature which permits NNN to increase the facility size up to $

2,000,000,000
, subject to lender approval. In connection with the Credit Facility, loan costs are classified as *debt costs* on the Condensed Consolidated Balance Sheets. As of September 30, 2024,

no
amount was outstanding and $

1,200,000,000
was available for future borrowings under the Credit Facility, and NNN was in compliance with each of the Credit Facility financial covenants.

Note 4 – Notes Payable and Derivatives:

Additional information related to NNN's notes payable and derivatives is included in NNN's Annual Report on Form 10-K for the year ended December 31, 2023.

In May 2024, NNN filed a prospectus supplement to the prospectus contained in its August 2023 shelf registration statement (see "Note 5 – Stockholders' Equity") and issued $

500,000,000
aggregate principal amount of

5.500
% notes due June 2034 (the "2034 Notes").

The 2034 Notes were sold at a discount with an aggregate net price of $

493,840,000
with interest payable annually on June 15 and December 15, commencing on December 15, 2024. The discount of $

6,160,000
is being amortized to interest expense over the term of the 2034 Notes using the effective interest method. The effective interest rate for the 2034 Notes after accounting for the note discount is

5.662
%.

NNN received approximately $

489,390,000
of net proceeds in connection with the issuance of the 2034 Notes, after incurring debt issuance costs consisting primarily of underwriting discounts and commissions, legal and accounting fees, rating agency fees and printing expenses, totaling $

4,450,000
for the 2034 Notes.

The 2034 Notes are senior, unsecured obligations of NNN and are subordinated to all secured debt of NNN. NNN may redeem the 2034 Notes, in whole or part, at any time prior to the par call date at the redemption price as set forth in the supplemental indenture dated May 29, 2024 relating to the 2034 Notes; provided, however, that if NNN redeems the notes on or after the par call date, the redemption price will equal

100
% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest thereon to, but not including, the redemption date.

In June 2024, NNN redeemed the $

350,000,000

3.900
% notes payable that were due in June 2024. The notes were redeemed at a price equal to

100
% of the principal amount and accrued and unpaid interest.

As of September 30, 2024, $

8,419,000
remained in accumulated other comprehensive income (loss) related to NNN's previously terminated interest rate hedges. During the nine months ended September 30, 2024 and 2023, NNN reclassified out of accumulated other comprehensive income (loss) $

1,692,000
and $

1,843,000
, respectively, of which $

450,000
and $

620,000
was reclassified during the quarters ended September 30, 2024 and 2023, respectively, as an increase in interest expense. Over the next 12 months, NNN estimates that an additional $

1,858,000
will be reclassified as an increase in interest expense from these terminated derivatives. Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on NNN's long-term debt.

NNN does not use derivatives for trading or speculative purposes. NNN had no derivative financial instruments outstanding at September 30, 2024.

Note 5 – Stockholders' Equity:

Universal Shelf Registration Statement. In August 2023, NNN filed a shelf registration statement with the Securities and Exchange Commission (the "Commission") which became automatically effective ("Universal Shelf"). The Universal Shelf permits the issuance by NNN of an indeterminate amount of debt and equity securities, including preferred stock, depositary shares, common stock, stock purchase contracts, rights, warrants and units. NNN may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if these securities are offered. The specifics of any future offerings along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

At-The-Market Offerings. NNN has established an at-the-market equity program ("ATM") which allows NNN to sell shares of common stock from time to time. The following outlines NNN's ATM:

	2023 ATM	2020 ATM
Shelf registration statement:		
Effective date	August 2023	August 2020
Termination date	August 2026	August 2023
Total allowable shares	17,500,000	17,500,000
Total shares issued as of September 30, 2024	4,652,100	7,722,511

The following table outlines the common stock issuances pursuant to NNN's ATM (dollars in thousands, except per share data):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Shares of common stock	3,848,657	—	4,652,100	650,135
Average price per share (net)	$ 46.31	$ —	$ 45.51	$ 43.52
Net proceeds	$ 178,235	$ (300)	$ 211,727	$ 28,292
Stock issuance costs[1]	$ 2,899	$ (300)	$ 3,134	$ 858

(1) Stock issuance costs consist primarily of underwriters' and agents' fees and commissions, and legal and accounting fees.

Dividend Reinvestment and Stock Purchase Plan. In February 2024, NNN filed a shelf registration statement for its Dividend Reinvestment and Stock Purchase Plan ("DRIP") with the Commission that was automatically effective, and permits NNN to issue up to 4,000,000 shares of common stock. The following outlines the common stock issuances pursuant to NNN's DRIP (dollars in thousands):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Shares of common stock	15,043	19,339	49,352	55,261
Net proceeds	$ 675	$ 763	$ 1,988	$ 2,302

Dividends. The following table outlines the dividends declared and paid for NNN's common stock (dollars in thousands, except per share data):

	Quarter Ended September 30,	Nine Months Ended September 30,

		2024		2023		2024		2023
Dividends	$	106,077	$	102,647	$	311,920	$	301,793
Per share		0.5800		0.5650		1.7100		1.6650

In October 2024, NNN declared a dividend of $ 0.5800 per share, which is payable in November 2024 to its common stockholders of record as of October 31, 2024.

Note 6 – Fair Value of Financial Instruments:

NNN believes the carrying value of its Credit Facility approximates fair value based upon its nature, terms and variable interest rate. At September 30, 2024 and December 31, 2023, the fair value of NNN's notes payable excluding unamortized discount and debt costs was $ 4,043,176,000 and $ 3,801,367,000 , respectively, based upon quoted market prices as of the close of the period, which is a Level 1 valuation since NNN's notes payable are publicly traded.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included in the Annual Report on Form 10-K of NNN REIT, Inc. for the year ended December 31, 2023 ("2023 Annual Report"). The term “NNN” or the “Company” refers to NNN REIT, Inc. and all of its consolidated subsidiaries.

Forward-Looking Statements

The information herein contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934 (the “Exchange Act”). Also, when NNN uses any of the words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” or similar expressions, NNN is making forward-looking statements. Although management believes that the expectations reflected in such forward-looking statements are based upon present expectations and reasonable assumptions, NNN's actual results could differ materially from those set forth in the forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and NNN undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law. The following is a summary of the risks and uncertainties, although not all risks and uncertainties, that could cause NNN's actual results to differ materially from those presented in NNN's forward-looking statement:

- Changes in financial and economic conditions, including inflation, may have an adverse impact on NNN, its tenants and commercial real estate in general;
- Loss of rent from tenants would reduce NNN's cash flow;
- A significant portion of the source of the Property Portfolio annual base rent is concentrated in specific industry classifications, tenants and geographic locations;
- NNN may not be able to successfully execute its acquisition or development strategies;
- NNN may not be able to dispose of Properties consistent with its operating strategy;
- Certain provisions of NNN's leases or loan agreements may be unenforceable;
- Competition from numerous other real estate investment trusts (“REIT”), commercial developers, real estate limited partnerships and other investors or a lack of properties for sale may impede NNN's ability to grow;
- A natural disaster or impacts of weather or other event resulting in uninsured loss may adversely affect the operations of NNN's tenants and therefore the ability of NNN's tenants to pay rent, NNN's operating results and asset values of NNN's Property Portfolio (as defined below);
- NNN's ability to fully control the management of its net-leased Properties may be limited;
- Bankrupt tenants or vacant Properties could adversely affect NNN's business or financial condition;
- Cybersecurity risks and cyber incidents as well as other significant disruptions of NNN's information technology networks and related systems and resources, or those of NNN's vendors or other third-parties, could adversely affect NNN's business, disrupt operations and expose NNN to liabilities to tenants, associates, capital providers, governmental regulators and other third parties;
- NNN relies upon cloud computing services to operate certain aspects of its business and any disruption could have an adverse effect on its financial condition and results of operations;
- Future investment in international markets could subject NNN to additional risks;
- NNN may suffer a loss in the event of a default or bankruptcy of a borrower;
- Property ownership through joint ventures and partnerships could limit NNN's control of those investments;
- NNN may be unable to obtain debt or equity capital on favorable terms, if at all;
- The amount of debt NNN has and the restrictions imposed by that debt could adversely affect NNN's business and financial condition;
- NNN is obligated to comply with financial and other covenants in its debt instruments that could restrict its operating activities, and the failure to comply with such covenants could result in defaults that accelerate the payment of such debt;
- NNN's ability to pay dividends in the future is subject to many factors;
- Future issuances of NNN's equity securities could dilute the interest of NNN's common stockholders;
- Owning real estate and indirect interests in real estate carries inherent risks;
- NNN's real estate investments are illiquid;
- NNN may be subject to known or unknown environmental liabilities and risks, including but not limited to liabilities and risks resulting from the existence of hazardous materials on or under Properties owned by NNN;

- NNN's failure to qualify as a REIT for federal income tax purposes could result in significant tax liability;
- Compliance with REIT requirements, including distribution requirements, may limit NNN's flexibility and may negatively affect NNN's operating decisions;
- The share ownership restrictions of the Internal Revenue Code of 1986, as amended (the "Code"), for REITs and the 9.8% share ownership limit in NNN's charter may inhibit market activity in NNN's shares of stock and restrict NNN's business combination opportunities;
- Costs of complying with changes in governmental laws and regulations may adversely affect NNN's results of operations;
- Non-compliance with Title III of the Americans with Disabilities Act of 1990 and similar state and local laws could have an adverse effect on NNN's business and operating results;
- NNN's loss of key management personnel could adversely affect performance and the value of its securities;
- NNN's failure to maintain effective internal control over financial reporting could have a material adverse effect on its business, operating results and the market value of NNN's securities;
- An epidemic or pandemic (such as the outbreak and worldwide spread of a novel strain of coronavirus, and its variants ("COVID-19")), and the measures that international, federal, state and local governments, agencies, law enforcement and/or health authorities implement to address it, may precipitate or materially exacerbate one or more of the other risks, and may significantly disrupt NNN's tenants' ability to operate their businesses and/or pay rent to NNN or prevent NNN from operating its business in the ordinary course for an extended period;
- Acts of violence, terrorist attacks or war may affect NNN's Properties, the markets in which NNN operates and NNN's results of operations;
- Changes in accounting pronouncements could adversely impact NNN's or NNN's tenants' reported financial performance;
- The market value of NNN's equity and debt securities is subject to various factors that may cause significant fluctuations or volatility;
- Even if NNN remains qualified as a REIT, NNN faces other tax liabilities that reduce operating results and cash flow; and
- Adverse legislative or regulatory tax changes could reduce NNN's earnings and cash flow and the market value of NNN's securities.

Additional information related to these risks and uncertainties are included in "Item 1A. Risk Factors" of NNN's 2023 Annual Report.

These risks and uncertainties may cause NNN's actual future results to differ materially from expected results. Readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. NNN undertakes no obligation to update or revise such forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

NNN, a Maryland corporation, is a fully integrated REIT formed in 1984. NNN's assets are primarily real estate assets. NNN acquires, owns, invests in and develops properties that are leased primarily to retail tenants under long-term net leases and are primarily held for investment ("Properties" or "Property Portfolio", or individually a "Property").

As of September 30, 2024, NNN owned 3,549 Properties in 49 states, with an aggregate gross leasable area of approximately 36,550,000 square feet, and a weighted average remaining lease term of 10.0 years. Approximately 99 percent of the Properties were leased as of September 30, 2024.

NNN's management team focuses on certain key indicators to evaluate the financial condition and operating performance of NNN. The key indicators for NNN include items such as: the composition of the Property Portfolio (such as tenant, line of trade and geographic diversification), the occupancy rate of the Property Portfolio, certain financial performance metrics and profitability measures, industry trends and industry performance compared to that of NNN.

NNN evaluates the creditworthiness of its significant current and prospective tenants. This evaluation may include reviewing available financial statements, store level financial performance, press releases, public credit ratings from major credit rating agencies, industry news publications and financial market data (debt and equity pricing). NNN may also evaluate the business and operations of its significant tenants, including past payment history and periodically meeting with senior management of certain tenants.

NNN continues to maintain its diversification by tenant, line of trade and geography. NNN's largest line of trade concentrations are the automotive service (16.8%), restaurant (including full and limited service) (16.7%) and convenience store (15.9%) sectors. These sectors represent a large part of the freestanding retail property marketplace and NNN's management believes these sectors present attractive investment opportunities. The Property Portfolio is geographically concentrated in the southeast (26.2%) and south (23.2%) United States, which are regions of historically above-average population growth. Given these concentrations, any financial hardship within these sectors or geographic regions could have a material adverse effect on the financial condition and operating performance of NNN.

As of September 30, 2024 and 2023, the Property Portfolio remained approximately 99 percent leased and had a weighted average remaining lease term of approximately 10 years. High occupancy levels coupled with a triple-net lease structure, provides enhanced probability of achieving consistent earnings.

Additional information related to NNN and the Property Portfolio is included in NNN's 2023 Annual Report.

Results of Operations

Property Analysis

General. The following table summarizes the Property Portfolio:

	September 30, 2024	December 31, 2023	September 30, 2023
Properties Owned:			
Number	3,549	3,532	3,511
Total gross leasable area (square feet)	36,550,000	35,966,000	35,797,000
Properties:			
Leased and unimproved land	3,525	3,514	3,484
Percent of Properties – leased and unimproved land	99 %	99 %	99 %
Weighted average remaining lease term (years)	10.0	10.1	10.1
Total gross leasable area (square feet) – leased	36,243,000	35,683,000	35,462,000
Total annualized base rent[1]	$ 850,976,000	$ 818,749,000	$ 800,194,000

[1] Annualized base rent is calculated by multiplying the monthly cash base rent in place on each respective date, by 12.

The following table summarizes the diversification of the Property Portfolio based on the top 20 lines of trade:

	Lines of Trade	% of Annual Base Rent September 30, 2024[1]	December 31, 2023[2]	September 30, 2023[3]
1.	Automotive service	16.8%	15.6%	14.7%
2.	Convenience stores	15.9%	16.4%	16.8%
3.	Restaurants – limited service	8.4%	8.5%	8.8%
4.	Restaurants – full service	8.3%	8.7%	8.8%
5.	Family entertainment centers	7.2%	6.4%	5.8%
6.	Recreational vehicle dealers, parts and accessories	5.1%	4.6%	4.7%
7.	Theaters	4.0%	4.1%	4.2%
8.	Health and fitness	4.0%	4.5%	4.6%
9.	Equipment rental	3.2%	3.0%	3.0%
10.	Wholesale clubs	2.4%	2.5%	2.5%
11.	Automotive parts	2.4%	2.5%	2.5%
12.	Drug stores	2.2%	2.4%	2.5%
13.	Home improvement	2.1%	2.2%	2.3%
14.	Furniture	1.9%	2.0%	2.1%
15.	Medical service providers	1.8%	1.7%	1.8%
16.	General merchandise	1.4%	1.4%	1.5%
17.	Pet supplies and services	1.3%	1.1%	1.0%
18.	Home furnishings	1.3%	1.3%	1.3%
19.	Consumer electronics	1.3%	1.4%	1.4%
20.	Travel plazas	1.2%	1.3%	1.3%
	Other	7.8%	8.4%	8.4%
		100.0%	100.0%	100.0%

Based on annualized base rent for all leases in place on each respective date.

(1) $850,976,000 as of September 30, 2024.

(2) $818,749,000 as of December 31, 2023.

(3) $800,194,000 as of September 30, 2023.

Property Acquisitions. The following table summarizes the Property acquisitions (dollars in thousands):

	Quarter Ended September 30, 2024	Quarter Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Acquisitions:				
Number of Properties	8	46	44	125
Gross leasable area (square feet)[1]	626,000	449,000	1,181,000	1,003,000
Cap rate[2]	7.6 %	7.4 %	7.8 %	7.2 %
Total dollars invested[3]	$ 113,576	$ 212,493	$ 348,610	$ 550,034

(1) Includes additional square footage from completed construction on existing Properties.

(2) The cap rate is a weighted average, calculated as the initial cash annual base rent divided by the total purchase price of the Properties.

(3) Includes dollars invested in projects under construction or tenant improvements for each respective period.

NNN typically funds Property acquisitions either through borrowings under NNN's Credit Facility (as defined in "Capital Structure – Line of Credit Payable"), by issuing its debt or equity securities in the capital markets, with undistributed funds from operations, or with proceeds from the sale of Properties.

Property Dispositions. The following table summarizes the properties sold by NNN (dollars in thousands):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Number of properties	9	13	29	26
Gross leasable area (square feet)	153,000	135,000	569,000	189,000
Net sales proceeds	$ 20,047	$ 49,006	$ 105,852	$ 89,164
Net gain on disposition of real estate	$ 7,765	$ 19,992	$ 30,207	$ 40,222
Cap rate[(1)]	4.4 %	6.0 %	7.0 %	5.8 %

(1) The cap rate is a weighted average of properties occupied at disposition, calculated as the cash annual base rent divided by the total gross proceeds received for the properties.

NNN typically uses the disposition proceeds to either pay down the Credit Facility or reinvest in real estate.

Analysis of Revenues

The following table summarizes NNN's revenues (dollars in thousands):

	Quarter Ended September 30,		Percent Increase	Nine Months Ended September 30,		Percent Increase
	2024	2023	(Decrease)	2024	2023	(Decrease)
Rental Revenues[(1)]	$ 213,763	$ 200,763	6.5 %	$ 635,788	$ 597,916	6.3 %
Real estate expenses reimbursed from tenants	4,392	4,093	7.3 %	13,332	12,996	2.6 %
Rental income	218,155	204,856	6.5 %	649,120	610,912	6.3 %
Interest and other income from real estate transactions	409	276	48.2 %	1,664	968	71.9 %
Total revenues	$ 218,564	$ 205,132	6.5 %	$ 650,784	$ 611,880	6.4 %

(1) Includes rental income from operating leases, earned income from direct financing leases and percentage rent ("Rental Revenues").

Rental Income. Rental income increased for the quarter and nine months ended September 30, 2024, as compared to the same periods in 2023. The increase is primarily due to the Rental Revenues from NNN's recent Property acquisitions (see "Results of Operations – Property Analysis – Property Acquisitions").

Analysis of Expenses

The following table summarizes NNN's expenses (dollars in thousands):

	Quarter Ended September 30, 2024	Quarter Ended September 30, 2023	Percent Increase (Decrease)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Percent Increase (Decrease)
General and administrative	$ 11,209	$ 10,225	9.6 %	$ 35,582	$ 33,216	7.1 %
Real estate:						
Reimbursed from tenants	4,392	4,093	7.3 %	13,332	12,996	2.6 %
Non-reimbursed	2,871	2,366	21.3 %	7,843	7,145	9.8 %
Total real estate	7,263	6,459	12.4 %	21,175	20,141	5.1 %
Depreciation and amortization	63,369	59,523	6.5 %	186,487	178,546	4.4 %
Leasing transaction costs	22	96	(77.1)%	75	223	(66.4)%
Impairment losses – real estate, net of recoveries	760	1,001	(24.1)%	2,908	3,675	(20.9)%
Executive retirement costs	156	153	2.0 %	626	885	(29.3)%
Total operating expenses	$ 82,779	$ 77,457	6.9 %	$ 246,853	$ 236,686	4.3 %
Interest and other income	$ (845)	$ (644)	31.2 %	$ (1,940)	$ (751)	158.3 %
Interest expense	46,491	41,524	12.0 %	137,137	120,509	13.8 %
Total other expenses	$ 45,646	$ 40,880	11.7 %	$ 135,197	$ 119,758	12.9 %
As a percentage of total revenues:						
General and administrative	5.1 %	5.0 %		5.5 %	5.4 %	
Non-reimbursed real estate	1.3 %	1.2 %		1.2 %	1.2 %	

General and Administrative. General and administrative expenses increased in amount; however, remained relatively flat as a percentage of total revenues for the quarter and nine months ended September 30, 2024 as compared to the same periods in 2023. The increase is primarily attributable to an increase in compensation costs.

Real Estate. Total real estate expenses increased for the quarter and nine months ended September 30, 2024 as compared to the same periods in 2023. However, NNN focuses on non-reimbursed real estate expenses (total real estate expenses, net of reimbursements from tenants). These expenses are typically attributable to (i) Properties for which the lease terms do not obligate the tenant to pay certain operating expenses or (ii) vacant Properties. Non-reimbursed real estate expenses remained relatively flat as a percentage of total revenues for the quarter and nine months ended September 30, 2024 as compared to the same periods in 2023.

Depreciation and Amortization. Depreciation and amortization expense increased for the quarter and nine months ended September 30, 2024, as compared to the same periods in 2023. The increase is primarily due to the increase in NNN's Property Portfolio from recent acquisitions (see "Results of Operations – Property Analysis – Property Acquisitions"), and is partially offset by recent dispositions (see "Results of Operations – Property Analysis – Property Dispositions").

Impairment Losses – Real Estate, Net of Recoveries. As a result of NNN's review of long-lived assets, including identifiable intangible assets, NNN recognized real estate impairments, net of recoveries for the quarters and nine months ended September 30, 2024 and 2023, which were less than one percent of NNN's total assets for the respective periods as reported on the Condensed Consolidated Balance Sheets. Due to NNN's core business of investing in real estate leased primarily to retail tenants under long-term net leases, the inherent risks of owning commercial real estate, and unknown potential changes in financial and economic conditions that may impact NNN's tenants, NNN believes it is reasonably possible to incur real estate impairment charges in the future.

Interest Expense. Interest expense increased for the quarter and nine months ended September 30, 2024, as compared to the same periods in 2023. The following represents the primary changes in fixed rate long-term debt that impacted interest expense (dollars in thousands):

Transaction	Effective Date	Principal	Stated Rate	Original Maturity
Issuance 2033 Notes	August 2023	$ 500,000	5.600%	October 2033
Issuance 2034 Notes	May 2024	500,000	5.500%	June 2034
Redemption 2024 Notes	June 2024	(350,000)	3.900%	June 2024

The increase in interest expense was partially offset by the Credit Facility having a weighted average outstanding balance of $75,769,000 with a weighted average interest rate of 6.28% for the nine months ended September 30, 2024 compared to a weighted average outstanding balance of $201,296,000 with a weighted average interest rate of 5.79% for the nine months ended September 30, 2023.

Liquidity and Capital Resources

NNN's demand for funds has been, and will continue to be, primarily for (i) payment of operating expenses and dividends, (ii) property acquisitions and construction commitments, (iii) capital expenditures, (iv) payment of principal and interest on its outstanding indebtedness, and (v) other investments.

Financing Strategy. NNN's financing objective is to manage its capital structure effectively in order to provide sufficient capital to execute its operating strategy while servicing its debt requirements, maintaining its investment grade credit rating, staggering debt maturities and providing value to NNN's stockholders. NNN's capital resources have and will continue to include, if available (i) proceeds from issuing debt or equity in the capital markets; (ii) secured or unsecured borrowings from banks or other lenders; (iii) proceeds from the sale of Properties; and (iv) to a lesser extent, by internally generated funds as well as undistributed funds from operations. However, there can be no assurance that additional financing or capital will be available, or that the terms will be acceptable or advantageous to NNN.

NNN typically expects to fund both its short-term and long-term liquidity requirements, including investments in additional properties, with cash and cash equivalents, cash provided from operations, borrowings from NNN's Credit Facility or proceeds from the sale of Properties. As of September 30, 2024, NNN had $178,512,000 of cash, cash equivalents and restricted cash or cash held in escrow and $1,200,000,000 available for future borrowings under the Credit Facility. NNN may also fund liquidity requirements with new debt or equity issuances, although newly issued debt may be at higher interest rates than the rates on NNN's existing outstanding debt. NNN has the ability to limit future property acquisitions and strategically increase property dispositions. NNN expects these sources of liquidity and the discretionary nature of its property acquisition funding needs will allow NNN to meet its financial obligations over the long term.

Cash Flows. NNN had $178,512,000 of cash, cash equivalents and restricted cash, of which $4,986,000 was restricted cash or cash held in escrow at September 30, 2024. The table below summarizes NNN's cash flows (dollars in thousands):

	Nine Months Ended September 30,	
	2024	2023
Cash, cash equivalents and restricted cash:		
Provided by operating activities	$ 517,826	$ 490,813
Used in investing activities	(245,014)	(436,271)
Provided by (used in) financing activities	(99,455)	36,943
Increase	173,357	91,485
Net cash at beginning of period	5,155	6,778
Net cash at end of period	$ 178,512	$ 98,263

Cash flow activities include:

Operating Activities. Cash provided by operating activities represents cash received primarily from rental income and interest income less cash used for general and administrative expenses. NNN's cash flow from operating activities has been sufficient to pay the distributions for each period presented. The change in cash provided by operations for the nine months ended September 30, 2024 and 2023, is primarily the result of changes in revenues and expenses as discussed in “Results of Operations.” Cash generated from operations is expected to fluctuate in the future.

Investing Activities. Changes in cash for investing activities are primarily attributable to the acquisitions and dispositions of Properties as discussed in "Results of Operations – Property Analysis." NNN typically uses cash on hand, borrowings from its Credit Facility or proceeds from the sale of Properties to fund the acquisition of its Properties.

Financing Activities. NNN's financing activities for the nine months ended September 30, 2024, included the following significant transactions:

- $132,000,000 in net repayments of NNN's Credit Facility,
- $489,390,000 in net proceeds from the issuance in May of the 5.500% notes payable due in June 2034,
- $350,000,000 payment in June for the redemption of the 3.900% notes payable due in June 2024,
- $211,727,000 from the issuance of 4,652,100 shares of common stock in connection with the at-the-market equity program ("ATM"),
- $1,988,000 from the issuance of 49,352 shares of common stock in connection with the Dividend Reinvestment and Stock Purchase Plan ("DRIP"), and
- $311,920,000 in dividends paid to common stockholders.

Material Cash Requirements

NNN's material cash requirements include (i) long-term debt maturities; (ii) interest on long-term debt; (iii) common stock dividends (although all future distributions will be declared and paid at the discretion of the Board of Directors); and (iv) to a lesser extent, Property construction and other Property related costs that may arise.

The table below presents material cash requirements related to NNN's long-term obligations outstanding as of September 30, 2024 (see "Capital Structure") (dollars in thousands):

		Date of Obligation					
	Total	2024	2025	2026	2027	2028	Thereafter
Long-term debt[1]	$ 4,450,000	$ —	$ 400,000	$ 350,000	$ 400,000	$ 400,000	$ 2,900,000
Long-term debt – interest[2]	2,107,069	44,563	176,250	161,725	146,733	132,067	1,445,731
Credit Facility	—	—	—	—	—	—	—
Headquarters office lease	9,476	210	210	981	1,005	1,030	6,040
Total contractual cash obligations	$ 6,566,545	$ 44,773	$ 576,460	$ 512,706	$ 547,738	$ 533,097	$ 4,351,771

(1) Includes only principal amounts outstanding under notes payable and excludes unamortized note discounts and debt costs.
(2) Interest calculation on notes payable based on stated rate of the principal amount.

Property Construction. NNN has committed to fund construction on 16 Properties. The improvements of such Properties are estimated to be completed within 12 to 18 months. These construction commitments, at September 30, 2024, are outlined in the table below (dollars in thousands):

Total commitment[1]	$	177,392
Less amount funded		(118,820)
Remaining commitment	$	58,572

[1] Includes land, construction costs, tenant improvements, lease costs, capitalized interest and third-party costs.

Management anticipates satisfying these obligations with a combination of NNN's cash provided from operations, current capital resources on hand, its Credit Facility, debt or equity financings and property dispositions.

Properties. Typically, the Properties are leased under long-term triple-net leases, which require the tenant to pay all utilities and real estate taxes and assessments, to maintain the interior and exterior of the Property, and to carry property and liability insurance coverage. Therefore, management anticipates that capital demands to meet obligations with respect to these Properties will be modest for the foreseeable future and can be met with funds from operations and working capital. Certain Properties are subject to leases under which NNN retains responsibility for specific costs and expenses associated with the Property. Management anticipates the costs associated with these Properties, NNN's vacant Properties or those Properties that become vacant will also be met with funds from operations and working capital. NNN may be required to borrow under its Credit Facility or use other sources of capital in the event of significant capital expenditures or major repairs.

The lost revenues and increased property expenses resulting from vacant Properties or the inability to collect lease payments could have a material adverse effect on the liquidity and results of operations if NNN is unable to re-lease the Properties at comparable rental rates and in a timely manner.

As of September 30, 2024, NNN owned 24 vacant, un-leased Properties which accounted for less than one percent of total Properties, and approximately one percent of aggregate gross leasable area held in the Property Portfolio.

Additionally, as of October 28, 2024, 0.7 percent of total annualized base rent, 1.0 percent of total Properties and 1.8 percent of aggregate gross leasable area held in the Property Portfolio, was leased to two tenants currently in bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. As a result, these tenants have the right to reject or affirm their leases with NNN.

NNN generally monitors the financial performance of its significant tenants on an ongoing basis.

Dividends. One of NNN's primary objectives is to distribute a substantial portion of its funds available from operations to its stockholders in the form of dividends, while retaining sufficient cash for reserves and working capital purposes and maintaining its status as a REIT.

The following table outlines the dividends declared and paid for NNN's common stock (dollars in thousands, except per share data):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Dividends	$ 106,077	$ 102,647	$ 311,920	$ 301,793
Per share	0.5800	0.5650	1.7100	1.6650

In October 2024, NNN declared a dividend of $0.5800 per share which is payable in November 2024 to its common stockholders of record as of October 31, 2024.

Capital Structure

NNN has used, and expects to use in the future, various forms of debt and equity securities primarily to fund property acquisitions and construction on its Properties and to pay down or refinance its outstanding debt.

The following is a summary of NNN's total outstanding debt as of (dollars in thousands):

	September 30, 2024	Percentage of Total	December 31, 2023	Percentage of Total
Line of credit payable	$ —	—	$ 132,000	3.0 %
Notes payable	4,372,293	100.0 %	4,228,544	97.0 %
Total outstanding debt	$ 4,372,293	100.0 %	$ 4,360,544	100.0 %

Line of Credit Payable. In April 2024, NNN amended and restated its credit agreement to increase borrowing capacity under its unsecured revolving credit facility from $1,100,000,000 to $1,200,000,000 and amended certain other terms under the former revolving credit facility (as the context requires, the previous and new revolving credit facility, the "Credit Facility"). The Credit Facility had a weighted average outstanding balance of $75,769,000 and a weighted average interest rate of 6.28% during the nine months ended September 30, 2024. The Credit Facility has a base interest rate of the Secured Overnight Financing Rate ("SOFR") plus a SOFR adjustment of 10 basis points ("Adjusted SOFR"). The Credit Facility bears interest at Adjusted SOFR plus 77.5 basis points; however, such interest rate may change pursuant to a tiered interest rate structure based on NNN's debt rating. Additionally, as part of NNN's environmental, social and governance ("ESG") initiative, pricing may be reduced if specified ESG metrics are achieved. The Credit Facility matures in April 2028, unless the Company exercises its options to extend maturity to April 2029. The Credit Facility also includes an accordion feature which permits NNN to increase the facility size up to $2,000,000,000, subject to lender approval. In connection with the Credit Facility, loan costs are classified as *debt costs* on the Condensed Consolidated Balance Sheets. As of September 30, 2024, there was no amount outstanding and $1,200,000,000 was available for future borrowings under the Credit Facility, and NNN was in compliance with each of the Credit Facility financial covenants.

Universal Shelf Registration Statement. In August 2023, NNN filed a shelf registration statement with the Securities and Exchange Commission (the "Commission") which became automatically effective ("Universal Shelf"). The Universal Shelf permits the issuance by NNN of an indeterminate amount of debt and equity securities, including preferred stock, depositary shares, common stock, stock purchase contracts, rights, warrants and units.

Debt Securities – Notes Payable. Each of NNN's outstanding series of unsecured notes is summarized in the table below (dollars in thousands):

Notes[(1)]	Issue Date	Principal	Discount[(2)]	Net Price	Stated Rate	Effective Rate[(3)]	Maturity Date
2025[(4)]	October 2015	$ 400,000	$ 964	$ 399,036	4.000%	4.029%	November 2025[(5)]
2026[(4)]	December 2016	350,000	3,860	346,140	3.600%	3.733%	December 2026[(5)]
2027[(4)]	September 2017	400,000	1,628	398,372	3.500%	3.548%	October 2027[(5)]
2028[(4)]	September 2018	400,000	2,848	397,152	4.300%	4.388%	October 2028[(5)]
2030[(4)]	March 2020	400,000	1,288	398,712	2.500%	2.536%	April 2030
2033	August 2023	500,000	11,620	488,380	5.600%	5.905%	October 2033
2034	May 2024	500,000	6,160	493,840	5.500%	5.662%	June 2034
2048	September 2018	300,000	4,239	295,761	4.800%	4.890%	October 2048
2050	March 2020	300,000	6,066	293,934	3.100%	3.205%	April 2050
2051	March 2021	450,000	8,406	441,594	3.500%	3.602%	April 2051
2052[(4)]	September 2021	450,000	10,422	439,578	3.000%	3.118%	April 2052

(1) The proceeds from each note issuance were used to (i) pay down the outstanding balance on NNN's Credit Facility, (ii) redeem notes payable prior to maturity, (iii) redeem outstanding preferred stock, (iv) fund future property acquisitions, and/or (v) for general corporate purposes.

(2) The note discounts are amortized to interest expense over the respective term of each debt obligation using the effective interest method.

(3) Includes the effects of the discount at issuance.

(4) NNN entered into forward starting swaps which hedged the risk of changes in forecasted interest payments on forecasted issuance of long-term debt. Upon the issuance of a series of unsecured notes, NNN terminated such derivatives, and the resulting fair value was deferred in other comprehensive income. The deferred liability (asset) is being amortized over the term of the respective notes using the effective interest method.

(5) The aggregate principal balance of the unsecured note maturities for the next five years is $1,550,000.

Each series of the notes represents senior, unsecured obligations of NNN and is subordinated to all secured debt of NNN. NNN may redeem each series of notes, in whole or in part, at any time prior to the par call date for the notes at the redemption price as set forth in the applicable supplemental indenture relating to the notes; provided, however, that if NNN redeems the notes on or after the par call date, the redemption price will equal 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest thereon to, but not including, the redemption date.

In connection with the outstanding debt offerings, NNN incurred debt issuance costs totaling $43,820,000 consisting primarily of underwriting discounts and commissions, legal and accounting fees, rating agency fees and printing expenses. Debt issuance costs for all note issuances have been deferred and presented as a reduction to notes payable and are being amortized over the term of the respective notes using the effective interest method.

In accordance with the terms of the indentures, pursuant to which NNN's notes have been issued, NNN is required to meet certain restrictive financial covenants, which, among other things, require NNN to maintain (i) certain leverage ratios and (ii) certain interest coverage. At September 30, 2024, NNN was in compliance with those covenants.

Equity Securities

At-The-Market Offerings. NNN has established an ATM which allows NNN to sell shares of common stock from time to time. The following outlines NNN's ATM:

	2023 ATM	2020 ATM
Shelf registration statement:		
Effective date	August 2023	August 2020
Termination date	August 2026	August 2023
Total allowable shares	17,500,000	17,500,000
Total shares issued as of September 30, 2024	4,652,100	7,722,511

The following table outlines the common stock issuances pursuant to NNN's ATM (dollars in thousands, except per share data):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Shares of common stock	3,848,657	—	4,652,100	650,135
Average price per share (net)	$ 46.31	$ —	$ 45.51	$ 43.52
Net proceeds	$ 178,235	$ (300)	$ 211,727	$ 28,292
Stock issuance costs[1]	$ 2,899	$ (300)	$ 3,134	$ 858

[1] Stock issuance costs consist primarily of underwriters' fees and commissions, and legal and accounting fees.

Dividend Reinvestment and Stock Purchase Plan. In February 2024, NNN filed a shelf registration statement for its DRIP with the Commission that was automatically effective, and permits NNN to issue up to 4,000,000 shares of common stock. NNN's DRIP provides an economical and convenient way for current stockholders and other interested new investors to invest in NNN's common stock. The following outlines the common stock issuances pursuant to NNN's DRIP (dollars in thousands):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Shares of common stock	15,043	19,339	49,352	55,261
Net proceeds	$ 675	$ 763	$ 1,988	$ 2,302

Critical Accounting Estimates

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by U.S. generally accepted accounting principles. The unaudited condensed consolidated financial statements reflect all adjustments (including normal recurring accruals) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. The preparation of NNN's unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as other disclosures in the unaudited condensed consolidated financial statements. Estimates are sensitive to evaluations by management about current and future expectations of market and economic conditions. On an ongoing basis, management evaluates its estimates and assumptions; however, actual results may differ from these estimates and assumptions, which in turn could have a material impact on NNN's consolidated financial statements. A summary of NNN's critical accounting estimates is included in NNN's 2023 Annual Report. NNN has not made any material changes to these policies during the periods covered by this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

NNN is exposed to interest rate risk primarily as a result of its variable rate Credit Facility and its fixed rate long-term debt which is used to finance NNN's Property acquisitions and development activities, as well as for general corporate purposes. NNN's interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to reduce overall borrowing costs. To achieve its objectives, NNN borrows at both fixed and variable rates on its long-term debt and periodically uses derivatives to hedge the interest rate risk of future borrowings. As of September 30, 2024, NNN had no outstanding derivatives.

As of September 30, 2024, NNN's variable rate Credit Facility had no amount outstanding and a weighted average outstanding balance of $75,769,000 with a weighted average interest rate of 6.28% for the nine months ended September 30, 2024 compared to a weighted average outstanding balance of $201,296,000 with a weighted average interest rate of 5.79% for the same period in 2023.

The information in the table below summarizes NNN's market risks associated with its debt obligations outstanding. The table presents, by year of expected maturity, principal payments and related interest rates for debt obligations outstanding as of September 30, 2024. The table incorporates only those debt obligations that existed as of September 30, 2024, and it does not consider those debt obligations or positions which could arise after this date and therefore has limited predictive value. As a result, NNN's ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period, NNN's hedging strategies at that time and interest rates. If interest rates on NNN's variable rate debt increased by one percent, NNN's interest expense would have increased by less than one percent for the nine months ended September 30, 2024.

Debt Obligations[(1)] (dollars in thousands)

	Variable Rate Debt		Fixed Rate Debt	
	Credit Facility		Unsecured Debt[(2)]	
	Debt Obligation	Weighted Average Interest Rate	Principal Debt Obligation	Effective Interest Rate
2024	$ —	—	$ —	—
2025	—	—	400,000	4.03 %
2026	—	—	350,000	3.73 %
2027	—	—	400,000	3.55 %
2028	—	—	400,000	4.39 %
Thereafter	—	—	2,900,000	4.22 %[(3)]
Total	$ —	—	$ 4,450,000	4.12 %
Fair Value:				
September 30, 2024	$ —		$ 4,043,176	
December 31, 2023	$ 132,000		$ 3,801,367	

(1) NNN's unsecured debt obligations have a weighted average interest rate of 4.1% and a weighted average maturity of 12.3 years.

(2) Includes NNN's notes payable, each exclude unamortized discounts and debt costs. The fair value is based upon quoted market prices as of the close of the period, which is a Level 1 valuation since NNN's notes payable are publicly traded on the over-the-counter market.

(3) Weighted average effective interest rate for years after 2028.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. An evaluation was performed under the supervision and with the participation of NNN's management, including NNN's Chief Executive Officer, Chief Financial Officer and Chief Accounting and Technology Officer ("NNN's Chief Officers"), of the effectiveness as of September 30, 2024, of the design and operation of NNN's disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act. Based on that evaluation, NNN's Chief Officers concluded that the design and operation of these disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting. There has been no change in NNN's internal control over financial reporting that occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, NNN's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings. Not applicable.

Item 1A. Risk Factors.

There were no material changes in NNN's risk factors disclosed in Item 1A. Risk Factors in NNN's Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds. Not applicable.

Item 3. Defaults Upon Senior Securities. Not applicable.

Item 4. Mine Safety Disclosures. Not applicable.

Item 5. Other Information. Not applicable .

Item 6. Exhibits

The following exhibits are filed with the Securities and Exchange Commission ("Commission") as a part of this report, unless otherwise noted, each exhibit was previously filed with the Commission and is incorporated by reference below.

31. Section 302 Certifications[(1)]

    31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

    31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32. Section 906 Certifications[(1)]

    32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

    32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

101. Interactive Data File

    101.1 The following materials from the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2024, are formatted in Inline Extensible Business Reporting Language ("Inline XBRL"): (i) condensed consolidated balance sheets, (ii) condensed consolidated statements of income and comprehensive income, (iii) condensed consolidated statements of equity, (iv) condensed consolidated statements of cash flows and (v) notes to condensed consolidated financial statements.

104. Cover Page Interactive Data File

    104.1 The cover page XBRL tags are embedded within the Inline XBRL document and included in Exhibit 101.

(1) In accordance with Item 601(b)(32) of Regulation S-K, this exhibit is not deemed "filed" for purposes of section 18 of the Exchange Act or otherwise subject to the liabilities of that section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

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 thereunto duly authorized.

DATED this 31st day of October, 2024.

NNN REIT, INC.

By: /s/ Stephen A. Horn, Jr.

Stephen A. Horn, Jr.

President, Chief Executive Officer
and Director

By: /s/ Kevin B. Habicht

Kevin B. Habicht

Executive Vice President, Chief
Financial Officer and Director

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen A. Horn, Jr., certify that:

1. I have reviewed this report on Form 10-Q of NNN REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 31, 2024		/s/ Stephen A. Horn, Jr.
Date	Name:	Stephen A. Horn, Jr.
	Title:	President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin B. Habicht, certify that:

1. I have reviewed this report on Form 10-Q of NNN REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 31, 2024		/s/ Kevin B. Habicht
Date	Name:	Kevin B. Habicht
	Title:	Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Stephen A. Horn, Jr., President and Chief Executive Officer, certifies, to the best of his knowledge, that (1) this Quarterly Report of NNN REIT, Inc. (“NNN”) on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (this “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of NNN as of September 30, 2024 and December 31, 2023 and its results of operations for the quarters and nine months ended September 30, 2024 and 2023.

October 31, 2024		/s/ Stephen A. Horn, Jr.
Date	Name:	Stephen A. Horn, Jr.
	Title:	President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to NNN and will be retained by NNN and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Kevin B. Habicht, Executive Vice President and Chief Financial Officer, certifies, to the best of his knowledge, that (1) this Quarterly Report of NNN REIT, Inc. (“NNN”) on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (this “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of NNN as of September 30, 2024 and December 31, 2023 and its results of operations for the quarters and nine months ended September 30, 2024 and 2023.

October 31, 2024		/s/ Kevin B. Habicht
Date	Name:	Kevin B. Habicht
	Title:	Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to NNN and will be retained by NNN and furnished to the Securities and Exchange Commission or its staff upon request.