

NATIONAL RETAIL PROPERTIES, INC.

Form 8-K/A

May 22, 2006

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K/A**

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**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of

**The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 16, 2006

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**NATIONAL RETAIL PROPERTIES, INC.**

(Exact name of registrant as specified in its charter)

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**Maryland**  
(State or other jurisdiction

**001-11290**  
(Commission File Number)

**56-1431377**  
(IRS Employer

of incorporation)

Identification No.)

**450 South Orange Avenue**

**Suite 900**

**Orlando, Florida**  
(Address of principal executive offices)

**32801**  
(Zip Code)

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

Not applicable

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(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

This Form 8-K/A is being filed to include the Pro Forma Condensed Consolidated Statements of Earnings from Continuing Operations for the years ended December 31, 2004 and 2003 that were omitted from the Form 8-K dated May 16, 2006 and filed on May 19, 2006, of National Retail Properties, Inc. (the Company). These omissions have been corrected in this Form 8-K/A. No other changes have been made in this Form 8-K/A.

**Item 2.01. Completion of Acquisition or Disposition of Assets.**

On May 16, 2006, the Company completed the sale of its office properties located in the Pentagon City submarket of the Washington, DC metropolitan area ( DC Office Buildings ) to Brookfield Financial Properties, L.P., an affiliate of Brookfield Properties Corporation for \$229,330,000, which includes the assumption of a \$95,000,000 loan secured by the properties. The properties are leased to the United States of America and serve as the headquarters of the Transportation Security Administration under a lease that expires in 2014.

**Item 7.01. Regulation FD Disclosure.**

On May 16, 2006, National Retail Properties, Inc. (the Company) issued a press release announcing the sale of its office property described in Item 2.01 above. The press release is being furnished and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act) or otherwise subject to the liabilities of such section, nor shall such information be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(b) Pro Forma Financial Information

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NATIONAL RETAIL PROPERTIES, INC.

and SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

The unaudited Pro Forma Condensed Consolidated Balance Sheet as of March 31, 2006, and the unaudited Pro Forma Condensed Consolidated Statements of Earnings from Continuing Operations for the quarter ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, are based on the historical financial statements of the Company.

The unaudited Pro Forma Condensed Consolidated Balance Sheet as of March 31, 2006, is presented as if the following transactions occurred on March 31, 2006: (i) disposition of the DC Office Buildings including the buyer's assumption of the related mortgage payable, and (ii) the repayment of the Company's credit facility with the proceeds from the disposition of the DC Office Buildings.

The historical balance sheet includes the 87 Investment Properties which were acquired between December 2005 and January 2006 for approximately \$173 million, including closing costs. In addition, the historical amounts include the 21 Inventory Properties which were acquired in December 2005 for approximately \$31 million, including closing costs.

The unaudited Pro Forma Condensed Consolidated Statements of Earnings from Continuing Operations for the quarter ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, are presented as if the following transactions occurred on January 1, 2003 (i) the disposition of the DC Office Buildings, including the buyer's assumption of the related mortgage payable, (ii) the acquisition of 87 Investment Properties and 21 Inventory Properties financed with the proceeds from the credit facility, and (iii) the repayment of the Company's credit facility with the proceeds from the disposition of the DC Office Buildings. The unaudited pro forma information should be read in conjunction with the historical financial statements and notes related thereto appearing in the Company's Form 10-K for the year ended December 31, 2005 and the Form 10-Q for the quarter ended March 31, 2006.

Preparation of the pro forma information was based on assumptions considered appropriate by the Company's management. The pro forma financial information is unaudited and is not necessarily indicative of the results which would have occurred if the transactions described above had been consummated on January 1, 2003 for the Pro Forma Condensed Consolidated Statements of Earnings from Continuing Operations and on March 31, 2006 for the Pro Forma Condensed Consolidated Balance Sheet, nor does it purport to represent the future financial position and the results of operations for future periods. In management's opinion, all adjustments necessary to reflect the effects of the transactions have been made.

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## NATIONAL RETAIL PROPERTIES, INC.

## and SUBSIDIARIES

## PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2006

(dollars in thousands, except per share data)

(unaudited)

	Historical	Pro Forma Adjustments	Pro Forma
<b>ASSETS</b>			
Real estate, Investment Portfolio:			
Accounted for using the operating method, net of accumulated depreciation and amortization and impairment	\$ 1,158,639 <sup>(A)</sup>	\$	\$ 1,158,639
Accounted for using the direct financing method	89,803		89,803
Held for sale, net of impairment	164,129	(162,529) <sup>(B)</sup>	1,600
Real estate, Inventory Portfolio, held for sale	151,878 <sup>(A)</sup>		151,878
Mortgages, notes and accrued interest receivable, net of allowance	51,981		51,981
Mortgage residual interests, net of impairment	47,438		47,438
Cash and cash equivalents	20,322		20,322
Restricted cash	30,549		30,549
Receivables, net of allowance	7,438	(221) <sup>(B)</sup>	7,217
Accrued rental income, net of allowance	28,112	(1,776) <sup>(B)</sup>	26,336
Debt costs, net of accumulated amortization	5,606	(169) <sup>(B)</sup>	5,437
Other assets	20,450	(2,668) <sup>(B)</sup>	17,782
<b>Total assets</b>	<b>\$ 1,776,345</b>	<b>\$ (167,363)</b>	<b>\$ 1,608,982</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
Line of credit payable	\$ 191,500	\$ (133,863) <sup>(C)</sup>	\$ 57,637
Mortgages payable	37,176		37,176
Mortgages payable, held for sale	95,000	(95,000) <sup>(D)</sup>	
Notes payable secured	28,250		28,250
Notes payable, net of unamortized discount	489,700		489,700
Financing lease obligation	26,041		26,041
Accrued interest payable	8,609	(286) <sup>(D)</sup>	8,323
Other liabilities	20,668	(6) <sup>(B)</sup>	20,662
Income tax liability	13,593		13,593
<b>Total liabilities</b>	<b>910,537</b>	<b>(229,155)</b>	<b>681,382</b>
Minority interest	5,168		5,168
Stockholders equity:			
Preferred stock, \$0.01 par value. Authorized 15,000,000 shares			
Series A, 1,781,589 shares issued and outstanding, stated liquidation value of \$25 per share	44,540		44,540
Series B Convertible, 10,000 shares issued and outstanding, stated liquidation value of \$2,500 per share	25,000		25,000
	563		563

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Common stock, \$0.01 par value. Authorized 190,000,000 shares; 56,274,304 shares issued and outstanding

Excess stock, \$0.01 par value. Authorized 205,000,000 shares; none issued or outstanding

Capital in excess of par value	803,414		803,414
Accumulated dividends in excess of net earnings	(16,473)	61,792 <sup>(E)</sup>	45,319
Other comprehensive income	3,596		3,596
Total stockholders equity	860,640	61,792	922,432
	\$ 1,776,345	\$ (167,363)	\$ 1,608,982

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## NATIONAL RETAIL PROPERTIES, INC.

## and SUBSIDIARIES

## PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS FROM CONTINUING OPERATIONS

FOR THE QUARTER ENDED MARCH 31, 2006

(dollars in thousands, except per share data)

(unaudited)

	Historical	Pro Forma Adjustments <sup>(J)</sup>	Pro Forma
<b>Revenues:</b>			
Rental income from operating leases	\$ 29,482	\$ 204 <sup>(F)</sup>	\$ 29,686
Earned income from direct financing leases	2,336		2,336
Contingent rental income	456		456
Real estate expense reimbursement from tenants	996		996
Gain on disposition of real estate, Inventory Portfolio	6,444		6,444
Interest income from real estate transactions	1,459		1,459
Interest income on mortgage residual interests	2,297		2,297
	43,470	204	43,674
<b>Operating expenses:</b>			
General and administrative	7,200		7,200
Real estate	1,338		1,338
Depreciation and amortization	5,351	18 <sup>(G)</sup>	5,369
Impairment mortgage residual interests	1,820		1,820
	15,709	18	15,727
Earnings from operations	27,761	186	27,947
<b>Other expenses (revenues):</b>			
Interest and other income	(846)		(846)
Interest expense	11,935	(2,000) <sup>(H)</sup>	9,935
	11,089	(2,000)	9,089
Earnings from continuing operations before income tax benefit, minority interest and equity in earnings (losses) of unconsolidated affiliates	16,672	2,186	18,858
Income tax benefit	1,893		1,893
Minority interest	(3,197)		(3,197)
Equity in earnings (losses) of unconsolidated affiliates	(33)		(33)
Earnings from continuing operations	15,335	2,186	17,521
Series A preferred stock dividends	(1,002)		(1,002)
Series B convertible preferred stock dividends	(419)		(419)
Earnings from continuing operations available to common stockholders basic	13,914	2,186	16,100



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Series B convertible preferred stock dividends, if dilutive	419	419
Earnings from continuing operations available to common stockholders diluted	\$ 14,333	\$ 2,186
Earnings from continuing operations available to common stockholders	\$ 16,519	\$ 16,519
Earnings from continuing operations per share of common stock:		
Basic	\$ 0.25	\$ 0.29
Diluted	\$ 0.25	\$ 0.29
Weighted average number of common shares outstanding:		
Basic	55,408,126	55,408,126
Diluted	56,956,636	56,956,636

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NATIONAL RETAIL PROPERTIES, INC.

and SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS FROM CONTINUING OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2005

(dollars in thousands, except per share data)

(unaudited)

	Historical	Adjusted for Discontinued Operations <sup>(K)</sup>	DC Office Buildings <sup>(I)</sup>	Pro Forma Adjustments <sup>(J)</sup>	Pro Forma
<b>Revenues:</b>					
Rental income from operating leases	\$ 112,384	\$ (499)	\$ (15,940)	\$ 15,251 <sup>(F)</sup>	\$ 111,196
Earned income from direct financing leases	10,388	(437)			9,951
Contingent rental income	480				480
Real estate expense reimbursement from tenants	6,350	(21)	(2,017)		4,312
Gain on disposition of real estate, Inventory Portfolio	2,010				2,010
Interest income from real estate transactions	6,216				