

NATIONAL RETAIL PROPERTIES, INC.  
Form SC 13G  
January 14, 2008

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No. 0)\*

National Retail Properties, Inc.

-----  
(Name of Issuer)

Common Stock, Par Value \$.01

-----  
(Title of Class of Securities)

637417106

-----  
(CUSIP Number)

July 31, 2007

-----  
(Date of Event which Requires Filing of this Settlement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
  
Kensington Investment Group, Inc., IRS ID# 68-0309666  
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2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
(b) [x]  
-----

3 SEC USE ONLY  
-----

4 CITIZENSHIP OR PLACE OF ORGANIZATION  
  
Delaware, USA  
-----

5 SOLE VOTING POWER  
Number of  
Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person  
With  
-----  
3,385,001  
-----

6 SHARED VOTING POWER  
-----  
-0-  
-----

7 SOLE DISPOSITIVE POWER  
-----  
3,385,001  
-----

8 SHARED DISPOSITIVE POWER  
-----  
-0-  
-----

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
  
3,385,001  
-----

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES\* [ ]  
-----

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
  
5.045%  
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12 TYPE OF REPORTING PERSON\*  
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Item 1.

- (a) Name of Issuer: Highland Distressed Opportunities
- (b) Address of Issuer's Principal Executive Offices:
  - 450 S. Orange Avenue
  - Suite 900
  - Orlando, FL 32801

Item 2.

- (a) Name of Person Filing: Kensington Investment Group, Inc.
- (b) Business Address: 4 Orinda Way, Suite 200C, Orinda, CA 94563
- (c) Citizenship: USA
- (d) Title of Class of Securities: Common Stock
- (e) CUSIP Number: 637417106

Item 3. Not applicable

Item 4. Ownership

- (a) Amount beneficially owned: 3,385,001 shares of common stock.
- (b) Percent of class: 5.045%
- (c) Number of shares as to which the person has:
  - (i) Sole power to vote or to direct the vote: 3,385,001 shares
  - (ii) Shared power to vote or to direct the vote: 0
  - (iii) Sole power to dispose or to direct the disposition of: 3,385,001
  - (iv) Shared power to dispose or to direct the disposition of: 0

Item 5. Ownership of Five Percent or Less of a Class

Not applicable.

Item 6. Ownership of More Than Five Percent on Behalf of Another Person

Shares are owned indirectly by Kensington Investment Group, Inc. in their capacity as general partner and investment advisor to private investment partnerships and as the investment advisor to The Kensington

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Funds, a Registered Investment Company.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported On By the Parent Holding Company

Not applicable.

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Item 8. Identification and Classification of Members of the Group.

Not applicable.

Item 9. Notice of Dissolution of Group

Not applicable.

Item 10. Certification

(a) Not applicable

(b) By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

After reasonable inquiry and to the best of my information and belief, I certify that the information set forth in this statement is true, complete, and correct.

August 10, 2007

Kensington Investment Group, Inc.

By: /s/ John P. Kramer  
John P. Kramer, President

