Section 1: 10-Q (10-Q 3Q2017)

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, 2017

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
Spirit Realty Capital, Inc.	**001-36004**
Spirit Realty, L.P.	**333-216815-01**

SPIRIT REALTY CAPITAL, INC.
SPIRIT REALTY, L.P.
(Exact name of registrant as specified in its charter)

Spirit Realty Capital, Inc.	**Maryland**	**20-1676382**
Spirit Realty, L.P.	**Delaware**	**20-1127940**
	(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

2727 North Harwood Street, Suite 300, Dallas, Texas 75201	**(972) 476-1900**
(Address of principal executive offices; zip code)	**(Registrant’s telephone number, including area code)**

(Former name, former address and former fiscal year, if changed since last report)

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 for 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.

Spirit Realty Capital, Inc. Yes ☒ No ☐ **Spirit Realty, L.P.** Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Spirit Realty Capital, Inc. Yes ☒ No ☐ **Spirit Realty, L.P.** Yes ☒ No ☐

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

Spirit Realty Capital, Inc.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

Spirit Realty, L.P.

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.

Spirit Realty Capital, Inc. ☐ **Spirit Realty, L.P.** ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Spirit Realty Capital, Inc. Yes ☐ No ☒ **Spirit Realty, L.P.** Yes ☐ No ☒

As of October 31, 2017, there were 455,897,075 shares of common stock, par value $0.01, of Spirit Realty Capital, Inc. outstanding.

Explanatory Note

This report combines the quarterly reports on Form 10-Q for the three and nine months ended September 30, 2017 of Spirit Realty Capital, Inc., a Maryland corporation, and Spirit Realty, L.P., a Delaware limited partnership. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “we,” “us,” “our,” or the “Company” refer to Spirit Realty Capital, Inc. together with its consolidated subsidiaries, including Spirit Realty, L.P. Unless otherwise indicated or unless the context requires otherwise, all references to the “Operating Partnership” refer to Spirit Realty, L.P. together with its consolidated subsidiaries.

Spirit General OP Holdings, LLC ("OP Holdings") is the sole general partner of the Operating Partnership. The Company is a real estate investment trust, or REIT, and the sole member of OP Holdings, as well as the special limited partner of the Operating Partnership. As sole member of the general partner of our Operating Partnership, our Company has the full, exclusive and complete responsibility for our Operating Partnership’s day-to-day management and control.

We believe combining the quarterly reports on Form 10-Q of our Company and Operating Partnership into a single report results in the following benefits:

- enhancing investors’ understanding of our Company and Operating Partnership by enabling investors to view the business as a whole, reflective of how management views and operates the business;
- eliminating duplicative disclosure and providing a streamlined presentation as a substantial portion of the disclosures apply to both our Company and Operating Partnership; and
- creating time and cost efficiencies by preparing one combined report in lieu of two separate reports.

There are a few differences between our Company and Operating Partnership, which are reflected in the disclosures in this report. We believe it is important to understand these differences in the context of how we operate as an interrelated, consolidated company. Our Company is a REIT, the only material assets of which are the partnership interests in our Operating Partnership. As a result, our Company does not conduct business itself, other than acting as the sole member of the general partner of our Operating Partnership, issuing equity from time to time and guaranteeing certain debt of our Operating Partnership. Our Operating Partnership holds substantially all the assets of our Company. Our Company issued convertible notes and guarantees some of the debt of our Operating Partnership, see footnote 4 to the consolidated financial statements included herein for further discussion. Our Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from the issuance of convertible notes and equity issuances by our Company, which are generally contributed to our Operating Partnership in exchange for partnership units of our Operating Partnership, our Operating Partnership generates the capital required by our Company’s business through our Operating Partnership’s operations or our Operating Partnership’s incurrence of indebtedness.

The presentation of stockholders’ equity and partners’ capital are the main areas of difference between the consolidated financial statements of our Company and those of our Operating Partnership. The partnership units in our Operating Partnership are accounted for as partners’ capital in our Operating Partnership’s consolidated financial statements. There are no non-controlling interests in the Company or the Operating Partnership.

To help investors understand the significant differences between our Company and our Operating Partnership, this report presents the consolidated financial statements separately for our Company and our Operating Partnership. All other sections of this report, including “Selected Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures About Market Risk,” are presented together for our Company and our Operating Partnership.

In order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that our Company and Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, or the Exchange Act, and 18 U.S.C. §1350, this report also includes separate “Item 4. Controls and Procedures” sections and separate Exhibit 31 and 32 certifications for each of our Company and our Operating Partnership.

SPIRIT REALTY CAPITAL, INC.

INDEX

Glossary	3
PART I — FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	36
Item 3. Quantitative and Qualitative Disclosures About Market Risk	62
Item 4. Controls and Procedures	62
PART II — OTHER INFORMATION	
Item 1. Legal Proceedings	63
Item 1A. Risk Factors	63
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	65
Item 3. Defaults Upon Senior Securities	65
Item 4. Mine Safety Disclosures	65
Item 5. Other Information	65
Item 6. Exhibits	66
Signatures	71

GLOSSARY

Definitions:

1031 Exchange	Tax-deferred like-kind exchange of properties held for business or investment purposes, pursuant to Section 1031 of the Code
2019 Notes	$402.5 million convertible notes of the Corporation due in 2019
2021 Notes	$345.0 million convertible notes of the Corporation due in 2021
AFFO	Adjusted Funds From Operations
Amended Incentive Award Plan	Amended and Restated Spirit Realty Capital, Inc. and Spirit Realty, L.P. 2012 Incentive Award Plan
AOCL	Accumulated Other Comprehensive Loss
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM Program	At the Market equity distribution program, pursuant to which the Corporation may offer and sell registered shares of common stock from time to time
CMBS	Commercial Mortgage Backed Securities
Code	Internal Revenue Code of 1986, as amended
Cole II	Cole Credit Property Trust II, Inc.
Cole II Merger	Acquisition on July 17, 2013 of Cole II by the Company, in which the Company merged with and into the Cole II legal entity
Collateral Pools	Pools of collateral assets that are pledged to the indenture trustee for the benefit of the noteholders and secure obligations of issuers under the Spirit Master Funding Program
Company	The Corporation and its consolidated subsidiaries
Contractual Rent	Monthly contractual cash rent and earned income from direct financing leases, excluding percentage rents, from our properties owned fee-simple or ground leased, recognized during the final month of the reporting period, adjusted to exclude amounts received from properties sold during that period and adjusted to include a full month of contractual rent for properties acquired during that period.
Convertible Notes	The 2019 Notes and 2021 Notes, together
Corporation	Spirit Realty Capital, Inc., a Maryland corporation
CPI	Consumer Price Index
Credit Agreement	Revolving credit facility agreement between the Operating Partnership and certain lenders dated March 31, 2015, as amended or otherwise modified from time to time
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FFO	Funds From Operations
Fitch	Fitch Ratings, Inc.
GAAP	Generally Accepted Accounting Principles in the United States
LIBOR	London Interbank Offered Rate
Master Trust 2013	The net-lease mortgage securitization trust established in December 2013 under the Spirit Master Funding Program
Master Trust 2014	The net-lease mortgage securitization trust established in 2005 and amended and restated in 2014 under the Spirit Master Funding Program
Master Trust Notes	Master Trust 2013 and Master Trust 2014 notes, together
Master Trust Release	Proceeds from the sale of assets securing the Master Trust Notes held in restricted accounts until a qualifying substitution is made or until used for principal reduction
Moody's	Moody's Investor Services
NAREIT	National Association of Real Estate Investment Trusts
OP Holdings	Spirit General OP Holdings, LLC
Operating Partnership	Spirit Realty, L.P., a Delaware limited partnership

Definitions:

REIT	Real Estate Investment Trust
Revolving Credit Facility	$800.0 million unsecured credit facility pursuant to the Credit Agreement
S&P	Standard & Poor's Rating Services
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Senior Unsecured Notes	$300 million aggregate principal amount of senior notes issued in August 2016
Series A Cumulative Redeemable Preferred Stock	6,900,000 shares of 6.000% Cumulative Redeemable Preferred Stock issued October 3, 2017, with a liquidation preference of $25.00 per share.
Shopko	Specialty Retail Shops Holding Corp. and certain of its affiliates
Spirit Master Funding Program	The Company's asset-backed securitization program that comprises Master Trust 2013 and Master Trust 2014
Term Loan	$420.0 million senior unsecured term facility pursuant to the Term Loan Agreement
Term Loan Agreement	Term loan agreement between the Operating Partnership and certain lenders dated November 3, 2015, as amended or otherwise modified from time to time
TSR	Total Shareholder Return
U.S.	United States

Unless otherwise indicated or unless the context requires otherwise, all references to "we," "us" or "our" refer to the Corporation and its consolidated subsidiaries, including the Operating Partnership.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

SPIRIT REALTY CAPITAL, INC.
Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Data)
(Unaudited)

	September 30, 2017	December 31, 2016
Assets		
Investments:		
Real estate investments:		
Land and improvements	$ 2,600,873	$ 2,704,010
Buildings and improvements	4,702,828	4,775,221
Total real estate investments	7,303,701	7,479,231
Less: accumulated depreciation	(1,018,544)	(940,005)
	6,285,157	6,539,226
Loans receivable, net	76,821	66,578
Intangible lease assets, net	429,857	470,276
Real estate assets under direct financing leases, net	24,883	36,005
Real estate assets held for sale, net	133,382	160,570
Net investments	6,950,100	7,272,655
Cash and cash equivalents	11,947	10,059
Deferred costs and other assets, net	218,400	140,917
Goodwill	254,340	254,340
Total assets	$ 7,434,787	$ 7,677,971
Liabilities and stockholders' equity		
Liabilities:		
Revolving Credit Facility	$ 386,000	$ 86,000
Term Loan, net	419,091	418,471
Senior Unsecured Notes, net	295,242	295,112
Mortgages and notes payable, net	2,050,302	2,162,403
Convertible Notes, net	712,510	702,642
Total debt, net	3,863,145	3,664,628
Intangible lease liabilities, net	162,619	182,320
Accounts payable, accrued expenses and other liabilities	149,858	148,915
Total liabilities	4,175,622	3,995,863
Commitments and contingencies (see Note 7)		
Stockholders' equity:		
Common stock, $0.01 par value, 750,000,000 shares authorized: 455,900,032 and 483,624,120 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	4,559	4,836
Capital in excess of par value	5,190,849	5,177,086
Accumulated deficit	(1,936,243)	(1,499,814)
Accumulated other comprehensive income	—	—
Total stockholders' equity	3,259,165	3,682,108
Total liabilities and stockholders' equity	$ 7,434,787	$ 7,677,971

See accompanying notes.

SPIRIT REALTY CAPITAL, INC.
Consolidated Statements of Operations
(In Thousands, Except Share and Per Share Data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Rentals	$ 159,799	$ 161,765	$ 479,506	$ 484,090
Interest income on loans receivable	1,003	1,042	2,769	4,326
Earned income from direct financing leases	483	660	1,613	2,082
Tenant reimbursement income	4,691	3,469	13,136	10,493
Other income	3,574	5,572	6,583	11,600
Total revenues	169,550	172,508	503,607	512,591
Expenses:				
General and administrative	13,712	15,112	49,992	40,611
Restructuring charges	—	3,264	—	5,726
Transaction costs	2,660	—	3,145	—
Property costs	8,080	6,916	26,763	20,854
Real estate acquisition costs	196	1,056	773	2,092
Interest	48,680	47,653	142,129	149,842
Depreciation and amortization	63,673	65,300	192,887	194,227
Impairments	37,737	15,407	88,109	41,396
Total expenses	174,738	154,708	503,798	454,748
(Loss) income before other income/(expense) and income tax benefit (expense)	(5,188)	17,800	(191)	57,843
Other income (expense):				
Gain (loss) on debt extinguishment	1,792	(8,349)	1,770	326
Total other income (expense)	1,792	(8,349)	1,770	326
(Loss) income before income tax benefit (expense)	(3,396)	9,451	1,579	58,169
Income tax benefit (expense)	11	(12)	(419)	(932)
(Loss) income before gain on disposition of assets	(3,385)	9,439	1,160	57,237
Gain on disposition of assets	8,707	17,960	40,197	39,221
Net income attributable to common stockholders	$ 5,322	$ 27,399	$ 41,357	$ 96,458
Net income per share attributable to common stockholders—basic	$ 0.01	$ 0.06	$ 0.09	$ 0.21
Net income per share attributable to common stockholders—diluted	$ 0.01	$ 0.06	$ 0.09	$ 0.21
Weighted average shares of common stock outstanding:				
Basic	456,671,617	479,554,362	472,698,692	457,263,526
Diluted	456,671,617	480,598,610	472,698,692	457,301,623
Dividends declared per common share issued	$ 0.1800	$ 0.1750	$ 0.5400	$ 0.5250

See accompanying notes.

SPIRIT REALTY CAPITAL, INC.

Consolidated Statements of Comprehensive Income

(In Thousands)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income attributable to common stockholders	$ 5,322	$ 27,399	$ 41,357	$ 96,458
Other comprehensive income:				
Change in net unrealized losses on cash flow hedges	—	28	—	(1,145)
Net cash flow hedge losses reclassified to operations	—	—	—	2,165
Total comprehensive income	$ 5,322	$ 27,427	$ 41,357	$ 97,478

See accompanying notes.

SPIRIT REALTY CAPITAL, INC.
Consolidated Statement of Stockholders' Equity
(In Thousands, Except Share Data)
(Unaudited)

	Common Stock				
	Shares	Par Value	Capital in Excess of Par Value	Accumulated Deficit	Total Stockholders' Equity
Balances, December 31, 2016	483,624,120	$ 4,836	$ 5,177,086	$ (1,499,814)	$ 3,682,108
Net income	—	—	—	41,357	41,357
Dividends declared on common stock	—	—	—	(251,606)	(251,606)
Tax withholdings related to net stock settlements	(430,429)	(4)	—	(3,454)	(3,458)
Repurchase of common shares	(28,819,865)	(288)		(222,002)	(222,290)
Stock-based compensation, net	1,526,206	15	13,763	(724)	13,054
Balances, September 30, 2017	455,900,032	$ 4,559	$ 5,190,849	$ (1,936,243)	$ 3,259,165

See accompanying notes.

SPIRIT REALTY CAPITAL, INC.
Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2017	**2016**
Operating activities		
Net income attributable to common stockholders	$ 41,357	$ 96,458
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	192,887	194,227
Impairments	88,109	41,396
Amortization of deferred financing costs	7,274	6,706
Payment to terminate interest rate swaps	—	(1,724)
Derivative net settlements, amortization and terminations	—	1,809
Amortization of debt discounts	9,663	3,354
Stock-based compensation expense	13,778	7,190
Gain on debt extinguishment	(1,770)	(326)
Debt extinguishment costs	—	(25,344)
Gains on dispositions of real estate and other assets, net	(40,197)	(39,221)
Non-cash revenue	(20,642)	(16,155)
Other	4,902	(1,514)
Changes in operating assets and liabilities:		
Deferred costs and other assets, net	(8,728)	(8,911)
Accounts payable, accrued expenses and other liabilities	5,726	1,346
Net cash provided by operating activities	292,359	259,291
Investing activities		
Acquisitions of real estate	(278,470)	(424,468)
Capitalized real estate expenditures	(34,939)	(8,307)
Investments in corporate leasehold improvements	—	(2,839)
Investments in loans receivable	(4,995)	—
Collections of principal on loans receivable and real estate assets under direct financing leases	7,817	6,331
Proceeds from dispositions of real estate and other assets	342,032	245,921
Transfers of net sales proceeds from restricted accounts pursuant to 1031 Exchanges	—	58,194
Transfers of net sales proceeds to Master Trust Release	(64,941)	(3,953)
Net cash used in investing activities	(33,496)	(129,121)

	Nine Months Ended September 30,	
	2017	2016
Financing activities		
Borrowings under Revolving Credit Facility	781,200	828,000
Repayments under Revolving Credit Facility	(481,200)	(723,000)
Repayments under mortgages and notes payable	(76,403)	(790,224)
Borrowings under Term Loan	—	746,000
Repayments under Term Loan	—	(701,000)
Borrowings under Senior Unsecured Notes	—	298,134
Deferred financing costs	(192)	(4,017)
Proceeds from issuance of common stock, net of offering costs	—	446,613
Repurchase of shares of common stock	(225,748)	(739)
Dividends paid	(257,112)	(238,926)
Transfers (from) to reserve/escrow deposits with lenders	2,480	383
Net cash used in financing activities	(256,975)	(138,776)
Net increase (decrease) in cash and cash equivalents	1,888	(8,606)
Cash and cash equivalents, beginning of period	10,059	21,790
Cash and cash equivalents, end of period	$ 11,947	$ 13,184
Cash paid for interest	$ 121,166	$ 130,762
Cash paid for income taxes	$ 872	$ 763

See accompanying notes.

SPIRIT REALTY, L.P.
Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Data)
(Unaudited)

	September 30, 2017	December 31, 2016
Assets		
Investments:		
Real estate investments:		
Land and improvements	$ 2,600,873	$ 2,704,010
Buildings and improvements	4,702,828	4,775,221
Total real estate investments	7,303,701	7,479,231
Less: accumulated depreciation	(1,018,544)	(940,005)
	6,285,157	6,539,226
Loans receivable, net	76,821	66,578
Intangible lease assets, net	429,857	470,276
Real estate assets under direct financing leases, net	24,883	36,005
Real estate assets held for sale, net	133,382	160,570
Net investments	6,950,100	7,272,655
Cash and cash equivalents	11,947	10,059
Deferred costs and other assets, net	218,400	140,917
Goodwill	254,340	254,340
Total assets	$ 7,434,787	$ 7,677,971
Liabilities and partners' capital		
Liabilities:		
Revolving Credit Facility	$ 386,000	$ 86,000
Term Loan, net	419,091	418,471
Senior Unsecured Notes, net	295,242	295,112
Mortgages and notes payable, net	2,050,302	2,162,403
Notes payable to Spirit Realty Capital, Inc., net	712,510	702,642
Total debt, net	3,863,145	3,664,628
Intangible lease liabilities, net	162,619	182,320
Accounts payable, accrued expenses and other liabilities	149,858	148,915
Total liabilities	4,175,622	3,995,863
Commitments and contingencies (see Note 7)		
Partners' capital:		
Partnership units		
General partner's capital: 3,988,218 units issued and outstanding as of both September 30, 2017 and December 31, 2016	24,835	26,586
Limited partners' capital: 451,911,814 and 479,635,902 units issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	3,234,330	3,655,522
Total partners' capital	3,259,165	3,682,108
Total liabilities and partners' capital	7,434,787	7,677,971

See accompanying notes.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				

Rentals	$ 159,799	$ 161,765	$ 479,506	$ 484,090
Interest income on loans receivable	1,003	1,042	2,769	4,326
Earned income from direct financing leases	483	660	1,613	2,082
Tenant reimbursement income	4,691	3,469	13,136	10,493
Other income	3,574	5,572	6,583	11,600
Total revenues	169,550	172,508	503,607	512,591
Expenses:				
General and administrative	13,712	15,112	49,992	40,611
Restructuring charges	—	3,264	—	5,726
Transaction costs	2,660	—	3,145	—
Property costs	8,080	6,916	26,763	20,854
Real estate acquisition costs	196	1,056	773	2,092
Interest	48,680	47,653	142,129	149,842
Depreciation and amortization	63,673	65,300	192,887	194,227
Impairments	37,737	15,407	88,109	41,396
Total expenses	174,738	154,708	503,798	454,748
(Loss) income before other income/(expense) and income tax benefit (expense)	(5,188)	17,800	(191)	57,843
Other income (expense):				
Gain (loss) on debt extinguishment	1,792	(8,349)	1,770	326
Total other income (expense)	1,792	(8,349)	1,770	326
(Loss) income before income tax benefit (expense)	(3,396)	9,451	1,579	58,169
Income tax benefit (expense)	11	(12)	(419)	(932)
(Loss) income before gain on disposition of assets	(3,385)	9,439	1,160	57,237
Gain on disposition of assets	8,707	17,960	40,197	39,221
Net income	$ 5,322	$ 27,399	$ 41,357	$ 96,458
Net income attributable to the general partner	$ 44	$ 232	344	817
Net income attributable to the limited partners	$ 5,278	$ 27,167	$ 41,013	$ 95,641
Net income per partnership unit - basic	$ 0.01	$ 0.06	$ 0.09	$ 0.21
Net income per partnership unit - diluted	$ 0.01	$ 0.06	$ 0.09	$ 0.21
Weighted average partnership units outstanding:				
Basic	456,671,617	479,554,362	472,698,692	457,263,526
Diluted	456,671,617	480,598,610	472,698,692	457,301,623
Distributions declared per partnership unit issued	$ 0.1800	$ 0.1750	$ 0.5400	$ 0.5250

See accompanying notes.

SPIRIT REALTY, L.P.
Consolidated Statements of Comprehensive Income
(In Thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$ 5,322	$ 27,399	$ 41,357	$ 96,458
Other comprehensive income:				
Change in net unrealized losses on cash flow hedges	—	28	—	(1,145)
Net cash flow hedge losses reclassified to operations	—	—	—	2,165
Total comprehensive income	$ 5,322	$ 27,427	$ 41,357	$ 97,478

See accompanying notes.

SPIRIT REALTY, L.P.
Consolidated Statements of Partners' Capital
(In Thousands, Except Unit Data)
(Unaudited)

	General Partner's Capital [1]		Limited Partners' Capital [2]		Total Partnership Capital
	Units	Amount	Units	Amount	
Balances, December 31, 2016	3,988,218	$ 26,586	479,635,902	$ 3,655,522	$ 3,682,108
Net income	—	344	—	41,013	41,357
Partnership distributions declared	—	(2,095)	—	(249,511)	(251,606)
Tax withholdings related to net partnership unit settlements	—	—	(430,429)	(3,458)	(3,458)
Repurchase of partnership units	—	—	(28,819,865)	(222,290)	(222,290)
Stock-based compensation	—	—	1,526,206	13,054	13,054
Balances, September 30, 2017	3,988,218	$ 24,835	451,911,814	$ 3,234,330	$ 3,259,165

[1] Consists of general partnership interests held by OP Holdings.
[2] Consists of limited partnership interests held by the Corporation and Spirit Notes Partner, LLC.

See accompanying notes.

SPIRIT REALTY, L.P.
Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2017	2016
Operating activities		
Net income attributable to partners	$ 41,357	$ 96,458
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	192,887	194,227
Impairments	88,109	41,396
Amortization of deferred financing costs	7,274	6,706
Payment to terminate interest rate swaps	—	(1,724)
Derivative net settlements, amortization and terminations	—	1,809
Amortization of debt discounts	9,663	3,354
Stock-based compensation expense	13,778	7,190
Gain on debt extinguishment	(1,770)	(326)
Debt extinguishment costs	—	(25,344)
Gains on dispositions of real estate and other assets, net	(40,197)	(39,221)
Non-cash revenue	(20,642)	(16,155)
Other	4,902	(1,514)
Changes in operating assets and liabilities:		
Deferred costs and other assets, net	(8,728)	(8,911)
Accounts payable, accrued expenses and other liabilities	5,726	1,346
Net cash provided by operating activities	292,359	259,291
Investing activities		
Acquisitions of real estate	(278,470)	(424,468)
Capitalized real estate expenditures	(34,939)	(8,307)
Investments in corporate leasehold improvements	—	(2,839)
Investments in loans receivable	(4,995)	—
Collections of principal on loans receivable and real estate assets under direct financing leases	7,817	6,331
Proceeds from dispositions of real estate and other assets	342,032	245,921
Transfers of net sales proceeds from restricted accounts pursuant to 1031 Exchanges	—	58,194
Transfers of net sales proceeds to Master Trust Release	(64,941)	(3,953)
Net cash used in investing activities	(33,496)	(129,121)

	Nine Months Ended September 30,	
	2017	2016
Financing activities		
Borrowings under Revolving Credit Facility	781,200	828,000
Repayments under Revolving Credit Facility	(481,200)	(723,000)
Repayments under mortgages and notes payable	(76,403)	(790,224)
Borrowings under Term Loan	—	746,000
Repayments under Term Loan	—	(701,000)
Borrowings under Senior Unsecured Notes	—	298,134
Deferred financing costs	(192)	(4,017)
Proceeds from issuance of partnership units, net of offering costs	—	446,613
Repurchase of partnership units	(225,748)	(739)
Dividends paid	(257,112)	(238,926)
Transfers (from) to reserve/escrow deposits with lenders	2,480	383
Net cash used in financing activities	(256,975)	(138,776)
Net increase (decrease) in cash and cash equivalents	1,888	(8,606)
Cash and cash equivalents, beginning of period	10,059	21,790
Cash and cash equivalents, end of period	$ 11,947	$ 13,184
Cash paid for interest	$ 121,166	$ 130,762
Cash paid for income taxes	$ 872	$ 763

See accompanying notes.

Note 1. Organization

Company Organization and Operations

Spirit Realty Capital, Inc. (the "Corporation" or, with its consolidated subsidiaries, the "Company") operates as a self-administered and self-managed REIT that seeks to generate and deliver sustainable and attractive returns for stockholders by investing primarily in and managing a portfolio of single-tenant, operationally essential real estate throughout the U.S. that is generally leased on a long-term, triple-net basis to tenants operating within predominantly retail, but also office and industrial property types. Single tenant, operationally essential real estate generally refers to free-standing, commercial real estate facilities where tenants conduct activities that are essential to the generation of their sales and profits.The Company began operations through a predecessor legal entity in 2003.

The Company's operations are generally carried out through Spirit Realty, L.P. (the "Operating Partnership") and its subsidiaries. Spirit General OP Holdings, LLC ("OP Holdings"), one of the Corporation's wholly-owned subsidiaries, is the sole general partner and owns approximately 1.0% of the Operating Partnership. The Corporation and a wholly-owned subsidiary ("Spirit Notes Partner, LLC") are the only limited partners and together own the remaining 99.0% of the Operating Partnership.

On August 3, 2017, the Company announced a proposed spin-off of almost all of the properties leased to Shopko, the assets that collateralize Master Trust 2014 and potentially additional assets into an independent, publicly traded REIT. Transaction costs associated with the spin off for the three and nine months ended September 30, 2017 totaled $2.7 million and $3.1 million, respectively, and are included within transaction costs on the accompanying consolidated statements of operations.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting and Principles of Consolidation

The accompanying consolidated financial statements of the Company and the Operating Partnership have been prepared pursuant to the rules and regulations of the SEC. In the opinion of management, the consolidated financial statements include the normal, recurring adjustments necessary for a fair statement of the information required to be set forth therein. The results for interim periods are not necessarily indicative of the results for the entire year. Certain information and note disclosures, normally included in financial statements prepared in accordance with GAAP, have been condensed or omitted from these statements pursuant to SEC rules and regulations and, accordingly, these financial statements should be read in conjunction with the Company's audited consolidated financial statements as filed with the SEC in its Annual Report on Form 10-K for the year ended December 31, 2016.

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries. The consolidated financial statements of the Operating Partnership include the accounts of the Operating Partnership and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

All expenses incurred by the Company have been allocated to the Operating Partnership in accordance with the Operating Partnership's first amended and restated agreement of limited partnership, which management determined to be a reasonable method of allocation. Therefore, expenses incurred would not be materially different if the Operating Partnership had operated as an unaffiliated entity.

The Company has formed numerous special purpose entities to acquire and hold real estate encumbered by indebtedness (see Note 4). Each special purpose entity is a separate legal entity and is the sole owner of its assets and responsible for its liabilities. The assets of these special purpose entities are not available to pay, or otherwise satisfy obligations to, the creditors of any affiliate or owner of another entity unless the special purpose entities have expressly agreed and are permitted under their governing documents. At September 30, 2017 and December 31, 2016, net assets totaling $2.73 billion and $2.95 billion, respectively, were held, and net liabilities totaling $2.15 billion and $2.26 billion, respectively, were owed by these special purpose entities and are included in the accompanying consolidated balance sheets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes its estimates are reasonable, actual results could differ from those estimates.

Segment Reporting

The Company views its operations as one segment, which consists of net leasing operations. The Company has no other reportable segments.

Allowance for Doubtful Accounts

The Company reviews its rent and other tenant receivables for collectability on a regular basis, taking into consideration changes in factors such as the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates, and economic conditions in the area in which the tenant operates. In the event that the collectability of a receivable with respect to any tenant is in doubt, a provision for uncollectible amounts will be established or a direct write-off of the specific receivable will be made. The Company provided for reserves for uncollectible amounts totaling $8.3 million and $6.4 million at September 30, 2017 and December 31, 2016, respectively, against accounts receivable balances of $22.4 million and $25.3 million, respectively. Receivables are recorded within deferred costs and other assets, net in the accompanying consolidated balance sheets. Receivables are written off against the reserves for uncollectible amounts when all possible means of collection have been exhausted.

For deferred rental revenues related to the straight-line method of reporting rental revenue, the collectability review includes management's estimates of amounts that will not be realized and an assessment of the risks inherent in the portfolio, giving consideration to historical experience and industry default rates for long-term receivables. The Company established a reserve for losses of $2.4 million at September 30, 2017 and $7.7 million at December 31, 2016, against deferred rental revenue receivables of $77.3 million and $71.1 million, respectively. Deferred rental revenue receivables are recorded within deferred costs and other assets, net in the accompanying consolidated balance sheets.

Restricted Cash and Escrow Deposits

Restricted cash and deposits in escrow, classified within deferred costs and other assets, net in the accompanying consolidated balance sheets consisted of the following (in thousands):

	September 30, 2017	December 31, 2016
Collateral deposits [1]	$ 1,229	$ 1,374
Tenant improvements, repairs, and leasing commissions [2]	7,988	9,739
Master Trust Release [3]	79,353	14,412
Loan impounds [4]	330	670
Other [5]	7,444	644
	$ 96,344	$ 26,839

[1] Funds held in reserve by lenders which can be applied at their discretion to the repayment of debt (any funds remaining on deposit after the debt is paid in full are released to the borrower). Balance changes are reflected in financing activities within the Statement of Cash Flows.

[2] Deposits held as additional collateral support by lenders to fund tenant improvements, repairs and leasing commissions incurred to secure a new tenant. Balance changes are reflected in financing activities within the Statement of Cash Flows.

[3] Proceeds from the sale of assets pledged as collateral under the Spirit Master Funding Program, which are held on deposit until a qualifying substitution is made or the funds are applied as prepayment of principal. Balance changes are reflected in investing activities within the Statement of Cash Flows.

[4] Funds held in lender controlled accounts generally used to meet future debt service or certain property operating expenses. Balance changes are reflected in financing activities within the Statement of Cash Flows.

[5] Primarily funds held in lender controlled accounts released after scheduled debt service requirements are met. Balance changes are reflected in operating activities within the Statement of Cash Flows.

Goodwill

Goodwill arises from business combinations and represents the excess of the cost of an acquired entity over the net fair value amounts that were assigned to the identifiable assets acquired and the liabilities assumed. Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value.

Income Taxes

The Company has elected to be taxed as a REIT under the Code. As a REIT, the Company generally will not be subject to federal income tax provided it continues to satisfy certain tests concerning the Company's sources of income, the nature of its assets, the amounts distributed to its stockholders and the ownership of Company stock. Management believes the Company has qualified and will continue to qualify as a REIT and therefore, no provision has been made for federal income taxes in the accompanying consolidated financial statements. Even if the Company qualifies for taxation as a REIT, it may be subject to state and local income and franchise taxes and to federal income tax and excise tax on its undistributed income.

Franchise taxes are included in general and administrative expenses on the accompanying consolidated statements of operations. Taxable income from non-REIT activities managed through the Company's taxable REIT subsidiaries are subject to federal, state and local taxes, which are not material.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or the SEC that are adopted by the Company as of the specified effective date. These new accounting pronouncements entail technical corrections to existing guidance or affect guidance related to specialized industries or entities. There are no updates to our prior disclosures regarding adoption of pronouncements that are not yet effective. Additionally, we have evaluated new accounting pronouncements issued subsequent to our most recent Annual Report on Form 10-K and have concluded that they are either not applicable or will not have a material impact on the Company's financial position or results of operations.

Changes in Accounting Principle

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which simplifies many aspects of accounting for share-based payment transactions under ASC Topic 718, *Compensation - Stock Compensation*, including income tax consequences, classification of awards as either equity or liability, forfeiture rate calculations and classification on the statement of cash flows. The Company adopted this new guidance effective January 1, 2017 and made an accounting policy election to recognize stock-based compensation forfeitures as they occur, whereas previously stock-based compensation forfeitures were estimated and recognized based on historical forfeiture rates. This change in accounting principle has been applied prospectively and the change in accounting principle had no material impact on the financial statements of the Company.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which narrows the definition of a business. The Company early adopted the guidance effective January 1, 2017 and application is on a prospective basis. Under the new guidance, the acquisition of a property with an in-place lease generally is no longer accounted for as an acquisition of a business, but instead as an asset acquisition, meaning the transaction costs of such an acquisition are now capitalized instead of expensed. Further, dispositions of properties generally no longer qualify as a disposition of a business and therefore do not generate allocated goodwill when determining gain or loss on sale.

Note 3. Investments

Real Estate Investments

As of September 30, 2017, the Company's gross investment in real estate properties and loans totaled approximately $8.0 billion, representing investments in 2,511 properties, including 88 properties or other related assets securing mortgage loans. The gross investment is comprised of land, buildings, lease intangible assets and lease intangible liabilities, as adjusted for any impairment, and the carrying amount of loans receivable, real estate assets held under direct financing leases and real estate assets held for sale. The portfolio is geographically dispersed throughout 49 states with only one state, Texas, with a real estate investment of 12.2%, accounting for more than 10% of the total dollar amount of the Company's real estate investment portfolio.

During the nine months ended September 30, 2017, the Company had the following real estate and loan activity, net of accumulated depreciation and amortization:

	Number of Properties			Dollar Amount of Investments		
	Owned	Financed	Total	Owned	Financed	Total
					(In Thousands)	
Gross balance, December 31, 2016	2,541	74	2,615	$ 8,181,076	$ 66,578	$ 8,247,654
Acquisitions/improvements [1]	43	15	58	314,141	19,190	333,331
Dispositions of real estate [2]	(161)	—	(161)	(392,504)	—	(392,504)
Principal payments and payoffs	—	(1)	(1)	—	(7,817)	(7,817)
Impairments	—	—	—	(88,109)	—	(88,109)
Write-off of gross lease intangibles	—	—	—	(64,766)	—	(64,766)
Loan premium amortization and other	—	—	—	(4,847)	(1,130)	(5,977)
Gross balance, September 30, 2017	2,423	88	2,511	7,944,991	76,821	8,021,812
Accumulated depreciation and amortization				(1,234,978)	—	(1,234,978)
Other				647	—	647
Net balance, September 30, 2017				$ 6,710,660	$ 76,821	$ 6,787,481

[1] Includes investments of $33.8 million in revenue producing capitalized expenditures, as well as $1.2 million of non-revenue producing capitalized expenditures as of September 30, 2017.

[2] The total accumulated depreciation and amortization associated with dispositions of real estate was $42.0 million as of September 30, 2017.

Scheduled minimum future contractual rent to be received under the remaining non-cancelable term of the operating leases (including realized rent increases occurring after October 1, 2017) at September 30, 2017 (in thousands):

	September 30, 2017
Remainder of 2017	$ 151,042
2018	597,808
2019	583,233
2020	566,864
2021	538,273
Thereafter	4,084,670
Total future minimum rentals	$ 6,521,890

Because lease renewal periods are exercisable at the option of the lessee, the preceding table presents future minimum lease payments due during the initial lease term only. In addition, the future minimum rentals do not include any contingent rentals based on a percentage of the lessees' gross sales or lease escalations based on future changes in the CPI or other stipulated reference rate.

Loans Receivable

The following table details loans receivable, net of premium and allowance for loan losses (in thousands):

	September 30, 2017	December 31, 2016
Mortgage loans - principal	$ 62,833	$ 55,410
Mortgage loans - premium, net of amortization	5,568	7,194
Mortgages loans, net	68,401	62,604
Other note receivables - principal	8,420	4,474
Allowance for loan losses	—	(500)
Other note receivables, net	8,420	3,974
Total loans receivable, net	$ 76,821	$ 66,578

The mortgage loans are secured by single-tenant commercial properties and generally have fixed interest rates over the term of the loans. There are four other notes receivable included within loans receivable, of which two notes totaling $6.5 million are secured by tenant assets and stock and the remaining two notes are unsecured.

Lease Intangibles, Net

The following table details lease intangible assets and liabilities, net of accumulated amortization (in thousands):

	September 30, 2017	December 31, 2016
In-place leases	$ 599,905	$ 624,723
Above-market leases	91,274	88,873
Less: accumulated amortization	(261,322)	(243,320)
Intangible lease assets, net	$ 429,857	$ 470,276
Below-market leases	$ 222,078	$ 236,008
Less: accumulated amortization	(59,459)	(53,688)
Intangible lease liabilities, net	$ 162,619	$ 182,320

The amounts amortized as a net increase to rental revenue for capitalized above- and below-market leases were $4.9 million and $4.7 million for the nine months ended September 30, 2017 and 2016, respectively and $1.5 million and $1.8 million for the three months ended September 30, 2017 and 2016, respectively. The value of in-place leases amortized and included in depreciation and amortization expense was $33.0 million and $35.1 million for the nine months ended September 30, 2017 and 2016, respectively, and $10.8 million and $11.6 million for the three months ended September 30, 2017 and 2016, respectively.

Real Estate Assets Under Direct Financing Leases

The components of real estate investments held under direct financing leases were as follows (in thousands):

	September 30, 2017	December 31, 2016
Minimum lease payments receivable	$ 7,809	$ 9,456
Estimated residual value of leased assets	24,552	35,640
Unearned income	(7,478)	(9,091)
Real estate assets under direct financing leases, net	$ 24,883	$ 36,005

Real Estate Assets Held for Sale

The following table shows the activity in real estate assets held for sale for the nine months ended September 30, 2017 (dollars in thousands):

	Number of Properties	Carrying Value
Balance, December 31, 2016	44	$ 160,570
Transfers from real estate investments held and used	80	212,726
Sales	(78)	(157,156)
Transfers to real estate investments held and used	(8)	(63,597)
Impairments		(19,161)
Balance, September 30, 2017	38	$ 133,382

Impairments

The following table summarizes total impairment losses recognized on the accompanying consolidated statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Real estate and intangible asset impairment	$ 32,676	$ 13,894	$ 82,553	$ 35,236
Write-off of lease intangibles, net	5,061	1,491	5,556	6,463
Loans receivable recovery	—	—	—	(324)
Total impairments from real estate investment net assets	37,737	15,385	88,109	41,375
Other impairment	—	22	—	21
Total impairment loss	$ 37,737	$ 15,407	$ 88,109	$ 41,396

Impairments for the nine months ended September 30, 2017 were comprised of $22.6 million on properties classified as held for sale and $65.5 million on properties classified as held and used. Impairments for the nine months ended September 30, 2016 were comprised of $15.3 million on properties classified as held for sale and $26.1 million on properties classified as held and used.

Note 4. Debt

The debt of the Company and the Operating Partnership are the same, except for the presentation of the Convertible Notes. The Convertible Notes were issued by the Company. Subsequently, an intercompany note between the Company and the Operating Partnership was executed with terms identical to those of the Convertible Notes. Therefore, in the consolidated balance sheet of the Operating Partnership, the amounts related to the Convertible Notes are reflected as notes payable to Spirit Realty Capital, Inc., net. The Company's debt is summarized below:

	Weighted Average Effective Interest Rates [1]	Weighted Average Stated Rates [2]	Weighted Average Maturity [3]	September 30, 2017	December 31, 2016
			(in Years)	*(In Thousands)*	
Revolving Credit Facility	3.43%	2.49%	1.5	$ 386,000	$ 86,000
Term Loan	2.83%	2.59%	1.1	420,000	420,000
Senior Unsecured Notes	4.59%	4.45%	9.0	300,000	300,000
Master Trust Notes	5.58%	5.03%	5.5	1,657,402	1,672,706
CMBS fixed-rate	5.85%	5.89%	3.9	426,583	528,427
Convertible Notes	5.32%	3.28%	2.5	747,500	747,500
Total debt	4.97%	4.24%	4.2	3,937,485	3,754,633
Debt discount, net				(43,327)	(52,894)
Deferred financing costs, net [4]				(31,013)	(37,111)
Total debt, net				$ 3,863,145	$ 3,664,628

[1] The effective interest rates include amortization of debt discount/premium, amortization of deferred financing costs and credit facility fees, where applicable, calculated for the three months ended September 30, 2017 and based on the average principal balance outstanding during the period.

[2] Represents the weighted average stated interest rate based on the outstanding principal balance as of September 30, 2017.

[3] Represents the weighted average maturity based on the outstanding principal balance as of September 30, 2017.

[4] The Company records deferred financing costs for its Revolving Credit Facility in deferred costs and other assets, net on its consolidated balance sheets.

Revolving Credit Facility

On March 31, 2015, the Company entered into the Credit Agreement, among the Operating Partnership as borrower and the Company as guarantor, that established a new $600.0 million unsecured credit facility. The Revolving Credit Facility matures on March 31, 2019 (extendable at the Operating Partnership's option to March 31, 2020, subject to satisfaction of certain requirements) and includes an accordion feature to increase the committed facility size up to $1.0 billion, subject to satisfying certain requirements and obtaining additional lender commitments. On April 27, 2016, the Company expanded the borrowing capacity under the Revolving Credit Facility from $600.0 million to $800.0 million by partially exercising the accordion feature under the terms of the Credit Agreement. The Revolving Credit Facility also includes a $50.0 million sub-limit for swing-line loans and up to $60.0 million available for issuances of letters of credit. Swing-line loans and letters of credit reduce availability under the Revolving Credit Facility on a dollar-for-dollar basis. On November 3, 2015, the Company entered into a first amendment to the Credit Agreement. The amendment conforms certain of the terms and covenants to those in the Term Loan Agreement, including limiting the requirement of subsidiary guarantees to material subsidiaries (as defined in the Credit Agreement) meeting certain conditions. At September 30, 2017, there were no subsidiaries meeting this requirement.

Borrowings bear interest at either a specified base rate or LIBOR plus an applicable margin, at the Operating Partnership's option. The Revolving Credit Facility bears interest at a rate equal to LIBOR plus 0.875% to 1.55% per annum or a specified base rate plus 0.00% to 0.55% and requires a facility fee in an amount equal to the aggregate revolving credit commitments (whether or not utilized) multiplied by a rate equal to 0.125% to 0.30% per annum, in each case depending on the Corporation's credit rating. As of September 30, 2017, the Revolving Credit Facility bore interest at LIBOR plus 1.25% based on the Company's credit rating and incurred a facility fee of 0.25% per annum.

The Operating Partnership may voluntarily prepay the Revolving Credit Facility, in whole or in part, at any time, without premium or penalty, but subject to applicable LIBOR breakage fees, if any. Payment of the Revolving Credit Facility is unconditionally guaranteed by the Corporation and material subsidiaries that meet certain conditions (as defined in the Credit Agreement). The Revolving Credit Facility is full recourse to the Operating Partnership and the aforementioned guarantors.

As a result of entering into the Revolving Credit Facility and expanding the borrowing capacity, the Company incurred costs of $4.8 million. These deferred financing costs are being amortized to interest expense over the remaining initial term of the Revolving Credit Facility. The unamortized deferred financing costs relating to the Revolving Credit Facility were $2.0 million and $2.9 million as of September 30, 2017 and December 31, 2016, respectively, and recorded in deferred costs and other assets, net on the accompanying consolidated balance sheets.

As of September 30, 2017, $386.0 million was outstanding, no letters of credit were issued and $414.0 million of borrowing capacity was available under the Revolving Credit Facility. The Operating Partnership's ability to borrow under the Revolving Credit Facility is subject to ongoing compliance with a number of customary financial covenants and other customary affirmative and negative covenants. As of September 30, 2017, the Corporation and the Operating Partnership were in compliance with these financial covenants.

Term Loan

On November 3, 2015, the Company entered into a Term Loan Agreement among the Operating Partnership, as borrower, the Company as guarantor and the lenders that are parties thereto. The Term Loan Agreement provides for a $325.0 million senior unsecured term facility that has an initial maturity date of November 2, 2018, which may be extended at the Company's option pursuant to two one-year extension options, subject to the satisfaction of certain conditions and payment of an extension fee. In addition, an accordion feature allows the facility to be increased up to $600.0 million, subject to obtaining additional lender commitments. During the fourth quarter of 2015 and 2016, the Company exercised the accordion feature under the Credit Agreement and increased the term facility borrowing capacity from $325.0 million to $370.0 million and $420.0 million, respectively.

The Term Loan Agreement provides that borrowings bear interest at either LIBOR plus 1.35% to 1.80% per annum or a specified base rate plus 0.35% to 0.80% per annum, at the Operating Partnership's option. The borrowings bear interest at either LIBOR plus 0.90% to 1.75% per annum or a specified base rate plus 0.00% to 0.75% per annum, in each case depending on the Corporation’s credit ratings. As of September 30, 2017, the Term Loan bore interest at LIBOR plus 1.35% based on the Company's credit rating.

The Operating Partnership may voluntarily prepay the Term Loan, in whole or in part, at any time, without premium or penalty, but subject to applicable LIBOR breakage fees. Borrowings may be repaid without premium or penalty, and may be re-borrowed within 30 days up to the then available loan commitment and subject to occurrence limitations within any twelve-month period. Payment of the Term Loan is unconditionally guaranteed by the Corporation and, under certain circumstances, by one or more material subsidiaries (as defined in the Term Loan Agreement) of the Corporation. The obligations of the Corporation and any guarantor under the Term Loan are full recourse to the Corporation and each guarantor.

As a result of entering into the Term Loan, the Company incurred origination costs of $2.4 million. These deferred financing costs are being amortized to interest expense over the remaining initial term of the Term Loan. As of September 30, 2017 and December 31, 2016, the unamortized deferred financing costs relating to the Term Loan were $0.9 million and $1.5 million, respectively, and recorded net against the principal balance of the Term Loan on the accompanying consolidated balance sheets.

As of September 30, 2017, the Term Loan was fully drawn. The Operating Partnership's ability to borrow under the Term Loan is subject to ongoing compliance with a number of customary financial covenants and other customary affirmative and negative covenants. The Corporation has unconditionally guaranteed all obligations of the Operating Partnership under the Term Loan Agreement. As of September 30, 2017, the Corporation and the Operating Partnership were in compliance with these financial covenants.

Senior Unsecured Notes

On August 18, 2016, the Operating Partnership completed a private placement of $300.0 million aggregate principal amount of senior notes, which are guaranteed by the Corporation. The Senior Unsecured Notes were issued at 99.378% of their principal amount, resulting in net proceeds of $296.2 million, after deducting transaction fees and expenses. The Senior Unsecured Notes accrue interest at a rate of 4.45% per year, payable on March 15 and September 15 of each year, until the maturity date of September 15, 2026. The Company filed a registration statement with the SEC to exchange the private Senior Unsecured Notes for registered Senior Unsecured Notes with substantially identical terms, which became effective April 14, 2017. All $300.0 million aggregate principal amount of private Senior Unsecured Notes were tendered in the exchange for registered Senior Unsecured Notes.

The Senior Unsecured Notes are redeemable in whole at any time or in part from time to time, at the Operating Partnership’s option, at a redemption price equal to the sum of: an amount equal to 100% of the principal amount of the Senior Unsecured Notes to be redeemed plus accrued and unpaid interest and liquidated damages, if any, up to, but not including, the redemption date; and a make-whole premium calculated in accordance with the indenture. Notwithstanding the foregoing, if any of the Senior Unsecured Notes are redeemed on or after June 15, 2026 (three months prior to the maturity date of the Senior Unsecured Notes), the redemption price will not include a make-whole premium.

In connection with the offering, the Operating Partnership incurred $3.4 million in deferred financing costs. This amount is being amortized to interest expense over the life of the Senior Unsecured Notes. As of both September 30, 2017 and December 31, 2016, the unamortized deferred financing costs relating to the Senior Unsecured Notes were $3.1 million, and recorded net against the Senior Unsecured Notes principal balance on the accompanying consolidated balance sheets.

In connection with the issuance of the Senior Unsecured Notes, the Corporation and Operating Partnership are subject to ongoing compliance with a number of customary financial covenants and other customary affirmative and negative covenants. As of September 30, 2017, the Corporation and the Operating Partnership were in compliance with these financial covenants.

Master Trust Notes

The Company has access to an asset-backed securitization platform, the Spirit Master Funding Program, to raise capital through the issuance of non-recourse net-lease mortgage notes collateralized by commercial real estate, net-leases and mortgage loans. The Spirit Master Funding Program consists of two separate securitization trusts, Master Trust 2013 and Master Trust 2014, each of which have one or multiple bankruptcy-remote, special purpose entities as issuers or co-issuers of the notes. Each issuer is an indirect wholly-owned special purpose entity of the Corporation.

The Master Trust Notes are summarized below:

	Stated Rates [1]	Maturity	September 30, 2017	December 31, 2016
		(in Years)	*(in Thousands)*	
Series 2014-1 Class A1	5.1%	2.7	$ 45,141	$ 53,919
Series 2014-1 Class A2	5.4%	2.8	253,300	253,300
Series 2014-2	5.8%	3.5	223,604	226,283
Series 2014-3	5.7%	4.5	311,459	311,820
Series 2014-4 Class A1	3.5%	2.3	150,000	150,000
Series 2014-4 Class A2	4.6%	12.3	360,000	360,000
Total Master Trust 2014 notes	5.1%	5.8	1,343,504	1,355,322
Series 2013-1 Class A	3.9%	1.2	125,000	125,000
Series 2013-2 Class A	5.3%	6.2	188,898	192,384
Total Master Trust 2013 notes	4.7%	4.2	313,898	317,384
Total Master Trust notes			1,657,402	1,672,706
Debt discount, net			(15,613)	(18,787)
Deferred financing costs, net			(14,050)	(16,376)
Total Master Trust Notes, net			$ 1,627,739	$ 1,637,543

[1] Represents the individual series stated interest rate as of September 30, 2017 and the weighted average stated rate of the total Master Trust Notes, based on the collective series outstanding principal balances as of September 30, 2017.

As of September 30, 2017, the Master Trust 2014 notes were secured by 815 owned and financed properties issued by five indirect wholly-owned subsidiaries of the Corporation. The notes issued under Master Trust 2014 are cross-collateralized by the assets of all issuers within this trust. As of September 30, 2017, the Master Trust 2013 notes were secured by 295 owned and financed properties issued by a single indirect wholly-owned subsidiary of the Corporation.

CMBS

As of September 30, 2017, indirect wholly-owned special purpose entity subsidiaries of the Corporation were borrowers under 10 fixed-rate non-recourse loans, excluding six loans in default, which have been securitized into CMBS and are secured by the borrowers' respective leased properties and related assets. The stated interest rates of the loans as of September 30, 2017, excluding the defaulted loans, ranged from 3.90% to 6.52% with a weighted average stated interest rate of 5.32%. As of September 30, 2017, these fixed-rate loans were secured by 113 properties. As of September 30, 2017 and December 31, 2016, the unamortized deferred financing costs associated with these fixed-rate loans were $4.2 million and $4.7 million, respectively, and recorded net against the principal balance of the mortgages and notes payable on the accompanying consolidated balance sheets. The deferred financing costs are being amortized to interest expense over the term of the respective loans.

As of September 30, 2017, certain borrowers were in default under the loan agreements relating to six separate CMBS fixed-rate loans, where eight properties securing the respective loans were no longer generating sufficient revenue to pay the scheduled debt service. The default interest rate on these loans was between 7.53% and 10.62%. Each defaulted borrower is a bankruptcy remote special purpose entity and the sole owner of the collateral securing the loan obligations. As of September 30, 2017, the aggregate principal balance under the defaulted loans was $62.9 million, which includes $11.8 million of interest capitalized to the principal balance.

Convertible Notes

In May 2014, the Corporation issued $402.5 million aggregate principal amount of 2.875% convertible notes due in 2019 and $345.0 million aggregate principal amount of 3.75% convertible notes due in 2021. Interest on the Convertible Notes is payable semiannually in arrears on May 15 and November 15 of each year. The 2019 Notes will mature on May 15, 2019 and the 2021 Notes will mature on May 15, 2021.

The Convertible Notes are convertible only during certain periods and, subject to certain circumstances, into cash, shares of the Corporation's common stock, or a combination thereof. The initial conversion rate applicable to each series is 76.3636 per $1,000 principal note (equivalent to an initial conversion price of $13.10 per share of common stock, representing a 22.5% premium above the public offering price of the common stock offered concurrently at the time the Convertible Notes were issued). The conversion rate is subject to adjustment for certain anti-dilution events, including special distributions and regular quarterly cash dividends exceeding $0.16625 per share. As of September 30, 2017, the conversion rate was 77.1889 per $1,000 principal note. Earlier conversion may be triggered if shares of the Corporation's common stock trades higher than the established thresholds, if the Convertible Notes trade below established thresholds, or certain corporate events occur.

In connection with the issuance of the Convertible Notes, the Company recorded a discount of $56.7 million, which represents the estimated value of the embedded conversion feature for each of the Convertible Notes. The discount is being amortized to interest expense using the effective interest method over the term of each of the 2019 Notes and 2021 Notes. As of September 30, 2017 and December 31, 2016, the unamortized discount was $26.2 million and $33.5 million, respectively. The discount is shown net against the aggregate outstanding principal balance of the Convertible Notes on the accompanying consolidated balance sheets. The equity component of the conversion feature is recorded in capital in excess of par value in the accompanying consolidated balance sheets, net of financing transaction costs.

In connection with the offering, the Company also incurred $19.6 million in deferred financing costs. This amount has been allocated on a pro-rata basis to each of the Convertible Notes and is being amortized to interest expense over the term of each note. As of September 30, 2017 and December 31, 2016, the unamortized deferred financing costs relating to the Convertible Notes were $8.8 million and $11.4 million, respectively, and recorded net against the Convertible Notes principal balance on the accompanying consolidated balance sheets.

Debt Extinguishment

During the nine months ended September 30, 2017, the Company extinguished a total of $101.0 million aggregate principal amount of senior mortgage indebtedness with a weighted average contractual interest rate of 5.84%. As a result of these transactions, the Company recognized a net gain on debt extinguishment of approximately $1.8 million. Payment of any premium is included in debt extinguishment costs within operating activities in the consolidated statement of cash flows.

During the nine months ended September 30, 2016, the Company extinguished a total of $817.3 million aggregate principal amount of senior mortgage indebtedness with a weighted average contractual interest rate of 6.02%. As a result of these transactions, the Company recognized a net gain on debt extinguishment of approximately $0.3 million.

Debt Maturities

As of September 30, 2017, scheduled debt maturities of the Company's Revolving Credit Facility, Term Loan, Senior Unsecured Notes, Master Trust Notes, CMBS and Convertible Notes, including balloon payments, are as follows (in thousands):

	Scheduled Principal	Balloon Payment	Total
Remainder of 2017 [1]	$ 7,538	$ 122,634	$ 130,172
2018 [2]	41,954	569,800	611,754
2019 [3]	44,325	798,500	842,825
2020	39,096	413,206	452,302
2021	30,658	554,753	585,411
Thereafter	219,000	1,096,021	1,315,021
Total	$ 382,571	$ 3,554,914	$ 3,937,485

[1] The balloon payment balance in 2017 includes $62.9 million, including $11.8 million of capitalized interest, for the acceleration of principal payable following an event of default under six non-recourse CMBS loans with a stated maturity in 2017.

[2] 2018 includes $420 million unsecured Term Loan that is extendible at borrower's option pursuant to two one-year extension options.

[3] 2019 includes the Revolving Credit Facility which is extendible for one year at the borrower's option.

Interest Expense

The following table is a summary of the components of interest expense related to the Company's borrowings (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Interest expense – Revolving Credit Facility [1]	$ 3,075	$ 1,155	$ 5,632	$ 2,507
Interest expense – Term Loan	2,768	1,307	7,525	3,376
Interest expense – Senior Unsecured Notes	3,337	1,595	10,013	1,595
Interest expense – mortgages and notes payable	27,563	33,291	83,640	113,837
Interest expense – Convertible Notes [2]	6,127	6,127	18,382	18,382
Non-cash interest expense:				
Amortization of deferred financing costs	2,451	2,303	7,274	6,706
Amortization of net losses related to interest rate swaps	—	28	—	85
Amortization of debt discount, net	3,359	1,847	9,663	3,354
Total interest expense	$ 48,680	$ 47,653	$ 142,129	$ 149,842

[1] Includes facility fees of approximately $0.5 million for both of the three month periods ended September 30, 2017 and 2016, and approximately $1.6 million and $1.5 million for the nine month periods ended September 30, 2017 and 2016, respectively.

[2] Included in interest expense on the Operating Partnership's consolidated statements of operations are amounts paid to the Corporation by the Operating Partnership related to the notes payable to Spirit Realty Capital, Inc.

Note 5. Derivative and Hedging Activities

The Company uses interest rate derivative contracts to manage its exposure to changes in interest rates on its variable rate debt. These derivatives are considered cash flow hedges and are recorded on a gross basis at fair value. Assessments of hedge effectiveness are performed quarterly using regression analysis and the measurement of hedge ineffectiveness is based on the hypothetical derivative method. The effective portion of changes in fair value are recorded in AOCL and subsequently reclassified to earnings when the hedged transactions affect earnings. The ineffective portion is recorded immediately in earnings in general and administrative expenses. The Company does not enter into derivatives contracts for speculative or trading purposes.

The Company is exposed to credit risk in the event of non-performance by its derivative counterparties. The Company evaluates counterparty credit risk through monitoring the creditworthiness of counterparties, which includes review of debt ratings and financial performance. To mitigate its credit risk, the Company enters into agreements with counterparties it considers credit-worthy, such as large financial institutions with favorable credit ratings.

The Company has terminated all existing derivative contracts as of June 30, 2016 and has not entered into any new derivative contracts as of September 30, 2017.

The following tables provide information about the amounts recorded in AOCL, as well as the loss recorded in operations, when reclassified out of AOCL or recognized in earnings immediately, for the nine months ended September 30, 2016 (in thousands):

	Amount of Loss Recognized in AOCL on Derivative (Effective Portion)	
	Three Months Ended	Nine Months Ended
Derivatives in Cash Flow Hedging Relationships	September 30, 2016	
Interest rate swaps	$ 28	$ (1,145)

	Amount of Loss Reclassified from AOCL into Operations (Effective Portion)	
	Three Months Ended	Nine Months Ended
Location of Loss Reclassified from AOCL into Operations	September 30, 2016	
Interest expense	$ —	$ (459)

	Amount of Loss Recognized in Operations on Derivative (Ineffective Portion)	
	Three Months Ended	Nine Months Ended
Location of Loss Recognized in Operations on Derivatives	September 30, 2016	
General and administrative expense	$ —	$ (1,706)

	Derivatives Not Designated as Hedging Instruments	
	Three Months Ended	Nine Months Ended
Location of Loss Recognized in Operations on Derivatives	September 30, 2016	
General and administrative expense	$ —	$ (18)

Note 6. Stockholders’ Equity and Partners' Capital

Issuance of Common Stock

During the nine months ended September 30, 2017, portions of awards of restricted common stock and performance share awards granted to certain of the Company's officers and other employees vested. The vesting of these awards, granted pursuant to the Amended Incentive Award Plan, resulted in federal and state income tax liabilities for the recipients. As permitted by the terms of the Amended Incentive Award Plan and the award grants, certain executive officers and employees elected to surrender 0.4 million shares of common stock valued at $3.5 million, solely to pay the associated statutory tax withholdings during the nine months ended September 30, 2017.

ATM Program

In November 2016, the Company's Board of Directors approved a new ATM Program and the Company terminated its existing program. As of September 30, 2017, no shares of the Company's common stock had been sold under the new ATM Program and $500.0 million in gross proceeds capacity remained available.

Stock Repurchase Programs

In August 2017, the Company's Board of Directors approved a new stock repurchase program, which authorizes the Company to repurchase up to $250.0 million of its common stock. These purchases can be made in the open market or through private transactions from time to time over the 18 month time period following authorization, depending on prevailing market conditions and applicable legal and regulatory requirements. Purchase activity will be dependent on various factors, including the Company's capital position, operating results, funds generated by asset sales, dividends that may be required by those sales, and investment options that may be available, including acquiring new properties or retiring debt. The stock repurchase program does not obligate the Company to repurchase any specific number of shares and may be suspended at any time at the Company's discretion. As of September 30, 2017, 2,482,570 shares of the Company's common stock have been repurchased in open market transactions under the stock repurchase program, at a weighted average price of $8.75 per share, leaving $228.3 million in available capacity. Fees associated with the repurchase, of $49,700, are included in retained earnings.

In February 2016, the Company's Board of Directors approved a stock repurchase program, which authorized the Company to repurchase up to $200.0 million of its common stock over the 18 month time period following authorization. A total of 26,337,295 shares of the Company's outstanding common stock were repurchased in open market transactions under the stock repurchase program, at a weighted average price of $7.59 per share, equivalent to the full $200.0 million authorized. Fees associated with the share repurchase of $0.5 million are included in retained earnings.

Dividends Declared

For the nine months ended September 30, 2017, the Corporation's Board of Directors declared the following dividends:

Declaration Date	Dividend Per Share		Record Date	Total Amount		Payment Date
				(in thousands)		
March 15, 2017	$	0.1800	March 31, 2017	$	87,122	April 14, 2017
June 15, 2017	$	0.1800	June 30, 2017	$	82,422	July 14, 2017
September 15, 2017	$	0.1800	September 29, 2017	$	82,062	October 13, 2017

The dividend declared on September 15, 2017 was paid on October 13, 2017 and is included in accounts payable, accrued expenses and other liabilities as of September 30, 2017.

Note 7. Commitments and Contingencies

The Company is periodically subject to claims or litigation in the ordinary course of business, including claims generated from business conducted by tenants on real estate owned by the Company. In these instances, the Company is typically indemnified by the tenant against any losses that might be suffered, and the Company and/or the tenant are typically insured against such claims.

On September 8, 2015, Haggen Holdings, LLC and a number of its affiliates, including Haggen Operations Holdings, LLC (collectively, the "Debtors"), filed petitions for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware. At the time of the filing, Haggen Operations Holdings, LLC ("Haggen") leased 20 properties on a triple net basis from a subsidiary of the Company under a master lease.

- On November 25, 2015, Haggen and Spirit restructured the master lease in an initial settlement agreement with approved claims of $21.0 million.
- On April 1, 2016, Spirit entered into a second settlement agreement with both Haggen and Albertsons, LLC for $3.4 million and $3.0 million, respectively.
- As a result of the settlements, the leases for seven locations were rejected and the leases for thirteen locations were assumed by the Debtors and assigned to the following tenants: five locations to Albertsons, LLC, five locations to Smart & Final, LLC, two locations to Gelson’s Markets and one location to Safeway, Inc.

- As of September 30, 2017, the Company had sold seven of the properties for total proceeds of $58.3 million, including five of the original seven rejected locations, resulting in 11 locations with leases in-place under substantially the same terms and rent (inclusive of the $3.0 million settlement related to rent reduction for an amended lease with Albertsons, LLC) and two locations that remain vacant.
- To date, the Company has collected $5.5 million of the total claims and there is no guaranty that the remaining claims will be paid or otherwise satisfied in full.

As of September 30, 2017, there were no outstanding claims against the Company that are expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

As of September 30, 2017, the Company had commitments totaling $54.1 million, of which $11.3 million relates to future acquisitions with the majority of the remainder to fund revenue generating improvements on properties the Company currently owns. Commitments related to acquisitions contain standard cancellation clauses contingent on the results of due diligence. Of the total commitments of $54.1 million, $33.0 million is expected to be funded during fiscal year 2017. In addition, the Company is contingently liable for $5.7 million of debt owed by one of its tenants and is indemnified by that tenant for any payments the Company may be required to make on such debt.

The Company estimates future costs for known environmental remediation requirements when it is probable that the Company has incurred a liability and the related costs can be reasonably estimated. The Company considers various factors when estimating its environmental liabilities, and adjustments are made when additional information becomes available that affects the estimated costs to study or remediate any environmental issues. When only a wide range of estimated amounts can be reasonably established and no other amount within the range is better than another, the low end of the range is recorded in the consolidated financial statements.

Note 8. Fair Value Measurements

Recurring Fair Value Measurements

The Company did not have any assets or liabilities that are required to be measured at fair value on a recurring basis as of September 30, 2017 and December 31, 2016.

Nonrecurring Fair Value Measurements

Fair value measurement of an asset on a nonrecurring basis occurs when events or changes in circumstances related to an asset indicate that the carrying amount of the asset is no longer recoverable. The following table sets forth the Company's assets that were accounted for at fair value on a nonrecurring basis (in thousands):

	Fair Value Hierarchy Level		
Description	**Level 1**	**Level 2**	**Level 3**
September 30, 2017			
Retail	$ —	$ —	$ 17,000
Industrial	—	—	6,954
Office	—	—	6,020
Long-lived assets held and used	—	—	29,974
Long-lived assets held for sale	—	—	47,748
December 31, 2016			
Retail	$ —	$ —	$ 37,934
Industrial	—	—	3,741
Office	—	—	8,538
Long-lived assets held and used	—	—	50,213
Lease intangible assets	—	—	6,384
Other assets	—	—	27
Long-lived assets held for sale	—	—	61,400

Real estate assets and their related intangible assets are evaluated for impairment based on certain indicators including, but not limited to: the asset being held for sale, vacant, non-operating or the lease on the asset expiring in twelve months or less. The fair values of impaired real estate and intangible assets were determined by using the following information, depending on availability, in order of preference: signed purchase and sale agreements or letters of intent; recently quoted bid or ask prices, or market prices for comparable properties; estimates of cash flow, which consider, among other things, contractual and forecasted rental revenues, leasing assumptions, and expenses based upon market conditions; and expectations for the use of the real estate. Based on these inputs, the Company determined that its valuation of the impaired real estate and intangible assets falls within Level 3 of the fair value hierarchy.

During the nine months ended September 30, 2017 and for the year ended December 31, 2016, we determined that 16 and 33 long-lived assets held and used, respectively, were impaired. The Company estimated the fair value of these properties using weighted average sales price per square foot of comparable properties for 15 of the 16 impaired properties during the nine months ended September 30, 2017 and for 16 of the 33 impaired properties during the year ended December 31, 2016.

The following table provides information about the weighted average sales price per square foot of comparable properties used to estimate fair value (price per square foot in dollars):

	September 30, 2017			December 31, 2016		
Description	**Range**	**Weighted Average**	**Square Footage**	**Range**	**Weighted Average**	**Square Footage**
Long-lived assets held and used by asset type						
Retail	$13.66 - 285.98	$ 53.99	355,428	$17.17 - $502.23	$ 58.78	290,770
Industrial	—	—	—	$26.43	$ 26.43	104,864
Office	$24.82 - 244.86	$ 40.14	161,346	$35.00	$ 35.00	135,675

The Company estimated the fair value on 1 of the 16 impaired properties using the weighted average listing price of comparable properties or broker opinion of value per square foot during the nine months ended September 30, 2017 and on 17 of the 33 impaired properties during the year ended December 31, 2016.

The following table provides information about the weighted average listing price and broker opinion of value per square foot of comparable properties used to estimate fair value (price per square foot in dollars):

	September 30, 2017			December 31, 2016		
Description	**Range**	**Weighted Average**	**Square Footage**	**Range**	**Weighted Average**	**Square Footage**
Long-lived assets held and used by asset type						
Retail	—	$ —	—	$15.40 - $170.02	$ 40.80	516,916
Industrial	$5.73	$ 5.73	370,824	$9.09	$ 9.09	149,627
Office	—	$ —	—	$56.81	$ 56.81	34,992

Estimated Fair Value of Financial Instruments

Financial assets and liabilities for which the carrying values approximate their fair values include cash and cash equivalents, restricted cash and escrow deposits, and accounts receivable and payable. Generally, these assets and liabilities are short-term in duration and are recorded at cost, which approximates fair value, on the accompanying consolidated balance sheets.

In addition to the disclosures for assets and liabilities required to be measured at fair value at the balance sheet date, companies are required to disclose the estimated fair values of all financial instruments, even if they are not carried at their fair values. The fair values of financial instruments are estimates based upon market conditions and perceived risks at September 30, 2017 and December 31, 2016. These estimates require management’s judgment and may not be indicative of the future fair values of the assets and liabilities.

The estimated fair values of the following financial instruments have been derived based on market quotes for comparable instruments or discounted cash flow analyses using estimates of the amount and timing of future cash flows, market rates and credit spreads. These measurements are classified as Level 2 of the fair value hierarchy. The following table discloses fair value information for these financial instruments (in thousands):

	September 30, 2017		December 31, 2016	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Loans receivable, net	$ 76,821	$ 80,396	$ 66,578	$ 71,895
Revolving Credit Facility	386,000	385,993	86,000	87,718
Term Loan, net [(1)]	419,091	420,024	418,471	428,441
Senior Unsecured Notes, net [(1)]	295,242	300,039	295,112	283,473
Mortgages and notes payable, net [(1)]	2,050,302	2,068,788	2,162,403	2,282,142
Convertible Notes, net [(1)]	712,510	758,085	702,642	784,175

[(1)] The carrying value of the debt instruments are net of unamortized deferred financing costs and certain debt discounts/premiums.

Note 9. Significant Credit and Revenue Concentration

As of September 30, 2017 and December 31, 2016, the Company’s real estate investments are operated by 421 and 450 tenants, respectively, that operate within retail, office and industrial property types across various industries throughout the U.S. Shopko operates in the general merchandise industry and is the Company’s largest tenant as a percentage of rental revenue. Total rental revenues from properties leased to Shopko for the three months ended September 30, 2017 and 2016, contributed 7.5% and 8.3% of the rental revenue shown in the accompanying consolidated statements of operations. No other tenant contributed 4% or more of the rental revenue during any of the periods presented. As of September 30, 2017 and December 31, 2016, the Company's net investment in Shopko properties represents approximately 5.1% and 5.8%, respectively, of the Company’s total assets and the Company's real estate investment in Shopko represents approximately 7.0% and 7.7%, respectively, of the Company's total real estate investment portfolio.

Note 10. Supplemental Cash Flow Information

The following table presents the supplemental cash flow disclosures (in thousands):

	Nine Months Ended September 30,	
	2017	2016
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Reduction of debt in exchange for collateral assets	—	47,780
Reduction and assumption of debt through sale of certain real estate properties	39,141	—
Reclass of residual value on expired deferred financing lease to operating asset	11,088	—
Net real estate and other collateral assets sold or surrendered to lender	35,008	22,728
Mortgage notes receivable transferred for real estate properties acquired	—	26,609
Accrued interest capitalized to principal [(1)]	2,430	3,584
Accrued performance share dividend rights	699	340
Distributions declared and unpaid	82,062	84,730
Accrued deferred financing costs	1,373	4,043
Real estate properties acquired under 1031 exchange	—	83,560
Real estate properties sold under 1031 exchange	—	43,828
Financing provided in connection with disposition of assets	15,015	—

[(1)] Accrued and overdue interest on certain CMBS notes that have been intentionally placed in default.

Note 11. Incentive Award Plan

Restricted Shares of Common Stock

During the nine months ended September 30, 2017, the Company granted 1.1 million restricted shares under the Amended Incentive Award Plan to certain executive officers and employees. The Company recorded $9.9 million in deferred compensation associated with these grants, which will be recognized in expense over the service period of the awards. As of September 30, 2017, there were approximately 1.5 million unvested restricted shares outstanding.

Performance Share Awards

During the nine months ended September 30, 2017, the Board of Directors or committee thereof approved target grants of 0.9 million performance shares to executive officers of the Company. The performance period of these grants runs through December 31, 2019. Potential shares of the Corporation's common stock that each participant is eligible to receive is based on the initial target number of shares granted multiplied by a percentage range between 0% and 250%. Grant date fair value was calculated using the Monte Carlo simulation model, which incorporated stock price correlation, projected dividend yields and other variables over the time horizons matching the performance periods. Stock-based compensation expense associated with unvested performance share awards is recognized on a straight-line basis over the minimum required service period, which is generally three years. Based on the grant date fair value and as of September 30, 2017, the Corporation expects to recognize $8.7 million in compensation expense on a straight-line basis over the requisite service period.

Approximately $0.7 million and $0.5 million in dividend rights have been accrued for non-vested performance share awards outstanding as of September 30, 2017 and December 31, 2016, respectively. For outstanding non-vested awards at September 30, 2017, no shares would have been released based on the Corporation's TSR relative to the specified peer groups through that date.

Stock-based Compensation Expense

For the three months ended September 30, 2017 and 2016, the Company recognized $2.3 million and $3.4 million, respectively, in stock-based compensation expense, which is included in general and administrative expenses in the accompanying consolidated statements of operations. For the nine months ended September 30, 2017 and 2016, the Company recognized $13.8 million and $7.2 million, respectively, in stock-based compensation expense. Stock-based compensation expense for the nine months ended September 30, 2017 included $6.9 million related to the acceleration of Restricted Stock and Performance Share Awards upon the departure of the Chief Executive Officer.

As of September 30, 2017, the remaining unamortized stock-based compensation expense, including amounts relating to the performance share awards, totaled $20.6 million, including $11.9 million related to restricted stock awards and $8.7 million related to performance share awards, which is recognized as the greater of the amount amortized on a straight-line basis over the service period of each applicable award or the amount vested over the vesting periods.

Note 12. Income Per Share and Partnership Unit

Income per share has been computed using the two-class method which is computed by dividing the sum of distributed earnings to common stockholders and undistributed earnings allocated to common stockholders by the weighted average number of shares of common stock outstanding for the period. In applying the two-class method, undistributed earnings are allocated to both shares of common stock and participating securities based on the weighted average shares outstanding during the period. Classification of the Company's unvested restricted stock, which contain rights to receive non-forfeitable dividends, are deemed participating securities under the two-class method. Under the two-class method, earnings attributable to unvested restricted shares are deducted from income from continuing operations in the computation of net income attributable to common stockholders.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Basic and diluted income:				
Net income	5,322	27,399	41,357	96,458
Less: income attributable to unvested restricted stock	(265)	(192)	(682)	(430)
Net income attributable to common stockholders used in basic and diluted income per share	$ 5,057	$ 27,207	$ 40,675	$ 96,028
Basic weighted average shares of common stock outstanding:				
Weighted average shares of common stock outstanding	458,035,972	480,326,857	473,919,177	457,992,378
Less: unvested weighted average shares of restricted stock	(1,364,355)	(772,495)	(1,220,485)	(728,852)
Weighted average shares of common stock outstanding used in basic income per share	456,671,617	479,554,362	472,698,692	457,263,526
Net income per share attributable to common stockholders—basic	$ 0.01	$ 0.06	$ 0.09	$ 0.21
Diluted weighted average shares of common stock outstanding: [1]				
Unvested performance shares	—	67,506	—	33,938
Stock options	—	4,688	—	4,159
Convertible debt	—	972,054	—	—
Weighted average shares of common stock outstanding used in diluted income per share	456,671,617	480,598,610	472,698,692	457,301,623
Net income per share attributable to common stockholders—diluted	$ 0.01	$ 0.06	$ 0.09	$ 0.21
Potentially dilutive shares of common stock				
Unvested shares of restricted stock	—	181,667	32,150	121,230
Total	—	181,667	32,150	121,230

[1] Assumes the most dilutive issuance of potentially issuable shares between the two-class and treasury stock method unless the result would be anti-dilutive.

The Corporation intends to satisfy its exchange obligation for the principal amount of the Convertible Notes to the note holders entirely in cash, therefore, the "if-converted" method does not apply and the treasury stock method is being used. For the three and nine months ended September 30, 2017, the Corporation's average stock price was below the conversion price, resulting in zero potentially dilutive shares related to the conversion spread for both periods.

Note 13. Costs Associated With Restructuring Activities

On November 16, 2015, the Company's Board of Directors approved the strategic decision to relocate its headquarters from Scottsdale, Arizona to Dallas, Texas. The Company began occupying temporary office space in the new headquarters building in the spring of 2016, and finalized the move with the opening of the new office space in late September 2016. As a result of moving its corporate headquarters, the Company incurred various restructuring charges, including employee separation and relocation costs. Restructuring charges for the nine months ended September 30, 2016 totaled $5.7 million, and are included within restructuring charges on the accompanying consolidated statements of operations. As of and for the nine months ended September 30, 2017, the Company no longer had any accrued restructuring charges and incurred no additional restructuring charges.

Note 14. Subsequent Event

On October 3, 2017, the Company closed on an offering of 6,900,000 shares of 6.000% Series A Cumulative Redeemable Preferred Stock with a liquidation preference of $25.00 per share, for aggregate net proceeds of 166.5 million, after deducting the underwriting discount and the Company's estimated expenses.

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

Special Note Regarding Forward-looking Statements

This quarterly report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. When used in this quarterly report, the words “estimate,” “anticipate,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “seek,” “approximately” or “plan,” or the negative of these words or similar words or phrases that are predictions of or indicate future events or trends and which do not relate solely to historical matters are intended to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions of management.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all).

The following risks and uncertainties, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- industry and economic conditions;
- volatility and uncertainty in the financial markets, including potential fluctuations in the CPI;
- our success in implementing our business strategy and our ability to identify, underwrite, finance, consummate, integrate and manage diversifying acquisitions or investments;
- the financial performance of our traditional retail tenants and the demand for traditional retail space, particularly with respect to challenges being experienced by general merchandise retailers;
- our ability to diversify our tenant base and reduce the concentration of our significant tenant;
- the nature and extent of future competition;
- increases in our costs of borrowing as a result of changes in interest rates and other factors;
- our ability to access debt and equity capital markets;
- our ability to pay down, refinance, restructure and/or extend our indebtedness as it becomes due;
- our ability and willingness to renew our leases upon expiration and to reposition our properties on the same or better terms upon expiration in the event such properties are not renewed by tenants or we exercise our rights to replace existing tenants upon default;
- the impact of any financial, accounting, legal or regulatory issues or litigation that may affect us or our major tenants;
- our ability to manage our expanded operations;
- our ability and willingness to maintain our qualification as a REIT;
- uncertainties as to the completion and timing of our proposed spin-off, and the impact of the spin-off on our business; and
- other risks inherent in the real estate business, including tenant defaults, potential liability relating to environmental matters, illiquidity of real estate investments and potential damages from natural disasters.

The factors included in this quarterly report, including the documents incorporated by reference, and documents we subsequently file with the SEC and incorporate by reference, are not exhaustive and additional factors could adversely affect our business and financial performance. For a discussion of additional risk factors, see the factors included under the caption “Risk Factors” in our most recent Annual Report on Form 10-K, as well as those risk factors discussed in Part II Item 1a "*Risk Factors*" herein. All forward-looking statements are based on information that was available, and speak only, as of the date on which they were made. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes, except as required by law.

Overview

Spirit Realty Capital, Inc. is a New York Stock Exchange listed company under the ticker symbol "SRC." We are a self-administered and self-managed REIT with in-house capabilities including acquisition, portfolio management, asset management, credit research, real estate research, legal, finance and accounting and capital markets. We primarily invest in single-tenant, operationally essential real estate assets throughout the U.S., which are generally acquired through strategic sale-leaseback transactions and subsequently leased on long-term, triple-net basis to high quality tenants with business operations within predominantly retail, but also office and industrial property types. Single tenant, operationally essential real estate consists of properties that are generally free-standing, commercial real estate facilities where our tenants conduct activities that are essential to the generation of their sales and profits. In support of our primary business of owning and leasing real estate, we have also strategically originated or acquired long-term, commercial mortgage and other loans to provide a range of financing solutions to our tenants. As of September 30, 2017, our owned real estate represented investments in 2,423 properties. Our properties are leased to 421 tenants across 49 states and 30 industries. As of September 30, 2017, our owned properties were approximately 99.1% occupied (based on number of properties). In addition, our investment in real estate includes commercial mortgage and other loans receivable primarily secured by an additional 88 real estate properties or other related assets.

Our operations are primarily carried out through the Operating Partnership. OP Holdings, one of our wholly owned subsidiaries, is the sole general partner and owns approximately 1% of the Operating Partnership. We and one of our wholly-owned subsidiaries are the only limited partners, and together own the remaining 99% of the Operating Partnership. Although the Operating Partnership is wholly-owned by us, in the future, we may issue partnership interests in the Operating Partnership to third parties in exchange for property owned by such third parties. In general, any partnership interests in the Operating Partnership issued to third parties would be exchangeable for cash or, at our election, shares of our common stock at specified ratios set when such partnership interests in the Operating Partnership are issued.

We have elected to be taxed as a REIT for federal income tax purposes and believe we have been organized and have operated in a manner that has allowed us to qualify as a REIT for federal income tax purposes, and we intend to continue operating in such a manner.

On August 3, 2017, we announced a proposed spin-off of almost all of our interests in our properties leased to Shopko, assets that collateralize Master Trust 2014 and potentially additional assets into an independent, publicly traded REIT ("SpinCo"). Pursuant to the plan, if the spin-off is completed, our stockholders would receive a distribution of stock issued by SpinCo. The spin-off is subject to certain conditions, including declaration by the U.S. Securities and Exchange Commission that SpinCo's registration statement on Form 10 is effective, customary third party consents, and final approval and declaration of the distribution by our Board of Directors. Such conditions and other unforeseen developments, including in the debt or equity markets or general market conditions, could delay or prevent the spin-off or cause the spin-off to occur on terms or conditions that are less favorable and/or different than those described herein. The transaction is expected to be completed in the first half of 2018. We may, at any time and for any reason until the proposed transaction is complete, abandon the spin-off or modify or change its terms, including the assets we plan to contribute to SpinCo.

Highlights

For the three months ended September 30, 2017:

- Generated net income of $0.01 per share and AFFO of $0.23 per share.
- Invested $73.4 million in four properties, including revenue producing capital expenditures.
- Disposed of 56 properties for $124.1 million, including 42 vacant properties for $46.8 million and three revenue producing Shopko properties for $18.5 million.
- Approved a new stock repurchase program under which we may repurchase up to $250 million of our outstanding common stock.
- Commenced an underwritten public offering of 6.000% Series A Cumulative Redeemable Preferred Stock, which closed on October 3, 2017, for aggregate net proceeds of $166.6 million.

For the nine months ended September 30, 2017:

- Generated net income of $0.09 per diluted share and AFFO of $0.64 per share, including $4.2 million in cash severance charges.
- Acquired 39 properties for $314.2 million and disposed of 161 properties for $406.4 million, including 96 vacant properties for $138.4 million and 11 properties leased to Shopko for $65.0 million.
- Extinguished $101.0 million of high coupon secured debt that had a 5.84% weighted average rate.

Factors that May Influence Our Operating Results

ACQUISITIONS AND LEASE STRUCTURE

Our principal business is acquiring commercial real estate properties, generally leased to tenants under triple-net leases. Our ability to grow revenue and produce superior risk adjusted returns depends on our ability to acquire additional properties at a yield sufficiently in excess of our cost of capital. We focus on opportunities to acquire attractive commercial real estate by providing capital to small and middle-market companies that we conclude have stable and proven operating histories and attractive credit characteristics. Small and middle-market companies are often willing to enter into leases with structures and terms that we consider appealing and that we believe increase the security of rental payments.

Portfolio Diversification

Our strategy emphasizes a portfolio that (1) derives no more than 10% of its Contractual Rent from any single tenant and no more than 2.0% of its Contractual Rent from any single property, (2) is leased to tenants operating in various industries and (3) is located across the U.S. without significant geographic concentration.

A core component of our business is investing in and managing a portfolio of single-tenant, operationally essential retail real estate throughout the U.S. Accordingly, our performance is substantially dependent on the performance of our retail tenants. The market for traditional retail space has previously been, and could continue to be, adversely affected by weakness in the national, regional and local economies, the adverse financial condition of some traditional retail companies, the ongoing consolidation in the retail industry, the excess amount of retail space in a number of markets and increasing consumer purchases through catalogs or over the internet.

In particular, we have experienced and expect to continue to experience challenges with some of our retailers through increased credit losses. These credit losses resulted in lower revenues from non-performing leases and certain charges for the write-off of unrecoverable receivables. We expect the non-performance for certain of these leases to continue.

As of September 30, 2017, Shopko represents our most significant tenant. Currently we lease 101 properties to Shopko, pursuant to three master leases and two single site leases, under which we receive approximately $3.9 million in rental revenues per month. We reduced our Shopko tenant concentration to 7.8% at September 30, 2017 compared to 8.6% at September 30, 2016 (based on Contractual Rent). During the nine months ended September 30, 2017, we sold 11 Shopko properties for $65.0 million in gross proceeds as we continue our objective to reduce our exposure to Shopko.

As a result of the significant number of properties leased to Shopko, our results of operations and financial condition are significantly impacted by Shopko's performance under its leases. Shopko operates as a multi-department general merchandise retailer and retail health services provider primarily in mid-size and large communities in the Midwest, Pacific Northwest, North Central and Western Mountain states.

Based on our monitoring of Shopko's financial information and recent liquidity events and other challenges, including bankruptcies, impacting the retail industry generally relative to recent years, we continue to be concerned about Shopko's ongoing ability to meet its obligations to us under its leases. Although Shopko is current on all of its obligations to us under its lease arrangements with us as of September 30, 2017, we can give you no assurance that this will continue to be the case, particularly if Shopko (not just the stores subject to leases with us) experiences a further decline in its business, financial condition and results of operations or loses access to liquidity. If such events were to occur, Shopko may request discounts or deferrals on the rents it pays to us, seek to terminate its master leases with us or close certain of its stores, or file for bankruptcy, all of which could significantly decrease the amount of revenue we receive from it.

Operationally Essential Real Estate with Long-Term Leases

We seek to own properties that are operationally essential to our tenants, thereby reducing the risk that our tenants would choose not to renew an expiring lease or reject a lease in bankruptcy. We also seek to enter into leases with relatively long initial terms, typically 15 to 20 years, and renewal options with attractive rent escalation provisions. As of September 30, 2017, our leases had a weighted average remaining lease term of 10.1 years, compared to a weighted average remaining lease term of 11.0 years as of September 30, 2016 (based on Contractual Rent).

Rent Escalators

Our leases generally contain provisions contractually increasing the rental revenue over the term of the lease at specified dates by (1) a fixed amount or (2) the lesser of 1 to 1.25 times any increase in CPI over a specified period or a fixed amount (typically 1-2% per year). The percentage of our single-tenant properties containing rent escalators remained consistent at 89% as of both September 30, 2017 and September 30, 2016, respectively (based on Contractual Rent).

Master Lease Structure

Where appropriate, we seek to enter into master leases, whereby we lease multiple properties to a single tenant on an “all or none” basis. The master lease structure prevents a tenant from unilaterally giving up under-performing properties while retaining well-performing properties. Master lease revenue contributed approximately 44% of our Contractual Rent as of September 30, 2017, compared to approximately 47% as of September 30, 2016.

Triple-Net Leases

Our leases are predominantly triple-net leases, whereby the tenant pays all property operating expenses, including but not limited to real estate taxes, insurance premiums and repair and maintenance costs. As of September 30, 2017, approximately 82% of our properties (based on Contractual Rent) are subject to triple-net leases, compared to approximately 83% as of September 30, 2016.

ASSET MANAGEMENT

The stability of the rental revenue generated by our properties depends principally on our tenants’ ability to pay rent and our ability to:

- collect rent due,
- renew expiring leases or re-lease space upon expiration or other termination,
- lease currently vacant properties and
- maintain or increase rental rates.

Each of these could be negatively impacted by adverse economic conditions, particularly those that affect the markets in which our properties are located, downturns in our tenants’ industries, increased competition for our tenants at our property locations, or the bankruptcy of one or more of our tenants. We seek to manage these risks by using our developed underwriting and risk management processes to structure and manage our portfolio.

Active Management and Monitoring of Risks Related to Our Investments

We seek to measure tenant financial distress risk and lease renewal risk through various processes. Many of our tenants are required to provide corporate-level and/or unit-level financial information, which includes balance sheet, income statement and cash flow statement data on a quarterly and/or annual basis. Our underwriting and risk management processes are designed to structure new investments and manage existing investments to mitigate tenant credit quality risks and preserve the long-term return on our invested capital. Since our inception, our occupancy based on economically yielding properties has never been below 96.1% (based on number of properties), despite the economic downturn of 2008 through 2010. The percentage of our properties that were occupied increased to approximately 99.1% as of September 30, 2017 from approximately 98.4% as of September 30, 2016.

On September 8, 2015, Haggen Holdings, LLC and a number of its affiliates, including Haggen Operations Holdings, LLC, filed petitions for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. At the time of the filing, Haggen Operations Holdings, LLC leased 20 properties on a triple net basis from a subsidiary of ours under a master lease. For discussion of the related settlement and current status of these properties, see footnote 7 to the consolidated financial statements herein.

CAPITAL RECYCLING

We continuously evaluate opportunities for the disposition of properties in our portfolio when we believe such disposition is appropriate in view of our business objectives, considering criteria including, but not limited to, tenant concentration, tenant credit quality, local market conditions and lease rates, associated indebtedness, asset location and tenant operation type (e.g., industry, sector, or concept/brand), as well as potential uses of proceeds and tax considerations. As part of this strategy, we may enter into 1031 Exchanges to defer some or all of the taxable gains on the dispositions, if any, for federal and state income tax purposes. We can provide no assurance that we will dispose of any additional properties or that future acquisitions and/or dispositions, if any, will qualify as 1031 Exchanges. Furthermore, we can provide no assurance that we will deploy the proceeds from future dispositions in a manner that produces comparable or better yields. We plan to deliberately slow down our acquisition activity for the remainder of 2017 and be selective with our dispositions. Additionally, we expect lease termination fees, which are recognized when there is a signed lease termination agreement and all of the conditions of the agreement have been met, may be less than in prior periods.

CAPITAL FUNDING

Our principal demands for funds are for property acquisitions, payment of principal and interest on our outstanding indebtedness, operating and property maintenance expenses and distributions to our stockholders. Generally, property acquisitions are temporarily funded through our Revolving Credit Facility, followed by permanent financing through asset level financing or issuance of debt or equity securities. Our remaining cash needs are typically met by cash flows from operations, which are primarily driven by the rental income received from our leased properties, interest income earned on loans receivable and interest income on our cash balances.

Interest Costs

Our fixed-rate debt structure provides us with a stable and predictable cash requirement related to our debt service. Any changes to our debt structure, including borrowings under our Term Loan and Revolving Credit Facility or debt financing associated with property acquisitions, could materially influence our operating results depending on the terms of any such indebtedness. A significant amount of our debt provides for scheduled principal payments. As principal is repaid, our interest expense decreases. Fluctuations in interest rates will affect the interest expense we incur on unhedged variable interest rate debt and may impact our ability to refinance maturing debt.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. We base estimates on the best information available to us at the time, our experience and various other assumptions deemed reasonable under the circumstances. From time to time, we re-evaluate our estimates and assumptions. In the event estimates or assumptions prove to be different from actual results, adjustments are made in subsequent periods to reflect more current estimates and assumptions about matters that are inherently uncertain. A summary of our critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2016 in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” We have not made any material changes to these policies during the periods covered by this quarterly report.

Results of Operations

Comparison of Three Months Ended September 30, 2016 to Three Months Ended September 30, 2017

	Three Months Ended September 30,			
(In Thousands)	2017	2016	Change	% Change
Revenues:				
Rentals	$ 159,799	$ 161,765	$ (1,966)	(1.2)%
Interest income on loans receivable	1,003	1,042	(39)	(3.7)%
Earned income from direct financing leases	483	660	(177)	(26.8)%
Tenant reimbursement income	4,691	3,469	1,222	35.2 %
Other income	3,574	5,572	(1,998)	(35.9)%
Total revenues	169,550	172,508	(2,958)	(1.7)%
Expenses:				
General and administrative	13,712	15,112	(1,400)	(9.3)%
Restructuring charges	—	3,264	(3,264)	(100.0)%
Transaction costs	2,660	—	2,660	100.0 %
Property costs	8,080	6,916	1,164	16.8 %
Real estate acquisition costs	196	1,056	(860)	(81.4)%
Interest	48,680	47,653	1,027	2.2 %
Depreciation and amortization	63,673	65,300	(1,627)	(2.5)%
Impairments	37,737	15,407	22,330	NM
Total expenses	174,738	154,708	20,030	12.9 %
(Loss) income from continuing operations before other income (expense) and income tax benefit (expense)	(5,188)	17,800	(22,988)	NM
Other income (expense):				
Gain (loss) on debt extinguishment	1,792	(8,349)	10,141	NM
Total other income (expense)	1,792	(8,349)	10,141	NM
(Loss) income from continuing operations before income tax benefit (expense)	(3,396)	9,451	(12,847)	NM
Income tax benefit (expense)	11	(12)	23	NM
(Loss) Income from continuing operations	$ (3,385)	$ 9,439	$ (12,824)	NM
Gain on disposition of assets	$ 8,707	$ 17,960	$ (9,253)	(51.5)%

NM - Percentages over 100% are not displayed.

REVENUES

Rentals

Rental revenue for the comparative period remained relatively flat as decreases in contractual rent were offset by decreases in tenant credit losses. Our contractual rental revenue between periods decreased 2.3% as we were a moderate disposer of income producing real estate over the trailing twelve month period. Our overall dispositions resulted in a decrease in real estate investments, which totaled $7.9 billion at September 30, 2017, compared to $8.3 billion at September 30, 2016.

Non-cash rentals for the three months ended September 30, 2017 and 2016 were $6.9 million and $6.7 million, respectively. These amounts represent approximately 4.3% and 4.2% of total rental revenue for the three months ended September 30, 2017 and 2016, respectively. Tenant credit losses decreased between periods due to a higher amount of nonperforming properties in the convenience store industry and restaurant - casual dining industry in the prior period.

Tenant reimbursement income

We have a number of leases that require our tenants to reimburse us for certain property costs we incur. Tenant reimbursement income is driven by the tenant reimbursable property costs described below.

Other income

The period-over-period decrease was due primarily to the receipt of $2.6 million in fee income associated with the prepayment of certain mortgage loans receivable in the three months ended September 30, 2016, and no comparative receipt during the three months ended September 30, 2017.

EXPENSES

General and administrative

The period-over-period decrease in general and administrative expenses is primarily due to a $1.7 million decrease in compensation and benefits expenses, primarily due to severance costs following the departure of an executive officer recognized in the prior year. This was partially offset by a $0.5 million increase in bad debt expense recorded period-over-period. The change in bad debt expense increased primarily as a result of certain sporting goods and restaurant - casual dining properties for which the rent has been determined to be uncollectible for the three months ended September 30, 2017, offset by a decrease in bad dent expenses related to convenience store properties period-over-period.

Transaction costs

In connection with the proposed spin-off almost all of our interests in our properties leased to Shopko, assets that collateralize Master Trust 2014 and potentially additional assets into an independent, publicly traded REIT ("SpinCo"), we have incurred $2.7 million in costs. These costs are comprised of $2.0 million in legal and financial adviser fees and $0.7 million in consulting and other costs.

Property costs

The increase in property costs is primarily due to a $1.2 million increase in reimbursable property taxes. Non-reimbursable property taxes were flat, with a decrease due to a reduction in vacant properties, offset by an increase in tenant credit issues. As of September 30, 2017 and 2016, respectively, 21 and 43 of our properties, representing approximately 0.9% and 1.6% of our owned properties, were vacant. Total tenant reimbursable property costs for the three months ended September 30, 2017 were $5.1 million, an increase from $4.3 million for the same period in 2016.

Interest

The increase in interest expense is primarily due to increased borrowings under our Revolving Credit Facility and Term Loan, as well as interest on our Senior Unsecured Notes, which were issued in August 2016. This was partially offset by the extinguishment of $166.7 million of mortgage debt with a weighted average interest rate of 5.8% during the twelve months ended September 30, 2017.

The following table summarizes our interest expense on related borrowings:

	Three Months Ended September 30,	
(In Thousands)	2017	2016
Interest expense – Revolving Credit Facility [(1)]	$ 3,075	$ 1,155
Interest expense – Term Loan	2,768	1,307
Interest expense – Senior Unsecured Notes	3,337	1,595
Interest expense – mortgages and notes payable	27,563	33,291
Interest expense – Convertible Notes	6,127	6,127
Non-cash interest expense:		
Amortization of deferred financing costs	2,451	2,303
Amortization of net losses related to interest rate swaps	—	28
Amortization of debt discount, net	3,359	1,847
Total interest expense	**$ 48,680**	**$ 47,653**

(1) Includes facility fees of approximately $0.5 million for the three months ended September 30, 2017 and September 30, 2016, respectively.

Depreciation and amortization

During the twelve months ended September 30, 2017, we acquired 81 properties, representing an investment in real estate of $562.6 million, and we disposed of 292 properties with a gross investment of $726.2 million. While we were a net disposer during the period (based on investment in real estate), the impact to depreciation was relatively flat due to the timing of acquisition and disposition activity. Our real estate investment value was further reduced due to impairment charges during the twelve-month period ended September 30, 2017 on properties that remain in our portfolio. Additionally, our real estate held-for-sale increased period-over-period. Properties held for sale are no longer depreciated. As a result, depreciation and amortization overall decreased minimally. The following table summarizes our depreciation and amortization expense:

	Three Months Ended September 30,	
(In Thousands)	2017	2016
Depreciation of real estate assets	$ 52,698	$ 53,592
Other depreciation	143	145
Amortization of lease intangibles	10,832	11,563
Total depreciation and amortization	**$ 63,673**	**$ 65,300**

Impairment

Impairment charges for the three months ended September 30, 2017 were $37.7 million. These charges included $4.8 million on properties held for sale, including $2.5 million on three education properties and $0.8 million on vacant held for sale properties. The remaining $32.9 million was recorded on properties held and used, primarily related to $31.7 million on vacant properties held and used. There was no significant impact as a result of Hurricanes Harvey and Irma.

For the same period in 2016, impairment charges included $9.5 million on underperforming properties within the restaurant-casual dining, distribution and drug store/pharmacy industries and $4.4 million on properties held for sale.

Gain (loss) on debt extinguishment

During the three months ended September 30, 2017, we extinguished $49.8 million of mortgage debt related to two loans, resulting in a gain on debt extinguishment of $1.8 million primarily related to debt forbearance. For the same period in 2016, we extinguished $322.1 million of mortgage debt related to 62 loans and recorded a loss on debt extinguishment of $8.3 million.

Gain on disposition of assets

For the three months ended September 30, 2017, the gain on disposition of 56 properties included $0.5 million from the sale of three Shopko properties and $6.2 million from the sale of two building materials properties and one home improvement property. For the same period in 2016, the gain on disposition of 17 properties included $3.9 million from the sale of four Shopko properties and $10.3 million from the sale of one grocery property.

Results of Operations

Comparison of Nine Months Ended September 30, 2016 to Nine Months Ended September 30, 2017

	Nine Months Ended September 30,			
(In Thousands)	2017	2016	Change	% Change
Revenues:				
Rentals	$ 479,506	$ 484,090	$ (4,584)	(0.9)%
Interest income on loans receivable	2,769	4,326	(1,557)	(36.0)%
Earned income from direct financing leases	1,613	2,082	(469)	(22.5)%
Tenant reimbursement income	13,136	10,493	2,643	25.2 %
Other income	6,583	11,600	(5,017)	(43.3)%
Total revenues	503,607	512,591	(8,984)	(1.8)%
Expenses:				
General and administrative	49,992	40,611	9,381	23.1 %
Restructuring charges	—	5,726	(5,726)	(100.0)%
Transaction costs	3,145	—	3,145	100.0 %
Property costs	26,763	20,854	5,909	28.3 %
Real estate acquisition costs	773	2,092	(1,319)	(63.0)%
Interest	142,129	149,842	(7,713)	(5.1)%
Depreciation and amortization	192,887	194,227	(1,340)	(0.7)%
Impairments	88,109	41,396	46,713	NM
Total expenses	503,798	454,748	49,050	10.8 %
(Loss) income from continuing operations before other income and income tax expense	(191)	57,843	(58,034)	NM
Other income:				
Gain on debt extinguishment	1,770	326	1,444	NM
Total other income	1,770	326	1,444	NM
Income from continuing operations before income tax expense	1,579	58,169	(56,590)	(97.3)%
Income tax expense	(419)	(932)	513	(55.0)%
Income from continuing operations	$ 1,160	$ 57,237	$ (56,077)	(98.0)%
Gain on disposition of assets	$ 40,197	$ 39,221	$ 976	2.5 %

NM - Percentages over 100% are not displayed.

REVENUES

Rentals

Rental revenue for the comparative period remained relatively flat as decreases in contractual rent and increases in tenant credit losses were partially offset by increases in non-cash rent. Our contractual rental revenue between periods decreased 1.1% as we were a moderate disposer of income producing real estate over the trailing twelve month period. Our overall dispositions resulted in a decrease in real estate investments, which totaled $7.9 billion at September 30, 2017, compared to $8.3 billion at September 30, 2016. Additionally, we had tenant credit losses in the first quarter of 2017, where the majority of our nonperforming properties were in the convenience store and movie theater industries.

These decreases were partially offset by increases in non-cash rentals over the comparative period. Non-cash rentals for the nine months ended September 30, 2017 and 2016 were $22.3 million and $19.9 million, respectively. These amounts represent 4.6% and 4.1% of total rental revenue for the nine months ended September 30, 2017 and 2016, respectively.

Interest income on loans receivable

While financed properties increased from 75 at September 30, 2016 to 88 at September 30, 2017, resulting in an increase of 1.2% in mortgage loans receivable balances for the comparative period, interest income on loans receivable decreased as a result of a timing of the change in financed properties. We held 144 financed properties at the beginning of 2016, of which 66 were paid off in mid-2016. Additionally, the new properties financed in 2017 were all originated at the end of the nine months ended September 30, 2017.

Tenant reimbursement income

We have a number of leases that require our tenants to reimburse us for certain property costs we incur. Tenant reimbursement income is driven by the tenant reimbursable property costs described below.

Other income

The period-over-period decrease was due primarily to the receipt of $5.5 million in fee income associated with the prepayment of certain mortgage loans receivable in the nine months ended September 30, 2016, and no comparative receipt during the nine months ended September 30, 2017. This was partially offset by a $0.7 million increase in lease termination income over the comparative period.

EXPENSES

General and administrative

The period-over-period increase in general and administrative expenses is primarily due to $11.1 million in severance related costs, comprising $4.2 million of cash compensation and $6.9 million of non-cash compensation, recorded in the nine months ended September 30, 2017 following the departure of our chief executive officer and an increase of $2.8 million in bad debt expense recorded period-over-period. The change in bad debt expense increased primarily as a result of certain sporting goods and restaurant - casual dining properties for which the rent has been determined to be uncollectible for the nine months ended September 30, 2017, offset by a decrease in bad debt expenses related to convenience store properties period-over-period. Finally, the period-over-period increase in general and administrative expenses was partially offset by the $1.7 million loss recognized in the comparable prior period related to swap termination fees.

Property costs

The increase in property costs is primarily due to an increase in non-reimbursable property taxes of $3.8 million and an increase in reimbursable property taxes of $2.1 million. The increase in non-reimbursable property taxes resulted from an increase in average vacancy rates over the comparative periods, as well as tenant credit issues. Additionally, tenant reimbursable property costs for the nine months ended September 30, 2017 were $15.3 million, an increase from $13.4 million for the same period in 2016.

Interest

The decrease in interest expense is primarily due to the extinguishment of $166.7 million of mortgage debt with a weighted average interest rate of 5.8% during the twelve months ended September 30, 2017, in addition to the extinguishment of $322.1 million of mortgage debt in the third quarter of 2016 with a weighted average interest rate of 5.6%. This was partially offset by an increase in interest due to increased borrowings under our Revolving Credit Facility and Term Loan, as well as interest on our Senior Unsecured Notes, which were issued in August 2016.

The following table summarizes our interest expense on related borrowings:

	Nine Months Ended September 30,	
(In Thousands)	2017	2016
Interest expense – Revolving Credit Facility [(1)]	$ 5,632	$ 2,507
Interest expense – Term Loan	7,525	3,376
Interest expense – Senior Unsecured Notes	10,013	1,595
Interest expense – mortgages and notes payable	83,640	113,837
Interest expense – Convertible Notes	18,382	18,382
Non-cash interest expense:		
Amortization of deferred financing costs	7,274	6,706
Amortization of net losses related to interest rate swaps	—	85
Amortization of debt discount, net	9,663	3,354
Total interest expense	**$ 142,129**	**$ 149,842**

[(1)] Includes facility fees of approximately $1.6 million and $1.5 million for the nine months ended September 30, 2017 and September 30, 2016, respectively.

Depreciation and amortization

During the twelve months ended September 30, 2017, we acquired 81 properties representing an investment in real estate of $562.6 million and we disposed of 292 properties with a gross investment of $726.2 million. While we were a net disposer (based on investment in real estate), the impact to depreciation was relatively flat due to the timing of acquisition and disposition activity. Our real estate investment value was further reduced due to impairment charges during the twelve-month period ended September 30, 2017 on properties that remain in our portfolio. Additionally, our real estate held-for-sale increased period-over-period. Properties held for sale are no longer depreciated. As a result, depreciation and amortization overall decreased minimally. The following table summarizes our depreciation and amortization expense:

	Nine Months Ended September 30,	
(In Thousands)	2017	2016
Depreciation of real estate assets	$ 159,510	$ 158,804
Other depreciation	420	335
Amortization of lease intangibles	32,957	35,088
Total depreciation and amortization	**$ 192,887**	**$ 194,227**

Impairment

Impairment charges for the nine months ended September 30, 2017 were $88.1 million. These charges included $19.2 million on properties held for sale, including $14.7 million on vacant held for sale properties. The remaining $68.9 million was recorded on properties held and used, including $53.5 million on vacant properties held and used and $10.0 million of impairment on eight underperforming properties within the drug store/pharmacy and consumer electronics industries.

During the nine months ended September 30, 2016, impairment losses included $20.0 million on seven under-performing properties within the restaurant-casual dining, movie theatre, distribution and drug store/pharmacy industries. In addition, impairment losses of $14.1 million were recorded on properties held for sale and $6.5 million were recorded from intangible lease write-offs, which were partially offset by a $0.3 million impairment recovery on a loan receivable.

Gain on debt extinguishment

During the nine months ended September 30, 2017, we extinguished $101.0 million of mortgage debt related to four loans and recorded a $1.8 million gain. For the same period in 2016, we extinguished $817.3 million of mortgage debt and recognized a gain on debt extinguishment of $0.3 million. The gain was primarily attributable to the extinguishment of four defaulted mortgage loans upon transferring the properties collateralizing these loans to the lender, offset by losses from the defeasance fees on 391 properties.

Gain on disposition of assets

For the nine months ended September 30, 2017, the gain on disposition of 161 properties included $13.5 million from the sale of eleven Shopko properties, $7.6 million from the sale of five building materials properties, $7.4 million from the sale of 20 restaurant - casual dining and restaurant - quick service properties, and $9.0 million from the sale vacant properties. During the nine months ended September 30, 2016, we disposed of 82 properties and recorded gains totaling $39.2 million. These gains were primarily attributable to a $25.4 million gain from the sale of 21 properties within the restaurant - quick service industries, $10.3 million from the sale of one grocery property and a $8.4 million gain from the sale of nine Shopko properties.

Property Portfolio Information

PROPERTY PORTFOLIO DIVERSIFICATION

2,423	99.1%	49	421	30
Properties	Occupancy	States	Tenants	Industries

Diversification By Tenant

Tenant concentration represents the tenant's contribution to Contractual Rent of our owned real estate properties as of September 30, 2017:

Tenant	Number of Properties	Total Square Feet (in thousands)	Percent of Contractual Rent
Shopko *(Specialty Retail Shops Holding Corp.)*	101	6,812	7.8%
AMC Entertainment, Inc. / Carmike Cinemas	18	917	2.6
Walgreen Company	42	622	2.4
Church's Chicken *(Cajun Global, LLC)*	186	264	2.2
Academy Sports + Outdoors *(Academy, LTD)*	6	1,805	1.9
Circle K *(Alimentation Couche-Tard, Inc.)*	82	248	1.9
Albertsons *(AB Acquisition, LLC)*	23	1,030	1.7
The Home Depot, Inc.	7	821	1.7
CVS Caremark Corporation	36	405	1.5
Carmax, Inc.	8	356	1.5
Other	1,893	34,119	74.8
Vacant	21	1,763	—
Total	**2,423**	**49,162**	**100.0%**

(1) Tenants represent legal entities ultimately responsible for obligations under the lease agreements or affiliated entities. Other tenants may operate the same or similar business concepts or brands set forth above.

Diversification By Asset Type

Asset type concentration represents the type of asset's contribution to Contractual Rent of our owned real estate properties among different asset types as of September 30, 2017:

Asset Type	Number of Properties	Total Square Feet (in thousands)
Retail	2,235	36,913
Industrial	70	9,730
Office	118	2,519
Total	**2,423**	**49,162**

Percent of Contractual Rent

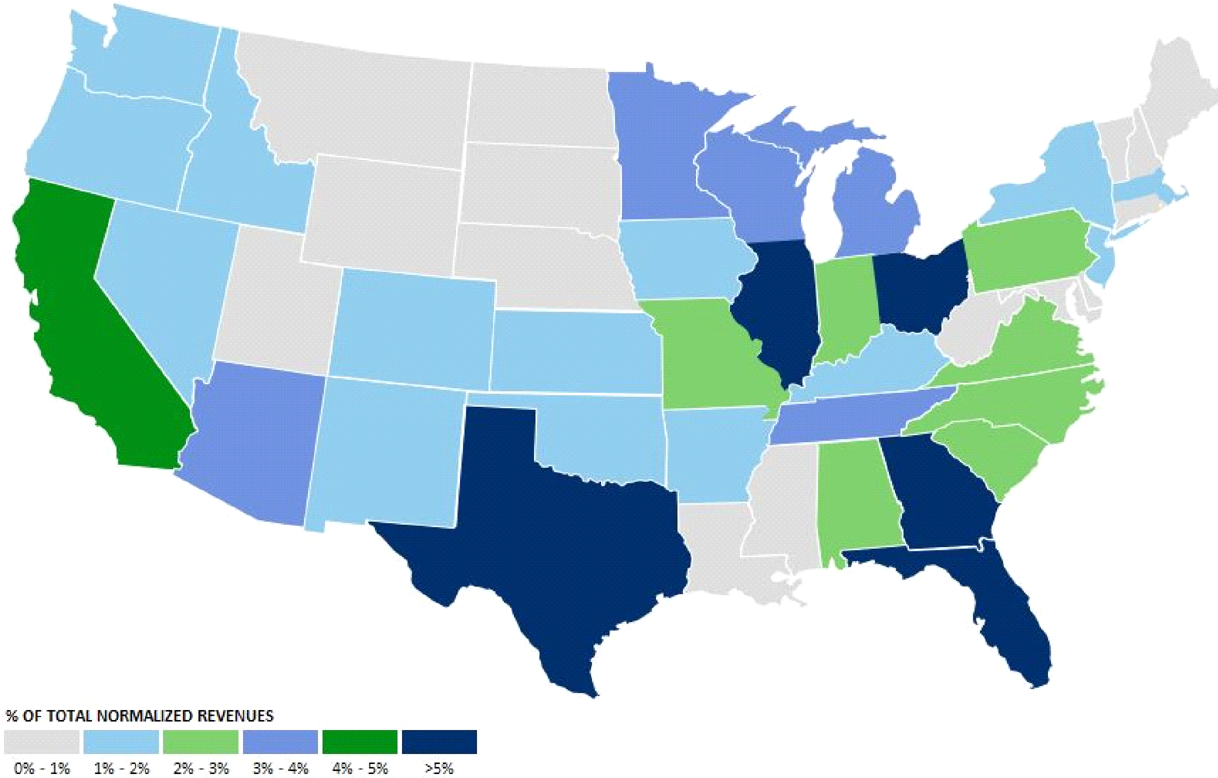
Diversification By Industry

Industry concentration represents the industry's contribution to Contractual Rent of our owned real estate properties as of September 30, 2017:

Industry	Number of Owned Properties	Total Square Feet (in thousands)	Percent of Contractual Rent
General Merchandise	139	8,191	9.4%
Restaurants - Casual Dining	306	1,830	8.6
Restaurants - Quick Service	586	1,364	8.1
Movie Theaters	62	3,115	7.4
Convenience Stores	318	1,026	7.0
Grocery	64	3,094	5.2
Drug Stores / Pharmacies	102	1,437	4.9
Medical / Other Office	120	1,268	4.8
Health and Fitness	44	1,775	4.1
Sporting Goods	18	2,547	3.4
Specialty Retail	42	2,175	3.3
Entertainment	26	1,199	3.1
Home Improvement	15	1,681	2.7
Education	55	821	2.7
Automotive Services	128	748	2.5
Home Furnishings	26	1,638	2.4
Building Materials	61	2,169	2.3
Automotive Dealers	23	665	2.3
Apparel	13	1,996	2.2
Distribution	12	1,239	2.1
Car Washes	41	231	1.9
Other	6	978	1.6
Manufacturing	17	2,289	1.4
Automotive Parts	61	523	1.2
Dollar Stores	77	788	1.2
Wholesale Clubs	5	512	1.1
Pet Supplies & Service	6	1,016	1.0
Financial Services	4	342	0.8
Office Supplies	18	488	0.8
Consumer Electronics	7	254	0.5
Vacant	21	1,763	—
Total	**2,423**	**49,162**	**100.0%**

Diversification By Geography

Geographic concentration represents the geographic region's contribution to Contractual Rent of our owned real estate properties as of September 30, 2017:



Location	Number of Properties	Total Square Feet (in thousands)	Percent of Contractual Rent	Location (continued)	Number of Properties	Total Square Feet (in thousands)	Percent of Contractual Rent
Texas	305	5,933	11.9%	Arkansas	53	608	1.3
Georgia	182	2,080	6.0	Washington	14	578	1.2
Florida	155	1,579	5.7	Massachusetts	3	887	1.2
Illinois	112	2,890	5.7	Iowa	32	565	1.1
Ohio	124	2,448	5.2	New Jersey	14	883	1.1
California	37	1,421	4.3	Oregon	10	444	1.0
Michigan	137	2,105	3.9	Idaho	16	679	1.0
Wisconsin	45	3,054	3.9	Mississippi	41	360	0.9
Minnesota	50	2,169	3.5	New Hampshire	16	640	0.8
Arizona	60	940	3.0	Maryland	19	242	0.7
Tennessee	104	1,428	3.0	Louisiana	24	208	0.7
Missouri	91	1,369	2.9	South Dakota	8	390	0.7
Indiana	77	1,175	2.8	Montana	6	406	0.6
South Carolina	45	951	2.5	Connecticut	5	686	0.6
North Carolina	69	1,250	2.4	West Virginia	18	297	0.6
Alabama	106	726	2.2	Utah	7	618	0.5
Pennsylvania	55	1,174	2.0	Nebraska	12	363	0.4
Virginia	60	1,358	2.0	North Dakota	5	236	0.4
Colorado	29	993	1.9	Maine	25	68	0.4
New York	39	923	1.7	Rhode Island	4	117	0.3
New Mexico	38	548	1.7	Wyoming	8	180	0.2
Kansas	37	810	1.6	Alaska	5	63	0.1
Oklahoma	66	613	1.5	U.S. V.I.	1	38	0.1
Kentucky	47	564	1.5	Delaware	1	5	—
Nevada	5	1,099	1.3	Vermont	1	1	—

Lease Expirations

The following table sets forth a summary schedule of expiration dates for leases in place as of September 30, 2017. As of September 30, 2017, the weighted average remaining non-cancelable initial term of our leases (based on Contractual Rent) was 10.1 years. The information set forth in the table assumes that tenants do not exercise renewal options and or any early termination rights:

Leases Expiring In:	Number of Properties		Contractual Rent Annualized (in thousands) [1]	Total Square Feet (in thousands)	Percent of Contractual Rent
Remainder of 2017	29	$	8,230	1,013	1.4%
2018	72		22,295	1,824	3.7
2019	103		19,193	1,758	3.2
2020	73		18,966	1,508	3.1
2021	186		44,525	3,861	7.3
2022	116		32,015	2,849	5.3
2023	107		31,318	3,330	5.1
2024	57		22,306	1,369	3.7
2025	77		35,704	2,078	5.9
2026	192		43,940	3,945	7.2
2027 and thereafter	1,390		330,082	23,864	54.1
Vacant	21		—	1,763	—
Total owned properties	**2,423**	**$**	**608,574**	**49,162**	**100.0%**

[1] Contractual Rent for the month ended September 30, 2017 for properties owned at September 30, 2017 multiplied by twelve.

Liquidity and Capital Resources

SHARE REPURCHASE PROGRAM

In August 2017, our Board of Directors approved a new stock repurchase program, which authorizes the repurchase of up to $250.0 million of our common stock. These purchases can be made in the open market or through private transactions from time to time over the 18-month time period following authorization. Purchase activity will be dependent on various factors, including our capital position, operating results, funds generated by asset sales, dividends that may be required by those sales, and investment options that may be available, including acquiring new properties or retiring debt. The stock repurchase program does not obligate us to repurchase any specific number of shares and may be suspended at any time at our discretion. We intend to fund any repurchases with the new proceeds from asset sales, cash flows from operations, existing cash on the balance sheet and other sources. As of September 30, 2017, 2,482,570 shares of our common stock have been repurchased in open market transactions under the stock repurchase program, at a weighted average price of $8.75 per share, leaving $228.3 million in available capacity. Fees associated with the repurchase, of $49,700, are included in retained earnings.

In February 2016, our Board of Directors authorized a share repurchase program, under which we may repurchase up to $200.0 million of our outstanding common stock. Under the prior program, we have repurchased, in open market transactions, 26.3 million shares of our outstanding common stock,at a weighted average price of $7.59 per share, equivalent to the $200.0 million authorized.

SHORT-TERM LIQUIDITY AND CAPITAL RESOURCES

On a short-term basis, our principal demands for funds are for financing of acquisitions, distributions to stockholders, payment of interest and principal on our indebtedness and operating expenses (including property improvements and re-leasing costs). We expect to fund these demands primarily through cash provided by operating activities and borrowings under the Revolving Credit Facility. As of September 30, 2017, $414.0 million borrowing capacity was available under the Revolving Credit Facility along with $96.3 million in cash reserves on deposit with lenders and $11.9 million in cash and cash equivalents.

LONG-TERM LIQUIDITY AND CAPITAL RESOURSES

We plan to meet our long-term capital needs, including long-term financing of property acquisitions, by issuing registered debt or equity securities, obtaining asset level financing and occasionally by issuing fixed rate secured or unsecured notes and bonds.

We have a shelf registration statement on file with the SEC under which we may offer shares of our common stock from time to time in amounts, at prices and on terms to be announced when and if such shares are offered. We may issue common stock when we believe our share price is at a level that allows for any offering proceeds to be accretively invested into additional properties or to permanently finance properties that were initially financed by our Revolving Credit Facility, Term Loan or other indebtedness.

In the future, some of our property acquisitions could be made by exchanging partnership units in our Operating Partnership for property owned by third parties. These partnership units would be exchangeable for cash or, at our election, shares of our common stock.

We continually evaluate alternative financing and believe that we can obtain financing on reasonable terms. However, we cannot assure that we will have access to the capital markets at times and on terms that are acceptable to us.

DESCRIPTION OF CERTAIN DEBT

The following descriptions of debt should be read in conjunction with footnote 4 to the combined, consolidated financial statements herein.

Spirit Master Funding Program

The Spirit Master Funding Program is an asset-backed securitization platform through which we raise capital by issuing non-recourse net lease mortgage notes collateralized by commercial real estate, net leases and mortgage loans. The commercial real estate is managed by the Company in our capacity as property manager. Rental and mortgage receipts with respect to the leases and mortgage loans are deposited with the indenture trustee, who first utilizes these funds to satisfy the debt service requirements on the notes and any fees and costs of administration of the Spirit Master Funding Program. Any remaining funds are remitted to the issuers on the monthly note payment date.

Upon satisfaction of certain conditions, we may, from time to time, sell or exchange real estate properties or mortgage loans from the Collateral Pools. Proceeds from the sale of these assets are held on deposit by the indenture trustee until a qualifying substitution is made or the amounts are distributed as an early repayment of principal. At September 30, 2017, $79.4 million was held on deposit and classified as restricted cash within deferred costs and other assets, net in our consolidated balance sheets.

The Spirit Master Funding Program consists of two separate securitization trusts that have one or multiple bankruptcy-remote, special purpose entities as issuers of the Master Trust 2013 and Master Trust 2014 notes. Each issuer is an indirect wholly-owned subsidiary of ours. All outstanding series of Master Trust Notes were rated investment grade as of September 30, 2017.

The Master Trust Notes as of September 30, 2017 are summarized below (principal in thousands):

	Stated Rates [(1)]	Maturity	September 30, 2017	December 31, 2016
		(in Years)	*(in Thousands)*	
Series 2014-1 Class A1	5.1%	2.7	$ 45,141	$ 53,919
Series 2014-1 Class A2	5.4%	2.8	253,300	253,300
Series 2014-2	5.8%	3.5	223,604	226,283
Series 2014-3	5.7%	4.5	311,459	311,820
Series 2014-4 Class A1	3.5%	2.3	150,000	150,000
Series 2014-4 Class A2	4.6%	12.3	360,000	360,000
Total Master Trust 2014 notes	5.1%	5.8	1,343,504	1,355,322
Series 2013-1 Class A	3.9%	1.2	125,000	125,000
Series 2013-2 Class A	5.3%	6.2	188,898	192,384
Total Master Trust 2013 notes	4.7%	4.2	313,898	317,384
Total Master Trust notes			1,657,402	1,672,706
Debt discount, net			(15,613)	(18,787)
Deferred financing costs, net			(14,050)	(16,376)
Total Master Trust Notes, net			**$ 1,627,739**	**$ 1,637,543**

(1) Represents the individual series stated interest rate as of September 30, 2017 and the weighted average stated rate of the total Master Trust Notes, based on the collective series outstanding principal balances as of September 30, 2017.

Convertible Notes

The Convertible Notes are comprised of two series of notes: $402.5 million aggregate principal amount of 2.875% convertible notes maturing on May 15, 2019 and $345.0 million aggregate principal amount of 3.75% convertible notes maturing on May 15, 2021. Interest on the Convertible Notes is payable semiannually in arrears on May 15 and November 15 of each year. As of September 30, 2017, the carrying amount of the Convertible Notes was $712.5 million, which is net of discounts (for the value of the embedded conversion feature) and unamortized deferred financing costs.

Holders may convert notes of either series prior to November 15, 2018, in the case of the 2019 Notes, or November 15, 2020, in the case of the 2021 Notes, only under specific circumstances. On or after November 15, 2018, in the case of the 2019 Notes, or November 15, 2020, in the case of the 2021 Notes, until the close of business on the second scheduled trading day immediately preceding the maturity date of the Convertible Notes, holders may convert the Convertible Notes of the applicable series at any time, regardless of the foregoing circumstances. If we undergo a fundamental change (as defined in the Convertible Notes supplemental indentures), holders may require us to repurchase all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest. Upon conversion, we will pay or deliver cash, shares of common stock or a combination of cash and shares of common stock, at our election. As of September 30, 2017, the conversion rate was 77.1889 per $1,000 principal note.

Revolving Credit Facility

As of September 30, 2017, the borrowing capacity under the Revolving Credit Facility was $800.0 million, which may be increased up to $1.0 billion by exercising an accordion feature, subject to satisfying certain requirements and obtaining additional lender commitments. The Revolving Credit Facility also includes a $50.0 million sub-limit for swing-line loans and up to $60.0 million available for issuances of letters of credit. Swing-line loans and letters of credit reduce availability under the Revolving Credit Facility on a dollar-for-dollar basis. the Revolving Credit Facility has an initial maturity of March 31, 2019, which is extendable for one year at our option. As of September 30, 2017, the Revolving Credit Facility bore interest at LIBOR plus 1.25% based on our credit rating and incurred a facility fee of 0.25% per annum. As of September 30, 2017, $386.0 million in borrowings were outstanding and $414.0 million of borrowing capacity was available under the Revolving Credit Facility.

Amounts available for borrowing under the Revolving Credit Facility remain subject to compliance with certain customary restrictive covenants. As of September 30, 2017, the Corporation and the Operating Partnership were in compliance with these covenants.

Term Loan

As of September 30, 2017, the borrowing capacity under the Term Loan was $420.0 million and may be increased up to $600.0 million by exercising an accordion feature, subject to obtaining additional lender commitments. The Term Loan has an initial maturity date of November 2, 2018, which may be extended at our option pursuant to two one-year extension options, subject to the satisfaction of certain conditions and payment of an extension fee. As of September 30, 2017, the Term Loan bore interest at LIBOR plus 1.35% based on our credit rating and the Term Loan was fully drawn.

Amounts available for borrowing under the Term Loan remain subject to compliance with certain customary restrictive covenants. As of September 30, 2017, the Corporation and the Operating Partnership were in compliance with these financial covenants.

Senior Unsecured Notes

The Senior Unsecured Notes of the Operating Partnership have an aggregate principal amount of $300.0 million and are guaranteed by the Corporation. The Senior Unsecured Notes accrue interest at a rate of 4.45% per year, payable on March 15 and September 15 of each year, until the maturity date of September 15, 2026. The Company filed a registration statement with the SEC to exchange the private Senior Unsecured Notes for registered Senior Unsecured Notes with substantially identical terms, which became effective April 14, 2017. All $300.0 million aggregate principal amount of private Senior Unsecured Notes were tendered in the exchange for registered Senior Unsecured Notes.

The Senior Unsecured Notes are redeemable in whole at any time or in part from time to time, at the Operating Partnership's option, at a redemption price equal to the sum of: an amount equal to 100% of the principal amount of the Senior Unsecured Notes to be redeemed plus accrued and unpaid interest and liquidated damages, if any, up to, but not including, the redemption date; and a make-whole premium calculated in accordance with the indenture. Notwithstanding the foregoing, if any of the Senior Unsecured Notes are redeemed on or after June 15, 2026, the redemption price will not include a make-whole premium.

In connection with the issuance of the Senior Unsecured Notes, the Corporation and the Operating Partnership remain subject to compliance with certain customary restrictive covenants. As of September 30, 2017, the Corporation and the Operating Partnership were in compliance with these financial covenants.

CMBS

We may use long-term, fixed-rate debt to finance our properties on a "match-funded" basis. In such events, we generally seek to use asset level financing that bears annual interest less than the annual rent on the related lease(s) and that matures prior to the expiration of such lease(s). In general, the obligor of our asset level debt is a special purpose entity that holds the real estate and other collateral securing the indebtedness. Each special purpose entity is a bankruptcy remote separate legal entity, and is the sole owner of its assets and solely responsible for its liabilities other than typical non-recurring covenants.

As of September 30, 2017, we had 16 fixed rate CMBS loans with $426.6 million of outstanding principal, a weighted average contractual interest rate of 5.89% and a weighted average maturity of 3.9 years. Approximately 71% of this debt is partially amortizing and requires a balloon payment at maturity. These balances include six CMBS fixed-rate loans that are in default, discussed further below. The following table shows the outstanding principal of the CMBS fixed-rate loans excluding the defaulted loans as of September 30, 2017 (dollars in thousands):

Year of Maturity	Number of Loans	Number of Properties	Stated Interest Rate Range	Weighted Average Stated Rate	Scheduled Principal	Balloon	Total
Remainder of 2017	1	1	6.52%	6.50%	$ 51	$ 39,830	$ 39,881
2018	2	7	3.90% - 4.60%	4.21%	—	44,550	44,550
2019	1	5	4.61%	4.61%	—	10,000	10,000
2020	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—
Thereafter	6	100	4.67% - 6.00%	5.33%	28,853	240,380	269,233
Total	**10**	**113**		**5.32%**	**$ 28,904**	**$ 334,760**	**$ 363,664**

CMBS Liquidity Matters

As of September 30, 2017, we are in default on six CMBS fixed-rate loans due to the underperformance of the eight properties securing the loans. The aggregate principal balance under the defaulted loans was $62.9 million, including $11.8 million of accrued interest. We believe the value of the eight properties is less than the related debt. As a result, we have notified the lender of the special purpose entity that we anticipate either surrendering these properties to the lender or selling them in exchange for relieving the indebtedness, including any accrued interest, encumbering the properties.

The following table provides key elements of the defaulted mortgage loans as of September 30, 2017 (dollars in thousands):

Industry	Properties	Net Book Value	Monthly Base Rent	Pre-Default Outstanding Principal	Capitalized interest (1)	Total Debt Outstanding	Restricted Cash (2)	Stated Rate	Default Rate	Accrued Interest (1)
Manufacturing	2	$ 4,895	$ —	$ 5,460	$ 10,942	$ 16,402	$ —	5.85%	9.85%	$ 135
Sporting Goods	1	3,098	—	6,321	251	6,572	57	5.62	10.62	58
Consumer Electronics	1	3,057	—	8,592	367	8,959	286	5.87	9.87	74
Multi-Tenant Retail	1	12,773	—	17,250	148	17,398	265	5.53	7.53	73
Sporting Goods	2	3,480	—	9,625	78	9,703	455	4.39	9.39	76
Sporting Goods	1	2,019	—	3,853	32	3,885	169	4.65	9.65	31
Total	**8**	**$ 29,322**	**$ —**	**$ 51,101**	**$ 11,818**	**$ 62,919**	**$ 1,232**	**5.44%**	**8.3%**	**$ 447**

(1) Interest capitalized to principal that remains unpaid.

(2) Represents restricted cash controlled by the lender that may be applied to reduce the outstanding principal balance.

DEBT MATURITIES

Future principal payments due on our various types of debt outstanding as of September 30, 2017 (in thousands):

	Total	Remainder of 2017	2018	2019	2020	2021	Thereafter
Revolving Credit Facility (1)	$ 386,000	$ —	$ —	$ 386,000	$ —	$ —	$ —
Term Loan (2)	420,000	—	420,000	—	—	—	—
Senior Unsecured Notes	300,000	—	—	—	—	—	300,000
Master Trust Notes	1,657,402	6,589	163,262	40,420	448,202	236,046	762,883
CMBS - fixed-rate (3)	426,583	123,583	28,492	13,905	4,100	4,365	252,138
Convertible Notes	747,500	—	—	402,500	—	345,000	—
	$ 3,937,485	**$ 130,172**	**$ 611,754**	**$ 842,825**	**$ 452,302**	**$ 585,411**	**$ 1,315,021**

(1) 2019 includes the Revolving Credit Facility which is extendible for one year at the borrower's option.

(2) 2018 includes the $420 million unsecured Term Loan that is extendible at borrower's option pursuant to two one-year extension options.

(3) The CMBS - fixed-rate payment balance in 2017 includes $62.9 million, including $11.8 million of capitalized interest, for the acceleration of principal payable following an event of default under six CMBS fixed-rate loans with stated maturities in 2017.

CONTRACTUAL OBLIGATIONS

There were no material changes outside the ordinary course of business to the information regarding specified contractual obligations contained in our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC.

We may enter into commitments to purchase goods and services in connection with the operations of our properties. Those commitments generally have terms of one-year or less and reflect expenditure levels comparable to our historical expenditures.

DISTRIBUTION POLICY

Distributions from our current or accumulated earnings and profits are generally classified as ordinary income, whereas distributions in excess of our current and accumulated earnings and profits, to the extent of a stockholder's federal income tax basis in our common stock, are generally characterized as a return of capital. Distributions in excess of a stockholder's federal income tax basis in our common stock are generally characterized as capital gain.

We are required to distribute 90% of our taxable income (subject to certain adjustments and excluding net capital gains) on an annual basis to maintain qualification as a REIT for federal income tax purposes and are required to pay federal income tax at regular corporate rates to the extent we distribute less than 100% of our taxable income (including capital gains).

We intend to make distributions that will enable us to meet the distribution requirements applicable to REITs and to eliminate or minimize our obligation to pay corporate-level federal income and excise taxes.

Any distributions will be at the sole discretion of our board of directors, and their form, timing and amount, if any, will depend upon a number of factors, including our actual and projected results of operations, FFO, liquidity, cash flows and financial condition, the revenue we actually receive from our properties, our operating expenses, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, our REIT taxable income, the annual REIT distribution requirements, applicable laws and such other factors as our board of directors deems relevant.

Cash Flows

The following table presents a summary of our cash flows for the nine months ended September 30, 2017 and September 30, 2016, respectively:

	Nine Months Ended September 30,		
	2017	**2016**	**Change**
		(in Thousands)	
Net cash provided by operating activities	$ 292,359	$ 259,291	$ 33,068
Net cash used in investing activities	(33,496)	(129,121)	95,625
Net cash used in financing activities	(256,975)	(138,776)	(118,199)
Net increase (decrease) in cash and cash equivalents	**$ 1,888**	**$ (8,606)**	**$ 10,494**

As of September 30, 2017, we had $11.9 million of cash and cash equivalents as compared to $10.1 million as of December 31, 2016.

Operating Activities

Our cash flows from operating activities are primarily dependent upon the occupancy level of our portfolio, the rental rates specified in our leases, the collectability of rent and the level of our operating expenses and other general and administrative costs.

The increase in net cash provided by operating activities was primarily attributable to decreases in debt extinguishment costs of $25.3 million, cash paid for interest of $14.5 million, restructuring charge payments of $7.9 million and net changes in operating assets and liabilities of $4.5 million, and payments to terminate interest rate swaps of $1.7 million . This was partially offset by a reduction in cash revenue of $13.5 million, driven by tenant credit losses and the timing of acquisitions and dispositions, and increases in property costs of $5.9 million and general and administrative expenses of $2.8 million.

Investing Activities

Cash used in investing activities is generally used to fund property acquisitions, for investments in loans receivable and, to a lessor extent, for capital expenditures. Cash provided by investing activities generally relates to the disposition of real estate and other assets.

Net cash used in investing activities during the nine months ended September 30, 2017 included $278.5 million to fund the acquisition of 39 properties (one of which was acquired through a $2.7 million non-cash 1031 Exchange) and capitalized real estate expenditures of $34.9 million, and , the transfer of $64.9 million in net sales proceeds to restricted cash accounts, mostly offset by cash proceeds of $342.0 million from the disposition of 161 properties (two of which were disposed of through a $2.7 million 1031 Exchange).

During the same period in 2016, net cash used by investing activities included $424.5 million to fund the acquisition of 227 properties (33 of which were acquired through a $83.6 million non-cash 1031 Exchange) and capitalized real estate expenditures of $8.3 million, partially offset by proceeds of $245.9 million from the disposition of 82 properties (six of which were disposed of through a $43.7 million 1031 Exchange) and the transfer of $58.2 million in net sales proceeds from restricted accounts pursuant to 1031 Exchanges.

Financing Activities

Generally, our net cash used in financing activities is impacted by our net borrowings and common stock offerings, including sales of our common stock under our ATM Program, common stock offerings, borrowings under our Revolving Credit Facility and Term Loan, and issuances of net-lease mortgage notes under our Spirit Master Funding Program.

Net cash used in financing activities during the nine months ended September 30, 2017 was primarily attributable to the payment of dividends to equity owners of $257.1 million, the repurchase of shares of common stock totaling $225.7 million, $3.5 million of which related to net settlement of restricted shares, and the repayment of mortgages and notes payable of $76.4 million, all of which were paid primarily through sources from our operating cash flows and net borrowings under our Revolving Credit Facility. These amounts were partially offset by net borrowings under our Revolving Credit Facility of $300.0 million.

During the same period in 2016, net cash used in financing activities was primarily attributable to repayment of our indebtedness of $790.2 million and the payment of dividends to equity owners of $238.9 million, both of which were paid primarily through sources from our operating cash flows and net borrowings under our Revolving Credit Facility, Term Loan and Senior Unsecured Notes. These amounts were partially offset by the issuance of 34.5 million shares of our common stock through an underwritten public offering and sale of 6.3 million shares of our common stock under our ATM Program for aggregate net proceeds of $446.6 million, and net borrowings under our Revolving Credit Facility and Term Loan of $150.0 million and net proceeds of $296.2 million from the issuance of $300 million aggregate principal Senior Unsecured Notes (see Note 4).

Off-Balance Sheet Arrangements

As of September 30, 2017, we did not have any material off-balance sheet arrangements.

New Accounting Pronouncements

See footnote 2 to the consolidated financial statements herein.

Non-GAAP Financial Measures

FFO AND AFFO

We calculate FFO in accordance with the standards established by NAREIT. FFO represents net income (loss) attributable to common stockholders (computed in accordance with GAAP), excluding real estate-related depreciation and amortization, impairment charges and net losses (gains) from property dispositions. FFO is a supplemental non-GAAP financial measure. We use FFO as a supplemental performance measure because we believe that FFO is beneficial to investors as a starting point in measuring our operational performance. Specifically, in excluding real estate related depreciation and amortization, gains and losses from property dispositions and impairment charges, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared year-over-year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of equity REITs, FFO will be used by investors as a basis to compare our operating performance with that of other equity REITs. However, because FFO excludes depreciation and amortization and does not capture the changes in the value of our properties that result from use or market conditions, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. In addition, other equity REITs may not calculate FFO as we do, and, accordingly, our FFO may not be comparable to such other equity REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income (loss) attributable to common stockholders as a measure of our performance.

AFFO is a non-GAAP financial measure of operating performance used by many companies in the REIT industry. Accordingly, AFFO should be considered only as a supplement to net income (loss) attributable to common stockholders as a measure of our performance. We adjust FFO to eliminate the impact of certain items that we believe are not indicative of our core operating performance, including restructuring costs, other general and administrative costs associated with relocation of our headquarters, transaction costs associated with our proposed spin-off, default interest on non-recourse mortgage indebtedness, debt extinguishment gains (losses), transaction costs incurred in connection with the acquisition of real estate investments subject to existing leases and certain non-cash items. These certain non-cash items include non-cash revenues (comprised of straight-line rents, amortization of above and below market rent on our leases, amortization of lease incentives, amortization of net premium (discount) on loans receivable and amortization of capitalized lease transaction costs), non-cash interest expense (comprised of amortization of deferred financing costs and amortization of net debt discount/premium) and non-cash compensation expense (stock-based compensation expense). In addition, other equity REITs may not calculate AFFO as we do, and, accordingly, our AFFO may not be comparable to such other equity REITs' AFFO. AFFO does not represent cash generated from operating activities determined in accordance with GAAP, is not necessarily indicative of cash available to fund cash needs and should not be considered as an alternative to net income determined in accordance with GAAP as a performance measure. A reconciliation of our FFO and AFFO to net income (loss) attributable to common stockholders (computed in accordance with GAAP) is included in the financial information accompanying this report.

Adjusted EBITDA and Annualized Adjusted EBITDA

Adjusted EBITDA represents EBITDA modified to include other adjustments to GAAP net income (loss) attributable to common stockholders for restructuring charges, real estate acquisition costs, impairment losses, gains/losses from the sale of real estate and debt transactions and other items that we do not consider to be indicative of our on-going operating performance. We focus our business plans to enable us to sustain increasing shareholder value. Accordingly, we believe that excluding these items, which are not key drivers of our investment decisions and may cause short-term fluctuations in net income, provides a useful supplemental measure to investors and analysts in assessing the net earnings contribution of our real estate portfolio. Because these measures do not represent net income (loss) that is computed in accordance with GAAP, they should not be considered alternatives to net income (loss) or as an indicator of financial performance. A reconciliation of net income (loss) attributable to common stockholders (computed in accordance with GAAP) to EBITDA, Adjusted EBITDA and Annualized Adjusted EBITDA is included in the financial information accompanying this report.

Adjusted Debt

Adjusted Debt represents interest bearing debt (reported in accordance with GAAP) adjusted to exclude unamortized debt discount/premium and deferred financing costs, as further reduced by cash and cash equivalents and cash reserves on deposit with lenders as additional security. By excluding unamortized debt discount/premium and deferred financing costs, cash and cash equivalents, and cash reserves on deposit with lenders as additional security, the result provides an estimate of the contractual amount of borrowed capital to be repaid, net of cash available to repay it. We believe this calculation constitutes a beneficial supplemental non-GAAP financial disclosure to investors in understanding our financial condition.

Adjusted Debt to Annualized Adjusted EBITDA is a supplemental non-GAAP financial measure we use to evaluate the level of borrowed capital being used to increase the potential return of our real estate investments, and a proxy for a measure we believe is used by many lenders and ratings agencies to evaluate our ability to repay and service our debt obligations over time. We believe the ratio is a beneficial disclosure to investors as a supplemental means of evaluating our ability to meet obligations senior to those of our equity holders. Our computation of this ratio may differ from the methodology used by other equity REITs, and, therefore, may not be comparable to such other REITs. A reconciliation of interest bearing debt (reported in accordance with GAAP) to Adjusted Debt is included in the financial information accompanying this report.

Initial Cash Yield

We calculate initial cash yield from properties by dividing the annualized first month base rent (excluding any future rent escalations provided for in the lease) by the gross investment in the related properties. Gross investment for an acquired property represents gross acquisition costs including the contracted purchase price and related capitalized transaction costs. Initial cash yield is a measure (expressed as a percentage) of the contractual cash rent expected to be earned on an acquired property in the first year. Because it excludes any future rent increases or additional rent that may be contractually provided for in the lease, as well as any other income or fees that may be earned from lease modifications or asset dispositions, initial cash yield does not represent the annualized investment rate of return of our acquired properties. Additionally, actual contractual cash rent earned from the properties acquired may differ from the initial cash yield based on other factors, including difficulties collecting anticipated rental revenues and unanticipated expenses at these properties that we cannot pass on to tenants, as well as the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2016.

Capitalization Rate

We calculate the capitalization rate for disposed properties as the annualized cash rent on the date of disposition divided by the gross sales price. For multi-tenant properties, non-reimbursable property costs are deducted from the annualized cash rent prior to computing the capitalization rate. Annualized cash rent for a disposed property represents the annualized monthly contractual cash rent under the related lease at time of disposition.

FFO and AFFO

The following is a reconciliation of net income attributable to common stockholders (which we believe is the most comparable GAAP measure) to FFO and AFFO. Also presented is information regarding distributions paid to common stockholders and the weighted average shares of common stock outstanding used for the basic and diluted computations per share (dollars in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income attributable to common stockholders (1) (2)	**$ 5,322**	**$ 27,399**	**$ 41,357**	**$ 96,458**
Add/(less):				
Portfolio depreciation and amortization	63,530	65,155	192,465	193,892
Portfolio impairments	37,737	15,384	88,109	41,693
Realized gains on sales of real estate	(8,707)	(17,960)	(40,197)	(39,221)
Total adjustments to net income	92,560	62,579	240,377	196,364
FFO	**$ 97,882**	**$ 89,978**	**$ 281,734**	**$ 292,822**
Add/(less):				
(Gain) loss on debt extinguishment	(1,792)	8,349	(1,770)	(326)
Restructuring charges	—	3,264	—	5,726
Other costs included in general and administrative associated with headquarters relocation	—	1,501	—	3,442
Transaction costs	2,660	—	3,145	—
Real estate acquisition costs	196	1,056	773	2,092
Non-cash interest expense	5,810	4,178	16,937	10,144
Accrued interest and fees on defaulted loans	1,344	853	2,917	3,951
Swap termination costs (included in general and administrative)	—	—	—	1,724
Straight-line rent, net of related bad debt expense (4)	(3,217)	(3,246)	(13,427)	(14,097)
Other amortization and non-cash charges	(743)	(954)	(2,447)	(2,058)
Non-cash compensation expense (1)	2,339	3,399	13,778	7,189
Total adjustments to FFO	6,597	18,400	19,906	17,787
AFFO	**$ 104,479**	**$ 108,378**	**$ 301,640**	**$ 310,609**
Dividends declared to common stockholders	$ 82,062	$ 84,606	$ 251,606	$ 246,151
Net income per share of common stock				
Basic (3)	$ 0.01	$ 0.06	$ 0.09	$ 0.21
Diluted (3)	$ 0.01	$ 0.06	$ 0.09	$ 0.21
FFO per share of common stock				
Diluted (3)	$ 0.21	$ 0.19	$ 0.59	$ 0.64
AFFO per share of common stock				
Diluted (3)	$ 0.23	$ 0.22	$ 0.64	$ 0.68
Weighted average shares of common stock outstanding:				
Basic	456,671,617	479,554,362	472,698,692	457,263,526
Diluted	456,671,617	480,598,610	472,698,692	457,301,623

(1) Included in G&A balances for the nine months ended September 30, 2017 is $11.1 million of severance related costs, comprising $4.2 million of cash compensation and $6.9 million of non-cash compensation related to the acceleration of Restricted Stock and Performance Share Awards.

(2) For the nine months ended September 30, 2016, Net Income Attributable to Common Stockholders includes compensation for lost rent received from the Haggen Holdings, LLC settlement for 6 rejected stores as follows (in millions):

Contractual rent from date of rejection through either sale or September 30, 2016	$ 1.3
Three month of prepaid rent for the 3 stores subsequently sold	0.5
Total included in AFFO	$ 1.8

(3) For the three months ended September 30, 2017 and 2016, dividends paid to unvested restricted stockholders of $0.3 million and $0.2 million, respectively, and for the nine months ended September 30, 2017 and 2016, dividends paid to unvested restricted stockholders of $0.7 million and $0.4 million , respectively, are deducted from net income, FFO and AFFO attributable to common stockholders in the computation of per share amounts (see Note 12 to the consolidated financial statements herein).

(4) Straight-line bad debt expense totaled $2.4 million and $4.7 million for the three and nine months ended September 30, 2017, respectively.

Adjusted Debt, Adjusted EBITDA and Annualized Adjusted EBITDA - Leverage

The following provides a calculation of adjusted debt and a reconciliation of EBITDA and annualized adjusted EBITDA (dollars in thousands):

	September 30, 2017	September 30, 2016
	(Unaudited)	
Revolving Credit Facility	$ 386,000	$ 105,000
Term Loan, net	419,091	368,400
Unsecured Senior Notes, net	295,242	295,215
Mortgages and notes payable, net	2,050,302	2,241,783
Convertible Notes, net	712,510	699,465
	3,863,145	3,709,863
Add/(less):		
Unamortized debt discount, net	43,327	54,975
Unamortized deferred financing costs	31,013	38,812
Cash and cash equivalents	(11,947)	(13,184)
Restricted cash balances held for the benefit of lenders	(96,344)	(39,038)
Total adjustments	(33,951)	41,565
Adjusted Debt	**$ 3,829,194**	**$ 3,751,428**

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
	(Unaudited)	
Net income attributable to common stockholders	**$ 5,322**	**$ 27,399**
Add/(less):		
Interest	48,680	47,653
Depreciation and amortization	63,673	65,300
Income tax expense	(11)	12
Total adjustments	112,342	112,965
EBITDA	**$ 117,664**	**$ 140,364**
Add/(less):		
Restructuring charges	—	3,264
Other costs in general and administrative associated with headquarters relocation	—	1,501
Transaction costs	2,660	—
Real estate acquisition costs	196	1,056
Impairments on real estate assets	37,737	15,384
Swap termination costs (included in general and administrative)	—	—
Realized gain on sales of real estate	(8,707)	(17,960)
Loss on debt extinguishment	(1,792)	8,349
Total adjustments to EBITDA	30,094	11,594
Adjusted EBITDA	**$ 147,758**	**$ 151,958**
Annualized Adjusted EBITDA [(1)]	**$ 591,032**	**$ 607,832**
Adjusted Debt / Annualized Adjusted EBITDA	**6.5x**	**6.2x**

[(1)] *Adjusted EBITDA of the current quarter multiplied by four.*

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to financial market risks, especially interest rate risk. Interest rates and other factors, such as occupancy, rental rates and the financial condition of our tenants, influence our performance more so than does inflation. Changes in interest rates do not necessarily correlate with inflation rates or changes in inflation rates. As described in Item 2, we generally offer leases that provide for payments of base rent with scheduled increases and, to a lesser extent, contingent rent based on a percentage of the tenant's gross sales to help mitigate the effect of inflation. Because the properties in our portfolio are generally leased to tenants under triple-net leases, our exposure to rising property operating costs due to inflation is mitigated.

Interest rates are highly sensitive to many factors, including governmental monetary policies and domestic and global economic and political conditions, which are beyond our control. Our operating results depend heavily on the difference between the revenue from our assets and the interest expense incurred on our borrowings. We may incur additional variable rate debt in the future, including amounts that we may borrow under our Revolving Credit Facility and Term Loan. In addition, decreases in interest rates may lead to additional competition for the acquisition of real estate due to a reduction in desirable alternative income-producing investments, which may lead to a decrease in the yields on real estate we have targeted for acquisition. In such circumstances, if we are not able to offset the decrease in yields by obtaining lower interest costs on our borrowings, our results of operations will be adversely affected. Significant increases in interest rates may also have an adverse impact on our earnings if we are unable to acquire real estate with rental rates high enough to offset the increase in interest rates on our borrowings.

In the event interest rates rise significantly or there is an economic downturn, defaults may increase and result in credit losses, which may adversely affect our liquidity and operating results. In a decreasing interest rate environment, borrowers are generally more likely to prepay their loans in order to obtain financing at lower interest rates. However, the vast majority of our mortgage notes payable have prepayment clauses that make refinancing during a decreasing interest rate environment uneconomical. Investments in our mortgage loans receivable, however, have significant prepayment protection in the form of yield maintenance provisions, which provide us with substantial yield protection in a decreasing interest rate environment with respect to this portion of our investment portfolio.

The objective of our interest rate risk management policy is to match fund fixed-rate assets with fixed-rate liabilities. As of September 30, 2017, our assets were primarily long-term, fixed-rate leases (though most have scheduled rental increases during the terms of the leases). As of September 30, 2017, $3.1 billion of our indebtedness was fixed-rate, consisting of our Master Trust Notes, fixed-rate CMBS loans, Senior Unsecured Notes and Convertible Notes, with a weighted average stated interest rate of 4.67%, excluding amortization of deferred financing costs and debt discounts/premiums. As of September 30, 2017, $806.0 million of our indebtedness was variable-rate, consisting of our Revolving Credit Facility and Term Loan, with a weighted average stated interest rate of 2.54%, excluding amortization of deferred financing costs and debt discounts/premiums. If one-month LIBOR as of September 30, 2017 increased by 100 basis points, or 1.0%, the resulting increase in annual interest expense with respect to the $806.0 million outstanding under the Revolving Credit Facility and Term Loan would impact our future earnings and cash flows by $8.1 million.

The estimated fair values of our debt instruments have been derived based on market quotes for comparable instruments or discounted cash flow analysis using estimates of the amount and timing of future cash flows, market rates and credit spreads. The debt instrument balances as of September 30, 2017 are as follows (in thousands):

	Carrying Value	Estimated Fair Value
Revolving Credit Facility	$ 386,000	$ 385,993
Term Loan, net [1]	419,091	420,024
Senior Unsecured Notes, net [1]	295,242	300,039
Mortgages and notes payable, net [1]	2,050,302	2,068,788
Convertible Notes, net [1]	712,510	758,085

[1] The carrying value of the debt instruments are net of unamortized deferred financing costs and certain debt discounts/premiums.

Item 4. Controls and Procedures

SPIRIT REALTY CAPITAL, INC.

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of Spirit Realty Capital, Inc.'s management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness as of September 30, 2017 of the design and operation of Spirit Realty Capital, Inc.'s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

Changes in Internal Control over Financial Reporting

There were no changes to Spirit Realty Capital, Inc.'s internal control over financial reporting (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) that occurred during the quarter ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, Spirit Realty Capital, Inc.'s internal control over financial reporting.

SPIRIT REALTY, L.P.

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of Spirit Realty, L.P.'s management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness as of September 30, 2017 of the design and operation of Spirit Realty, L.P.'s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

Changes in Internal Control over Financial Reporting

There were no changes to Spirit Realty, L.P.'s internal control over financial reporting (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) that occurred during the quarter ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, Spirit Realty, L.P.'s internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

From time-to-time, we may be subject to certain claims and lawsuits in the ordinary course of business, the outcome of which cannot be determined at this time. We are not currently a party as plaintiff or defendant to any legal proceedings that we believe to be material or that individually or in the aggregate would be expected to have a material effect on our business, financial condition or results of operations if determined adversely to us.

Item 1A. Risk Factors.

Please review the Risk Factors disclosed in the section entitled “Risk Factors” beginning on page 13 of our Annual Report on Form 10-K for the year ended December 31, 2016 and filed with the SEC on February 24, 2017, as well as the supplemental risk factors below. There were no other material changes to the risk factors as described in our Annual Report on Form 10-K.

A substantial number of our properties are leased to one tenant, which may result in increased risk due to tenant and industry concentration.

Currently, we lease 101 properties to Shopko, primarily pursuant to three master leases and two single-site leases. The Shopko leases are guaranteed by Specialty Retail Shops Holding Corp., the parent company of Shopko. Revenues generated from Shopko represented 7.8% of our Contractual Rent for the month ended September 30, 2017. Because a significant portion of our revenues are derived from rental revenues received from Shopko, any default, breach or delay in the payment of rent by Shopko may materially and adversely affect us.

As a result of the significant number of properties leased to Shopko, our results of operations and financial condition are significantly impacted by Shopko's performance under its leases. Shopko operates as a multi-department general merchandise retailer and retail health services provider primarily in mid-size and large communities in the Midwest, Pacific Northwest, North Central and Western Mountain states. Shopko is subject to the following risks, as well as other risks that we are not currently aware of, that could adversely affect its performance and thus its ability to pay rent to us:

- The retail industry in which Shopko operates is highly competitive, which could impair its operations and liquidity, limit its growth opportunities and reduce profitability. Shopko competes with other discount retail merchants as well as mass merchants, catalog merchants, internet retailers and other general merchandise, apparel and household merchandise retailers. It faces strong competition from large national discount retailers, such as Walmart, Kmart and Target, and mid-tier merchants such as Kohl’s and J.C. Penney.
- Shopko stores are geographically concentrated in the Midwest, Pacific Northwest, North Central and Western Mountain states. As a result, adverse economic conditions in these regions may materially and adversely affect its results of operations and retail sales.
- The seasonality in retail operations may cause fluctuations in Shopko’s quarterly performance and results of operations and could adversely affect its cash flows.
- Shopko stores are dependent on the efficient functioning of its distribution networks. Problems that cause delays or interruptions in the distribution networks could materially and adversely affect its results of operations.
- Shopko stores depend on attracting and retaining quality employees. Many employees are entry-level or part-time with historically high rates of turnover.

Based on our monitoring of Shopko's financial information and recent liquidity events and other challenges, including bankruptcies, impacting the retail industry generally relative to recent years, we continue to be concerned about Shopko's ongoing ability to meet its obligations to us under its leases. Although Shopko is current on all of its obligations under its lease arrangements with us as of September 30, 2017, we can give you no assurance that this will continue to be the case, particularly if Shopko (not just the stores subject to leases with us) experiences a further decline in its business, financial condition and results of operations or loses access to liquidity. If such events were to occur, Shopko may request discounts or deferrals on the rents it pays to us, seek to terminate its master leases with us, close certain of its stores, or file for bankruptcy, all of which could significantly decrease the amount of revenue we receive from it.

While we seek to reduce the tenant concentration of Shopko, we may have difficulty in selling or leasing to other tenants the properties currently leased to Shopko, due to, among other things, market demand or tax constraints.

Furthermore, we can provide no assurance that we will deploy the proceeds from the disposition of any Shopko properties in a manner that would produce comparable or better yields.

Decrease in demand for retail and restaurant space may materially and adversely affect us.

As of September 30, 2017, leases representing approximately 33% and 17% of our Contractual Rent were with tenants in the retail and restaurant industries, respectively, and we may acquire additional retail and restaurant properties in the future. Accordingly, decreases in the demand for retail and/or restaurant spaces adversely impact us. The market for retail and restaurant space has previously been, and could continue to be, adversely affected by weakness in the national, regional and local economies, the adverse financial condition of some large retail and restaurant companies, the ongoing consolidation in the retail and restaurant industries, the excess amount of retail and restaurant space in a number of markets and, in the case of the retail industry, increasing consumer purchases through catalogs or over the Internet. In recent years a number of companies in the retail industry, including some of our tenants, have declared bankruptcy, have gone out of business or have significantly reduced the number of their retail stores. In particular, we have experienced, and expect to continue to experience, challenges with some of our general merchandise retailers through increased credit losses.

To the extent that the adverse conditions listed above continue, they are likely to negatively affect market rents for retail and restaurant space, thereby reducing rents payable to us, and they may lead to increased vacancy rates at our properties and diminish our ability to attract and retain retail and restaurant tenants.

The proposed spin-off of almost all of our properties leased to Shopko, assets that collateralize Master Trust 2014 and potentially other assets into an independent, publicly-traded REIT may not be completed on the currently contemplated timeline or terms, or at all, and may not achieve the intended benefits.

On August 3, 2017, we announced a plan to spin off our interests in almost all of our properties leased to Shopko, assets that collateralize Master Trust 2014 and potentially other assets into an independent, publicly traded REIT. If we complete the spin-off, we expect we would make a distribution of stock issued by SpinCo to our stockholders. We expect SpinCo to elect to be treated and qualify for taxation as a REIT for U.S. federal income tax purposes. We currently expect we would complete the spin-off in the first half of 2018, although there can be no assurance as to whether or when the spin-off will occur, or the final structure of the spin-off. The completion of the spin-off will be subject to various conditions, including declaration by the SEC that SpinCo's registration statement on Form 10 is effective, customary third-party consents and final approval and declaration of the distribution to our stockholders of SpinCo stock by our Board of Directors. Such conditions and other unforeseen developments, including in the debt or equity markets or general market conditions, could delay or prevent the spin-off or cause the spin-off to occur on terms or conditions that are less favorable and/or different than anticipated. We also expect to incur significant expenses in connection with the spin-off.

We may not be able to achieve the full strategic and financial benefits that we anticipate to result from the spin-off, or such benefits may be delayed or not occur at all. Additionally, we may experience negative reactions from financial markets if we do not complete the spin-off in a reasonable time period. Following the spin-off, the combined value of the common stock of the two publicly-traded companies may not be equal to or greater than what the value of our common stock would have been had the spin-off not occurred.

The assets that we would spin-off represent a significant portion of our gross real estate investment and annualized contractual rents. Under our current planning, we anticipate SpinCo would own over 915 properties, with a gross real estate investment of $2.7 billion to $2.9 billion. Additionally, we expect SpinCo would have approximately $220.0 million to $235 million in annualized contractual rent. As of June 30, 2017, the assets included in Master Trust 2014 secured $1,347.5 million of indebtedness and bore interest at a weighted average interest rate of 5.1% per annum. We expect the entire amount of this indebtedness would be transferred to SpinCo, and we are currently exploring issuing additional indebtedness in Master Trust 2014 prior to the spin-off, that would ultimately increase SpinCo’s leverage, with the net cash proceeds from any such incremental debt issuance by Master Trust 2014 to remain with our company. We are also currently exploring contributing additional assets to SpinCo that would be subject to mortgage debt. The identity of these assets and the amount of the mortgages that would encumber them has not yet been finally determined. While the number of properties, gross real estate investment and annualized contractual rents set forth above represent our current estimates, the number of properties that would be included in SpinCo and their related gross real estate investment and annualized contractual rent could change significantly. Moreover, gross real estate investment does not represent fair market value, and we expect that the fair market value of the assets that would be included in SpinCo could exceed our historical gross real estate investment in them.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of January 22, 2013, as amended by the First Amendment to Agreement and Plan of Merger, dated as of May 8, 2013, by and among Spirit Realty Capital, Inc. (f/k/a Cole Credit Property Trust II, Inc.), a Maryland corporation, Spirit Realty Capital, Inc., a Maryland corporation, Cole Operating Partnership II, LP, a Delaware limited partnership and Spirit Realty, L.P., a Delaware limited partnership. Previously filed by Spirit Realty Capital, Inc. as an exhibit to the Company's Form 8-K filed with the Securities and Exchange Commission on January 22, 2013 and Exhibit 2.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on May 9, 2013, respectively.
2.2	Articles of Merger by and between Spirit Realty Capital, Inc. (f/k/a Cole Credit Property Trust II, Inc.), a Maryland corporation, and Spirit Realty Capital, Inc., a Maryland corporation and the Amended and Restated Charter of Spirit Realty Capital, Inc. (f/k/a Cole Credit Property Trust II, Inc.) filed as Exhibit (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 000-51963), filed on July 17, 2013).
3.1	Articles of Restatement of Spirit Realty Capital, Inc. filed Exhibit 3.1 to the Company's Registration Statement on Form S-3 on November 8, 2013 and incorporated herein by reference.
3.2	Articles of Amendment of Spirit Realty Capital, Inc. filed as Exhibit 3.1 to the Company's Form 8-K on May 13, 2014 and incorporated herein by reference.
3.3	Fifth Amended and Restated Bylaws of Spirit Realty Capital, Inc. filed as Exhibit 3.1 to the Company's Form 8-K on August 15, 2017 and incorporated herein by reference.
3.4	Second Amended and Restated Agreement of Limited Partnership of Spirit Realty, L.P. filed as Exhibit 3.1 to the Operating Partnership's Form 8-K on October 3, 2017 and incorporated herein by reference.
3.5	Articles Supplementary designating Spirit Realty Capital, Inc.'s 6.000% Series A Cumulative Redeemable Preferred Stock filed as Exhibit 3.4 to the Company's Registration Statement on Form 8-A on October 2, 2017 and incorporated herein by reference.
4.1	Form of Certificate for Common Stock of Spirit Realty Capital, Inc. filed as Exhibit 4.1 to the Registration Statement on Form S-4 on March 29, 2013 and incorporated herein by reference.
4.2	Specimen Certificate for Spirit Realty Capital Inc.'s 6.000% Series A Cumulative Redeemable Preferred Stock filed as Exhibit 3.6 to the Company's Registration Statement on Form 8-A on October 2, 2017 and incorporated herein by reference.
4.3	Second Amended and Restated Master Indenture among Spirit Master Funding, LLC, Spirit Master Funding II, LLC, Spirit Master Funding III, LLC and Citibank, N.A., dated May 20, 2014 filed as Exhibit 4.1 to the Company's Form 8-K on May 20, 2014 and incorporated herein by reference.
4.4	Amendment No. 1 to the Second Amended and Restated Master Indenture among Spirit Master Funding, LLC, Spirit Master Funding II, LLC, Spirit Master Funding III, LLC and Citibank, N.A., dated November 26, 2014 filed as Exhibit 4.1 to the Company's Form 8-K on December 1, 2014 and incorporated herein by reference.
4.5	Series 2014-1 Indenture Supplement among Spirit Master Funding, LLC, Spirit Master Funding II, LLC, Spirit Master Funding III, LLC and Citibank, N.A., dated May 21, 2014 filed as Exhibit 4.2 to the Company's Form 8-K on May 2, 2014 and incorporated herein by reference.
4.6	Series 2014-2 Indenture Supplement among Spirit Master Funding, LLC, Spirit Master Funding II, LLC, Spirit Master Funding III, LLC and Citibank, N.A., dated May 21, 2014 filed as Exhibit 4.3 to the Company's Form 8-K on May 20, 2014 and incorporated herein by reference.
4.7	Series 2014-3 Indenture Supplement among Spirit Master Funding, LLC, Spirit Master Funding II, LLC, Spirit Master Funding III, LLC and Citibank, N.A., dated May 21, 2014 filed as Exhibit 4.3 to the Company's Form 8-K on May 20, 2014 and incorporated herein by reference.
4.8	Series 2014-4 Indenture Supplement among Spirit Master Funding, LLC, Spirit Master Funding II, LLC, Spirit Master Funding III, LLC, Spirit Master Funding VI, LLC, Spirit Master Funding VIII, LLC and Citibank, N.A., dated November 26, 2014 filed as Exhibit 4.2 to the Company's Form 8-K on December 1, 2014 and incorporated herein by reference.

Exhibit No.	Description
4.9	Master Indenture, between Citibank, N.A. and Spirit Master Funding VII, LLC, dated as of December 23, 2013. Previously filed by Spirit Realty Capital, Inc. as Exhibit 10.21 to the Company's Annual Report on Form 10-K on March 4, 2014 and incorporated herein by reference.
4.10	Series 2013-1 Supplement, between Citibank, N.A. and Spirit Master Funding VII, LLC, dated as of December 23, 2013, filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 4, 2014 and incorporated herein by reference.
4.11	Series 2013-2 Supplement, between Citibank, N.A. and Spirit Master Funding VII, LLC, dated as of December 23, 2013, filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K on March 4, 2014 and incorporated herein by reference.
4.12	Indenture, dated May 20, 2014, between the Company and Wilmington Trust, National Association, filed as Exhibit 4.1 to the Company's Form 8-K on May 20, 2014 and incorporated herein by reference.
4.13	First Supplemental Indenture, dated May 20, 2014, by and between Spirit Realty Capital, Inc. and Wilmington Trust, National Association (including the form of 2.875% Convertible Senior Note due 2019) filed as Exhibit 4.2 to the Company's Form 8-K on May 20, 2014 and incorporated herein by reference.
4.14	Second Supplemental Indenture, dated May 20, 2014, by and between Spirit Realty Capital, Inc. and Wilmington Trust, National Association (including the form of 3.75% Convertible Senior Note due 2021) filed as Exhibit 4.3 to the Company's Form 8-K on May 20, 2014 and incorporated herein by reference.
4.15	Indenture, dated August 18, 2016, between Spirit Realty, L.P. and U.S. Bank National Association, filed as Exhibit 4.1 to the Company's Form 8-K on August 19, 2016 and incorporated herein by reference.
4.16	First Supplemental Indenture, dated August 18, 2016, among Spirit Realty, L.P., Spirit Realty Capital, Inc., and U.S. Bank National Association (including the form of 4.450% Senior Notes due 2026), filed as Exhibit 4.2 to the Company's Form 8-K on August 19, 2016 and incorporated herein by reference.
4.17	Registration Rights Agreement, dated August 18, 2016, by and among Spirit Realty, L.P., Spirit Realty Capital, Inc., J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC, filed as Exhibit 4.3 to the Company's Form 8-K on August 19, 2016 and incorporated herein by reference.
10.1	Amended and Restated Spirit Realty Capital, Inc. and Spirit Realty, L.P. 2012 Incentive Award Plan filed as Appendix A within the Company’s Definitive Proxy Statement on Schedule 14A filed with the Commission on April 11, 2016 and incorporated herein by reference.
10.2	Form of 2012 Incentive Award Plan Restricted Stock Award Grant Notice and Agreement filed as Exhibit 10.8 to the Company’s Form 8-K on July 17, 2013 and incorporated herein by reference.
10.3	Form of 2012 Incentive Award Plan Stock Payment Award Grant Notice and Agreement filed as Exhibit 10.9 to the Company’s Form 8-K on July 17, 2013 and incorporated herein by reference.
10.4	Form of Performance Share Award Agreement. Previously filed by Spirit Realty Capital, Inc. as Exhibit 99.1 to the Company’s Form 8-K filed with the Securities and Exchange Commission on August 6, 2013 and incorporated herein by reference.
10.5	Credit Agreement, by and among Deutsche Bank Securities Inc., Deutsche Bank AG New York Branch, Spirit Realty, L.P. and various lenders, dated as of July 17, 2013 filed as Exhibit 10.01 to the Company’s Form 8-K on July 17, 2013 and incorporated herein by reference.
10.6	Guaranty, by and among Spirit Realty Capital, Inc., Spirit General OP Holdings, LLC, Deutsche Bank Securities Inc. and various lenders, dated as of July 17, 2013 filed as Exhibit 10.2 to the Company’s Form 8-K filed on July 17, 2013 and incorporated herein by reference.
10.7	Security Agreement, by and among Spirit Realty Capital, Inc., Spirit General OP Holdings, LLC, Spirit Realty, L.P., Spirit Master Funding IV, LLC, Spirit Master Funding V, LLC, Deutsche Bank Securities Inc. and various lenders, dated as of July 17, 2013 filed as Exhibit 10.3 to the Company’s Form 8-K on July 17, 2013 and incorporated herein by reference.

Exhibit No.	Description
10.8	Omnibus Collateral Assignment of Material Agreements, Permits and Licenses, by and among Spirit Realty Capital, Inc., Spirit General OP Holdings, LLC, Spirit Realty, L.P., Spirit Master Funding IV, LLC, Spirit Master Funding V, LLC, Deutsche Bank Securities Inc. and various lenders, dated as of July 17, 2013. Previously filed by Spirit Realty Capital, Inc. as Exhibit 10.4 to the Company's Form 8-K filed with the Securities and Exchange Commission on July 17, 2013 and incorporated herein by reference.
10.9	Loan Agreement, between German American Capital Corporation and Spirit SPE Loan Portfolio 2013-2, LLC, dated as of July 17, 2013, filed as Exhibit 10.5 to the Company's Form 8-K on July 17, 2013 and incorporated herein by reference.
10.10	Guaranty of Recourse Obligations of Borrower, by Spirit Realty, L.P. in favor of German American Capital Corporation, dated as of July 17, 2013, filed as Exhibit 10.6 to the Company's Form 8-K on July 17, 2013 and incorporated herein by reference.
10.11	Loan Agreement, between Barclays Bank PLC and Spirit SPE Loan Portfolio 2013-3, LLC, dated as of July 17, 2013 filed as Exhibit 10.7 to the Company's Form 8-K on July 17, 2013 and incorporated herein by reference.
10.12	Guaranty of Recourse Obligations of Borrower by Spirit Realty, L.P. in favor of Barclays Bank PLC, dated as of July 17, 2013, filed as Exhibit 10.8 to the Company's Form 8-K on July 17, 2013 and incorporated herein by reference.
10.13	Second Amended and Restated Property Management and Servicing Agreement dated May 20, 2014, by and among Spirit Realty, L.P., Spirit Master Funding, LLC, Spirit Master Funding II, LLC, Spirit Master Funding III, LLC and Midland Loan Services, a division of PNC Bank, National Association filed as Exhibit 1.1 of the Company's Form 8-K on May 20, 2014 and incorporated herein by reference.
10.14	Amendment No. 1 to the Second Amended and Restated Property Management and Servicing Agreement dated November 26, 2014, by and among Spirit Realty, L.P., Spirit Master Funding, LLC, Spirit Master Funding II, LLC, Spirit Master Funding III, LLC and Midland Loan Services, a division of PNC Bank, National Association filed as Exhibit 1.2 of the Company's Form 8-K on December 1, 2014 and incorporated herein by reference.
10.15	Property Management and Servicing Agreement, between Midland Loan Services, Spirit Master Funding VII, LLC and Spirit Realty, L.P., dated as of December 23, 2013, filed as Exhibit 10.24 to the Company's Annual Report on Form 10-K filed on March 4, 2014 and incorporated herein by reference.
10.16	Defeasance, Assignment, Assumption and Release Agreement, dated June 5, 2014, by and among Spirit SPE Portfolio 2006-1, LLC and Spirit SPE Portfolio 2006-2, LLC, U.S. Bank, National Association as Trustee for the Lender, Midland Loan Servicer, a division of PNC Bank, National Association as servicer and U.S. Bank, National Association as Securities Intermediary and Custodian filed as Exhibit 1.1 of the Company's Form 8-K on June 9, 2014 and incorporated herein by reference.
10.17	First Amended and Restated Agreement of Limited Partnership of Spirit Realty, L.P. dated as of September 12, 2014, filed as Exhibit 10.16 to the Company's Form 10-Q on November 5, 2014 and incorporated herein by reference.
10.18	Amended and Restated Master Lease between Spirit SPE Portfolio 2006-1, LLC and Spirit SPE Portfolio 2006-2, LLC, and Shopko Stores Operating CO., LLC, dated December 15, 2014 filed as Exhibit 1.2 of the Company's Form 8-K on December 16, 2014 and incorporated herein by reference.
10.19	Form of Indemnification Agreement of Spirit Realty Capital, Inc. filed as Exhibit 10.1 of the Company's Form 8-K on July 17, 2013 and incorporated herein by reference.
10.21	Amended and Restated Employment Agreement among Spirit Realty Capital, Inc. and Michael A. Bender, dated as of July 17, 2013 filed as Exhibit 10.3 of the Company's Form 8-K on July 17, 2013 and incorporated herein by reference.
10.23	Transition and Separation Agreement among Spirit Realty Capital, Inc. and Michael A. Bender dated as of August 27, 2015 and filed as Exhibit 10.4 of the Company's form 8-K on August 28, 2015 and incorporated herein by reference.
10.25	Director Compensation Program of Spirit Realty Capital, Inc. as of January 1, 2015 filed as Exhibit 10.25 of the Company's Form 10-Q on August 5, 2016 and incorporated herein by reference.

Exhibit No.	Description
10.26	Employment Agreement among Spirit Realty Capital, Inc. and Phillip D. Joseph, Jr., dated as of March 25, 2015 filed as Exhibit 10.1 of the Company's Form 8-K on March 27, 2015 and incorporated herein by reference.
10.27	Employment Letter Agreement between Spirit Realty Capital, Inc. and Philip D. Joseph, Jr. dated as of October 14, 2015 filed as Exhibit 10.27 of the Company's Annual Report on Form 10-K on February 26, 2016 and incorporated herein by reference.
10.28	First Amended and Restated Employment Agreement among Spirit Realty Capital, Inc. and Phillip D. Joseph, Jr, dated as of February 23, 2016 filed as Exhibit 10.28 of the Company's Annual Report on Form 10-K on February 26, 2016 and incorporated herein by reference.
10.29	Credit Agreement among Spirit Realty L.P., Wells Fargo Bank, N.A., as the administrative agent, and the various financial institutions as are or may become parties thereto, dated as of March 31, 2015, filed as Exhibit 10.1 of the Company's Form 8-K on April 2, 2015 and incorporated herein by reference.
10.30	Third Amended and Restated Employment Agreement among Spirit Realty Capital, Inc. and Gregg A. Seibert, dated as of August 27, 2015 filed as Exhibit 10.2 of the Company's Form 8-K on August 28, 2015 and incorporated herein by reference.
10.31	Second Amended and Restated Employment Agreement among Spirit Realty Capital, Inc. and Mark Manheimer, dated as of August 27, 2015 filed as Exhibit 10.3 of the Company's Form 8-K on August 28, 2015 and incorporated herein by reference.
10.32	Term Loan Agreement among Spirit Realty L.P., various financial institutions, as lenders, and Bank of America, N.A., as the administrative agent, dated as of November 3, 2015, filed as Exhibit 10.1 of the Company's Form 8-K on November 6, 2015 and incorporated herein by reference.
10.33	First Amendment to the Credit Agreement among Spirit Realty L.P., various financial institutions, as lenders, and Wells Fargo Bank, N.A., as the administrative agent, dated as of November 3, 2015, filed as Exhibit 10.34 of the Company's Annual Report Form 10-K on February 26, 2016 and incorporated herein by reference.
10.34	Credit Agreement Guaranty dated as of March 31, 2015 in favor of Wells Fargo Bank National Association, the Administrative Agent for the lenders, and among Spirit Realty, L.P., filed as Exhibit 10.35 of the Company's Annual Report on Form 10-K on February 26, 2016 and incorporated herein by reference.
10.35	The 2016 executive cash bonus program, was approved by the Compensation Committee of the Board of Directors of Spirit Realty Capital, Inc. on February 18, 2016 and filed as Exhibit 10.36 of the Company's Annual Report on Form 10-K on February 26, 2016 and incorporated herein by reference.
10.36	Employment Agreement among Spirit Realty Capital, Inc. and Boyd Messmann, dated as of June 3, 2016, filed as Exhibit 10.1 of the Company's Form 8-K on June 6, 2016 and incorporated herein by reference.
10.37	Employment Agreement among Spirit Realty Capital, Inc. and Jackson Hsieh, dated as of September 7, 2016 filed as Exhibit 10.1 of the Company's Form 8-K on July 27, 2016 and incorporated herein by reference.
10.38	Second Amendment among Spirit Realty L.P., various financial institutions, as lenders, and Wells Fargo Bank, National Association, as the administrative agent, dated as of April 28, 2017 and filed as Exhibit 10.40 on the Company's Quarterly Report on Form 10-Q on April 3, 2017 and incorporated herein by reference.
10.39	First Amended and Restated Employment Agreement among Spirit Realty Capital, Inc. and Jackson Hsieh, dated as of July 25, 2017, filed as Exhibit 10.1 of the Company's Form 8-K on July 25, 2017 and incorporated herein by reference.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Spirit Realty Capital, Inc.

Exhibit No.	Description
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Spirit Realty Capital, Inc.
31.3*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Spirit Realty, L.P.
31.4*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Spirit Realty, L.P.
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Spirit Realty Capital, Inc.
32.2*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Spirit Realty, L.P.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

SPIRIT REALTY CAPITAL, INC.
(Registrant)

By:	/s/ Prakash J. Parag
Name:	Prakash J. Parag
Title:	Chief Accounting Officer and Senior Vice President *(Principal Accounting Officer)*

SPIRIT REALTY, L.P.
(Registrant)

By:	Spirit General OP Holdings, LLC, as general partner of Spirit Realty, L.P.
	/s/ Prakash J. Parag
	Prakash J. Parag
	Chief Accounting Officer and Senior Vice President *(Principal Accounting Officer)*

Date: November 2, 2017

(Back To Top)

Section 2: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jackson Hsieh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Spirit Realty Capital, 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.

Date:	November 2, 2017	/s/ JACKSON HSIEH
		Jackson Hsieh
		Chief Executive Officer

(Back To Top)

Section 3: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATIONS OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Phillip D. Joseph, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Spirit Realty Capital, 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.

Date: November 2, 2017

/s/ PHILLIP D. JOSEPH, JR.
Phillip D. Joseph, Jr.
Executive Vice President,
Chief Financial Officer and Treasurer

(Back To Top)

Section 4: EX-31.3 (EXHIBIT 31.3)

Exhibit 31.3

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jackson Hsieh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Spirit Realty, L.P.;
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; 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
4. 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.

Date: November 2, 2017

/s/ JACKSON HSIEH
Name: Jackson Hsieh
Title: Chief Executive Officer and Manager of Spirit General OP Holdings, LLC, as general partner of Spirit Realty, L.P.

(Back To Top)

Section 5: EX-31.4 (EXHIBIT 31.4)

Exhibit 31.4

CERTIFICATIONS OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Phillip D. Joseph, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Spirit Realty, L.P.;
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.

Date: November 2, 2017

/s/ PHILLIP D. JOSEPH, JR.
Phillip D. Joseph, Jr.
Executive Vice President, Chief Financial Officer and Treasurer of Spirit General OP Holdings, LLC, as general partner of Spirit Realty, L.P.

(Back To Top)

Section 6: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C 1350)

Each of the undersigned officers of Spirit Realty Capital, Inc. (the "Company") hereby certifies, for purposes of Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2017

/s/ JACKSON HSIEH
Jackson Hsieh
Chief Executive Officer

/s/ PHILLIP D. JOSEPH, JR.
Phillip D. Joseph, Jr.
Executive Vice President,
Chief Financial Officer and Treasurer

The foregoing certification is being furnished with the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2017 pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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

(Back To Top)

Section 7: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C 1350)

Each of the undersigned officers of Spirit General OP Holdings, LLC, the general partner of Spirit Realty, L.P. (the "Company"), hereby certifies, for purposes of Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2017

/s/ JACKSON HSIEH
Jackson Hsieh
Chief Executive Officer and Manager of Spirit General OP Holdings, LLC, as general partner of Spirit Realty, L.P.

/s/ PHILLIP D. JOSEPH, JR.
Phillip D. Joseph, Jr.
Executive Vice President, Chief Financial Officer and Treasurer of Spirit General OP Holdings, LLC, as general partner of Spirit Realty, L.P.

The foregoing certification is being furnished with the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2017 pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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

(Back To Top)