Section 1: 10-Q (10-Q)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2019

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 No. 001-36739

STORE CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Maryland	**45-2280254**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8377 East Hartford Drive, Suite 100, Scottsdale, Arizona 85255
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (480) 256-1100

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. YES ☒ NO ☐

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

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	STOR	New York Stock Exchange

As of May 1, 2019, there were 227,070,089 shares of the registrant's $0.01 par value common stock outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

STORE Capital Corporation

Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)

	March 31, 2019	December 31, 2018
	(unaudited)	(audited)
Assets		
Investments:		
Real estate investments:		
Land and improvements	$ 2,402,332	$ 2,280,280
Buildings and improvements	5,120,324	4,888,440
Intangible lease assets	82,699	85,148
Total real estate investments	7,605,355	7,253,868
Less accumulated depreciation and amortization	(631,989)	(585,913)
	6,973,366	6,667,955
Real estate investments held for sale, net	15,291	—
Operating ground lease assets	22,111	—
Loans and financing receivables	356,999	351,202
Net investments	7,367,767	7,019,157
Cash and cash equivalents	37,352	27,511
Other assets, net	74,223	67,303
Total assets	$ 7,479,342	$ 7,113,971
Liabilities and stockholders' equity		
Liabilities:		
Credit facility	$ —	$ 135,000
Unsecured notes and term loans payable, net	1,261,023	916,720
Non-recourse debt obligations of consolidated special purpose entities, net	2,037,165	2,008,592
Dividends payable	74,676	72,954
Operating lease liabilities	27,559	—
Accrued expenses, deferred revenue and other liabilities	89,764	117,204
Total liabilities	3,490,187	3,250,470
Stockholders' equity:		
Common stock, $0.01 par value per share, 375,000,000 shares authorized, 226,290,532 and 221,071,838 shares issued and outstanding, respectively	2,263	2,211
Capital in excess of par value	4,286,250	4,129,082
Distributions in excess of retained earnings	(298,331)	(267,651)
Accumulated other comprehensive loss	(1,027)	(141)
Total stockholders' equity	3,989,155	3,863,501
Total liabilities and stockholders' equity	$ 7,479,342	$ 7,113,971

See accompanying notes.

STORE Capital Corporation

Condensed Consolidated Statements of Income

(unaudited)

(In thousands, except share and per share data)

	Three Months Ended March 31,	
	2019	2018
Revenues:		
Rental revenues	$ 149,491	$ 119,900
Interest income on loans and financing receivables	6,631	5,521
Other income	516	421
Total revenues	156,638	125,842
Expenses:		
Interest	38,068	29,339
Property costs	2,584	1,341
General and administrative	11,983	10,851
Depreciation and amortization	53,716	42,310
Provisions for impairment	2,610	1,570
Total expenses	108,961	85,411
(Loss) gain on dispositions of real estate	(1,928)	9,634
Income from operations before income taxes	45,749	50,065
Income tax expense	193	105
Net income	$ 45,556	$ 49,960
Net income per share of common stock—basic and diluted	$ 0.20	$ 0.26
Weighted average common shares outstanding:		
Basic	222,184,754	194,686,790
Diluted	222,637,301	194,876,748

See accompanying notes.

STORE Capital Corporation

Condensed Consolidated Statements of Comprehensive Income

(unaudited)

(In thousands)

	Three Months Ended March 31,	
	2019	**2018**
Net income	$ 45,556	$ 49,960
Other comprehensive (loss) income:		
Unrealized (losses) gains on cash flow hedges	(294)	5,654
Cash flow hedge gains reclassified to interest expense	(592)	(108)
Total other comprehensive (loss) income	(886)	5,546
Total comprehensive income	$ 44,670	$ 55,506

See accompanying notes.

STORE Capital Corporation

Condensed Consolidated Statements of Stockholders' Equity

(unaudited)

(In thousands, except share and per share data)

	Common Stock		Capital in Excess of Par Value	Distributions in Excess of Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Par Value				
Three months ended March 31, 2019						
Balance at December 31, 2018	221,071,838	$ 2,211	$ 4,129,082	$ (267,651)	$ (141)	$ 3,863,501
Net income	—	—	—	45,556	—	45,556
Other comprehensive loss	—	—	—	—	(886)	(886)
Issuance of common stock, net of costs of $2,549	4,978,510	50	158,258	—	—	158,308
Equity-based compensation	386,151	2	1,683	14	—	1,699
Shares repurchased under stock compensation plan	(145,967)	—	(2,773)	(1,535)	—	(4,308)
Common dividends declared ($0.33 per share)	—	—	—	(74,715)	—	(74,715)
Balance at March 31, 2019	226,290,532	$ 2,263	$ 4,286,250	$ (298,331)	$ (1,027)	$ 3,989,155

	Common Stock		Capital in Excess of Par Value	Distributions in Excess of Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Par Value				
Three months ended March 31, 2018						
Balance at December 31, 2017	193,766,854	$ 1,938	$ 3,381,090	$ (214,845)	$ 2,759	$ 3,170,942
Net income	—	—	—	49,960	—	49,960
Other comprehensive income	—	—	—	—	5,545	5,545
Issuance of common stock, net of costs of $1,891	4,114,484	41	98,915	—	—	98,956
Equity-based compensation	276,758	2	1,463	30	—	1,495
Shares repurchased under stock compensation plan	(113,948)	(1)	(2,008)	(826)	—	(2,835)
Common dividends declared ($0.31 per share)	—	—	—	(61,393)	—	(61,393)
Balance at March 31, 2018	198,044,148	$ 1,980	$ 3,479,460	$ (227,074)	$ 8,304	$ 3,262,670

See accompanying notes.

STORE Capital Corporation

Condensed Consolidated Statements of Cash Flows

(unaudited)

(In thousands)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Operating activities		
Net income	$ 45,556	$ 49,960
Adjustments to net income:		
Depreciation and amortization	53,716	42,310
Amortization of deferred financing costs and other noncash interest expense	2,051	2,103
Amortization of equity-based compensation	1,686	1,466
Provisions for impairment	2,610	1,570
Loss (gain) on dispositions of real estate	1,928	(9,634)
Loss (gain) on defeasance/extinguishment of debt	735	(814)
Noncash revenue and other	(20)	(855)
Payments (made) received in settlement of cash flow hedges	(6,735)	4,288
Changes in operating assets and liabilities:		
Other assets	(874)	(2,276)
Accrued expenses, deferred revenue and other liabilities	(5,806)	(880)
Net cash provided by operating activities	94,847	87,238
Investing activities		
Acquisition of and additions to real estate	(392,306)	(281,297)
Investment in loans and financing receivables	(16,910)	(29,983)
Collections of principal on loans and financing receivables	462	362
Proceeds from dispositions of real estate	7,714	49,815
Net cash used in investing activities	(401,040)	(261,103)
Financing activities		
Borrowings under credit facility	291,100	218,000
Repayments under credit facility	(426,100)	(411,000)
Borrowings under unsecured notes and term loans payable	347,410	348,303
Borrowings under non-recourse debt obligations of consolidated special purpose entities	41,690	—
Repayments under non-recourse debt obligations of consolidated special purpose entities	(14,092)	(13,101)
Financing and defeasance costs paid	(4,615)	(5,080)
Proceeds from the issuance of common stock	160,858	100,848
Stock issuance costs paid	(2,638)	(1,834)
Shares repurchased under stock compensation plans	(4,308)	(2,835)
Dividends paid	(74,160)	(60,653)
Net cash provided by financing activities	315,145	172,648
Net increase (decrease) in cash, cash equivalents and restricted cash	8,952	(1,217)
Cash, cash equivalents and restricted cash, beginning of period	43,017	49,178
Cash, cash equivalents and restricted cash, end of period	$ 51,969	$ 47,961
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 37,352	$ 35,116
Restricted cash included in other assets	14,617	12,845
Total cash, cash equivalents and restricted cash	$ 51,969	$ 47,961
Supplemental disclosure of noncash investing and financing activities:		
Accrued tenant improvements included in real estate investments	$ 13,113	$ 19,466
Net real estate assets surrendered to lender	—	12,573
Acquisition of collateral property securing a mortgage note receivable	9,170	—
Non-recourse debt forgiven by lender in exchange for collateral assets	—	12,874
Accrued financing and stock issuance costs	51	893
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest, net of amounts capitalized	$ 33,289	$ 23,817
Cash paid during the period for income and franchise taxes	57	727

See accompanying notes.

1. Organization

STORE Capital Corporation (STORE Capital or the Company) was incorporated under the laws of Maryland on May 17, 2011 to acquire single-tenant operational real estate to be leased on a long-term, net basis to companies that operate across a wide variety of industries within the service, retail and manufacturing sectors of the United States economy. From time to time, it also provides mortgage financing to its customers.

On November 21, 2014, the Company completed the initial public offering of its common stock. The shares began trading on the New York Stock Exchange on November 18, 2014 under the ticker symbol “STOR”.

STORE Capital has made an election to qualify, and believes it is operating in a manner to continue to qualify, as a real estate investment trust (REIT) for federal income tax purposes beginning with its initial taxable year ended December 31, 2011. As a REIT, it will generally not be subject to federal income taxes to the extent that it distributes all of its taxable income to its stockholders and meets other specific requirements.

2. Summary of Significant Accounting Principles

Basis of Accounting and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and the rules and regulations of the U.S. Securities and Exchange Commission (SEC). In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of 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 and, accordingly, these 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 fiscal year ended December 31, 2018.

These condensed consolidated statements include the accounts of STORE Capital and its subsidiaries, which are wholly owned and controlled by the Company through its voting interest. One of the Company’s wholly owned subsidiaries, STORE Capital Advisors, LLC, provides all of the general and administrative services for the day-to-day operations of the consolidated group, including property acquisition and lease origination, real estate portfolio management and marketing, accounting and treasury services. The remaining subsidiaries were formed to acquire and hold real estate investments or to facilitate non-recourse secured borrowing activities. Generally, the initial operations of the real estate subsidiaries are funded by an interest-bearing intercompany loan from STORE Capital, and such intercompany loan is repaid when the subsidiary issues long-term debt secured by its properties. All intercompany account balances and transactions have been eliminated in consolidation.

Certain of the Company’s wholly owned consolidated subsidiaries were formed as special purpose entities. Each special purpose entity is a separate legal entity and is the sole owner of its assets and liabilities. The assets of the special purpose entities are not available to pay or otherwise satisfy obligations to the creditors of any owner or affiliate of the special purpose entity. At March 31, 2019 and December 31, 2018, these special purpose entities held assets totaling $6.4 billion and $6.1 billion, respectively, and had third-party liabilities totaling $2.1 billion. These assets and liabilities are included in the accompanying condensed 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, the disclosure of contingent assets and liabilities 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 Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 280, *Segment Reporting*, established standards for the manner in which enterprises report information about operating segments. The Company views its operations as one reportable segment.

Investment Portfolio

STORE Capital invests in real estate assets through three primary transaction types as summarized below. Effective January 1, 2019, the Company adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*(ASC Topic 842) which had an impact on certain accounting related to the Company's investment portfolio.

- Real Estate Investments – investments are generally made through sale-leaseback transactions in which the Company acquires the real estate from the owner-operators and then leases the real estate back to them through long-term leases which are generally classified as operating leases; the operators become the Company's long-term tenants (its customers). Certain of the lease contracts that are associated with a sale-leaseback transaction may contain terms, such as a tenant purchase option, which will result in the transaction being accounted for as a financing arrangement due to the adoption of ASC Topic 842 rather than as an investment in real estate subject to an operating lease.

- Mortgage Loans Receivable – investments are made by issuing mortgage loans to the owner-operators of the real estate that serve as the collateral for the loans and the operators become long-term borrowers and customers of the Company. On occasion, the Company may also make other types of loans to its customers, such as equipment loans.

- Hybrid Real Estate Investments – investments are made through modified sale-leaseback transactions, where the Company acquires land from the owner-operators, leases the land back through long-term leases and simultaneously issue mortgage loans to the operators secured by the buildings and improvements on the land. Prior to 2019, these hybrid real estate investment transactions were generally accounted for as direct financing leases. Subsequent to the adoption of ASC Topic 842, new or modified hybrid real estate transactions are expected to be accounted for as operating leases of the land and mortgage loans on the buildings and improvements.

Accounting for Real Estate Investments

Classification and Cost

STORE Capital records the acquisition of real estate properties at cost, including acquisition and closing costs. The Company allocates the cost of real estate properties to the tangible and intangible assets and liabilities acquired based on their estimated relative fair values. Intangible assets and liabilities acquired may include the value of existing in-place leases, above-market or below-market lease value of in-place leases and ground lease-related intangibles, as applicable. Management uses multiple sources to estimate fair value, including independent appraisals and information obtained about each property as a result of its pre-acquisition due diligence and its marketing and leasing activities. Certain of the Company's lease contracts allow its tenants the option, at their election, to purchase the leased property from the Company at a specified time or times (generally at the greater of the then-fair market value or the Company's cost). Subsequent to the adoption of ASC Topic 842, for real estate assets acquired through a sale-leaseback transaction subject to a lease contract which contains a purchase option, the Company will account for such acquisition as a

financing arrangement and record the investment in loans and financing receivables on the condensed consolidated balance sheet.

In-place lease intangibles are valued based on management's estimates of lost rent and carrying costs during the time it would take to locate a tenant if the property were vacant, considering current market conditions and costs to execute similar leases. In estimating lost rent and carrying costs, management considers market rents, real estate taxes, insurance, costs to execute similar leases including leasing commissions and other related costs. The value assigned to in-place leases is amortized on a straight-line basis as a component of depreciation and amortization expense typically over the remaining term of the related leases.

The fair value of any above-market and below-market leases is estimated based on the present value of the difference between the contractual amounts to be paid pursuant to the in-place lease and management's estimate of current market lease rates for the property, measured over a period equal to the remaining term of the lease. Capitalized above-market lease intangibles are amortized over the remaining term of the respective leases as a decrease to rental revenue. Below-market lease intangibles are amortized as an increase in rental revenue over the remaining term of the respective leases plus the fixed-rate renewal periods on those leases, if any. Should a lease terminate early, the unamortized portion of any related lease intangible is immediately recognized in operations.

The Company's real estate portfolio is depreciated using the straight-line method over the estimated remaining useful life of the properties, which generally ranges from 30 to 40 years for buildings and is generally 15 years for land improvements. Properties classified as held for sale are recorded at the lower of their carrying value or their fair value, less anticipated closing costs. Any properties classified as held for sale are not depreciated.

Revenue Recognition

STORE Capital leases real estate to its tenants under long-term net leases that are predominantly classified as operating leases. The Company's leases generally provide for rent escalations throughout the lease terms. For leases that provide for specific contractual escalations, rental revenue is recognized on a straight-line basis so as to produce a constant periodic rent over the term of the lease. Accordingly, straight-line operating lease receivables, calculated as the aggregate difference between the rental revenue recognized on a straight-line basis and scheduled rents, represent unbilled rent receivables that the Company will receive only if the tenants make all rent payments required through the expiration of the leases; these receivables are included in other assets, net on the condensed consolidated balance sheets. Prior to 2019, the Company provided for an estimated reserve for uncollectible straight-line operating lease receivables based on management's assessment of the risks inherent in those lease contracts, giving consideration to industry default rates for long-term receivables. At December 31, 2018, there was $25.7 million of straight-line operating lease receivables, net of an allowance of $4.3 million. Subsequent to the adoption of ASC Topic 842 in 2019, the Company reviews its straight-line rental revenue for collectibility on a contract by contract basis and any amounts not considered substantially collectible are written off against rental revenues. The Company had $27.0 million of straight-line operating lease receivables at March 31, 2019. Leases that have contingent rent escalators indexed to future increases in the Consumer Price Index (CPI) may adjust over a one-year period or over multiple-year periods. Generally, these escalators increase rent at the lesser of (a) 1 to 1.25 times the increase in the CPI over a specified period or (b) a fixed percentage. Because of the volatility and uncertainty with respect to future changes in the CPI, the Company's inability to determine the extent to which any specific future change in the CPI is probable at each rent adjustment date during the entire term of these leases and the Company's view that the multiplier does not represent a significant leverage factor, increases in rental revenue from leases with this type of escalator are recognized only after the changes in the rental rates have actually occurred.

For leases that have contingent rentals that are based on a percentage of the tenant's gross sales, the Company recognizes contingent rental revenue when the threshold upon which the contingent lease payment is based is actually reached. Approximately 2.2% of the Company's investment portfolio is subject to leases that provide for contingent rent based on a percentage of the tenant's gross sales; historically, contingent rent recognized has generally been less than 0.1% of rental revenues.

The Company reviews its operating lease receivables for collectibility 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 where the property is located. In the event that the collectibility of a receivable with respect to any tenant is not probable, a direct write-off of the receivable is made and any future rental revenue is recognized only when the tenant makes a rental payment.

Direct costs incremental to successful lease origination, offset by any lease origination fees received, are deferred and amortized over the related lease term as an adjustment to rental revenue. The Company periodically commits to fund the construction of new properties for its customers; rental revenue collected during the construction period is deferred and amortized over the remaining lease term when the construction project is complete. Substantially all of the Company's leases are triple net, which means that the lessees are directly responsible for the payment of all property operating expenses, including property taxes, maintenance and insurance. For a few lease contracts, the Company collects property taxes from its customers and remits those taxes to governmental authorities. Subsequent to the adoption of ASC Topic 842, these property tax payments are presented on a gross basis as part of both rental revenues and property costs in the condensed consolidated statements of income.

Impairment

STORE Capital reviews its real estate investments and related lease intangibles periodically for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through operations. Management considers factors such as expected future undiscounted cash flows, estimated residual value, market trends (such as the effects of leasing demand and competition) and other factors, including bona fide purchase offers received from third parties in making this assessment. These factors are classified as Level 3 inputs within the fair value hierarchy, discussed in *Fair Value Measurements* below. An asset is considered impaired if the carrying value of the asset exceeds its estimated undiscounted cash flows and the impairment is calculated as the amount by which the carrying value of the asset exceeds its estimated fair value. Estimating future cash flows is highly subjective and such estimates could differ materially from actual results.

During the three months ended March 31, 2019, the Company recognized an aggregate provision for the impairment of real estate of $2.6 million. No impairment of real estate was recognized during the three months ended March 31, 2018. The estimated fair value of impaired real estate assets at March 31, 2019 was $10.0 million.

Accounting for Loans Receivable

Classification and Cost

STORE Capital holds its loans receivable, which are primarily mortgage loans secured by real estate, for long-term investment. Loans receivable are carried at amortized cost, including related unamortized discounts or premiums, if any.

Revenue Recognition

The Company recognizes interest income on loans receivable using the effective-interest method applied on a loan-by-loan basis. Direct costs associated with originating loans are offset against any related fees received and the balance, along with any premium or discount, is deferred and amortized as an adjustment to interest income over the term of the related loan receivable using the effective-interest method. A loan receivable is placed on nonaccrual status when the loan has become more than 60 days past due, or earlier if management determines that full recovery of the contractually specified payments of principal and interest is doubtful. While on nonaccrual status, interest income is recognized only when received. As of March 31, 2019 and December 31, 2018, the Company had loans receivable with an aggregate outstanding principal balance of $21.1 million and $8.5 million, respectively, on nonaccrual status.

Impairment and Provision for Loan Losses

The Company periodically evaluates the collectibility of its loans receivable, including accrued interest, by analyzing the underlying property-level economics and trends, collateral value and quality and other relevant factors in determining the adequacy of its allowance for loan losses. A loan is determined to be impaired when, in management's

judgment based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Specific allowances for loan losses are provided for impaired loans on an individual loan basis in the amount by which the carrying value exceeds the estimated fair value of the underlying collateral less disposition costs. At both March 31, 2019 and December 31, 2018, there was $2.5 million of allowance for loan losses.

Accounting for Direct Financing Receivables

Direct financing receivables include hybrid real estate investment transactions completed prior to 2019. The Company recorded the direct financing receivables at their net investment, determined as the aggregate minimum lease payments and the estimated residual value of the leased property less unearned income. The unearned income is recognized over the life of the related contracts so as to produce a constant rate of return on the net investment in the asset. Subsequent to the adoption of ASC Topic 842, existing direct financing receivables will continue to be accounted for in the same manner, unless the underlying contracts are modified.

Accounting for Operating Ground Lease Assets

As part of certain real estate investment transactions, the Company may enter into long-term operating ground leases as a lessee. As a result of the adoption of ASC Topic 842, the Company is required to recognize an operating ground lease (or right-of-use) asset and related operating lease liability for each of these operating ground leases. Operating ground lease assets and operating lease liabilities are recognized based on the present value of the lease payments. The Company uses its estimated incremental borrowing rate, which is the estimated rate at which the Company could borrow on a collateralized basis with similar payments over a similar term, in determining the present value of the lease payments.

Many of these operating lease contracts include options for the Company to extend the lease; the option periods are included in the minimum lease term only if it is reasonably likely the Company will exercise the option(s). Rental expense for the operating ground lease contracts is recognized in property costs on a straight-line basis over the lease term. Some of the contracts have contingent rent escalators indexed to future increases in the CPI and a few contracts have contingent rentals that are based on a percentage of the gross sales of the property; these payments are recognized in expense as incurred. The payment obligations under these contracts are typically the responsibility of the tenants operating on the properties, in accordance with the Company’s leases with the respective tenants. As a result, the Company also recognizes sublease rental revenue on a straight-line basis over the term of the Company’s sublease with the tenant; the sublease income is included in rental revenues.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investment securities with maturities at acquisition of three months or less. The Company invests cash primarily in money-market funds of a major financial institution, consisting predominantly of U.S. Government obligations.

Restricted Cash

Restricted cash primarily consists of reserve account deposits held by lenders, including deposits required to be used for future investment in real estate assets, and escrow deposits. The Company had $14.6 million and $15.5 million of restricted cash and deposits in escrow at March 31, 2019 and December 31, 2018, respectively, which were included in other assets, net, on the condensed consolidated balance sheets.

Deferred Costs

Financing costs related to the issuance of the Company’s long-term debt are deferred and amortized as an increase to interest expense over the term of the related debt instrument using the effective-interest method and are reported as a reduction of the related debt balance on the condensed consolidated balance sheets. Deferred financing costs related to the establishment of the Company's credit facility are deferred and amortized to interest expense over the term of the credit facility and are included in other assets, net, on the condensed consolidated balance sheets.

Derivative Instruments and Hedging Activities

The Company may enter into derivative contracts as part of its overall financing strategy to manage the Company's exposure to changes in interest rates associated with current and/or future debt issuances. The Company does not use derivatives for trading or speculative purposes. The use of derivative financial instruments carries certain risks, including the risk that the counterparties to these contractual arrangements are not able to perform under the agreements. To mitigate this risk, the Company enters into derivative financial instruments only with counterparties with high credit ratings and with major financial institutions with which the Company may also have other financial relationships. The Company does not anticipate that any of the counterparties will fail to meet their obligations.

The Company records its derivatives on the balance sheet at fair value. All derivatives subject to a master netting arrangement in accordance with the associated master International Swap and Derivatives Association agreement have been presented on a net basis by counterparty portfolio for purposes of balance sheet presentation and related disclosures. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the earnings effect of the hedged forecasted transactions in a cash flow hedge. The changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (loss). Amounts reported in accumulated other comprehensive income (loss) related to cash flow hedges are reclassified to operations as an adjustment to interest expense as interest payments are made on the hedged debt transaction.

As of March 31, 2019, the Company had one interest rate floor and two interest rate swap agreements in place. The two interest rate swaps and related interest rate floor transaction have an aggregate notional amount of $100 million and were designated as a cash flow hedge of the Company's $100 million variable-rate bank term loan due in 2021 (Note 4). In December 2018, the Company entered into two treasury lock agreements which were designated as cash flow hedges associated with the expected public offering of the senior unsecured notes issued by the Company at the end of February 2019 (Note 4). The agreements were settled in accordance with their terms in February 2019 and the Company made an aggregate payment of $6.7 million to the counterparties which was recognized as a deferred loss in accumulated other comprehensive loss.

Fair Value Measurement

The Company estimates the fair value of financial and non-financial assets and liabilities based on the framework established in fair value accounting guidance. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The hierarchy described below prioritizes inputs to the valuation techniques used in measuring the fair value of assets and liabilities. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs to be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1—Quoted market prices in active markets for identical assets and liabilities that the Company has the ability to access.
- Level 2—Significant inputs that are observable, either directly or indirectly. These types of inputs would include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets in inactive markets and market-corroborated inputs.
- Level 3—Inputs that are unobservable and significant to the overall fair value measurement of the assets or liabilities. These types of inputs include the Company's own assumptions.

Share-based Compensation

Directors and key employees of the Company have been granted long-term incentive awards, including restricted stock awards (RSAs) and restricted stock unit awards (RSUs), which provide such directors and employees with equity interests as an incentive to remain in the Company's service and to align their interests with those of the Company's stockholders.

The Company estimates the fair value of RSAs based on the closing price per share of the common stock on the date of grant and recognizes that amount in general and administrative expense ratably over the vesting period at the greater of the amount amortized on a straight-line basis or the amount vested. During the three months ended March 31, 2019, the Company granted RSAs representing 103,633 shares of restricted common stock to its directors and key employees. During the same period, RSAs representing 131,634 shares of restricted stock vested and RSAs representing 7,038 shares were forfeited. In connection with the vesting of the RSAs, the Company repurchased 41,915 shares as a result of participant elections to surrender common shares to the Company to satisfy statutory tax withholding obligations under the Company's equity-based compensation plans. As of March 31, 2019, the Company had 295,962 shares of restricted common stock outstanding.

The Company's RSUs granted in 2015 through 2017 contain both a market condition and a service condition and RSUs granted in 2018 and 2019 contain both a market condition and a performance condition as well as a service condition. The Company values the RSUs with a market condition using a Monte Carlo simulation model and values the RSUs with a performance condition based on the fair value of the awards expected to be earned and recognizes those amounts in general and administrative expense on a tranche by tranche basis ratably over the vesting periods. During the three months ended March 31, 2019, the Company awarded 525,824 RSUs to its executive officers and 87,638 RSUs were forfeited. In connection with the vesting of 289,556 RSUs on December 31, 2018, the Company repurchased 104,052 shares during the three months ended March 31, 2019 as a result of participant elections to surrender common shares to the Company to satisfy statutory tax withholding obligations under the Company's equity-based compensation plan. As of March 31, 2019, there were 1,454,047 RSUs outstanding.

Income Taxes

As a REIT, the Company generally will not be subject to federal income tax. It is still subject, however, to state and local income taxes and to federal income and excise tax on its undistributed income. STORE Investment Corporation is the Company's wholly owned taxable REIT subsidiary (TRS) created to engage in non-qualifying REIT activities. The TRS is subject to federal, state and local income taxes.

Management of the Company determines whether any tax positions taken or expected to be taken meet the "more-likely-than-not" threshold of being sustained by the applicable federal, state or local tax authority. Certain state tax returns filed for 2014 and tax returns filed for 2015 through 2018 are subject to examination by these jurisdictions. As of March 31, 2019 and December 31, 2018, management concluded that there is no tax liability relating to uncertain income tax positions. The Company's policy is to recognize interest related to any underpayment of income taxes as interest expense and to recognize any penalties as general and administrative expenses. There was no accrual for interest or penalties at March 31, 2019 or December 31, 2018.

Net Income Per Common Share

Net income per common share has been computed pursuant to the guidance in the FASB ASC Topic 260, *Earnings Per Share*. The guidance requires the classification of the Company's unvested restricted common shares, which contain rights to receive non-forfeitable dividends, as participating securities requiring the two-class method of computing net income per common share. The following table is a reconciliation of the numerator and denominator used in the computation of basic and diluted net income per common share (dollars in thousands):

	Three Months Ended March 31,	
	2019	**2018**
Numerator:		
Net income	$ 45,556	$ 49,960
Less: earnings attributable to unvested restricted shares	(83)	(76)
Net income used in basic and diluted income per share	$ 45,473	$ 49,884
Denominator:		
Weighted average common shares outstanding	222,498,630	195,059,642
Less: Weighted average number of shares of unvested restricted stock	(313,876)	(372,852)
Weighted average shares outstanding used in basic income per share	222,184,754	194,686,790
Effects of dilutive securities:		
Add: Treasury stock method impact of potentially dilutive securities (a)	452,547	189,958
Weighted average shares outstanding used in diluted income per share	222,637,301	194,876,748

(a) For the three months ended March 31, 2019 and 2018, excludes 125,317 shares and 105,061 shares, respectively, related to unvested restricted shares as the effect would have been antidilutive.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or the SEC. The Company adopts the new pronouncements as of the specified effective date. When permitted, the Company may elect to early adopt the new pronouncements. Unless otherwise discussed, these new accounting pronouncements include technical corrections to existing guidance or introduce new guidance related to specialized industries or entities and, therefore, will have minimal, if any, impact on the Company's financial position, results of operations or cash flows upon adoption.

In February 2016, the FASB issued ASC Topic 842 to amend the accounting for leases. The new standard requires lessees and lessors to classify leases as either finance or operating leases and for lessees to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. The standard also eliminates current real estate-specific provisions and changes the guidance on sale-leaseback transactions, initial direct costs, lease modifications, recognition of a lease-related receivables allowance and lease executory costs for all entities.

The Company adopted ASC Topic 842 on January 1, 2019, using the modified retrospective approach in accordance with the provisions of ASU 2018-11, *Leases (Topic 842), Targeted Improvements*. As such, the Company's financial statements only reflect the impact of ASC Topic 842 for the current reporting period. There was no impact to beginning retained earnings at the time of adoption and, therefore, no cumulative-effect adjustment was recorded. Upon adoption the Company elected to use certain practical expedients including:

- a package of practical expedients allowing the Company to not reassess the classification of existing lease contracts, whether existing or expired contracts contain a lease or whether a portion of initial direct costs for existing leases should have been expensed.
- a practical expedient allowing the Company to not evaluate land easements that existed prior to or at the time of adoption, as leases in accordance with Topic 842.

The new standard requires that lessors expense, on an as-incurred basis, certain initial direct costs that are not incremental in obtaining a lease. Although there have been changes in the manner in which initial direct costs are recorded, the amount recorded has remained materially consistent. While primarily a lessor, the Company is also a lessee under several operating ground lease contracts and under its corporate office lease. Upon adoption of ASC Topic

842, the Company recorded a right-of-use asset and a lease liability of approximately $24.9 million and $25.5 million, respectively, in relation to these leases. For most of the operating ground leases, the sublessees, or the Company's tenants, are responsible for making payment directly to the ground lessors. Prior to the new standard, these amounts were presented on a net basis; however, such amounts are now presented on a gross basis in the consolidated statements of income as both rental revenue and property costs. ASC Topic 842 also requires the Company to assess the probability of collecting substantially all of its rental revenue and make direct adjustments to rental revenue for operating lease receivables that are not believed to be collectible. As such, the Company will no longer recognize an allowance for doubtful accounts. The new standard had no impact on the Company's cash flows.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which changes how entities measure credit losses for most financial assets. This guidance requires an entity to estimate its lifetime "expected credit loss" and record an allowance that, when deducted from the amortized cost basis of the financial asset, presents the net amount expected to be collected on the financial asset. In November 2018, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*, which clarified that receivables arising from operating leases are within the scope of the leasing standard (Topic 842) discussed above. This new standard will be effective for the Company on January 1, 2020, with early adoption permitted beginning on January 1, 2019. The Company has loans and direct financing receivables that will be subject to the new guidance and continues to evaluate the impact this new standard will have on its consolidated financial statements.

3. Investments

At March 31, 2019, STORE Capital had investments in 2,334 property locations representing 2,281 owned properties (of which two are accounted for as financing arrangements and 57 are accounted for as direct financing receivables), 20 properties where all the related land is subject to an operating ground lease and 33 properties which secure mortgage loans. The gross investment portfolio totaled $8.0 billion at March 31, 2019 and consisted of the gross acquisition cost of the real estate investments totaling $7.62 billion, loans and financing receivables with an aggregate carrying amount of $357.0 million and operating ground lease assets totaling $22.1 million. As of March 31, 2019, approximately 39% of these investments are assets of consolidated special purpose entity subsidiaries and are pledged as collateral under the non-recourse obligations of these special purpose entities (Note 4).

The gross dollar amount of the Company's investments includes the investment in land, buildings, improvements and lease intangibles related to real estate investments as well as the carrying amount of the loans and financing receivables and operating ground lease assets. During the three months ended March 31, 2019, the Company had the following gross real estate and other investment activity (dollars in thousands):

	Number of Investment Locations	Dollar Amount of Investments
Gross investments, December 31, 2018	2,255	$ 7,605,070
Acquisition of and additions to real estate (a)	83	385,527
Investment in loans and financing receivables	2	16,910
Sales of real estate	(4)	(12,244)
Principal collections on loans and financing receivables (b)	(2)	(9,632)
Operating ground lease assets, net (c)	—	22,111
Provisions for impairment		(2,610)
Other		(3,246)
Gross investments, March 31, 2019 (d)		8,001,886
Less accumulated depreciation and amortization (d)		(634,119)
Net investments, March 31, 2019	2,334	$ 7,367,767

(a) Excludes $28.3 million of tenant improvement advances disbursed in 2019 which were accrued as of December 31, 2018 and includes $0.4 million of interest capitalized to properties under construction.

(b) Includes $9.2 million of non-cash principal collections related to two loans receivable transactions in which the Company acquired two underlying mortgaged properties and leased them back to the borrowers.

(c) Includes $20.0 million of operating ground lease (or right-of-use) assets recognized upon initial adoption of ASC Topic 842 and $2.1 million of activity (new operating ground lease assets recognized net of asset amortization) during the three months ended March 31, 2019.

(d) Includes the dollar amount of investments ($17.4 million) and the accumulated depreciation ($2.1 million) related to real estate investments held for sale at March 31, 2019.

The following table summarizes the revenues the Company recognized from its investment portfolio (in thousands):

	Three Months Ended March 31,	
	2019	2018
Rental revenues:		
Operating leases (a)	$ 149,507	$ 120,416
Sublease income - operating ground leases (b)	508	—
Amortization of lease related intangibles and costs	(524)	(516)
Total rental revenues	$ 149,491	$ 119,900
Interest income on loans and financing receivables:		
Mortgage and other loans receivable	$ 2,970	$ 2,849
Sale-leaseback transactions accounted for as financing arrangements	82	—
Direct financing receivables	3,579	2,672
Total interest income on loans and financing receivables	$ 6,631	$ 5,521

(a) For the three months ended March 31, 2019, includes $802,000 of property tax tenant reimbursement revenue and includes $36,000 and $62,000 of variable lease revenue for the three months ended March 31, 2019 and 2018, respectively.

(b) Represents total revenue recognized for the sublease of properties subject to operating ground leases to the related tenants; includes both payments made by the tenants to the ground lessors and straight-line revenue recognized for scheduled increases in the sublease rental payments.

In connection with the adoption of ASC Topic 842 in 2019, the Company elected to combine qualifying lease and nonlease components and will not allocate the consideration in its lease contracts to the lease and nonlease components and will instead account for them as a single component if the timing and pattern of transfer for the separate components are the same and, if accounted for separately, the lease component would classify as an operating lease.

Significant Credit and Revenue Concentration

STORE Capital's real estate investments are leased or financed to more than 400 customers geographically dispersed throughout all 50 states. Only one state, Texas (11%), accounted for 10% or more of the total dollar amount of STORE Capital's investment portfolio at March 31, 2019. None of the Company's customers represented more than 10% of the Company's real estate investment portfolio at March 31, 2019, with the largest customer representing 2.8% of the total investment portfolio. On an annualized basis, the largest customer represented 2.7% of the Company's total annualized investment portfolio revenues as of March 31, 2019. The Company's customers operate their businesses across approximately 640 concepts and the largest of these concepts represented 2.4% of the Company's total annualized investment portfolio revenues as of March 31, 2019.

The following table shows information regarding the diversification of the Company's total investment portfolio among the different industries in which its tenants and borrowers operate as of March 31, 2019 (dollars in thousands):

	Number of Investment Locations	Dollar Amount of Investments	Percentage of Total Dollar Amount of Investments
Restaurants	805	$ 1,288,687	16 %
Furniture stores	60	459,312	6
Early childhood education centers	197	444,404	6
Health clubs	78	412,818	5
Movie theaters	40	373,019	5
Farm and ranch supply stores	44	365,105	4
Automotive repair and maintenance	141	321,955	4
All manufacturing industries	222	1,345,121	17
All other service industries	634	2,272,779	28
All other retail industries	113	718,686	9
	2,334	$ 8,001,886	100 %

Real Estate Investments

The weighted average remaining noncancelable lease term of the Company's operating leases with its tenants at March 31, 2019 was approximately 14 years. Substantially all of the leases are triple net, which means that the lessees are responsible for the payment of all property operating expenses, including property taxes, maintenance and insurance; therefore, the Company is generally not responsible for repairs or other capital expenditures related to the properties while the triple-net leases are in effect. At March 31, 2019, eight of the Company's properties were vacant and not subject to a lease.

Scheduled future minimum rentals to be received under the remaining noncancelable term of the operating leases in place as of March 31, 2019, were as follows (in thousands):

Remainder of 2019	$ 461,813
2020	613,279
2021	612,338
2022	612,709
2023	609,785
2024	605,701
Thereafter	5,283,635
Total future minimum rentals	$ 8,799,260

Substantially all the Company's leases include one or more renewal options (generally two to four five-year options). Since 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 lease payments do not include any contingent rentals such as lease escalations based on future changes in CPI.

Intangible Lease Assets

The following details intangible lease assets and related accumulated amortization (in thousands):

	March 31, 2019	December 31, 2018
In-place leases	$ 53,758	$ 54,293
Ground lease-related intangibles	19,449	21,363
Above-market leases	9,492	9,492
Total intangible lease assets	82,699	85,148
Accumulated amortization	(30,610)	(29,223)
Net intangible lease assets	$ 52,089	$ 55,925

Aggregate lease intangible amortization included in expense was $1.7 million and $1.4 million during the three months ended March 31, 2019 and 2018, respectively. The amount amortized as a decrease to rental revenue for capitalized above-market lease intangibles was $0.3 million during both the three months ended March 31, 2019 and 2018.

Based on the balance of the intangible assets at March 31, 2019, the aggregate amortization expense is expected to be $3.9 million for the remainder of 2019, $4.7 million in 2020, $4.5 million in 2021, $4.3 million in 2022, $3.8 million in 2023 and $3.1 million in 2024; the amount expected to be amortized as a decrease to rental revenue is expected to be $0.8 million for the remainder of 2019, $1.1 million in 2020, $0.6 million in 2021 and $0.4 million in each of the years 2022 through 2024. The weighted average remaining amortization period is approximately nine years for the in-place lease intangibles, approximately 45 years for the amortizing ground lease-related intangibles and approximately six years for the above-market lease intangibles.

Loans and Financing Receivables

At March 31, 2019, the Company held 39 loans receivable with an aggregate carrying amount of $174.3 million. Twenty-two of the loans are mortgage loans secured by land and/or buildings and improvements on the mortgaged property. Nine of the mortgage loans are shorter-term loans (maturing prior to 2023) that generally require monthly interest-only payments for an established period and then monthly principal and interest payments with a balloon payment at maturity. The remaining mortgage loans receivable generally require the borrowers to make monthly principal and interest payments based on a 40-year amortization period with balloon payments, if any, at maturity or earlier upon the occurrence of certain other events. The interest rates on 11 of the mortgage loans are subject to increases over the term of the loans. The other loans are primarily loans secured by a tenant's equipment or other assets and generally require the borrower to make monthly interest-only payments with a balloon payment at maturity.

The Company's loans and financing receivables are summarized below (dollars in thousands):

Type	Interest Rate (a)	Maturity Date	March 31, 2019	December 31, 2018
Nine mortgage loans receivable	8.35 %	2019 - 2022	$ 41,037	$ 49,934
Four mortgage loans receivable	8.49 %	2032 - 2038	17,643	17,666
Nine mortgage loans receivable (b)	8.62 %	2051 - 2059	103,354	88,019
Total mortgage loans receivable			162,034	155,619
Seventeen equipment and other loans receivable	8.79 %	2019 - 2025	13,561	12,013
Total principal amount outstanding—loans receivable			175,595	167,632
Unamortized loan origination costs			1,219	1,249
Allowance for loan losses			(2,538)	(2,538)
Sale-leaseback transactions accounted for as financing arrangements (c)	8.24%	2034	11,915	—
Direct financing receivables			170,808	184,859
Total loans and financing receivables			$ 356,999	$ 351,202

(a) Represents the weighted average interest rate as of the balance sheet date.
(b) Four of these mortgage loans allow for prepayment in whole, but not in part, with penalties ranging from 20% to 70% depending on the timing of the prepayment.
(c) In accordance with ASC Topic 842, represents transactions accounted for as financing arrangements rather than as an investment in real estate subject to an operating lease. Interest rate shown is the initial rental or capitalization rate on the lease; the lease matures in 2034 and the purchase option expires in 2029.

The long-term mortgage loans receivable generally allow for prepayments in whole, but not in part, without penalty or with penalties ranging from 1% to 20%, depending on the timing of the prepayment, except as noted in the table above. All other loans receivable allow for prepayments in whole or in part without penalty. Absent prepayments, scheduled maturities are expected to be as follows (in thousands):

	Scheduled Principal Payments	Balloon Payments	Total Payments
Remainder of 2019	$ 3,016	$ 21,588	$ 24,604
2020	1,943	10,701	12,644
2021	1,179	7,864	9,043
2022	955	8,474	9,429
2023	865	1,203	2,068
2024	904	—	904
Thereafter	104,854	12,049	116,903
Total principal payments	$ 113,716	$ 61,879	$ 175,595

As of March 31, 2019 and December 31, 2018, the Company had $170.8 million and $184.9 million, respectively, of investments accounted for as direct financing leases under previous accounting guidance; the components of these investments were as follows (in thousands):

	March 31, 2019	December 31, 2018
Minimum lease payments receivable	$ 391,005	$ 424,305
Estimated residual value of leased assets	22,610	24,053
Unearned income	(242,807)	(263,499)
Net investment	$ 170,808	$ 184,859

As of March 31, 2019, the future minimum lease payments to be received under the direct financing lease receivables are expected to be $12.4 million for the remainder of 2019 and average approximately $16.8 million for each of the next five years.

Operating Ground Lease Assets

As of March 31, 2019, STORE Capital had operating ground lease assets aggregating $22.1 million. Typically, the lease payment obligations for these leases are the responsibility of the tenants operating on the properties, in accordance with the Company's leases with those respective tenants. During the three months ended March 31, 2019 and 2018, the Company recognized $524,000 and $7,000, respectively, of total lease cost for these operating ground lease assets; for the three months ended March 31, 2019, the Company also recognized in rental revenues $508,000 of sublease revenue associated with its operating ground leases. The Company's ground leases have remaining terms ranging from one year to 93 years, some of which have one or more options to extend the lease for terms ranging from three years to ten years. The weighted average remaining non-cancelable lease term for the ground leases was 25 years at March 31, 2019. The weighted average discount rate used in calculating the operating lease liabilities was 6.1%.

The future minimum lease payments to be paid under the operating ground leases as of March 31, 2019 were as follows (in thousands):

	Ground Leases Paid by STORE Capital	Ground Leases Paid by STORE Capital's Tenants (a)	Total
Remainder of 2019	$ 22	$ 1,830	$ 1,852
2020	31	1,953	1,984
2021	31	1,792	1,823
2022	31	1,742	1,773
2023	31	5,493	5,524
2024	31	1,417	1,448
Thereafter	3,075	31,336	34,411
Total lease payments	3,252	45,563	48,815
Less imputed interest	(2,646)	(23,909)	(26,555)
Total operating lease liabilities - ground leases	$ 606	$ 21,654	$ 22,260

(a) STORE Capital's tenants, who are generally sub-tenants under the ground leases, are responsible for paying the rent under these ground leases. In the event the tenant fails to make the required ground lease payments, the Company would be primarily responsible for the payment, assuming the Company does not re-tenant the property or sell the leasehold interest. Of the total $45.6 million commitment, $16.5 million is due for periods beyond the current term of the Company's leases with the tenants. Amounts exclude contingent rent due under three leases where the ground lease payment, or a portion thereof, is based on the level of the tenant's sales.

4. Debt

Credit Facility

The Company has an unsecured revolving credit facility with a group of lenders that is used to partially fund real estate acquisitions pending the issuance of long-term, fixed-rate debt. The credit facility has immediate availability of $600 million and an accordion feature of $800 million, which allows the size of the facility to be increased up to $1.4 billion. The facility matures in February 2022 and includes two six-month extension options, subject to certain conditions and the payment of a 0.075% extension fee. At March 31, 2019, the Company had no borrowings outstanding on the facility.

Borrowings under the facility require monthly payments of interest at a rate selected by the Company of either (1) LIBOR plus a credit spread ranging from 0.825% to 1.55%, or (2) the Base Rate, as defined in the credit agreement, plus a credit spread ranging from 0.00% to 0.55%. The credit spread used is based on the Company's credit rating as defined in the credit agreement. The Company is required to pay a facility fee on the total commitment amount ranging

from 0.125% to 0.30%. Currently, the applicable credit spread for LIBOR-based borrowings is 1.00% and the facility fee is 0.20%.

Under the terms of the facility, the Company is subject to various restrictive financial and nonfinancial covenants which, among other things, require the Company to maintain certain leverage ratios, cash flow and debt service coverage ratios, secured borrowing ratios and a minimum level of tangible net worth. Certain of these ratios are based on the Company's pool of unencumbered assets, which aggregated approximately $4.9 billion at March 31, 2019.

The facility is recourse to the Company and, as of March 31, 2019, the Company was in compliance with the covenants under the facility.

At March 31, 2019 and December 31, 2018, unamortized financing costs related to the Company's credit facility totaled $2.9 million and $3.1 million, respectively, and are included in other assets, net, on the condensed consolidated balance sheets.

Unsecured Notes and Term Loans Payable, net

The Company has entered into Note Purchase Agreements (NPAs) with institutional purchasers that provided for the private placement of three series of senior unsecured notes aggregating $375 million (the Notes). Interest on the Notes is payable semi-annually in arrears in May and November of each year. On each interest payment date, the interest rate on each series of Notes may be increased by 1.0% should the Company's Applicable Credit Rating (as defined in the NPAs) fail to be an investment-grade credit rating; the increased interest rate would remain in effect until the next interest payment date on which the Company obtains an investment grade credit rating. The Company may prepay at any time all, or any part, of any series of Notes, in an amount not less than 5% of the aggregate principal amount of the series then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid plus a Make-Whole Amount (as defined in the NPAs). The Notes are senior unsecured obligations of the Company.

The NPAs contain a number of financial covenants that are similar to the Company's unsecured credit facility as summarized above. Subject to the terms of the NPAs and the Notes, upon certain events of default, including, but not limited to, (i) a payment default under the Notes, and (ii) a default in the payment of certain other indebtedness by the Company or its subsidiaries, all amounts outstanding under the Notes will become due and payable at the option of the purchasers. As of March 31, 2019, the Company was in compliance with its covenants under the NPAs.

In both March 2018 and February 2019, the Company completed public offerings of $350 million in aggregate principal amount of senior unsecured notes (Public Notes). The Public Notes have coupon rates of 4.50% and 4.625%, respectively, and interest is payable semi-annually in arrears in March and September of each year. The notes were issued at 99.515% and 99.260%, respectively, of their principal amounts.

The supplemental indentures governing the Public Notes contain various restrictive covenants, including limitations on the Company's ability to incur additional secured and unsecured indebtedness. As of March 31, 2019, the Company was in compliance with these covenants. The Public Notes can be redeemed, in whole or in part, at par within three months of their maturity date or at a redemption price equal to the sum of (i) the principal amount of the notes being redeemed plus accrued and unpaid interest and (ii) the make-whole premium, as defined in the supplemental indentures governing these notes.

In April 2016, the Company entered into a $100 million floating-rate, unsecured five-year term loan and, in March 2017, the Company entered into a second $100 million floating-rate, unsecured term loan. This second loan was originally a two-year loan; in March 2019, the Company amended the related credit agreement and extended the original loan for one year to March 2020, while retaining the three one-year extension options. The interest rate on these loans resets monthly at one-month LIBOR plus a credit rating-based credit spread ranging from 0.90% to 1.75%; the credit spread currently applicable to the Company is 1.10% for the 2016 loan and 1.00% for the amended 2017 loan. The Company has entered into interest rate swap agreements that effectively convert the variable interest rate on the 2016 term loan to a fixed rate. The term loans were arranged with lenders who also participate in the Company's unsecured revolving credit facility. The financial covenants of the term loans match the covenants of the unsecured credit facility. The term loans are senior unsecured obligations of the Company and may be prepaid at any time without penalty.

The Company's senior unsecured notes and term loans payable are summarized below (dollars in thousands):

	Maturity Date	Interest Rate	March 31, 2019	December 31, 2018
Notes Payable:				
Series A issued November 2015	Nov. 2022	4.95 %	$ 75,000	$ 75,000
Series B issued November 2015	Nov. 2024	5.24 %	100,000	100,000
Series C issued April 2016	Apr. 2026	4.73 %	200,000	200,000
Public Notes issued March 2018	Mar. 2028	4.50 %	350,000	350,000
Public Notes issued February 2019	Mar. 2029	4.625 %	350,000	—
Total notes payable			1,075,000	725,000
Term Loans:				
Term Loan issued March 2017	Mar. 2020	3.49 % (a)	100,000	100,000
Term Loan issued April 2016	Apr. 2021	2.44 % (b)	100,000	100,000
Total term loans			200,000	200,000
Unamortized discount			(4,088)	(1,563)
Unamortized deferred financing costs			(9,889)	(6,717)
Total unsecured notes and term loans payable, net			$ 1,261,023	$ 916,720

(a) Loan is a variable-rate loan which resets monthly at one-month LIBOR + the applicable credit spread which was 1.00% at March 31, 2019.

(b) Loan is a variable-rate loan which resets monthly at one-month LIBOR + the applicable credit spread which was 1.10% at March 31, 2019. The Company has entered into interest rate swap agreements that effectively convert the floating rate to the fixed rate noted above as of March 31, 2019.

Non-recourse Debt Obligations of Consolidated Special Purpose Entities, net

During 2012, the Company implemented the STORE Master Funding debt program pursuant to which certain of its consolidated special purpose entities issue multiple series of non-recourse net-lease mortgage notes from time to time that are collateralized by the assets and related leases (collateral) owned by these entities. One of the principal features of the program is that, as additional series of notes are issued, new collateral is contributed to the collateral pool, thereby increasing the size and diversity of the collateral pool for the benefit of all noteholders, including those who invested in prior series. Another feature of the program is the ability to substitute collateral from time to time subject to meeting certain prescribed conditions and criteria. The notes are generally segregated into Class A amortizing notes and Class B non-amortizing notes. The Company has retained each of the Class B notes which aggregate $147.0 million at March 31, 2019.

The Class A notes require monthly principal and interest payments with a balloon payment due at maturity and these notes may be prepaid at any time, subject to a yield maintenance prepayment premium if prepaid more than 24 or 36 months prior to maturity. As of March 31, 2019, the aggregate collateral pool securing the net-lease mortgage notes was comprised primarily of single-tenant commercial real estate properties with an aggregate investment amount of approximately $2.7 billion.

A number of additional consolidated special purpose entity subsidiaries of the Company have financed their real estate properties with traditional first mortgage debt. The notes generally require monthly principal and interest payments with balloon payments due at maturity. In general, these mortgage notes payable can be prepaid in whole or in part upon payment of a yield maintenance premium. The mortgage notes payable are collateralized by real estate properties owned by these consolidated special purpose entity subsidiaries with an aggregate investment amount of approximately $353.3 million at March 31, 2019.

The mortgage notes payable, which are obligations of the consolidated special purpose entities described in Note 2, contain various covenants customarily found in mortgage notes, including a limitation on the issuing entity's ability to incur additional indebtedness on the underlying real estate. Although this mortgage debt generally is non-recourse, there are customary limited exceptions to recourse for matters such as fraud, misrepresentation, gross

negligence or willful misconduct, misapplication of payments, bankruptcy and environmental liabilities. Certain of the mortgage notes payable also require the posting of cash reserves with the lender or trustee if specified coverage ratios are not maintained by the Company or one of its tenants. In March 2019, in connection with the pending disposition of a property that served as collateral for a note payable, the Company, through an indirect wholly owned subsidiary, entered into an agreement to defease the remaining outstanding principal balance of $6.7 million under the note payable. As a result of this agreement, the Company made a $7.4 million defeasance payment (including expenses), the collateral was released, and the Company was released from all obligations associated with the note payable. The Company recognized a $0.7 million loss associated with the defeasance, which is included in interest expense on the condensed consolidated statement of income.

The Company's non-recourse debt obligations of consolidated special purpose entity subsidiaries are summarized below (dollars in thousands):

	Maturity Date	Interest Rate	March 31, 2019	December 31, 2018
Non-recourse net-lease mortgage notes:				
$77,000 Series 2013-3, Class A-1	Nov. 2020	4.24 %	$ 70,230	$ 70,589
$120,000 Series 2014-1, Class A-1	Apr. 2021	4.21 %	117,100	117,250
$95,000 Series 2015-1, Class A-1	Apr. 2022	3.75 %	93,140	93,258
$102,000 Series 2013-1, Class A-2	Mar. 2023	4.65 %	91,334	91,841
$97,000 Series 2013-2, Class A-2	Jul. 2023	5.33 %	87,860	88,320
$100,000 Series 2013-3, Class A-2	Nov. 2023	5.21 %	91,208	91,675
$140,000 Series 2014-1, Class A-2	Apr. 2024	5.00 %	136,617	136,792
$150,000 Series 2018-1, Class A-1	Oct. 2024	3.96 %	148,709	149,484
$50,000 Series 2018-1, Class A-3	Oct. 2024	4.40 %	49,896	49,958
$270,000 Series 2015-1, Class A-2	Apr. 2025	4.17 %	264,712	265,050
$200,000 Series 2016-1, Class A-1 (2016)	Oct. 2026	3.96 %	191,241	192,187
$135,000 Series 2016-1, Class A-2 (2017)	Apr. 2027	4.32 %	130,358	130,984
$228,000 Series 2018-1, Class A-2	Oct. 2027	4.29 %	226,037	227,215
$164,000 Series 2018-1, Class A-4	Oct. 2027	4.74 %	163,658	163,863
Total non-recourse net-lease mortgage notes			1,862,100	1,868,466
Non-recourse mortgage notes payable:				
$7,750 note issued February 2013			—	6,723
$6,500 note issued December 2012	Dec. 2019	4.806 %	5,515	5,560
$16,100 note issued February 2014	Mar. 2021	4.83 %	14,283	14,388
$13,000 note issued May 2012	May 2022	5.195 %	10,992	11,081
$26,000 note issued August 2012	Sept. 2022	5.05 %	22,138	22,315
$6,400 note issued November 2012	Dec. 2022	4.707 %	5,452	5,496
$11,895 note issued March 2013	Apr. 2023	4.7315 %	10,247	10,328
$17,500 note issued August 2013	Sept. 2023	5.46 %	15,474	15,583
$10,075 note issued March 2014	Apr. 2024	5.10 %	9,319	9,365
$65,000 note issued June 2016	Jul. 2026	4.75 %	62,334	62,609
$41,690 note issued March 2019	Mar. 2029	4.80 %	41,690	—
$6,944 notes issued March 2013	Apr. 2038	4.50 % (a)	5,925	5,957
Total non-recourse mortgage notes payable			203,369	169,405
Unamortized discount			(436)	(455)
Unamortized deferred financing costs			(27,868)	(28,824)
Total non-recourse debt obligations of consolidated special purpose entities, net			$ 2,037,165	$ 2,008,592

(a) Interest rate is effective until March 2023 and will reset to the lender's then prevailing interest rate.

Credit Risk Related Contingent Features

The Company has agreements with derivative counterparties, which provide generally that the Company could be declared in default on its derivative obligations if the Company defaults on the underlying indebtedness following acceleration of the indebtedness by the lender. As of March 31, 2019, the Company had no interest rate swaps that were in a liability position.

Long-term Debt Maturity Schedule

As of March 31, 2019, the scheduled maturities, including balloon payments, on the Company's aggregate long-term debt obligations are expected to be as follows (in thousands):

	Scheduled Principal Payments	Balloon Payments	Total
Remainder of 2019	$ 22,338	$ 5,394	$ 27,732
2020	29,607	167,848	197,455
2021	26,282	229,366	255,648
2022	26,114	200,829	226,943
2023	21,799	265,357	287,156
2024	17,094	426,914	444,008
Thereafter	37,342	1,864,185	1,901,527
	$ 180,576	$ 3,159,893	$ 3,340,469

5. Stockholders' Equity

In November 2018, the Company established its third "at the market" equity distribution program, or ATM program, pursuant to which, from time to time, it may offer and sell registered shares of its common stock through a group of banks acting as its sales agents. Under this program, the Company can offer and sell up to a maximum amount of $750 million of common stock (the 2018-2 ATM Program).

The following tables outline the common stock issuances under the 2018-2 ATM Program (in millions except share and per share information):

	Three Months Ended March 31, 2019					
ATM Program	Shares Sold	Weighted Average Price per Share	Gross Proceeds	Sales Agents' Commissions	Other Offering Expenses	Net Proceeds
$750 million 2018-2 ATM Program	4,978,510	$ 32.31	$ 160.9	$ (2.4)	$ (0.2)	$ 158.3
Total	4,978,510	$ 32.31	$ 160.9	$ (2.4)	$ (0.2)	$ 158.3

	Inception of Program Through March 31, 2019					
ATM Program	Shares Sold	Weighted Average Price per Share	Gross Proceeds	Sales Agents' Commissions	Other Offering Expenses	Net Proceeds
$750 million 2018-2 ATM Program	13,211,252	$ 30.73	$ 406.0	$ (6.1)	$ (0.5)	$ 399.4
Total	13,211,252	$ 30.73	$ 406.0	$ (6.1)	$ (0.5)	$ 399.4

The Company declared dividends payable to common stockholders totaling $74.7 million and $61.4 million during the three months ended March 31, 2019 and 2018, respectively.

6. Commitments and Contingencies

The Company is subject to various legal proceedings and claims that arise in the ordinary course of its business. Management believes that the final outcome of such matters will not have a material adverse effect on the Company's financial position or results of operations.

In the normal course of business, the Company enters into various types of commitments to purchase real estate properties. These commitments are generally subject to the Company's customary due diligence process and, accordingly, a number of specific conditions must be met before the Company is obligated to purchase the properties. As of March 31, 2019, the Company had commitments to its customers to fund improvements to owned or mortgaged

real estate properties totaling approximately $106.8 million, of which $101.6 million is expected to be funded in the next twelve months. These additional investments will generally result in increases to the rental revenue or interest income due under the related contracts.

The Company has a lease agreement with an unrelated third party for its corporate office space that will expire in July 2027; the lease allows for one five-year renewal period at the option of the Company. During both the three months ended March 31, 2019 and 2018, total rent expense was $180,000 which is included in general and administrative expense on the condensed consolidated statements of income. At March 31, 2019, the Company's future minimum rental commitment under this noncancelable operating lease, excluding the renewal option period, was approximately $553,000 for the remainder of 2019, $748,000 in 2020, $762,000 in 2021, $776,000 in 2022, $790,000 in 2023, $804,000 in 2024 and $2.1 million thereafter. Upon adoption of ASC Topic 842, the Company recorded a right-of-use asset and lease liability related to this lease; at March 31, 2019, the balance of the right-of-use asset was $4.7 million, which is included in other assets, net on the condensed consolidated balance sheet, and the balance of the related lease liability was $5.3 million, using a discount rate of 5.3%.

The Company has employment agreements with each of its executive officers that provide for minimum annual base salaries, and annual cash and equity incentive compensation based on the satisfactory achievement of reasonable performance criteria and objectives to be adopted by the Company's Board of Directors each year. In the event an executive officer's employment terminates under certain circumstances, the Company would be liable for cash severance, continuation of healthcare benefits and, in some instances, accelerated vesting of equity awards that he or she has been awarded as part of the Company's incentive compensation program.

7. Fair Value of Financial Instruments

The Company's derivatives are required to be measured at fair value in the Company's consolidated financial statements on a recurring basis. Derivatives are measured under a market approach, using prices obtained from a nationally recognized pricing service and pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy. The fair value of the Company's derivative instruments was an asset of $1.8 million at March 31, 2019 and an asset of $253,000 and a liability of $4.3 million at December 31, 2018; derivative assets are included in other assets, net, and derivative liabilities are included in accrued expenses, deferred revenue and other liabilities on the condensed 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 value. The fair values of financial instruments are estimates based upon market conditions and perceived risks at March 31, 2019 and December 31, 2018. These estimates require management's judgment and may not be indicative of the future fair values of the assets and liabilities.

Financial assets and liabilities for which the carrying values approximate their fair values include cash and cash equivalents, restricted cash, accounts receivable, accounts payable and tenant deposits. Generally these assets and liabilities are short-term in duration and are recorded at fair value on the consolidated balance sheets. The Company believes the carrying value of the borrowings on its credit facility approximate fair value based on their nature, terms and variable interest rate. Additionally, the Company believes the carrying values of its fixed-rate loans receivable approximate fair values 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.

The estimated fair values of the Company's aggregate long-term debt obligations have been derived based on market observable inputs such as interest rates and 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 within the fair value hierarchy. At March 31, 2019, these debt obligations had a carrying value of $3,298.2 million and an estimated fair value of $3,441.2 million. At December 31, 2018, these debt obligations had an aggregate carrying value of $2,925.3 million and an estimated fair value of $2,988.8 million.

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

In this Quarterly Report on Form 10-Q, we refer to STORE Capital Corporation as "we," "us," "our" or "the Company" unless we specifically state otherwise or the context indicates otherwise.

Special Note Regarding Forward-Looking Statements

This quarterly report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Such forward-looking statements include, without limitation, statements concerning our business and growth strategies, investment, financing and leasing activities and trends in our business, including trends in the market for long-term, triple-net leases of freestanding, single-tenant properties. Words such as "expects," "anticipates," "intends," "plans," "likely," "will," "believes," "seeks," "estimates," and variations of such words and similar expressions are intended to identify such forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore such statements included in this quarterly report may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved. For a further discussion of these and other factors that could impact future results, performance or transactions, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission on February 22, 2019.

Forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this quarterly report, and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based, except to the extent otherwise required by law.

Overview

We were formed in 2011 to invest in and manage Single Tenant Operational Real Estate, or STORE Property, which is our target market and the inspiration for our name. A STORE Property is a property location at which a company operates its business and generates sales and profits, which makes the location a profit center and, therefore, fundamentally important to that business. Due to the long-term nature of our leases, we focus our acquisition activity on properties that operate in industries we believe have long-term relevance, the majority of which are service industries. Examples of single-tenant operational real estate in the service industry sector include restaurants, early childhood education centers, health clubs and movie theaters. By acquiring the real estate from the operators and then leasing the real estate back to them, the operators become our long-term tenants, and we refer to them as our customers. Through the execution of these sale-leaseback transactions, we fill a need for our customers by providing them a source of long-term capital that enables them to avoid the need to incur debt and/or employ equity in order to finance the real estate that is essential to their business.

We are a Maryland corporation organized as an internally managed real estate investment trust, or REIT. As a REIT, we will generally not be subject to federal income tax to the extent that we distribute all of our taxable income to our stockholders and meet other requirements.

On December 22, 2017, the Tax Cuts and Jobs Act ("TCJA") was signed into law. The TCJA made significant changes to the U.S. federal income tax laws applicable to individuals and corporations, including REITs and their shareholders, generally effective for tax years beginning after December 31, 2017. We believe our analysis and computations of the tax effects of the TCJA (including issued guidance) are properly reflected in our financial statements. Future technical corrections or other amendments to the TCJA or administrative guidance interpreting the TCJA may increase the uncertainty as to the long-term effect of the TCJA on us.

Our shares of common stock have been listed on the New York Stock Exchange since our initial public

offering, or IPO, in November 2014 and trade under the ticker symbol "STOR."

Since our inception in 2011, we have selectively originated over $8.7 billion of real estate investments. As of March 31, 2019, our investment portfolio totaled approximately $8.0 billion, consisting of investments in 2,334 property locations across all 50 states. All of the real estate we acquire is held by our wholly owned subsidiaries, many of which are special purpose bankruptcy remote entities formed to facilitate the financing of our real estate. We predominantly acquire our single-tenant properties directly from our customers in sale-leaseback transactions where our customers sell us their operating properties and then simultaneously enter into long-term triple-net leases with us to lease the properties back. Accordingly, our properties are fully occupied and under lease from the moment we acquire them.

We generate our cash from operations primarily through the monthly lease payments, or "base rent", we receive from our customers under their long-term leases with us. We also receive interest payments on loans receivable, which are a small part of our portfolio. We refer to the monthly scheduled lease and interest payments due from our customers as "base rent and interest". Most of our leases contain lease escalations every year or every several years that are based on the lesser of the increase in the Consumer Price Index or a stated percentage (if such contracts are expressed on an annual basis, currently averaging approximately 1.8%), which allows the monthly lease payments we receive to increase somewhat in an inflationary economic environment. As of March 31, 2019, approximately 98% of our leases (based on annualized base rent) were "triple-net" leases, which means that our customers are responsible for all of the operating costs such as maintenance, insurance and property taxes associated with the properties they lease from us, including any increases in those costs that may occur as a result of inflation. The remaining leases have some landlord responsibilities, generally related to maintenance and structural component replacement that may be required on such properties in the future, although we do not currently anticipate incurring significant capital expenditures or property costs under such leases. Because our properties are single-tenant properties, almost all of which are under long-term leases, it is not necessary for us to perform any significant ongoing leasing activities on our properties. As of March 31, 2019, the weighted average remaining term of our leases (calculated based on annualized base rent) was approximately 14 years, excluding renewal options, which are exercisable at the option of our tenants upon expiration of their base lease term. Leases approximating 99% of our base rent as of that date provide for tenant renewal options (generally two to four five-year options) and leases approximating 11% of our base rent provide our tenants the option, at their election, to purchase the property from us at a specified time or times (generally at the greater of the then-fair market value or our cost).

We have dedicated an internal team to review and analyze ongoing tenant financial performance, both at the corporate level and at each property we own, in order to identify properties that may no longer be part of our long-term strategic plan. As part of that continuous active-management process, we may decide to sell properties where we believe the property no longer fits within our plan. Because generally we have been able to originate assets at lease rates above the online commercial real estate auction marketplace, we have been able to sell these assets on both opportunistic and strategic bases, typically for a gain. This gain acts to partially offset any possible losses we may experience in the real estate portfolio.

Liquidity and Capital Resources

At the beginning of 2019, our real estate investment portfolio totaled $7.6 billion, consisting of investments in 2,255 property locations with base rent and interest due from our customers aggregating approximately $51.2 million per month, excluding future rent payment escalations. As of March 31, 2019, our investment portfolio had grown to approximately $8.0 billion, consisting of investments in 2,334 property locations with base rent and interest due from our customers aggregating approximately $53.9 million per month. Substantially all of our cash from operations is generated by our investment portfolio.

Our primary cash expenditures are the principal and interest payments we make on the debt we use to finance our real estate investment portfolio and the general and administrative expenses of managing the portfolio and operating our business. Since substantially all of our leases are triple net, our tenants are generally responsible for the maintenance, insurance and property taxes associated with the properties they lease from us. When a property becomes vacant through a tenant default or expiration of the lease term with no tenant renewal, we incur the property costs not paid by the tenant, as well as those property costs accruing during the time it takes to locate a substitute tenant or sell the property. The lease contracts related to just four of our properties are due to expire during the remainder of 2019; 85% of our leases

have ten years or more remaining in their base lease term. As of March 31, 2019, eight of our 2,334 properties were vacant and not subject to a lease, which represents a 99.7% occupancy rate. We expect to incur some property costs from time to time in periods during which properties that become vacant are being remarketed. In addition, we may recognize an expense for certain property costs, such as real estate taxes billed in arrears, if we believe the tenant is likely to vacate the property before making payment on those obligations. The amount of such property costs can vary quarter to quarter based on the timing of property vacancies and the level of underperforming properties; however, we do not anticipate that such costs will be significant to our operations.

We intend to continue to grow through additional real estate investments. To accomplish this objective, we must identify real estate acquisitions that are consistent with our underwriting guidelines and raise future additional capital to make such acquisitions. We acquire real estate with a combination of debt and equity capital and with cash from operations that is not otherwise distributed to our stockholders in the form of dividends. When we sell properties, we generally reinvest the cash proceeds from those sales in new property acquisitions. We also periodically commit to fund the construction of new properties for our customers or to provide them funds to improve and/or renovate properties we lease to them. These additional investments will generally result in increases to the rental revenue or interest income due under the related contracts. As of March 31, 2019, we had commitments to our customers to fund improvements to owned or mortgaged real estate properties totaling approximately $106.8 million, of which $101.6 million is expected to be funded in the next twelve months.

Financing Strategy

Our debt capital is initially provided on a short-term, temporary basis through a multi-year, variable-rate unsecured revolving credit facility with a group of banks. We manage our long-term leverage position through the strategic and economic issuance of long-term fixed-rate debt on both a secured and unsecured basis. By matching the expected cash inflows from our long-term real estate leases with the expected cash outflows of our long-term fixed-rate debt, we “lock in”, for as long as is economically feasible, the expected positive difference between our scheduled cash inflows on the leases and the cash outflows on our debt payments. By locking in this difference, or spread, we seek to reduce the risk that increases in interest rates would adversely impact our profitability. In addition, we may use various financial instruments designed to mitigate the impact of interest rate fluctuations on our cash flows and earnings, including hedging strategies such as interest rate swaps and caps, depending on our analysis of the interest rate environment and the costs and risks of such strategies. We also ladder our debt maturities in order to minimize the gap between our free cash flow, or cash from operations less dividends, and our annual debt maturities.

As of March 31, 2019, substantially all of our long-term debt was fixed-rate debt or was effectively converted to a fixed-rate for the term of the debt and our weighted average debt maturity was 6.4 years. As part of our long-term debt strategy, we develop and maintain broad access to multiple debt sources. We believe that having access to multiple debt markets increases our financing flexibility because different debt markets may attract different kinds of investors, thus expanding our access to a larger pool of potential debt investors. Also, a particular debt market may be more competitive than another at any particular point in time.

The long-term debt we have issued to date is comprised of both secured non-recourse borrowings, the vast majority of which is investment-grade rated, and senior investment-grade unsecured borrowings. We are currently rated Baa2, stable outlook, from Moody’s Investors Service and BBB, stable outlook, by both S&P Global Ratings and Fitch Ratings. In conjunction with our investment-grade debt strategy, we target a level of debt net of cash and cash equivalents that approximates 5½ to 6 times our estimated annualized amount of earnings (excluding gains or losses on sales of real estate and provisions for impairment) before interest, taxes, depreciation and amortization (based on our current investment portfolio).

Our secured non-recourse borrowings are obtained through multiple debt markets – primarily the asset-backed securities debt market. The vast majority of our secured non-recourse borrowings were made through an investment-grade-rated debt program we designed, which we call our Master Funding debt program. By design, this program provides flexibility not commonly found in most secured non-recourse debt and which is described in *Non-recourse Secured Debt* below. To a lesser extent, we may also obtain fixed-rate non-recourse mortgage financing through the commercial mortgage-backed securities debt market or from banks and insurance companies secured by specific properties we pledge as collateral.

Our goal is to employ a prudent blend of secured non-recourse debt through our flexible Master Funding debt program, paired with senior unsecured debt that uses our investment grade credit ratings. By balancing the mix of secured and unsecured debt, we can effectively leverage those properties subject to the secured debt in the range of 60%-70% and, at the same time, target a more conservative level of overall corporate leverage by maintaining a large pool of properties that are unencumbered. As of March 31, 2019, our secured non-recourse borrowings had a weighted average loan-to-cost ratio of approximately 67% and approximately 39% of our investment portfolio serves as collateral for this long-term debt. The remaining 61% of our portfolio properties, aggregating approximately $4.9 billion at March 31, 2019, are unencumbered and this unencumbered pool of properties provides us the flexibility to access long-term unsecured borrowings. The result is that our growing unencumbered pool of properties can provide higher levels of debt service coverage on the senior unsecured debt than would be the case if we employed only unsecured debt at our overall corporate leverage level. We believe this debt strategy can lead to a lower cost of capital for the Company, especially now that we can issue AAA rated debt from our Master Funding debt program, as described further below.

The availability of debt to finance commercial real estate in the United States can, at times, be impacted by economic and other factors that are beyond our control. An example of adverse economic factors occurred during the recession of 2007 to 2009 when availability of debt capital for commercial real estate was significantly curtailed. We seek to reduce the risk that long-term debt capital may be unavailable to us by maintaining the flexibility to issue long-term debt in multiple debt capital markets, both secured and unsecured, and by limiting the period between the time we acquire our real estate and the time we finance our real estate with long-term debt. In addition, we have arranged our unsecured revolving credit facility to have a multi-year term with extension options in order to reduce the risk that short-term real estate financing would not be available to us. As we grow our real estate portfolio, we also intend to manage our debt maturities to reduce the risk that a significant amount of our debt will mature in any single year in the future. Because our long-term secured debt generally requires monthly payments of principal, in addition to the monthly interest payments, the resulting principal amortization also reduces our refinancing risk upon maturity of the debt. As our outstanding debt matures, we may refinance the maturing debt as it comes due or choose to repay it using cash and cash equivalents or our unsecured revolving credit facility. For example, as part of the STORE Master Funding Series 2018-1 notes issuance in October 2018, we prepaid, without penalty, an aggregate of $233.3 million of STORE Master Funding Series 2013-1 and Series 2013-2 Class A-1 notes that were scheduled to mature in 2020. During 2018, we also repaid two maturing secured notes payable totaling approximately $24.0 million which had a weighted average interest rate of 5.1%. Aside from one variable-rate $100 million extendable bank term loan scheduled to mature in March 2020, there are now no other significant debt maturities until 2021. Similar to these STORE Master Funding prepayments described above, we may prepay other existing long-term debt in circumstances where we believe it would be economically advantageous to do so.

Unsecured Revolving Credit Facility

Typically, we use our unsecured revolving credit facility to acquire our real estate properties, until those borrowings are sufficiently large to warrant the economic issuance of long-term fixed-rate debt, the proceeds from which we use to repay the amounts outstanding under our revolving credit facility. At March 31, 2019, we had no borrowings outstanding under our unsecured credit facility.

Our unsecured credit facility has an immediate availability of $600 million and an accordion feature of $800 million, which gives us a maximum borrowing capacity of $1.4 billion. The facility matures in February 2022 and includes two six-month extension options, subject to certain conditions. Borrowings under the facility require monthly payments of interest at a rate selected by us of either (1) LIBOR plus a credit spread ranging from 0.825% to 1.55%, or (2) the Base Rate, as defined in the credit agreement, plus a credit spread ranging from 0.00% to 0.55%. The credit spread used is based on our credit rating as defined in the credit agreement. We are also required to pay a facility fee on the total commitment amount ranging from 0.125% to 0.30%. The currently applicable credit spread for LIBOR-based borrowings is 1.00% and the facility fee is 0.20%.

Under the terms of the facility, we are subject to various restrictive financial and nonfinancial covenants which, among other things, require us to maintain certain leverage ratios, cash flow and debt service coverage ratios, secured borrowing ratios and a minimum level of tangible net worth. Certain of these ratios are based on our pool of

unencumbered assets, which aggregated approximately $4.9 billion at March 31, 2019. The facility is recourse to us and, as of March 31, 2019, we were in compliance with the financial and nonfinancial covenants under the facility.

Senior Unsecured Term Debt

In February 2019, we completed our second issuance of underwritten public notes in an aggregate principal amount of $350.0 million. These senior unsecured notes, which were issued at 99.260% of their principal amount, are due in March 2029 and bear a coupon rate of 4.625%; similar to our first issuance of public notes in March 2018, interest on these notes will be paid semi-annually in March and September of each year. In December 2018, we entered into two treasury-lock agreements, which limited our exposure to increases in the 10-year treasury rate until the time the notes were issued; we made an aggregate cash payment of $6.7 million to the counterparties upon settlement of the agreements in February 2019, increasing the effective yield on these public notes to just under 5.0%. The net proceeds from the issuance of these notes were primarily used to pay down outstanding balances on our revolving credit facility. The supplemental indentures governing our public notes contain various restrictive covenants, including limitations on our ability to incur additional secured and unsecured indebtedness. As of March 31, 2019, we were in compliance with these covenants. Prior to our inaugural issuance of public debt in March 2018, our unsecured long-term debt had been issued through the private placement of notes to institutional investors and through groups of lenders who also participate in our unsecured revolving credit facility; the financial covenants of the privately placed notes and bank term loans are similar to our unsecured credit facility. In March 2019, we amended the related credit agreement, lowered the related credit spread by 10 basis points and extended the original term of the $100 million bank term loan (originally issued in March 2017) for one year to March 2020, while retaining the three one-year extension options. The interest rate on this loan resets monthly at one-month LIBOR plus a credit rating-based credit spread ranging from 0.90% to 1.75%; the credit spread currently applicable to the Company is 1.00%. The aggregate outstanding principal amount of our unsecured senior notes and term loans payable was $1.3 billion as of March 31, 2019.

Non-recourse Secured Debt

As of March 31, 2019, approximately 34% of our real estate investment portfolio served as collateral for outstanding borrowings under our STORE Master Funding debt program. We believe our STORE Master Funding program allows for flexibility not commonly found in non-recourse debt, often making it preferable to traditional debt issued in the commercial mortgage-backed securities market. Under the program, STORE serves as both master and special servicer for the collateral pool, allowing for active portfolio monitoring and prompt issue resolution. In addition, features of the program allowing for the sale or substitution of collateral, provided certain criteria are met, facilitate active portfolio management. Through this debt program, we arrange for bankruptcy remote, special purpose entity subsidiaries to issue multiple series of investment-grade asset-backed net-lease mortgage notes, or ABS notes, from time to time as additional collateral is added to the collateral pool and leverage can be added in incremental issuances based on the value of the collateral pool.

The ABS notes are generally issued by our wholly owned special purpose entity subsidiaries to institutional investors through the asset-backed securities market. These ABS notes are typically issued in two classes, Class A and Class B. At the time of issuance, the Class A notes represent approximately 70% of the appraised value of the underlying real estate collateral owned by the issuing subsidiaries and are currently rated AAA or A+ by S&P Global Ratings. The Series 2018-1 transaction in October 2018 marked our inaugural issuance of AAA rated notes and we believe it broadens the market for our STORE Master Funding debt program and gives us access to lower cost secured debt. The Class B notes, which are subordinated to the Class A notes as to principal repayment, represent approximately 5% of the appraised value of the underlying real estate collateral and are currently rated BBB by S&P Global Ratings. We have historically retained the Class B notes of each series, which aggregated $147.0 million in principal amount outstanding at March 31, 2019 and are held by one of our bankruptcy remote, special purpose entity subsidiaries. The Class B notes are not reflected in our financial statements because they eliminate in consolidation. Since the Class B notes are considered issued and outstanding, they provide us with additional financial flexibility in that we may sell them to a third party in the future or use them as collateral for short-term borrowings as we have done from time to time in the past.

The ABS notes outstanding at March 31, 2019 totaled $1.9 billion in Class A principal amount and were supported by a collateral pool of approximately $2.7 billion representing 993 property locations operated by

175 customers. The amount of debt that can be issued in any new series is determined by the structure of the transaction and the aggregate amount of collateral in the pool at the time of issuance. In addition, the issuance of each new series of notes is subject to the satisfaction of several conditions, including that there is no event of default on the existing note series and that the issuance will not result in an event of default on, or the credit rating downgrade of, the existing note series.

A significant portion of our cash flow is generated by the special purpose entities comprising our STORE Master Funding debt program. For the three months ended March 31, 2019, excess cash flow, after payment of debt service and servicing and trustee expenses, totaled $25 million on cash collections of $55 million, which represents an overall ratio of cash collections to debt service, or debt service coverage ratio (as defined in the STORE Master Funding program documents), of greater than 1.8 to 1 on the STORE Master Funding program. If at any time the debt service coverage ratio generated by the collateral pool is less than 1.3 to 1, excess cash flow from the STORE Master Funding entities will be deposited into a reserve account to be used for payments to be made on the net-lease mortgage notes, to the extent there is a shortfall. We anticipate that the debt service coverage ratio for the STORE Master Funding program will remain well above program minimums.

To a lesser extent, we also may obtain debt in discrete transactions through other bankruptcy remote, special purpose entity subsidiaries, which debt is solely secured by specific real estate assets and is generally non-recourse to us (subject to certain customary limited exceptions). These discrete borrowings are generally in the form of traditional mortgage notes payable, with principal and interest payments due monthly and balloon payments due at their respective maturity dates, which typically range from seven to ten years from the date of issuance. In March 2019, we obtained $41.7 million of discrete mortgage debt secured by approximately $64.3 million of specific properties; this debt carries a fixed rate of 4.80% and is due in March 2029. Our secured borrowings contain various covenants customarily found in mortgage notes, including a limitation on the issuing entity's ability to incur additional indebtedness on the underlying real estate. Certain of the notes also require the posting of cash reserves with the lender or trustee if specified coverage ratios are not maintained by the special purpose entity or the tenant. In March 2019, in connection with the pending disposition of a property that served as collateral for a note payable, we entered into an agreement to defease the remaining $6.7 million principal balance of the note payable. As a result of this agreement, we made a $7.4 million defeasance payment (including expenses), the collateral was released, and we were released from all obligations associated with the note payable.

Debt Summary

As of March 31, 2019, our aggregate secured and unsecured long-term debt had an outstanding principal balance of $3.3 billion, a weighted average maturity of 6.4 years and a weighted average interest rate of 4.4%. The following is a summary of the outstanding balance of our borrowings as well as a summary of the portion of our real estate investment portfolio that is either pledged as collateral for these borrowings or is unencumbered as of March 31, 2019:

		Gross Investment Portfolio Assets		
(In millions)	**Outstanding Borrowings**	**Special Purpose Entity Subsidiaries**	**All Other Subsidiaries**	**Total**
STORE Master Funding net-lease mortgage notes payable	$ 1,862	$ 2,748	$ —	$ 2,748
Other mortgage notes payable	203	353	—	353
Unsecured notes and term loans payable	1,275	—	—	—
Unsecured credit facility	—	—	—	—
Total debt	3,340	3,101	—	3,101
Unencumbered real estate assets	—	3,819	1,082	4,901
	$ 3,340	$ 6,920	$ 1,082	$ 8,002

Our decision to use either senior unsecured term debt, STORE Master Funding or other non-recourse traditional mortgage loan borrowings depends on our view of the most strategic blend of unsecured versus secured debt that is needed to maintain our targeted level of overall corporate leverage as well as on borrowing costs, debt terms, debt

flexibility and the tenant and industry diversification levels of our real estate assets. As we continue to acquire real estate, we expect to balance the overall degree of leverage on our portfolio by growing our pool of portfolio assets that are unencumbered. Our growing pool of unencumbered assets will increase our financial flexibility by providing us with assets that can support senior unsecured financing or that can serve as substitute collateral for existing debt. Should market factors, which are beyond our control, adversely impact our access to these debt sources at economically feasible rates, our ability to grow through additional real estate acquisitions will be limited to any undistributed amounts available from our operations and any additional equity capital raises.

Equity

We access the equity markets in various ways. In November 2018, we established our third "at the market" equity distribution program, or ATM program, pursuant to which, from time to time, we may offer and sell registered shares of our common stock through a group of banks acting as our sales agents. Under this program, we can offer and sell up to a maximum amount of $750 million of common stock (the 2018-2 ATM Program).

The following tables outline the common stock issuances under this program (in millions except share and per share information):

	Three Months Ended March 31, 2019					
ATM Program	**Shares Sold**	**Weighted Average Price per Share**	**Gross Proceeds**	**Sales Agents' Commissions**	**Other Offering Expenses**	**Net Proceeds**
$750 million 2018-2 ATM Program	4,978,510	$ 32.31	$ 160.9	$ (2.4)	$ (0.2)	$ 158.3
Total	4,978,510	$ 32.31	$ 160.9	$ (2.4)	$ (0.2)	$ 158.3

	Inception of Program Through March 31, 2019					
ATM Program	**Shares Sold**	**Weighted Average Price per Share**	**Gross Proceeds**	**Sales Agents' Commissions**	**Other Offering Expenses**	**Net Proceeds**
$750 million 2018-2 ATM Program	13,211,252	$ 30.73	$ 406.0	$ (6.1)	$ (0.5)	$ 399.4
Total	13,211,252	$ 30.73	$ 406.0	$ (6.1)	$ (0.5)	$ 399.4

Cash Flows

Substantially all of our cash from operations is generated by our investment portfolio. As shown in the following table, net cash provided by operating activities for the three months ended March 31, 2019 increased by $7.6 million over the same period in 2018, primarily due to the increase in the size of our real estate investment portfolio, which generated additional rent and interest revenues. Cash flows from operations for the three months ended March 31, 2019 include a $6.7 million payment we made in settlement of two treasury lock agreements; for the same period in 2018, cash flows from operations include a $4.3 million payment we received in settlement of a similar agreement. Investment activity in real estate, loans and financing receivables during the first three months of 2019 was $97.9 million higher than the same period in 2018 and was primarily funded, in both periods, with a combination of cash from operations, proceeds from the sale of real estate properties, proceeds from the issuance of long-term debt and proceeds from the issuance of stock. Net cash provided by financing activities was higher for the three months ended March 31, 2019 as compared to the same period in 2018 primarily as a result of $59.2 million of additional net proceeds from the issuance of stock and $41.3 million of additional net proceeds from the issuance of long-term borrowings in 2019. Additionally, we paid dividends to our stockholders totaling $74.2 million and $60.7 million during the first three months of 2019 and 2018, respectively. We increased our quarterly dividend in the third quarter of 2018 by 6.5% to an annualized $1.32 per common share.

(In thousands)	March 31, 2019		March 31, 2018	
Net cash provided by operating activities	$	94,847	$	87,238
Net cash used in investing activities		(401,040)		(261,103)
Net cash provided by financing activities		315,145		172,648
Net increase (decrease) in cash, cash equivalents and restricted cash		8,952		(1,217)
Cash, cash equivalents and restricted cash, beginning of period		43,017		49,178
Cash, cash equivalents and restricted cash, end of period	$	51,969	$	47,961
Reconciliation of cash, cash equivalents and restricted cash:				
Cash and cash equivalents	$	37,352	$	35,116
Restricted cash included in other assets		14,617		12,845
Total cash, cash equivalents and restricted cash	$	51,969	$	47,961

Management believes that the cash generated by our operations, our current borrowing capacity on our revolving credit facility and our access to long-term debt capital, will be sufficient to fund our operations for the foreseeable future and allow us to acquire the real estate for which we currently have made commitments. In order to continue to grow our real estate portfolio in the future beyond the excess cash generated by our operations and our ability to borrow, we intend to raise additional equity capital through the sale of our common stock.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of March 31, 2019.

Contractual Obligations

As summarized in the table of Contractual Obligations in our Annual Report on Form 10-K for the year ended December 31, 2018, we have contractual obligations related to our unsecured revolving credit facility and long-term debt obligations, interest on those debt obligations, commitments to our customers to fund improvements to real estate properties and operating lease obligations under certain ground leases and our corporate office lease. As disclosed in *Liquidity and Capital Resources,* during the three months ended March 31, 2019, we issued $350.0 million in aggregate principal amount of long-term unsecured debt which has an interest rate of 4.625% and matures in March 2029 and $41.7 million of secured, amortizing long-term debt which has an interest rate of 4.80% and matures in March 2029.

Recently Issued Accounting Pronouncements

See Note 2 to the March 31, 2019 unaudited condensed consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, or GAAP, requires our 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 on various other assumptions believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions or other matters had been different, it is possible that different accounting would have been applied, resulting in a different presentation of our condensed consolidated financial statements. From time to time, we reevaluate 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 fiscal year ended December 31, 2018 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; as described in Note 2 to the Condensed Consolidated Financial Statements included in this quarterly report, we adopted Accounting Standards Codification Topic 842, *Leases* (ASC Topic 842) as of January 1, 2019 and have updated our accounting policies as required by that adoption.

Real Estate Portfolio Information

As of March 31, 2019, our total investment in real estate and loans approximated $8.0 billion, representing investments in 2,334 property locations, substantially all of which are profit centers for our customers. These investments generate cash flows from approximately 700 contracts predominantly structured as net leases. The weighted average non-cancellable remaining term of our leases was approximately 14 years.

Our real estate portfolio is highly diversified. As of March 31, 2019, our 2,334 property locations were operated by 447 customers across all 50 states. Our largest customer represented approximately 2.7% of our portfolio at March 31, 2019, and our top ten largest customers represented 18.0% of annualized base rent and interest. Our customers operate their businesses across more than 630 brand names or business concepts in over 100 industries.

The following tables summarize the diversification of our real estate portfolio based on the percentage of base rent and interest, annualized based on rates in effect on March 31, 2019, for all of our leases, loans and financing receivables in place as of that date.

Diversification by Customer

As of March 31, 2019, our 2,334 property locations were operated by 447 customers and the following table identifies our ten largest customers:

Customer	% of Annualized Base Rent and Interest	Number of Properties
AVF Parent, LLC (Art Van Furniture)	2.7 %	23
Fleet Farm Group LLC	2.4	9
Bass Pro Group, LLC (Cabela's)	2.0	9
Cadence Education, Inc. (Early childhood/elementary education)	1.7	42
American Multi-Cinema, Inc. (AMC/Carmike/Starplex)	1.7	14
Dufresne Spencer Group Holdings, LLC (Ashley Furniture HomeStore)	1.6	22
Stratford School, Inc. (Elementary and middle schools)	1.6	17
Zips Holdings, LLC	1.5	42
US LBM Holdings, LLC (Building materials distribution)	1.4	46
CWGS Group, LLC (Camping World/Gander Outdoors)	1.4	19
All other (437 customers)	82.0	2,091
Total	100.0 %	2,334

Diversification by Concept

As of March 31, 2019, our customers operated their businesses across more than 630 concepts and the following table identifies the top ten concepts:

Customer Business Concept	% of Annualized Base Rent and Interest	Number of Properties
Ashley Furniture HomeStore	2.4 %	31
Fleet Farm	2.4	9
Cabela's	1.9	8
Art Van Furniture	1.9	16
AMC Theaters	1.7	14
Big R Stores	1.5	26
Zips Car Wash	1.5	42
America's Auto Auction	1.3	7
Stratford School	1.1	4
Popeyes Louisiana Kitchen	1.1	63
All other (628 concepts)	83.2	2,114
Total	100.0 %	2,334

Diversification by Industry

As of March 31, 2019, our customers' business concepts were diversified across more than 100 industries within the service, retail and manufacturing sectors of the U.S. economy. The following table summarizes those industries into 74 industry groups:

Customer Industry Group	% of Annualized Base Rent and Interest	Number of Properties	Building Square Footage (in thousands)
Service:			
Restaurants—full service	10.8 %	411	2,778
Restaurants—limited service	5.5	394	1,040
Early childhood education centers	5.7	197	2,190
Health clubs	5.3	78	2,348
Movie theaters	4.8	40	1,937
Family entertainment centers	3.9	38	1,290
Automotive repair and maintenance	3.8	141	679
All other service (28 industry groups)	24.6	596	17,282
Total service	64.4	1,895	29,544
Retail:			
Furniture stores	5.6	60	3,618
Farm and ranch supply stores	4.4	44	4,110
All other retail (14 industry groups)	8.4	113	4,919
Total retail	18.4	217	12,647
Manufacturing:			
Metal fabrication	4.0	63	7,591
All other manufacturing (22 industry groups)	13.2	159	19,209
Total manufacturing	17.2	222	26,800
Total	100.0 %	2,334	68,991

Diversification by Geography

Our portfolio is also highly diversified by geography, as our 2,334 property locations can be found in all 50 states. The following table details the top ten geographical locations of the properties as of March 31, 2019:

State	% of Annualized Base Rent and Interest	Number of Properties
Texas	11.2 %	235
Illinois	6.3	143
Florida	6.0	140
Ohio	5.6	137
Georgia	5.1	142
Michigan	4.6	88
California	4.1	40
Tennessee	4.0	99
Pennsylvania	4.0	77
Minnesota	3.9	80
All other (40 states) (1)	45.2	1,153
Total	100.0 %	2,334

(1) Includes one property in Ontario, Canada which represents 0.3% of annualized base rent and interest.

Contract Expirations

The following table sets forth the schedule of our lease, loan and financing receivable expirations as of March 31, 2019:

Year of Lease Expiration or Loan Maturity (1)	% of Annualized Base Rent and Interest	Number of Properties (2)
Remainder of 2019	0.7 %	16
2020	0.5	11
2021	0.6	7
2022	0.4	7
2023	1.0	26
2024	0.7	17
2025	1.4	23
2026	2.0	54
2027	3.3	60
2028	4.7	80
Thereafter	84.7	2,025
Total	100.0 %	2,326

(1) Expiration year of contracts in place as of March 31, 2019 and excludes any tenant option renewal periods.
(2) Excludes eight properties which were vacant and not subject to a lease as of March 31, 2019.

Results of Operations

Overview

As of March 31, 2019, our real estate investment portfolio had grown to approximately $8.0 billion, consisting of investments in 2,334 property locations in all 50 states, operated by nearly 450 customers in various industries. Approximately 96% of the real estate investment portfolio represents commercial real estate properties subject to long-term leases, approximately 4% represents mortgage loan and financing receivables primarily on commercial real estate buildings (located on land we own and lease to our customers) and a nominal amount represents loans receivable secured by our tenants' other assets.

Three Months Ended March 31, 2019 Compared to Three Months Ended March 31, 2018

	Three Months Ended March 31,		Increase
(In thousands)	**2019**	**2018**	**(Decrease)**
Total revenues	$ 156,638	$ 125,842	$ 30,796
Expenses:			
Interest	38,068	29,339	8,729
Property costs	2,584	1,341	1,243
General and administrative	11,983	10,851	1,132
Depreciation and amortization	53,716	42,310	11,406
Provisions for impairment	2,610	1,570	1,040
Total expenses	108,961	85,411	23,550
(Loss) gain on dispositions of real estate	(1,928)	9,634	(11,562)
Income from operations before income taxes	45,749	50,065	(4,316)
Income tax expense	193	105	88
Net income	$ 45,556	$ 49,960	$ (4,404)

Revenues

The increase in revenues period over period was driven primarily by the growth in the size of our real estate investment portfolio, which generated additional rental revenues and interest income. Our real estate investment portfolio grew from approximately $6.5 billion in gross investment amount representing 2,000 properties as of March 31, 2018 to approximately $8.0 billion in gross investment amount representing 2,334 properties at March 31, 2019. The weighted average real estate investment amounts outstanding during the three-month periods were approximately $7.8 billion in 2019 and $6.3 billion in 2018. Our real estate investments were made throughout the periods presented and were not all outstanding for the entire period; accordingly, a significant portion of the increase in revenues between periods is related to recognizing revenue in 2019 on acquisitions that were made during 2018. Similarly, the full revenue impact of acquisitions made during the first quarter of 2019 will not be seen until the second quarter of 2019. A smaller component of the increase in revenues between periods is related to rent escalations recognized on our lease contracts; these rent increases can provide a strong source of revenue growth.

The initial rental or capitalization rates we achieve on sale-leaseback transactions, calculated as the initial annualized base rent divided by the purchase price of the properties, vary from transaction to transaction based on many factors, such as the terms of the lease, the property type including the property's real estate fundamentals and the market rents in the area on the various types of properties we target across the United States. The majority of our transactions are sale-leaseback transactions where we acquire the property and simultaneously negotiate a lease directly with the tenant based on the tenant's business needs. There are also online commercial real estate auction marketplaces for real estate transactions; properties acquired through these online marketplaces are often subject to existing leases and offered by third-party sellers. In general, because we provide tailored customer lease solutions in sale-leaseback transactions, our lease rates historically have been higher and subject to less short-term market influences than what we have seen in the auction marketplace as a whole. In addition, since our real estate lease contracts are a substitute for both borrowings and

equity that our customers would otherwise have to commit to their real estate locations, we believe there is a relationship between lease rates and market interest rates and that lease rates are also influenced by overall capital availability. During the first quarter of 2019, the weighted average lease rate attained on our new investments was comparable to the same period in 2018 but represented a small decrease from lease rates attained during the latter half of 2018. Based on our experience, our expectations for the future include the possibility that we could see similar slight movements in lease rates as market interest rates change. The weighted average initial capitalization rate on the properties we acquired during the first quarters of 2019 and 2018 was 7.8%.

Interest Expense

We fund the growth in our real estate investment portfolio with excess cash flow from our operations after dividends and principal payments on debt, net proceeds from periodic sales of real estate, net proceeds from equity issuances and proceeds from issuances of long-term fixed-rate debt. We use our unsecured revolving credit facility to temporarily finance the properties we acquire.

The following table summarizes our interest expense for the periods presented.

	Three Months Ended March 31,	
(Dollars in thousands)	**2019**	**2018**
Interest expense - credit facility	$ 1,538	$ 1,982
Interest expense - credit facility fees	300	273
Interest expense - long-term debt (secured and unsecured)	33,861	26,192
Capitalized interest	(417)	(397)
Loss (gain) on defeasance/extinguishment of debt	735	(814)
Amortization of deferred financing costs and other	2,051	2,103
Total interest expense	$ 38,068	$ 29,339
Credit facility:		
Average debt outstanding	$ 173,257	$ 305,100
Average interest rate during the period (excluding facility fees)	3.6 %	2.6 %
Long-term debt (secured and unsecured):		
Average debt outstanding	$ 3,095,197	$ 2,394,911
Average interest rate during the period	4.4 %	4.4 %

The average amount of long-term debt outstanding was approximately $3.1 billion during the three months ended March 31, 2019 up from approximately $2.4 billion for the same period in 2018, making it the primary driver for the increase in interest expense on long-term debt. Long-term debt added after March 31, 2018 primarily consisted of $350 million of 4.625% senior unsecured notes issued in February 2019 and $592 million of STORE Master Funding Series 2018-1 notes issued in October 2018 which bear a weighted average interest rate of 4.34%. As part of the Series 2018-1 note issuance in October, we prepaid, without penalty, STORE Master Funding Series 2013-1 and Series 2013-2 Class A-1 notes aggregating approximately $233.3 million at the time of prepayment; these notes were scheduled to mature in 2020 and bore interest rates of 4.16% and 4.37%, respectively. As of March 31, 2019, we had $3.3 billion of long-term debt outstanding with a weighted average interest rate of 4.4%.

Interest expense for the three months ended March 31, 2019 included a $0.7 million loss incurred in connection with the defeasance of secured debt on a property pending disposition; we made a $7.4 million payment (including expenses) to defease the note payable, which had a remaining outstanding principal balance of $6.7 million. Interest expense for the three months ended March 31, 2018 included a $0.8 million gain on the extinguishment of debt.

We use our revolving credit facility on a short-term, temporary basis to acquire real estate properties until those borrowings are sufficiently large to warrant the economic issuance of long-term fixed-rate debt, the proceeds of which we generally use to pay down the amounts outstanding under our revolving credit facility. Interest expense, excluding facility fees, associated with our revolving credit facility decreased to $1.5 million during the first quarter of 2019, down from $2.0 million for the same period in 2018. This decrease is due to lower average borrowings outstanding on our revolving credit facility, which decreased from $305.1 million during the first quarter of 2018 to $173.3 million during

the same period in 2019. This was partially offset by an increase in the weighted average interest rate incurred on our borrowings due to increases in one-month LIBOR. During the first quarter of 2019, the average one-month LIBOR was approximately 0.8% higher than during 2018. The amount and timing of real estate acquisition activity and long-term debt and/or equity transactions will affect the level of borrowing activity on our credit facility.

From time to time, we may fund construction of new properties for our customers and interest capitalized as a part of those activities represented $0.4 million during both the three months ended March 31, 2019 and 2018.

Property Costs

Approximately 98% of our leases are triple net, meaning that our tenants are generally responsible for the property-level operating costs such as taxes, insurance and maintenance. Accordingly, we generally do not expect to incur property-level operating costs or capital expenditures, except during any period when one or more of our properties is no longer under lease. Our need to expend capital on our properties is further reduced due to the fact that some of our tenants will periodically refresh the property at their own expense to meet their business needs or in connection with franchisor requirements. As of March 31, 2019, we owned eight properties that were vacant and not subject to a lease and the lease contracts related to just four properties we own are due to expire during the remainder of 2019. We expect to incur some property costs related to the vacant properties until such time as those properties are either leased or sold.

As of March 31, 2019, we had operating ground leases entered into as part of several real estate investment transactions. As a result of the adoption of ASC Topic 842 on January 1, 2019, the ground lease payments made by our tenants directly to the ground lessors are presented on a gross basis in the condensed consolidated statement of income, both as rental revenues and as property costs. Prior to 2019, the ground lease payments made directly by our tenants to the ground lessor had been presented on a net basis in our consolidated statements of income. Also as a result of the adoption of ASC Topic 842, for the few lease contracts where we collect property taxes from our tenants and remit those taxes to governmental authorities, we now reflect those payments on a gross basis as both rental revenue and as property costs; prior to 2019, those property taxes were presented on a net basis in the consolidated statements of income.

The following is a summary of property cost expenses (in thousands):

	Three Months Ended March 31,	
	2019	2018
Property-level operating costs (a)	$ 1,141	$ 1,217
Ground lease-related intangibles amortization expense	117	117
Operating ground lease payments made by STORE Capital	5	7
Operating ground lease payments made by STORE Capital tenants	370	—
Operating ground lease straight-line rent expense	149	—
Property tax impound payments collected	802	—
Total property costs	$ 2,584	$ 1,341

(a) Property-level operating costs primarily include those expenses associated with vacant or nonperforming properties, property management costs for the few properties that have specific landlord obligations and the cost of performing property site inspections from time to time.

General and Administrative Expenses

General and administrative expenses include compensation and benefits; professional fees such as portfolio servicing, legal, accounting and rating agency fees; and general office expenses such as insurance, office rent and travel costs. General and administrative costs totaled $12.0 million for the three months ended March 31, 2019 as compared to $10.9 million for the same period in 2018 with the increase primarily due to the growth of our portfolio and related staff additions. Certain expenses, such as property-related insurance costs and the costs of servicing the properties and loans comprising our real estate portfolio, increase in direct proportion to the increase in the size of the portfolio. During the third quarter of 2018, we transitioned the outsourced administrative portion of our portfolio servicing to a new provider, reducing the base cost for these services. Our employee base grew from 86 employees at March 31, 2018 to 92 employees as of March 31, 2019. We expect that general and administrative expenses will continue to rise in some measure as our real estate investment portfolio grows; however, we expect that such expenses as a percentage of the portfolio will decrease over time due to efficiencies and economies of scale.

Depreciation and Amortization Expense

Depreciation and amortization expense, which increases in proportion to the increase in the size of our real estate portfolio, rose from $42.3 million for the three months ended March 31, 2018 to $53.7 million for the comparable period in 2019.

Provisions for Impairment

During the three months ended March 31, 2019, we recognized $2.6 million in provisions for the impairment of real estate. During the three months ended March 31, 2018, we recognized a $1.6 million provision for loan losses associated with one loan receivable.

(Loss) Gain on Dispositions of Real Estate

As part of our ongoing active portfolio management process, we sell properties from time to time in order to enhance the diversity and quality of our real estate portfolio and to take advantage of opportunities to recycle capital. During the three months ended March 31, 2019, we recognized a $1.9 million aggregate net loss on the sale of four properties. In comparison, for the three months ended March 31, 2018, we recognized a $9.6 million aggregate net gain on the sale of 22 properties.

Net Income

For the three months ended March 31, 2019, our net income was $45.6 million, reflecting a decrease from $50.0 million for the same period a year ago. The change in net income is comprised of an increase resulting from the growth in our real estate investment portfolio, which generated additional rental revenues and interest income, offset by the impact of losses on dispositions of real estate recognized during 2019 versus gains on dispositions recognized in 2018 as described above.

Non-GAAP Measures

Our reported results are presented in accordance with U.S. generally accepted accounting principles, or GAAP. We also disclose Funds from Operations, or FFO, and Adjusted Funds from Operations, or AFFO, both of which are non-GAAP measures. We believe these two non-GAAP financial measures are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs. FFO and AFFO do not represent cash generated from operating activities and are not necessarily indicative of cash available to fund cash requirements; accordingly, they should not be considered alternatives to net income as a performance measure or to cash flows from operations as reported on a statement of cash flows as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures.

We compute FFO in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT. NAREIT defines FFO as GAAP net income, excluding gains

(or losses) from extraordinary items and sales of depreciable property, real estate impairment losses, and depreciation and amortization expense from real estate assets, including the pro rata share of such adjustments of unconsolidated subsidiaries.

To derive AFFO, we modify the NAREIT computation of FFO to include other adjustments to GAAP net income related to certain non-cash revenues and expenses that have no impact on our long-term operating performance, such as straight-line rents, amortization of deferred financing costs and stock-based compensation. In addition, in deriving AFFO, we exclude certain other costs not related to our ongoing operations, such as the amortization of lease-related intangibles.

FFO is used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers primarily because it excludes the effect of real estate depreciation and amortization and net gains (or losses) on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. Management believes that AFFO provides more useful information to investors and analysts because it modifies FFO to exclude certain additional non-cash revenues and expenses such as straight-line rents, including construction period rent deferrals, and the amortization of deferred financing costs, stock-based compensation and lease-related intangibles as such items may cause short-term fluctuations in net income but have no impact on long-term operating performance. We believe that these costs are not an ongoing cost of the portfolio in place at the end of each reporting period and, for these reasons, the portion expensed is added back when computing AFFO. As a result, we believe AFFO to be a more meaningful measurement of ongoing performance that allows for greater performance comparability. Therefore, we disclose both FFO and AFFO and reconcile them to the most appropriate GAAP performance metric, which is net income. STORE Capital's FFO and AFFO may not be comparable to similarly titled measures employed by other companies.

The following is a reconciliation of net income (which we believe is the most comparable GAAP measure) to FFO and AFFO.

	Three Months Ended March 31,	
(In thousands)	**2019**	**2018**
Net Income	**$ 45,556**	**$ 49,960**
Depreciation and amortization of real estate assets	53,639	42,068
Provision for impairment of real estate	2,610	—
Loss (gain) on dispositions of real estate, net of tax (a)	1,928	(9,578)
Funds from Operations	103,733	82,450
Adjustments:		
Straight-line rental revenue:		
Fixed rent escalations accrued	(1,253)	(1,829)
Construction period rent deferrals	608	717
Amortization of:		
Equity-based compensation	1,686	1,466
Deferred financing costs and other noncash interest expense	2,051	2,103
Lease-related intangibles and costs	693	640
Provision for loan losses	—	1,570
Capitalized interest	(418)	(397)
Loss (gain) on defeasance/extinguishment of debt	735	(814)
Adjusted Funds from Operations	$ 107,835	$ 85,906

(a) For the three months ended March 31, 2018, includes $56,000 of income tax expense associated with gains recognized on the dispositions of certain properties.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our interest rate risk management objective is to limit the impact of future interest rate changes on our earnings and cash flows. We seek to match the cash inflows from our long-term leases with the expected cash outflows on our long-term debt. To achieve this objective, our consolidated subsidiaries primarily borrow on a fixed-rate basis for longer-term debt issuances. At March 31, 2019, substantially all of our long-term debt carried a fixed interest rate, or was effectively converted to a fixed-rate through the use of interest rate swaps for the term of the debt, and the weighted average debt maturity was approximately 6.4 years. We are exposed to interest rate risk between the time we enter into a sale-leaseback transaction and the time we finance the related real estate with long-term fixed-rate debt. In addition, when that long-term debt matures, we may have to refinance the real estate at a higher interest rate. Market interest rates are sensitive to many factors that are beyond our control.

We address interest rate risk by employing the following strategies to help insulate us from any adverse impact of rising interest rates:

- We seek to minimize the time period between acquisition of our real estate and the ultimate financing of that real estate with long-term fixed-rate debt.
- By using serial issuances of long-term debt, we intend to ladder out our debt maturities to avoid a significant amount of debt maturing during any single period and to minimize the gap between free cash flow, or cash from operations less dividends, and annual debt maturities.
- Our secured long-term debt generally provides for some amortization of the principal balance over the term of the debt, which serves to reduce the amount of refinancing risk at debt maturity to the extent that we can refinance the reduced debt balance over a revised long-term amortization schedule.
- We seek to maintain a large pool of unencumbered real estate assets to give us the flexibility to choose among various secured and unsecured debt markets when we are seeking to issue new long-term debt.
- We may also use derivative instruments, primarily cash flow hedges such as interest rate swaps, caps and treasury lock agreements, to limit our exposure to interest rate movements with respect to various debt instruments.

In July 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The Alternative Reference Rates Committee, or ARRC, has proposed that the Secured Overnight Financing Rate, or SOFR, is the rate that represents best practice as the alternative to LIBOR for use in derivatives and other financial contracts that are currently indexed to LIBOR. The ARRC has proposed a paced market transition plan to SOFR from LIBOR and organizations are currently working on industry wide and company specific transition plans as it relates to derivatives and cash markets exposed to LIBOR. At March 31, 2019, the Company does have contracts that are indexed to LIBOR, including its unsecured revolving credit facility, and continues to monitor this activity and evaluate the related risks.

See our Annual Report on Form 10-K for the year ended December 31, 2018 under the heading “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” for a more complete discussion of our interest rate sensitive assets and liabilities. As of March 31, 2019, our market risk has not changed materially from the amounts reported in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness as of March 31, 2019 of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and our 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 report.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the first fiscal quarter to which this report relates that materially affected, or are reasonably likely to materially affect, the internal control over financial reporting of the Company.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject to various legal proceedings and claims that arise in the ordinary course of our business, including instances in which we are named as defendants in lawsuits arising out of accidents causing personal injuries or other events that occur on the properties operated by our customers. These matters are generally covered by insurance and/or are subject to our right to be indemnified by our customers that we include in our leases. Management believes that the final outcome of such matters will not have a material adverse effect on our financial position, results of operations or liquidity.

Item 1A. Risk Factors.

There have been no material changes to the risk factors as disclosed in the section entitled "Risk Factors" beginning on page 13 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and filed with the Securities and Exchange Commission on February 22, 2019.

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

Unregistered Sales of Equity Securities

During the three months ended March 31, 2019, the Company did not sell any equity securities that were not registered under the Securities Act of 1933, as amended.

Repurchases of Equity Securities

The restricted stock and restricted stock unit awards granted under our equity incentive plans permit our employees to elect to satisfy the minimum statutory tax withholding obligation due upon vesting by allowing the Company to repurchase an amount of shares otherwise deliverable on the vesting date having a fair market value equal to the withholding obligation. All of the shares repurchased by us during the first quarter of 2019 were in connection with this tax withholding obligation. During the three months ended March 31, 2019, we repurchased the following shares of our common stock:

Period	Total Number of Shares Purchased	Average Price Paid Per Share
January 1, 2019 through January 31, 2019	104,052	$ 28.31
February 1, 2019 through February 28, 2019	41,915	$ 32.51
March 1, 2019 through March 31, 2019	-	$ -
Total	145,967	$ 29.52

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit	Description	Location
10.1	First Amendment, dated as of March 27, 2019, to Amended and Restated Credit Agreement, dated as of February 9, 2018, by and among STORE Capital Corporation, as borrower, KeyBank National Association as lender and administrative agent, the other lenders parties thereto, KeyBank Capital Markets Inc. and Wells Fargo Securities, LLC as joint lead arrangers and joint bookrunners, Wells Fargo Bank, National Association, as syndication agent, and BMO Harris Bank N.A., Capital One Bank, Regions Bank, Suntrust Bank and U.S. Bank National Association, as co-documentation agents.	Filed herewith.
10.2	Form of 2015 Omnibus Equity Incentive Plan Restricted Share Unit Award Agreement (2019)	Filed herewith.
31.1	Rule 13a-14(a) Certification of the Chief Executive Officer.	Filed herewith.
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer.	Filed herewith.
32.1	Section 1350 Certification of the Chief Executive Officer.	Furnished herewith.
32.2	Section 1350 Certification of the Chief Financial Officer.	Furnished herewith.
101.INS	XBRL Instance Document.	Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STORE CAPITAL CORPORATION
(Registrant)

Date: May 3, 2019

By: /s/ Catherine Long
Catherine Long
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

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Section 2: EX-10.1 (EX-10.1)

Exhibit 10.1
Execution Version

FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This First Amendment to Amended and Restated Credit Agreement (this "Amendment") is dated as of March 27, 2019, among STORE CAPITAL CORPORATION, a corporation formed under the laws of the State of Maryland (the "Borrower"), KEYBANK NATIONAL ASSOCIATION, as Administrative Agent (the "Administrative Agent") and as a 2017 Term Loan Lender, and each other 2017 Term Loan Lender. Unless otherwise defined herein, capitalized terms defined in the Credit Agreement referred to below shall have the same meaning herein.

W I T N E S S E T H:

WHEREAS, the Borrower, the Administrative Agent and each of the other financial institutions party thereto as Lenders have entered into a certain Amended and Restated Credit Agreement dated as of February 9, 2018 (the "Credit Agreement"); and

WHEREAS, the Borrower has requested, and the Administrative Agent and the 2017 Term Loan Lenders have agreed, to extend the maturity of the 2017 Term Loan and make certain other amendments to the 2017 Term Loans under the Credit Agreement, in each case in accordance with and subject to the terms and conditions contained herein;

WHEREAS, the Borrower has appointed (a) KeyBank Capital Markets and Regions Capital Markets as joint bookrunners and joint lead arrangers (in such capacities, the "First Amendment Lead Arrangers") to arrange consents from the 2017 Term Loan Lenders to amend certain terms of the 2017 Term Loans under Credit Agreement as hereinafter provided and (b) Regions Bank as syndication agent for the amendments to the 2017 Term Loans contemplated by this Amendment; and

WHEREAS, the Borrower, the Administrative Agent and each of the 2017 Term Loan Lenders have agreed to amend the Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, the parties hereto hereby agree as follows:

SECTION 1. Amendments to the Credit Agreement. Pursuant to Section 13.6 of the Credit Agreement, on and as of the Amendment Effective Date (as defined below):

(a) The definition of "2017 Term Loan Maturity Date" in Section 1.1 of the Credit Agreement is hereby amended by deleting "March 29, 2019" and inserting in place thereof "March 30, 2020".

(b) The definition of "Applicable Margin" in Section 1.1 of the Credit Agreement is hereby amended by amending and restating the table therein as follows:

Level	Credit Rating	Applicable Margin for Revolving Loans that are LIBOR Loans	Applicable Margin for Revolving Loans that are Base Rate Loans	Applicable Margin for 2016 Term Loans that are LIBOR Loans	Applicable Margin for 2016 Term Loans that are Base Rate Loans	Applicable Margin for 2017 Term Loans that are LIBOR Loans	Applicable Margin for 2017 Term Loans that are Base Rate Loans
1	A-/A3 (or higher)	0.825%	0.000%	0.900%	0.000%	0.850%	0.000%
2	BBB+/Baa1	0.875%	0.000%	0.950%	0.000%	0.900%	0.000%
3	BBB/Baa2	1.000%	0.000%	1.100%	0.100%	1.000%	0.000%
4	BBB-/Baa3	1.200%	0.200%	1.350%	0.350%	1.250%	0.250%
5	BB+/Ba1 (or lower or unrated)	1.550%	0.550%	1.750%	0.750%	1.650%	0.650%

(c) The definition of "Fee Letter" in Section 1.1 of the Credit Agreement is hereby amended by deleting "and" immediately prior to "(ii)" and inserting a comma in place thereof and inserting a new clause immediately prior to the end of the sentence thereof "and (iii) that certain fee letter dated on or about March 7, 2019, by and among the Borrower, KeyBank National Association, KeyBanc Capital Markets Inc., Regions Capital Markets, and Regions Bank".

(d) The definition of "Lead Arrangers" in Section 1.1 of the Credit Agreement is hereby amended by "and" immediately prior to "(c)" and inserting a comma in place thereof and inserting a new clause immediately prior to the end of the sentence thereof "and (d) with respect to the First Amendment, the First Amendment Lead Arrangers".

(e) The definition of "Syndication Agent" in Section 1.1 of the Credit Agreement is hereby amended by "and" immediately prior to "(c)" and inserting a comma in place thereof and inserting a new clause immediately prior to the end of the sentence thereof "and (d) with respect to the First Amendment, Regions Bank".

(f) Section 1.01 of the Credit Agreement is hereby amended by inserting the following new defined terms in appropriate alphabetical order therein:

> " "**First Amendment**" shall mean the First Amendment to Amended and Restated Credit Agreement, dated as of March 27, 2019, by and among the Borrower, the Administrative Agent and the 2017 Term Loan Lenders."

" "**First Amendment Lead Arrangers**" has the meaning set forth in First Amendment."

SECTION 2. Representations and Warranties. The Borrower and each Loan Party party hereto represents and warrants that as of the Amendment Effective Date:

(a) all of the representations and warranties contained in the Credit Agreement and in each other Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of the Amendment Effective Date, except to the extent that any such representations and warranties expressly relate to an earlier date (in which case such representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such date);

(b) The Borrower has the right and power, and has taken all necessary action to authorize it, to borrow and obtain other extensions of credit under this Amendment and the Credit Agreement as amended by this Amendment. The Borrower and each other Loan Party party hereto has the right and power, and has taken all necessary action to authorize it, to execute, deliver and perform this Amendment and the Credit Agreement as amended by this Amendment in accordance with the terms hereof and to consummate the transactions contemplated hereby. This Amendment has been duly executed and delivered by the duly authorized officers of the Borrower and each other Loan Party party hereto and is a legal, valid and binding obligation of each such Person enforceable against such Person in accordance with its respective terms, except as the same may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations contained herein or therein and as may be limited by equitable principles generally (whether in a proceeding at law or in equity);

(c) The execution, delivery and performance of this Amendment in accordance with the terms hereof and the borrowings and other extensions of credit under this Amendment and the Credit Agreement as amended by this Amendment do not and will not, by the passage of time, the giving of notice, or both: (i) require any Governmental Approval or violate any Applicable Law (including all Environmental Laws) in any material respect relating to the Borrower or any other Loan Party; (ii) conflict with, result in a breach of or constitute a default under the articles of incorporation or the bylaws of the Borrower or the organizational or governing documents of any Loan Party, or any material indenture, agreement or other instrument to which the Borrower or any other Loan Party is a party or by which it or any of its respective properties may be bound; or (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by any Loan Party other than in favor of the Administrative Agent for its benefit and the benefit of the other Lender Parties;

(d) No suit, action, investigation or proceeding, pending or threatened, in any court or before any arbitrator or governmental authority has been instituted that purports to affect the Borrower or its Subsidiaries or the transaction contemplated hereby or that could reasonably be expected to have a Material Adverse Effect on the Borrower or its

Subsidiaries or the transaction contemplated herein or on the ability of the Borrower or its Subsidiaries to perform their obligations under this Amendment, the Credit Agreement as amended by this Amendment or the other Loan Documents to which it is a party; and

(e) no Default or Event of Default has occurred and is continuing or would result after giving effect to this Amendment.

SECTION 3. Conditions to Effectiveness on Amendment Effective Date. This Amendment shall become effective on and as of the Business Day on which the following conditions shall have been satisfied (such date, the "Amendment Effective Date"):

(a) the Administrative Agent shall have received duly executed counterparts of this Amendment from the Borrower and each 2017 Term Loan Lender;

(b) the Administrative Agent shall have received, on behalf of itself and the Lenders, a customary opinion of outside counsel to the Borrower and the other Loan Parties, addressed to the Administrative Agent and the Lenders and covering such matters as the Administrative Agent may reasonably request and in form and substance reasonably acceptable to the Administrative Agent;

(c) the Administrative Agent shall have received a certificate of the secretary or assistant secretary (or equivalent officer) on behalf of each Loan Party, dated as of the Amendment Effective Date, certifying (i) that attached thereto is a true and complete copy of each certificate or articles of incorporation or formation, articles of organization, certificate of limited partnership, declaration of trust or other comparable organizational instrument (if any) of each Loan Party or that the corresponding documents delivered to the Administrative Agent on the Effective Date have not been amended, supplemented or otherwise modified and remain in full force and effect in the same form as delivered to the Administrative Agent on the Effective Date, (ii) that attached thereto is a true and complete copy of the by-laws of each Loan Party, if a corporation, the operating agreement, if a limited liability company, the partnership agreement, if a limited or general partnership, or other comparable document in the case of any other form of legal entity or that such corresponding documents delivered to the Administrative Agent on the Effective Date have not been amended, supplemented or otherwise modified and remain in full force and effect in the same form as delivered to the Administrative Agent on the Effective Date, (iii) that attached thereto is a true and complete copy of all corporate, partnership, member or other necessary action taken by each Loan Party to authorize the execution, delivery and performance of this Amendment, authorizing the execution, delivery and performance of this Amendment, and that such actions have not been modified, rescinded or amended and are in full force and effect as of the date of such certificate, (iv) that attached thereto is an incumbency and specimen signature of each officer or authorized person executing this Amendment or any other document delivered in connection herewith on behalf of such Loan Party or that the incumbency has not changed since being delivered to the Administrative Agent on the Effective Date, and (v) that attached thereto is a true and complete copy of a certificate as to the good standing of such Loan Party as of a recent date, from such Secretary of State (or other applicable Governmental Authority) of such Loan Party's jurisdiction of organization;

(d) the representations and warranties contained in Section 2 hereof shall be true and correct in all material respects as of the Amendment Effective Date (without duplication of any materiality qualifier contained therein);

(e) no Default or Event of Default shall exist and be continuing immediately after giving effect to this Amendment;

(f) since December 31, 2016, there has been no Material Adverse Effect;

(g) the Borrower shall have delivered to Administrative Agent an officer's certificate, in form and substance reasonably acceptable to Administrative Agent, certifying that the conditions set forth in Section 3(d), Section 3(e) and Section 3(f) have been satisfied;

(h) the First Amendment Lead Arrangers and the Administrative Agent shall have received all fees and other amounts due and payable to them pursuant to the Loan Documents and that certain fee letter dated on or about March 7, 2019 (the "March 2019 Fee Letter"), by and among the Borrower, KeyBank National Association, KeyBanc Capital Markets Inc., Regions Capital Markets, and Regions Bank on or prior to the Amendment Effective Date, including reimbursement for all reasonable and documented out-of-pocket legal costs incurred by the First Amendment Lead Arrangers and the Administrative Agent in connection with this Amendment invoiced at least two Business Days prior to the Amendment Effective Date;

(i) in accordance with the March 2019 Fee Letter, the Borrower shall have paid a commitment fee to the Administrative Agent for the benefit of each of the 2017 Term Loan Lenders in the amount of 0.075% of the outstanding 2017 Term Loans of each such 2017 Term Loan Lender;

(j) the Administrative Agent shall have received all documentation and other information requested in writing at least 10 Business Days prior to the Amendment Effective Date by the Administrative Agent that is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the PATRIOT Act;

(k) for any Loan Party that qualifies as a "legal entity customer" under 31 C.F.R. Section 1010.230, the Administrative Agent shall have received a beneficial ownership certification, which certification shall be substantially similar in form and substance to the form required under 31 C.F.R. Section 1010.230; and

(l) the Administrative Agent shall have received a Compliance Certificate setting forth in reasonable detail calculations required to establish the Borrower is compliance with the covenants contained in Section 10.1 of the Credit Agreement on a pro forma basis after giving effect to this Amendment.

SECTION 4. Costs, Expenses. As provided in Section 13.2 of the Credit Agreement, the Borrower agrees to reimburse Administrative Agent for all reasonable and

documented out-of-pocket costs and expenses, including legal costs, in connection with the preparation, negotiation, execution and delivery of this Amendment.

SECTION 5. Counterparts; Effectiveness. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic transmission (PDF or TIFF format) shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE. Each of the provisions set forth in Section 13.4(b) and Section 13.4(c) of the Credit Agreement are incorporated by reference into this Amendment, *mutatis mutandis*, and shall have the same force and effect in respect of this Amendment as if set forth herein in full.

SECTION 7. WAIVER OF JURY TRIAL. EACH PARTY HERETO ACKNOWLEDGES THAT ANY DISPUTE OR CONTROVERSY BETWEEN OR AMONG THE BORROWER, THE ADMINISTRATIVE AGENT, OR ANY OF THE LENDERS WOULD BE BASED ON DIFFICULT AND COMPLEX ISSUES OF LAW AND FACT AND WOULD RESULT IN DELAY AND EXPENSE TO THE PARTIES. ACCORDINGLY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE LENDERS, THE ADMINISTRATIVE AGENT AND THE BORROWER HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR NATURE IN ANY COURT OR TRIBUNAL IN WHICH AN ACTION MAY BE COMMENCED BY OR AGAINST ANY PARTY HERETO ARISING OUT OF THIS AMENDMENT OR ANY OTHER LOAN DOCUMENT OR BY REASON OF ANY OTHER SUIT, CAUSE OF ACTION OR DISPUTE WHATSOEVER BETWEEN OR AMONG THE BORROWER, THE ADMINISTRATIVE AGENT OR ANY OF THE LENDERS OF ANY KIND OR NATURE RELATING TO ANY OF THE LOAN DOCUMENTS.

SECTION 8. No Modification; Reaffirmation.

(a) Except as expressly set forth herein, nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Credit Agreement or any of the other Loan Documents or constitute a course of conduct or dealing among the parties. Except as expressly stated herein, the Administrative Agent and the Lenders reserve all rights, privileges and remedies under the Loan Documents. Except as amended or consented to hereby, the Credit Agreement and other Loan Documents remain unmodified and in full force and effect. Each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Credit Agreement, and each reference to the "Credit Agreement", "thereunder", "thereof", "therein" or words of like import referring to the Credit Agreement in any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby. This Amendment shall constitute a Loan Document under the Credit Agreement and the other Loan Documents and, together with the other Loan Documents, constitute the entire

agreement among the parties pertaining to the modification of the Loan Documents as herein provided and supersede any and all prior or contemporaneous agreements, promises and amendments relating to the subject matter hereof. To the extent any terms or provisions of this Amendment conflict with those of the Credit Agreement or the other Loan Documents, the terms and provisions of this Amendment shall control.

(b) For the avoidance of doubt, this Amendment shall not constitute an election by the Borrower to extend the existing 2017 Term Loans pursuant to Section 2.14(b) of the Credit Agreement, and the Borrower's extension options thereunder shall continue from and after the Amendment Effective Date as expressly set forth in the Credit Agreement.

(c) Each Loan Party hereby (i) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under each of the Loan Documents to which it is a party as amended and extended hereby and (ii) in the case of each Guarantor, ratifies and reaffirms its Guaranty of the Obligations as amended and extended hereby.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their authorized officers all as of the day and year first above written.

STORE CAPITAL CORPORATION,

as Borrower

By: /s/ Catherine Long

Name: Catherine Long

Title: Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary

[Signatures Continued on Next Page]

KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent and as a 2017 Term Loan Lender

By: /s/ Tyrel Regnier
Name: Tyrel Regnier
Title: Assistant Vice President

[Signatures Continued on Next Page]

BMO HARRIS BANK N.A.,
as a 2017 Term Loan Lender

By: /s/ Aaron Lanski
Name: Aaron Lanski
Title: Managing Director

CAPITAL ONE, NATIONAL ASSOCIATION,
as a 2017 Term Loan Lender

By: /s/ Peter C. Ilovic
Name: Peter C. Ilovic
Title: Vice President

REGIONS BANK,
as a 2017 Term Loan Lender

By: /s/ Ghi S. Gavin
Name: Ghi S. Gavin
Title: Senior Vice President

SUNTRUST BANK,
as a 2017 Term Loan Lender

By: /s/ Trudy Wilson
Name: Trudy Wilson
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,

as a 2017 Term Loan Lender

By: /s/ Patrick A. Trowbridge

Name: Patrick A. Trowbridge

Title: Senior Vice President

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Section 3: EX-10.2 (EX-10.2)

Exhibit 10.2

STORE CAPITAL CORPORATION
2015 OMNIBUS EQUITY INCENTIVE PLAN

RESTRICTED SHARE UNIT AWARD AGREEMENT

THIS RESTRICTED SHARE UNIT AWARD AGREEMENT (this "Agreement") is effective [ ] (the "Grant Date") by and between STORE Capital Corporation, a Maryland corporation (the "Company") and [ ] (the "Participant").

Section 1. General. This Agreement and the restricted share units granted hereunder are subject in all respects to the terms and conditions of the STORE Capital Corporation 2015 Omnibus Equity Incentive Plan (the "Plan"). Capitalized terms used in this Agreement without further definition shall have the same meanings given to such terms in the Plan.

Section 2. Grant of Restricted Share Units. The Company hereby awards to the Participant, as of the Grant Date, [ ] restricted share units (the "Performance Unit Award"). The Performance Unit Award has been granted pursuant to the Plan and subject to the terms and conditions of the Plan and this Agreement. The Performance Unit Award represents the right to receive the number of Shares set forth on Exhibit A, attached hereto, upon the vesting of the Performance Unit Award.

Section 3. Vesting.

(a) ***Earned Awards***. The Performance Unit Award shall be eligible to vest based on the achievement of the performance criteria set forth on Exhibit A (the "Performance Criteria"), as measured over the period beginning on January 1, 2019 and ending on December 31, 2021 (the "Performance Period"). The portion of the Performance Unit Award, if any, for which the Performance Criteria have been achieved is referred to herein as the "Earned Award." Subject to certification by the Committee pursuant to Section 3(b) below, shares shall be settled and delivered (provided that such delivery is otherwise in accordance with federal and state securities laws) with respect to the Earned Award as soon as practicable following vesting, but in no event later than March 15 of the calendar year following the calendar year in which vesting occurs (the date on which settlement occurs, the "Settlement Date").

(b) ***Determination and Certification***. At a meeting of the Committee occurring after the Committee has received the Company's audited financial statements for the fiscal year ending with the end of the Performance Period, the Committee shall determine and certify in writing the level of achievement of the Performance Criteria described on Exhibit A and the resulting portion of the Performance Unit Award, if any, which is an Earned Award. The Company shall promptly notify the Participant of the determination by the Committee.

(c) ***Forfeiture of Unearned Units***. Upon the Committee's certification of the number of shares issuable in connection with such Earned Award, the Participant shall automatically forfeit to the Company without consideration the remaining portion of the Performance Unit Award that was not an Earned Award.

Section 4. Rights; Non-Transferability. The Participant will not be entitled to any dividends or dividend equivalents paid on the Performance Unit Award or any voting rights unless and until the Performance Unit Award is vested and settled, at which time the Participant shall be entitled to an amount in cash (less applicable withholding) equal to the dividends that would have been paid had the portion of the Performance Unit Award, if any, which is an Earned Award been issued at the beginning of the Performance Period. The Performance Unit Award may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered until all restrictions contained in this Agreement or in the Plan have been otherwise satisfied, terminated or expressly waived by the Company in writing.

Section 5. Termination. Subject to terms, as in effect from time to time, specified in an employment, severance or change in control agreement between the Participant and the Company and its Affiliates, to the extent more favorable to the Participant than this Section 5, the following provisions shall apply on the Participant's termination of employment.

(a) ***Qualified Termination During Performance Period***. If, during the Performance Period, the Participant's employment is terminated by the Company without "Cause" or the Participant resigns for "Good Reason" (as each such term is defined in the Participant's employment agreement with the Company or an Affiliate as then, or as most recently, in effect), or the Participant retires from the Company at the age of 65 years or older, dies or becomes subject to a Disability while employed by the Company (collectively, a "Qualified Termination"), the Performance Unit Award shall become an Earned Award as follows:

(i) first, the Committee shall determine the portion of the Performance Unit Award that is eligible to become an Earned Award based on actual achievement of the Performance Criteria following the end of the Performance Period; and

(ii) second, the Earned Award so calculated shall be multiplied by a fraction, the numerator of which is the total number of days that have elapsed from the first day of the Performance Period to the date of the Participant's Qualified Termination and the denominator of which is the total number of days in the Performance Period. Such portion of the Earned Award shall then be settled in accordance with Section 3 as for all other participants whose awards are settled on the Settlement Date.

(b) ***All Other Terminations***. If, during the Performance Period, the Participant's termination of employment with the Company or an Affiliate occurs for any reason other than a Qualified Termination, the Performance Unit Award shall be forfeited as of the date of such termination of employment.

(c) ***Termination Following a Change in Control***. Notwithstanding the foregoing, upon a termination of employment of the Participant without Cause or for Good Reason on or following a Change in Control, the Performance Unit Award shall be subject to Section 6 hereof.

Section 6. Change in Control. Subject to terms, as in effect from time to time, specified in an employment, severance or change in control agreement between the Participant and the Company and its Affiliates, to the extent more favorable to the Participant than this Section 6, if a Change in Control occurs during the Performance Period and the Participant has remained continuously employed by the Company until at least immediately prior to the Change in Control, then the Performance Unit Award shall not vest in accordance with the terms of Section 13 of the Plan and the portion of the Performance Unit Award that shall become an Earned Award shall be determined as follows:

(a) ***Performance Unit Award Not Assumed or Substituted***. If the Committee reasonably determines in good faith, prior to the occurrence of the Change in Control, that the Performance Unit Award will not be assumed, and that new rights that substantially preserve the terms and economic substance of the Performance Unit Award will not be substituted therefor, by the Company, its successor or Affiliate thereof in connection with such Change in Control, then the portion of the Performance Unit Award that shall become an Earned Award shall equal the greater of (a) 100% of the target award level payout, and (b) the portion of the Earned Award that would have been earned based on actual achievement of (i) the Absolute Earned Award (as defined on Exhibit A) through the most recently completed fiscal quarter prior to such Change in Control, and (ii) the Relative Earned Award (as defined on Exhibit A), calculated as if the trading date immediately prior to the date of the Change in Control had been the end of the Performance Period.

(b) ***Performance Unit Award Assumed or Substituted***. If the Committee reasonably determines in good faith, both (i) prior to the occurrence of the Change in Control, that the Performance Unit Award will be assumed, or that new rights that substantially preserve the terms and economic substance of the Performance Unit Award will be substituted therefor, and (ii) thereafter, that the Performance Unit Award has been assumed, or that new rights that substantially preserve the terms and economic substance of the Performance Unit Award have been substituted therefor, and before the Settlement Date with respect to such Performance Unit Award, the Participant's employment is terminated by the Company, its successor or Affiliate thereof without "Cause" or the Participant resigns for "Good Reason," in either case within the two (2) year period immediately following a Change in Control, then the portion of the Performance Unit Award that shall become an Earned Award shall equal the greater of (a) 100% of the target award level payout, and (b) the portion of the Earned Award that would have been earned based on actual achievement of (i) the Absolute Earned Award (as defined on Exhibit A) through the most recently completed fiscal quarter prior to the date of such termination or resignation of employment, and (ii) the Relative Earned Award (as defined on Exhibit A), calculated as if the trading date immediately prior to the date of such termination or resignation of employment had been the end of the Performance Period.

(c) ***Settlement***. Any portion of the Performance Unit Award that becomes an Earned Award pursuant to this Section 6 shall be settled on or within 60 days after the Change in Control or Qualified Termination, as applicable, but in no event later than the Settlement Date, in accordance with Section 3.

Section 7. Miscellaneous Provisions.

(a) ***Continued Employment***. Neither this Agreement nor the Performance Unit Award granted hereby shall confer upon the Participant any right to continued employment or service with the Company or any Affiliate thereof, as the case may be, nor shall it interfere in any way with the right of the Company or any Affiliate thereof to terminate the employment or service of the Participant at any time.

(b) ***Change in Capitalization***. In the event of any Change in Capitalization, an equitable substitution or proportionate adjustment shall be made, in each case, as may be determined by the Administrator, in its sole discretion, in the kind, number and purchase price of Shares or other securities subject to the Performance Unit Award; provided, however, that any fractional Shares resulting from the adjustment shall be eliminated. Such other equitable substitutions or adjustments shall be made as may be determined by the Administrator, in its sole discretion. Without limiting the generality of the foregoing, in connection with a Change in Capitalization, the Administrator may provide, in its sole discretion, but subject in all events to the requirements of Section 409A of the Code, for the cancellation of the Performance Unit Award in exchange for payment in cash or other property in an amount equal to the aggregate Fair Market Value of the Common Stock covered by such award. Further, without limiting the generality of the foregoing, with respect to restricted share units subject to foreign laws, adjustments made hereunder shall be made in compliance with applicable requirements. The Administrator's determinations pursuant to this Section 7(b) shall be final, binding and conclusive.

(c) ***Clawback***. If, in the opinion of the independent directors of the Board, the Company's financial results are restated or materially misstated due in whole or in part to intentional fraud or misconduct by one or more of the Company's executive officers, the independent directors have the discretion to use their best efforts to remedy the fraud or misconduct and prevent its recurrence. The Company's independent directors may, based upon the facts and circumstances surrounding the restatement, direct that the Company recover all or a portion of any bonus or incentive compensation paid, or cancel the stock-based awards granted under the Plan, to an executive officer. In addition, the independent directors may also seek to recoup any gains realized with respect to equity-based awards, including with regard to the Performance Unit Award, regardless of when issued. The remedies that may be sought by the independent directors are subject to a number of conditions, including, that: (1) the bonus or incentive compensation to be recouped was calculated based upon the financial results that were restated, (2) the executive officers in question engaged in the intentional misconduct, and (3) the bonus or incentive compensation calculated under the restated financial results is less than the amount actually paid or awarded.

(d) ***No Ownership***. Unless and until a certificate or certificates representing Shares shall have been issued by the Company as a result of the vesting of the Performance Unit Award, the Participant shall not have any of the rights or privileges of a stockholder of the Company with respect to the Shares subject to the Performance Unit Award.

(e) ***Tax Withholding***. The Company shall withhold all applicable taxes or other amounts required by law from all amounts paid or delivered in respect of the Performance Unit Award. The Participant may satisfy the withholding obligation by paying the amount of any taxes in cash or Shares may be withheld from the Shares otherwise deliverable to satisfy the obligation in full or in part. If Shares are withheld, such Shares shall have a Fair Market Value equal to the minimum statutorily required withholding obligation (reduced by the amount of any taxes paid in cash), with such number of withheld Shares rounded up to the nearest whole number of Shares as necessary to avoid fractional Shares and with any excess amount refunded in cash to the Participant.

(f) ***Code Section 409A***. The intent of the Participant and the Company is that payments and benefits under this Agreement and the Performance Unit Award be exempt from, or comply with, Section 409A of the Internal Revenue Code (the "Code"), and accordingly, to the maximum extent permitted, this Agreement and the Performance Unit Award shall be interpreted and administered to be in accordance therewith. Each payment under this Agreement and the Performance Unit Award shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in this Agreement and the Performance Unit Award that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, (i) the Participant shall not be considered to have terminated employment for purposes of this Agreement and no payments shall be due to the Participant under this Agreement that are payable upon the Participant's termination of employment until the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code and (ii) amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement and the Performance Unit Award during the six-month period immediately following the Participant's separation from service shall instead be paid on the first business day after the date that is six months following the Participant's separation from service (or, if earlier, the Participant's death).

(g) ***Plan; Entire Agreement; Amendments***. The Plan is incorporated herein by reference. Except as otherwise explicitly set forth herein, this Agreement supersedes any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof. Subject to the express provisions of the Plan, the Administrator shall have discretionary authority to interpret and make all determinations relating to the Plan and this Agreement and any such interpretation or determination shall be binding on all parties. The Administrator may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in this Agreement in the manner and to the extent it shall deem necessary or desirable to carry it into effect. All action by the Administrator under the provisions of this paragraph shall be final, conclusive and binding for all purposes.

(h) ***Notices***. Any notice required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery, upon deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid

or upon deposit with a reputable overnight courier. Notice shall be addressed to the Company at its principal executive office and to the Participant at the address most recently provided by the Participant to the Company.

(i) ***Choice of Law***. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland, without giving effect to principles of conflicts of law of such state.

(j) ***Successors***. This Agreement is personal to the Participant and, except as otherwise provided above, shall not be assignable by the Participant otherwise than by will or the laws of descent and distribution, without the written consent of the Company. This Agreement shall inure to the benefit of and be enforceable by the Participant's legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assignees, subject to the terms of the Plan.

(k) ***Severability***. If any provision of this Agreement for any reason should be found by any court of competent jurisdiction to be invalid, illegal or unenforceable, in whole or in part, such declaration shall not affect the validity, legality or enforceability of any remaining provision or portion hereof, which remaining provision or portion hereof shall remain in full force and effect as if this Agreement had been adopted with the invalid, illegal or unenforceable provision or portion hereof eliminated.

(l) ***Headings***. The headings and captions in this Agreement shall not be construed to limit or modify the terms or meaning of this Agreement.

(m) ***Counterparts***. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

This Agreement is executed by the Company and the Participant as of the date and year first written above.

STORE CAPITAL CORPORATION,
a Maryland corporation

By: ________________________________
Name: ________________________________
Title: ________________________________

PARTICIPANT

____
[ ]

____
Print Name

____
Date

EXHIBIT A

PERFORMANCE VESTING CRITERIA

1. The Earned Award shall be equal to the sum of the Relative Earned Award and the Absolute Earned Award (each as set forth below).

(a) Relative Earned Award. The "Relative Earned Award" shall be equal to the product of (i) the number of restricted share units underlying the Performance Unit Award, (ii) 0.5, and (iii) the Relative Performance Factor. The "Relative Performance Factor" shall be determined based on the ranking of the TSR (as defined below) of the Company for the Performance Period as compared to the TSR of the other component companies included within, and ranked by, the Index (as defined below) for the Performance Period, subject to the terms of this Agreement:

Degree of Performance Attainment	**Company TSR Relative to Index Return**	**Relative Performance Factor**
Maximum	Company TSR must rank at a level equal to the 75th percentile of ranked component companies in the Index	1
Target	Company TSR must rank at a level at least equal to the 50th percentile of ranked component companies in the Index	1/3
Threshold	Company TSR must rank at a level at least equal to the 35th percentile of ranked component companies in the Index	1/9

(b) Absolute Earned Award. The "Absolute Earned Award" shall be equal to the product of (i) the number of restricted share units underlying the Performance Unit Award, (ii) 0.5, and (iii) the Absolute Performance Factor. The "Absolute Performance Factor" shall be determined based on the Company's AFFO/Share CAGR (as defined below) for the Performance Period, subject to the terms of this Agreement:

Degree of Performance Attainment	**AFFO/Share CAGR**	**Absolute Performance Factor**
Maximum	6.5% or greater	1
Target	4.5%	1/3
Threshold	3.0%	1/9

"TSR" shall mean the compounded annual growth rate, expressed as a percentage (rounded to the nearest tenth of a percent), in the value per share of common stock during the Performance Period due to the appreciation in the price per share of common stock and dividends paid to a shareholder of record with respect to one share of common stock during the Performance Period, assuming dividends are reinvested on the ex-dividend date. For purposes of this calculation, the beginning and ending share price shall be based on a 20-day trailing average closing stock price.

Notwithstanding anything to the contrary in this Agreement or the table above, the Relative Earned Award shall not exceed the Target level unless the Company's TSR for the Performance Period, without regard to its relative performance, is equal to or greater than 0%.

"Index" shall mean the MSCI US REIT Index; provided, that the ranked component companies in the Index used to determine the TSR percentile rank of the Company shall include only those companies included in the Index for the entire Performance Period.

"AFFO/Share CAGR" shall mean the compounded annual growth rate, expressed as a percentage (rounded to the nearest tenth of a percent), of the Company's Adjusted Funds from Operations ("AFFO") per weighted average basic common share during the Performance Period. For purposes of this calculation, AFFO per weighted average basic common share shall be the amount reported in the Company's earnings release for the end of the Performance Period.

The Compensation Committee may make equitable adjustments to the AFFO/Share CAGR in the event of, in response to, or to reflect: (i) an unusual or non-recurring event that affects the Company or its financial statements, (ii) any changes in applicable laws or regulations or accounting principles or taxation applicable to the Company, (iii) the impact of investments, acquisitions, dispositions or other business ventures (including any joint venture) made during the performance period that would be outside of the normal course of business for the Company, (iv) unusual or non-recurring litigation expenses and/or (v) the impact of any foreign currency gains or losses.

To the extent actual performance falls between two performance goal levels, linear interpolation shall apply. The Administrator shall have discretionary authority to interpret and make all determinations relating to the tables above.

2. Earned Awards, if any, shall vest on the last day of the Performance Period, subject to the Participant's continued employment through the end of the Performance Period (and subject to the acceleration and forfeiture provisions set forth in the Plan and this Agreement), and shares shall be settled and delivered as provided in Section 3 of this Agreement.

3. To determine the number of shares to be awarded, the earned dollar amount based on performance achieved is converted into a number of shares by dividing the dollar amount by the 20-trading-day average closing price per share at the beginning of the performance period.

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Section 4: EX-31.1 (EX-31.1)

EXHIBIT 31.1

CERTIFICATION

I, Christopher H. Volk, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of STORE Capital Corporation for the quarter ended March 31, 2019;

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(s) 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(s) 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: May 3, 2019

/s/ Christopher H. Volk

Christopher H. Volk
President and Chief Executive Officer
(Principal Executive Officer)

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Section 5: EX-31.2 (EX-31.2)

EXHIBIT 31.2

CERTIFICATION

I, Catherine Long, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of STORE Capital Corporation for the quarter ended March 31, 2019;
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(s) 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(s) 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: May 3, 2019

/s/ Catherine Long
Catherine Long
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

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Section 6: EX-32.1 (EX-32.1)

EXHIBIT 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of STORE Capital Corporation (the "Company") for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher H. Volk, as President and Chief Executive Officer of the Company, hereby certify pursuant to Title 18, Chapter 63, Section 1350 of the United States Code, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) 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

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

Date: May 3, 2019

/s/ Christopher H. Volk

Name: Christopher H. Volk

Title: President and Chief Executive Officer

(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and will not be deemed incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of the general incorporation language in such filing, except to the extent the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 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.

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Section 7: EX-32.2 (EX-32.2)

EXHIBIT 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of STORE Capital Corporation (the “Company”) for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Catherine Long, as Executive Vice President, Chief Financial Officer and Treasurer of the Company, hereby certify pursuant to Title 18, Chapter 63, Section 1350 of the United States Code, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) 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

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

Date: May 3, 2019

/s/ Catherine Long

Catherine Long

Executive Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and will not be deemed incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of the general incorporation language in such filing, except to the extent the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 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.

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