SPIRIT REALTY CAPITAL, INC.
Form 424B2
May 03, 2019

Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-220618

CALCULATION OF REGISTRATION FEE

Title Of Each Class of Securities To Be Registered	**Amount To Be Registered**	**Maximum Offering Price Per Unit**	**Maximum Aggregate Offering Price**	**Amount of Registration Fee**
Common Stock, $0.05 par value per share	11,500,000	$41.00	$471,500,000	$57,146[(1)]

(1) The filing fee of $57,146 is calculated in accordance with Rules 457(o) and 457(r) of the Securities Act of 1933, as amended, and reflects the potential additional issuance of shares of common stock, $0.05 par value per share, pursuant to the underwriters option to purchase additional shares. In accordance with Rules 456(b) and 457(r), the registrant initially deferred payment of all of the registration fees for Registration Statement No. 333-220618 filed by the registrant on September 25, 2017.

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Prospectus supplement

(To Prospectus dated September 25, 2017)

10,000,000 shares

Common stock

We expect to enter into a forward sale agreement with each of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (or affiliates thereof), which we refer to in this capacity as the forward purchasers. In connection with the forward sale agreements, the forward purchasers or their affiliates are borrowing from third parties and selling to the underwriters an aggregate of 10,000,000 shares of our common stock that will be delivered in this offering.

We will not initially receive any proceeds from the sale of shares of our common stock by the forward purchasers or their affiliates. We expect to physically settle the forward sale agreements (by the delivery of shares of our common stock) and receive proceeds from the sale of those shares of our common stock upon one or more forward settlement dates no later than 18 months from the date hereof. We may also elect to cash settle or net share settle all or a portion of our obligations under a forward sale agreement (if we conclude that it is in our best interest to do so). If we elect to cash settle a forward sale agreement, we may not receive any proceeds, and we may owe cash to the relevant forward purchaser in certain circumstances. If we elect to net share settle a forward sale agreement, we will not receive any proceeds, and we may owe shares of our common stock to the relevant forward purchaser in certain circumstances. See Underwriting Forward Sale Agreements.

If any forward purchaser or its affiliate does not deliver and sell on the anticipated closing date of this offering all of the shares of our common stock to be delivered and sold by it to the underwriters, we will issue and sell to the underwriters a number of shares of our common stock equal to the number of shares of our common stock that the forward purchaser or its affiliate does not deliver and sell, and the number of shares underlying the relevant forward sale agreement will be decreased by the number of shares that we issue and sell.

Shares of our common stock trade on the New York Stock Exchange, or NYSE, under the symbol SRC. On May 2, 2019, the last sale price of shares of our common stock as reported on the NYSE was $42.40 per share.

We have elected to be taxed as a real estate investment trust, or REIT, for federal income tax purposes commencing with our taxable year ended December 31, 2005. To assist us in complying with certain federal income tax requirements applicable to REITs, our charter contains certain restrictions relating to the ownership and transfer of our capital stock, including an ownership limit of 9.8% of our outstanding common stock. See Description of Capital Stock Restrictions on Ownership and Transfer in the accompanying prospectus for a detailed description of the ownership and transfer restrictions applicable to our common stock.

Investing in shares of our common stock involves risks that are described in the Risk Factors section beginning on page S-10 of this prospectus supplement and under the caption Item 1A. Risk Factors beginning on page 12 of our Annual Report on Form 10-K for the year ended December 31, 2018, which is incorporated by reference herein.

	Per share	Total
Public offering price	$ 41.00	$ 410,000,000
Underwriting discount(1)	$ 1.64	$ 16,400,000
Proceeds, before expenses, to us(2)	$ 39.36	$ 393,600,000

(1) See Underwriting.

(2) For the purposes of calculating the aggregate net proceeds to us, we have assumed that the forward sale agreements will be fully physically settled based on the initial forward sale price of $39.36 per share, which is the public offering price less the underwriting discount shown above. The forward sale price is subject to adjustment pursuant to the terms of each of the forward sale agreements, and the actual proceeds, if any, to us will be calculated as described in this prospectus supplement. Although we expect to settle the forward sale agreements entirely by the full physical delivery of shares of our common stock in exchange for cash proceeds no later than 18 months from the date hereof, we may elect cash settlement or net share settlement for all or a portion of our obligations under any forward sale agreement. See Underwriting Forward Sale Agreements for a description of the forward sale agreements.

The underwriters have been granted a 30-day option from the date of this prospectus supplement, exercisable in whole or in part from time to time, to purchase up to an additional 1,500,000 shares of our common stock solely to cover overallotments, if any, at the public offering price less the underwriting discount. Upon any exercise of such option, we expect to enter into additional forward sale agreements with each of the forward purchasers in respect of the number of shares sold by the applicable forward purchaser or its affiliate in respect of such option exercise. Unless the context requires otherwise, the term forward sale agreement as used in this prospectus supplement includes any additional forward sale agreement that we enter into in connection with the exercise by the underwriters of their option to purchase additional shares. In such event, if any forward purchaser or its affiliate does not deliver and sell all of the shares of our common stock to be delivered and sold by it to the underwriters in connection with the exercise of such option, we will issue and sell to the underwriters a number of shares of our common stock equal to the number of shares of our common stock that the forward purchaser or its affiliate does not deliver and sell, and the number of shares underlying the relevant forward sale agreement will be decreased by the number of shares that we issue and sell.

The underwriters expect to deliver the shares to purchasers on or about May 7, 2019 through the book-entry facilities of The Depository Trust Company.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

J.P. Morgan **BofA Merrill Lynch**
BTIG **Mizuho Securities**

Co-Managers

Capital One Securities **Fifth Third Securities** **Morgan Stanley** **RBC Capital Markets** **Regions Securities LLC**
Scotiabank **Stifel** **SunTrust Robinson Humphrey** **Wells Fargo Securities** **Ramirez & Co., Inc.**

Prospectus Supplement dated May 2, 2019.

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Prospectus supplement

Prospectus

You should rely only on the information contained in or incorporated, or deemed to be incorporated, by reference into this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus we have authorized for use in connection with this offering in making a decision about whether to invest in shares of our common stock. We have not, and the underwriters and the forward purchasers have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction where it is unlawful to make such offer or solicitation. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated, or deemed to be incorporated, by reference herein or therein is accurate only as of their respective dates or as of the date or dates that are specified in such documents. Our business, financial condition, liquidity, results of operations, funds from operations and prospects may have changed since those dates.

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About this prospectus supplement and the prospectus

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering.

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference, the information in this prospectus supplement will supersede such information. In addition, any statement in a filing we make with the Securities and Exchange Commission, or the SEC, that is incorporated, or deemed to be incorporated, by reference herein and adds to, updates or changes information contained in an earlier filing we made with the SEC shall be deemed to modify and supersede such information in the earlier filing.

This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated, and deemed to be incorporated, by reference in this prospectus supplement and the accompanying prospectus. See Incorporation by Reference in this prospectus supplement and Where You Can Find More Information in the accompanying prospectus.

Spirit Realty Capital, Inc. is a REIT and operates its business primarily through its consolidated subsidiary, Spirit Realty, L.P., a Delaware limited partnership. Unless otherwise indicated or unless the context requires otherwise, each reference in this prospectus supplement to:

we, us or our means Spirit Realty Capital, Inc., a Maryland corporation, together with its consolidated subsidiaries, including Spirit Realty, L.P.;

our operating partnership means Spirit Realty, L.P., a Delaware limited partnership;

the spin-off means the creation of an independent, publicly traded REIT, SMTA, through our contribution of properties leased to Specialty Retail Shops Holding Corp. and certain of its affiliates, assets that collateralize the net-lease mortgage securitization trust established in 2005 and amended and restated in 2014 and other additional assets to SMTA followed by the distribution by us to our stockholders of all of the common shares of beneficial interest in SMTA;

revolving credit facility means our operating partnership s $800 million unsecured revolving credit facility, term loan facility means our operating partnership s $420 million unsecured term loan facility and delayed draw term loan facility means our operating partnership s $400 million delayed draw term loan facility, in each case as the same may be amended, supplemented or restated from time to time and, unless otherwise expressly stated or the context otherwise requires, including any successor credit facilities;

Series A Preferred Stock means our 6.000% Cumulative Redeemable Preferred Stock issued October 3, 2017, with a liquidation preference of $25.00 per share; and

SMTA means Spirit MTA REIT, a Maryland real estate investment trust.

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Special note regarding forward-looking statements

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference in each, contain, and documents we subsequently file with the SEC that are deemed to be incorporated by reference in each may contain, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act, as amended, or the Exchange Act. When used in this prospectus supplement, the accompanying prospectus or in the documents incorporated, or deemed to be incorporated, by reference herein or therein, the words estimate, anticipate, expect, believe, intend, may, should, seek, approximately or plan, or the negative of these words or similar words or phrases that are predictions of or indicate future events or trends and which do not relate solely to historical matters are intended to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions of management.

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

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

- industry and economic conditions;
- volatility and uncertainty in the financial markets, including potential fluctuations in the Consumer Price Index;
- our success in implementing our business strategy and our ability to identify, underwrite, finance, consummate, integrate and manage diversifying acquisitions or investments;
- the financial performance of our retail tenants and the demand for retail space, particularly with respect to challenges being experienced by general merchandise retailers;
- our ability to diversify our tenant base;
- the nature and extent of future competition;
- increases in our costs of borrowing as a result of changes in interest rates and other factors;
- our ability to access debt and equity capital markets;
- our expectation to physically settle the forward sale agreements and our use of the net proceeds therefrom;
- our ability to pay down, refinance, restructure and/or extend our indebtedness as it becomes due;

our ability and willingness to renew our leases upon expiration and to reposition our properties on the same or better terms upon expiration in the event such properties are not renewed by tenants or we exercise our rights to replace existing tenants upon default;

the impact of any financial, accounting, legal or regulatory issues or litigation that may affect us or our major tenants;

our ability to manage our expanded operations;

our ability and willingness to maintain our qualification as a REIT;

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- our use of proceeds from this offering;

- the impact of Specialty Retail Shops Holding Corp. s bankruptcy filing on SMTA;

- the impact of SMTA s board of trustees decision to accelerate its strategic plan, including our ability to collect amounts to which we are contractually entitled under the asset management agreement between the Operating Partnership and SMTA or SMTA s 10% series A preferred shares of beneficial interest upon a resolution SMTA and/or a termination of the asset management agreement;

- our ability to perform as an external manager for SMTA; and

- other risks inherent in the real estate business, including tenant defaults, potential liability relating to environmental matters, illiquidity of real estate investments and potential damages from natural disasters.

The factors included in this prospectus supplement and the accompanying prospectus, including the documents incorporated, and deemed to be incorporated, by reference in each, and documents we subsequently file with the SEC that are deemed to be incorporated by reference in each, are not exhaustive and additional factors could adversely affect our business and financial performance. For a discussion of additional risk factors, see the factors described in the Risk Factors section beginning on page S-10 of this prospectus supplement and under the caption Item 1A. Risk Factors beginning on page 12 of our Annual Report on Form 10-K for the year ended December 31, 2018, which is incorporated by reference herein, as well as the other risks described in this prospectus supplement and the accompanying prospectus and the documents incorporated, and deemed to be incorporated, by reference in each. All forward-looking statements are based on information that was available, and speak only, as of the date on which they were made. We assume no obligation to update any forward-looking statement that becomes untrue because of subsequent events, new information or otherwise, except to the extent we are required to do so in connection with our ongoing requirements under federal securities laws.

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Prospectus supplement summary

This summary highlights selected information appearing elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus and any free writing prospectus that we have authorized for use in connection with this offering and may not contain all of the information that is important to you. You should read this prospectus supplement and the accompanying prospectus, including information incorporated, and deemed to be incorporated, by reference, and any free writing prospectus that we have authorized for use in connection with this offering, in their entirety. Investors should carefully consider the information set forth under Risk Factors beginning on page S-10 of this prospectus supplement and under the caption Item 1A. Risk Factors beginning on page 12 of our Annual Report on Form 10-K for the year ended December 31, 2018, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

Spirit Realty Capital, Inc.

We are a Maryland corporation and operate as a self-administered and self-managed REIT with in-house capabilities, including acquisition, portfolio management, asset management, credit research, real estate research, legal, finance and accounting and capital markets. We primarily invest in single-tenant, operationally essential real estate assets throughout the United States, which are generally acquired through strategic sale-leaseback transactions and subsequently leased on a long-term, triple-net basis to high-quality tenants with business operations within retail, industrial, office and other property types. Single-tenant, operationally essential real estate consists of properties that are generally free-standing, commercial real estate facilities where our tenants conduct activities that are essential to the generation of their sales and profits. In support of our primary business of owning and leasing real estate, we have also strategically originated or acquired long-term, commercial mortgages and other loans to provide a range of financing solutions to our tenants.

As of March 31, 2019, our owned real estate represented investments in 1,477 properties. Our properties are leased to 256 tenants across 49 states and 32 industries. As of March 31, 2019, our owned properties were approximately 99.3% occupied (based on the number of economically yielding properties). In addition, our investment in real estate includes commercial mortgage and other loans receivable primarily secured by 51 real estate properties or other related assets.

As of March 31, 2019, approximately 46% and 28% of our contractual rent was generated from leases with tenants that are public companies (or subsidiaries of public companies) and portfolio companies of private equity firms, respectively. As of the same date, within our top ten tenants based on contractual rent, approximately 71% and 29% of our contractual rent was generated from leases with tenants that are public companies (or subsidiaries of public companies) and portfolio companies of private equity firms, respectively. In addition, our top ten and 20 tenants based on contractual rent as of March 31, 2019 accounted for 24% and 39% of our contractual rent as of such date, respectively. As of March 31, 2019, over 90% of our tenants based on contractual rent provide us with financial reporting.

As of March 31, 2019, approximately 65% of our contractual rent was generated from leases with tenants from ten industries, including convenience stores, health and fitness, industrial, restaurant-quick service, drug stores/pharmacies, restaurants-casual dining, movie theaters, home furnishings, grocery and home improvement.

Our portfolio is diversified by real estate investment amount, building size and contractual rent. As of March 31, 2019, our median real estate investment (representing gross acquisition cost, including the contracted purchase

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price and related capitalized transaction costs, plus improvements less impairment charges) was approximately $1.8 million, the median square footage of our properties was approximately 6,000 square feet and the median annualized contractual rent of our properties was approximately $135,600. The following table presents our total real estate investment by tenant industry or asset type as of March 31, 2019:

Tenant Industry or Asset Type	Real estate investment	
Convenience Stores	$	499.6 million
Health and Fitness	$	441.6 million
Restaurants Quick Service	$	363.9 million
Drug Stores / Pharmacies	$	355.6 million
Movie Theatres	$	353.6 million
Industrial(1)	$	352.6 million
Restaurants Casual Dining	$	329.3 million
Grocery	$	225.9 million
Home Furnishings	$	200.6 million
Entertainment	$	184.9 million
Specialty Retail	$	174.5 million
Medical Office	$	172.6 million
Home Improvement	$	172.4 million
Warehouse Club and Supercenters	$	117.1 million
Car Washes	$	112.9 million
Automotive Service	$	102.1 million
Dollar Stores	$	89.2 million
Sporting Goods	$	88.4 million
Automotive Parts	$	78.8 million
Education	$	72.5 million
Discount Department Stores	$	64.8 million
Automotive Dealers	$	64.0 million
Data Center(1)	$	62.4 million
Office Supplies	$	49.5 million
Building Materials	$	42.6 million
Travel Plaza	$	37.8 million
Hotel(1)	$	33.0 million
Professional Services	$	31.8 million
Consumer Electronics	$	31.4 million
Pet Supplies & Service	$	20.7 million
Apparel	$	13.5 million

(1) Represents the asset type of the property.

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Since the spin-off in May 2018, we have acquired 38 properties for a real estate investment of approximately $408 million. In line with our strategy, these acquisitions have allowed us to further diversify our portfolio. The following table presents our acquisitions since the spin-off by tenant industry:

Tenant industry	Number of properties acquired	Real estate investment
Health and Fitness	11	$ 212.8 million
Home Furnishings	5	$ 74.7 million
Casual Dining	14	$ 38.6 million
Hotels	1	$ 33.0 million
Entertainment	3	$ 20.0 million
Discount Department Store	1	$ 10.5 million
Wholesale Clubs	1	$ 8.1 million
Auto Dealers	1	$ 5.8 million
Pet Supplies and Service	1	$ 5.0 million

Our operations are primarily carried out through our operating partnership. Spirit General OP Holdings, LLC, one of our wholly-owned subsidiaries, is the sole general partner of and owns an approximately 1% interest in our operating partnership. We and one of our wholly-owned subsidiaries are the only limited partners and together own the remaining approximately 99% interest in our operating partnership.

Our outstanding common stock is listed on the NYSE under the symbol SRC.

Our principal executive offices are located at 2727 N. Harwood Street, Suite 300, Dallas, Texas 75201. Our telephone number is (972) 476-1900. Our web site is www.spiritrealty.com. Information contained in or that can be accessed through our web site is not part of, and is not incorporated into, this prospectus supplement or the accompanying prospectus. The foregoing information about us is only a general summary and is not intended to be comprehensive. For additional information about us, you should refer to the information under Where You Can Find More Information in the accompanying prospectus.

Recent developments

The following summarizes certain of our operational and investment activity during the quarter ended March 31, 2019:

Operational Performance: We experienced lost rent of 0.2% and leakage of 1.7% during the quarter ended March 31, 2019. Lost rent is calculated by rent reserved on monthly contractual cash rent during the final month of the reporting period multiplied by twelve. Lost rent is then divided by annualized contractual rent to derive the lost rent percentage. Leakage is calculated by subtracting tenant reimbursement income from property costs for the quarterly period. The resulting difference is divided by the annualized contractual rent to derive the leakage percentage.

Investment Activity: We invested an aggregate of $178.6 million across 32 properties, including the acquisition of 22 properties for a gross purchase price of approximately $160.3 million and revenue producing capital expenditures of $18.3 million across ten properties. These investments:

- generated an initial cash yield (as defined below) of 7.16%;
- had a weighted-average lease term of 14.8 years for new leases;

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- represent approximately $12.8 million of year-one annualized cash rent from new leases; and

- contain average annual rent escalators of 1.7% for new leases.

We calculate initial cash yield by dividing the first twelve months of contractual cash rent following acquisition (excluding any future rent escalations provided subsequently in the lease and percentage rent) by the gross acquisition cost, including the contracted purchase price and related capitalized transaction costs, in the related properties. Initial cash yield is a measure (expressed as a percentage) of the contractual cash rent expected to be earned on an acquired property in the first year. Because it excludes any future rent increases or additional rent that may be contractually provided for in the lease, as well as any other income or fees that may be earned from lease modifications or asset dispositions, initial cash yield does not represent the annualized investment rate of return of our acquired properties. Additionally, actual contractual cash rent earned from the properties acquired may differ from the initial cash yield based on other factors, including difficulties collecting anticipated rental revenues and unanticipated expenses at these properties that we cannot pass on to tenants, as well as the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2018.

Dispositions: We disposed of four properties for an aggregate of $34.8 million net of closing costs and eliminated $10.4 million in debt in connection with giving a property back to its secured lender in our last pending deed-in-lieu transaction.

ATM Program Activity: During the three months ended March 31, 2019, we issued 893,526 shares of our common stock under our at-the-market program, or ATM Program, for gross proceeds of $34.0 million. From January 1, 2019 through April 30, 2019, we issued 2,332,058 shares of our common stock under the ATM Program, including 528,200 shares of our common stock issued and sold by us through the agents under the ATM Program for gross proceeds of approximately $21.0 million and 1,803,858 shares of our common stock sold by forward purchasers through the agents under the ATM Program and pursuant to forward sale agreements, which we refer to as the ATM forward sale agreements, for gross proceeds of $70.4 million based on the initial forward price.

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The offering

The offering terms are summarized below solely for convenience. For a more complete description of the terms of our common stock, see the section entitled Description of Capital Stock in the accompanying prospectus.

Issuer	Spirit Realty Capital, Inc., a Maryland corporation
Shares of Our Common Stock Offered by the Forward Purchasers or Affiliates Thereof	10,000,000 shares of our common stock (or 11,500,000 shares of our common stock if the underwriters option to purchase additional shares is exercised in full).(1)
Shares of Our Common Stock to Be Outstanding after Settlement of the Forward Sale Agreements Assuming Full Physical Settlement	97,338,212 shares of our common stock (or 98,838,212 shares of our common stock if the underwriters option to purchase additional shares is exercised in full).(2)
Accounting Treatment of the Transaction	Before settlement of any forward sale agreement, we expect that the shares issuable upon settlement of such forward sale agreement will be reflected in our diluted earnings per share, return on equity and dividends per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share, return on equity and dividends per share is deemed to be increased by the excess, if any, of the number of shares of our common stock that would be issued upon full physical settlement of such forward sale agreement over the number of shares of our common stock that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sale price at the end of the reporting period). Consequently, we anticipate there will be no dilutive effect on our earnings per share, return on equity and dividends per share prior to physical or net share settlement of the forward sale agreements and subject to the occurrence of certain events, except during periods when the average

(1) If any forward purchaser or its affiliate does not deliver and sell all of the shares of our common stock to be delivered and sold by it to the underwriters (whether in connection with the original offering or an exercise of the underwriters option to purchase additional shares), we will issue and sell to the underwriters a number of shares of our common stock equal to the number of shares of common stock that the forward purchaser or its affiliate does not deliver and sell, and the number of shares underlying the relevant forward sale agreement will be decreased by the number of shares that we issue and sell.

(2) The number of shares of our common stock to be outstanding after settlement of the forward sale agreements assuming full physical settlement is based on 87,338,212 shares of our common stock outstanding as of May 1, 2019. Excludes (a) a maximum of 455,396 shares available for future issuance under our incentive award plan, (b) a total of 363,344 target performance shares granted to certain of our executive officers, (c) a maximum of 7,530,413 shares issuable upon conversion of 2.875% Convertible Notes due 2019, (d) a maximum of 6,454,640 shares issuable upon conversion of 3.75% Convertible Notes due 2021, (e) a maximum of 8,185,056 shares issuable upon conversion of our Series A Preferred Stock and (f) a total of 910,332 shares we may issue under forward sale agreements we have entered into as of May 1, 2019 in connection with our at-the-market equity distribution program (assuming full physical settlement of such forward sale agreements).

market price of our common stock is above the applicable forward sale price, which is initially $39.36 per share (equal to the public offering price less the underwriting discount per share, as set forth on the cover page of this prospectus supplement).

All of the proceeds of this offering (excluding proceeds paid to us with respect to any shares of our common stock that we may sell to the underwriters in lieu of the forward purchasers or their affiliates selling our common stock to the underwriters) will be paid to the forward purchasers. See Use of Proceeds. As a result, affiliates of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, underwriters in this offering, will receive, as forward purchasers, at least 5% of the proceeds of this offering, not including the underwriting discount.

NYSE Symbol SRC

Use of Proceeds We will not initially receive any proceeds from the sale of shares of our common stock by the forward purchasers or their affiliates.

Assuming full physical settlement of the forward sale agreements at an initial forward sale price of $39.36 per share, we expect to receive net proceeds of approximately $392.6 million (or $451.6 million if the underwriters option to purchase additional shares is exercised in full) (in each case after deducting fees and estimated expenses related to the forward sale agreements and this offering), subject to certain adjustments pursuant to the forward sale agreements, upon full physical settlement of the forward sale agreements, which settlement we expect will occur no later than 18 months from the date hereof.

For the purposes of calculating the aggregate net proceeds to us, we have assumed that the forward sale agreements will be fully physically settled based on the initial forward sale price of $39.36 per share, which is the public offering price less the underwriting discount per share, as set forth on the cover page of this prospectus supplement. The forward sale price is subject to adjustment pursuant to the terms of each of the forward sale agreements, and the actual proceeds, if any, to us will be calculated as described in this prospectus supplement. Although we expect to settle the forward sale agreements entirely by the full physical delivery of shares of our common stock in exchange for cash proceeds no later than 18 months from the date hereof, we may elect cash settlement or net share settlement for all or a portion of our obligations under any forward sale agreement. See Underwriting Forward Sale Agreements for a description of the forward sale agreements.

We intend to contribute any cash proceeds that we receive upon settlement of the forward sale agreement to our operating partnership, which intends to use such proceeds to fund potential property acquisitions and for general corporate purposes, which may include repaying or repurchasing indebtedness (including amounts outstanding from time to time under its revolving credit facility, term loan facility and/or delayed draw term loan facility), working capital and capital expenditures. See Use of Proceeds and Risk Factors.

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Affiliates of certain of the underwriters in this offering are lenders and, in certain cases, agents under our operating partnership s revolving credit facility, term loan facility and/or delayed draw term loan facility. To the extent that our operating partnership uses a portion of the net proceeds we receive from this offering or from any forward sale agreement to repay borrowings outstanding under its revolving credit facility, term loan facility and/or delayed draw term loan facility, such affiliates of the applicable underwriters will receive their proportionate share of any amount that is repaid with the net proceeds we receive from this offering or from any forward sale agreement.

Risk Factors

Investing in shares of our common stock involves risks. You should carefully consider the information set forth under Risk Factors beginning on page on page S-10 of this prospectus supplement and under the caption Item 1A. Risk Factors beginning on page 12 of our Annual Report on Form 10-K for the year ended December 31, 2018, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

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Certain results of operations, financial condition and other data

The tables below present certain information regarding our results of operations, financial condition and other data for the three months ended March 31, 2019 and 2018.

Adjusted EBITDAre and Annualized Adjusted EBITDAre

The table below presents a reconciliation of net income to EBITDA*re* (as defined below) and Adjusted EBITDA*re* (as defined below) for the three months ended March 31, 2019 and 2018 (dollars in thousands):

	Three months ended March 31,	
	2019	**2018**
Net Income	$ 43,578	$ 30,718
Add / (less):		
Interest	26,611	