

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

**Form 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-36739

**STORE CAPITAL CORPORATION**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**45-2280254**  
(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**

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

**Securities Registered Pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 30, 2021 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the registrant's shares of common stock, \$0.01 par value, held by non-affiliates of the registrant, was \$9.3 billion based on the last reported sale price of \$34.51 per share on the New York Stock Exchange on June 30, 2021.

As of February 22, 2022 there were 274,775,929 shares of the registrant's common stock outstanding.

**Documents Incorporated by Reference**

Portions of Part III of this Form 10-K are incorporated by reference from the registrant's definitive proxy statement for its 2022 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission no later than 120 days after the end of the registrant's fiscal year.

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## PART I

*In this Annual Report on Form 10-K, or this Annual Report, we refer to STORE Capital Corporation, a Maryland corporation, as “we,” “us,” “our,” “the Company,” “S|T|O|R|E” or “STORE Capital,” unless we specifically state otherwise or the context indicates otherwise.*

### Forward-Looking Statements

This Annual Report contains 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 of 1934, as amended, or 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, and expected liquidity needs and sources (including the ability to obtain financing or raise capital). Words such as “estimate,” “anticipate,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “seek,” “approximately” or “plan,” or the negative of these words, and phrases or similar words or phrases that are predictions of or indicate future events or trends and that 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 that may be incorrect or imprecise, and we may not be able to realize them. The following risks, among others, which may be further heightened by the potential adverse effects of the ongoing COVID-19 pandemic and federal, state and/or local regulatory guidelines and private business actions to control it, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for customers in such markets;
- actual or perceived threats associated with the COVID-19 pandemic or other public health crises;
- rental rates that are unable to keep up with the pace of inflation;
- the performance and financial condition of our customers;
- real estate acquisition risks, including our ability to identify and complete acquisitions and/or failure of such acquisitions to perform in accordance with projections;
- the competitive environment in which we operate;
- decreased rental rates or increased vacancy rates;
- potential defaults (including bankruptcy or insolvency) on, or non-renewal of, leases by customers;
- our ability to raise debt and equity capital on attractive terms;
- financing risks, including the risks that our cash flows from operations may be insufficient to meet required payments of principal and interest and that we may be unable to refinance our existing debt upon maturity or obtain new financing on attractive terms at all;
- lack of or insufficient amounts of insurance;
- potential natural disasters and other liabilities and costs associated with the impact of climate change;
- the impact of changes in the tax code as a result of federal tax legislation and uncertainty as to how such changes may be applied;

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- our ability to maintain our qualification as a real estate investment trust;
- our ability to retain key personnel;
- litigation, including costs associated with defending claims against us as a result of incidents on our properties, and any adverse outcomes;
- possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us;
- potential changes in the law or governmental regulations that affect us and interpretations of those laws and regulations, including changes in real estate and zoning or real estate investment trust tax laws; and
- the factors included in this report, including those set forth under the headings “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of the document in which they are contained. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We undertake no obligation to publicly release the results of any revisions to any forward-looking statement that may be made to reflect events or circumstances after the date as of which that forward-looking statement speaks or to reflect the occurrence of unanticipated events, except as required by law.

### **Item 1. BUSINESS**

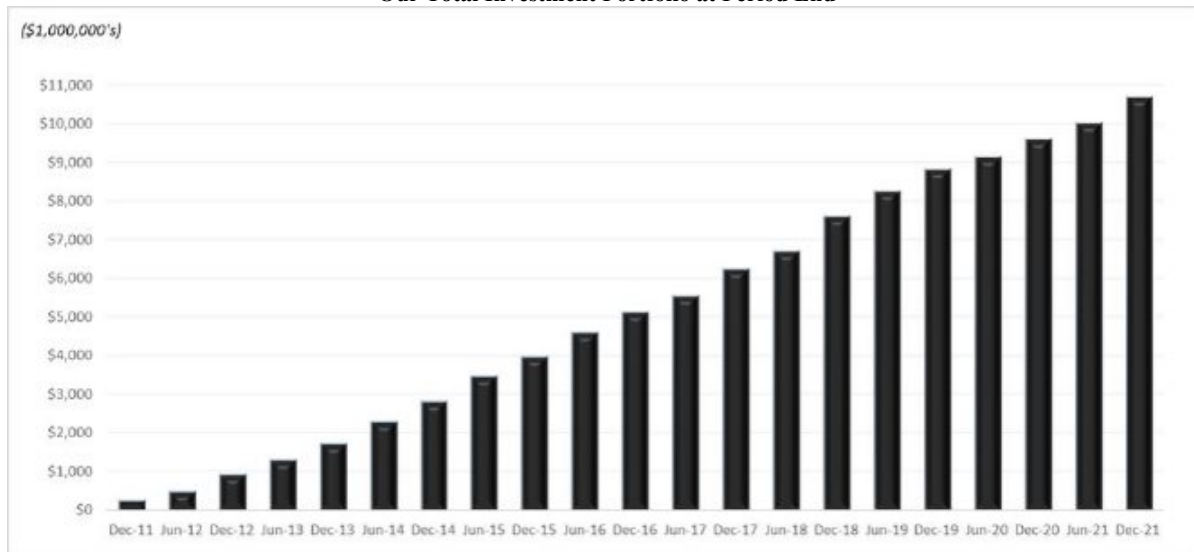
#### **Overview**

*General.* S|T|O|R|E is an internally managed net-lease real estate investment trust, or REIT, that is a leader in the acquisition, investment and management of **Single Tenant Operational Real Estate**, or STORE Properties, which is our target market and the inspiration for our name. A STORE Property is a real 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.

S|T|O|R|E is one of the largest and fastest-growing net-lease REITs and our portfolio is highly diversified. As of December 31, 2021, our 2,866 property locations were operated by 556 customers across the United States. Our customers operate across a wide variety of industries within the service, retail and manufacturing sectors of the U.S. economy, with restaurants, early childhood education, metal fabrication, automotive repair and maintenance and health clubs representing the top industries in our portfolio.

The following table depicts the growth in our investment portfolio since our inception in 2011.

**Our Total Investment Portfolio at Period End**



*Taxation as a Real Estate Investment Trust.* We have elected to be taxed as a real estate investment trust, or a REIT, under the Internal Revenue Code of 1986, as amended, or the Code, commencing with our initial taxable year ended December 31, 2011. To continue to qualify as a REIT, we must continue to meet certain tests which, among other things, require that our assets consist primarily of real estate assets, our income be derived primarily from real estate assets, and that we distribute at least 90% of our REIT taxable income (other than our net capital gains) to our stockholders annually.

*The Net-Lease Model and Sustainability.* S|T|O|R|E is a net-lease REIT. Accordingly, we acquire STORE Properties from business owners, and then lease the properties back to the business owners under net-leases, substantially all of which are triple-net. Under a triple-net lease, our customer (the tenant) is solely responsible for operating the business conducted at the property subject to the lease, keeping the property and improvements in good order and repair, remodeling and updating the building as it deems appropriate to maximize business value, and paying the insurance, property taxes and other property-related expenses. Under the triple-net lease model, therefore, S|T|O|R|E is not a real estate operator; rather, we provide real estate financing solutions to customers seeking a long-term, lower-cost alternative to real estate ownership. Following our acquisition of a property, it is our customer, and not S|T|O|R|E, that controls the property, including with respect to decisions as to when and how to implement environmentally sustainable practices at a given property. However, as the property owner, we nevertheless recognize that the operation of commercial real estate assets can have a meaningful impact on the environment, particularly with respect to resource consumption and waste generation, and on the health of building occupants. Accordingly, at S|T|O|R|E, we believe that being conscious of, and seeking to address, environmental impacts within our control, and supporting our tenant customers to do the same in their businesses, plays a role in building and sustaining successful enterprises and, thus, is material to the success of our own business.

*Our Corporate Responsibility.* We define success by our ability to make a positive difference for all of our many stakeholders. S|T|O|R|E's beginning was inspired by our belief that we could make a positive difference for real estate intensive businesses across the U.S. by delivering innovative and superior real estate capital solutions. That belief has guided our efforts to bring much needed capital and liquidity opportunities to middle-market and larger businesses which, in turn, have brought value creation and growth to our most integral stakeholders: our customers, stockholders and employees. For our many customers, S|T|O|R|E's real estate lease solutions have contributed to their prospects for wealth creation and to their ability to grow, create jobs and contribute to many communities across the country. In turn, meeting the needs of our customers provides an extraordinary investment opportunity that we believe holds the promise of sustainable long-term wealth creation for our many stockholders. We are committed to operating our business responsibly,

guarding our valuable reputation and creating long-term and sustainable value for our company through a robust business model and attentiveness to our many stakeholders. S|T|O|R|E is committed to playing an important role for middle-market and larger companies across the U.S. in order to help them succeed, while making a positive impact on our collective communities, both today and for future generations.

## 2021 Highlights

- During the year ended December 31, 2021, we invested approximately \$1.5 billion in 336 property locations.
- As of December 31, 2021, our total gross investment in real estate had reached approximately \$10.7 billion, of which \$6.8 billion was unencumbered. Our long-term outstanding debt totaled \$4.3 billion at December 31, 2021, and, at that date, approximately \$2.5 billion of our total long-term debt was secured debt and approximately \$3.9 billion of our investment portfolio served as collateral for these outstanding borrowings.
- For the year ended December 31, 2021, we declared dividends totaling \$1.490 per share of common stock to our stockholders. In the third quarter of 2021 we raised our quarterly dividend 6.9% from our previous quarterly dividend amount.
- During 2021, we raised aggregate net proceeds of \$243.7 million from sales of shares under our “at the market,” or ATM, equity offering program. As of December 31, 2021, we had the ability to offer and sell up to an additional \$539.2 million of our shares of common stock under our \$900.0 million ATM authorization established in November 2020.
- In June 2021, we marked our tenth issuance of net-lease mortgage notes under our STORE Master Funding debt program; we issued a total of \$515.0 million of net-lease mortgage notes, of which \$337.0 million are rated AAA with the remainder rated A+. The weighted average coupon rate of the notes is 2.80%. As part of this issuance, the Company prepaid, without penalty, \$86.7 million of STORE Master Funding Series 2013-1 Class A-2 notes in May 2021 and \$83.3 million of STORE Master Funding Series 2013-2 Class A-2 in July 2021; the two prepaid note classes bore a weighted average interest rate of 4.98% and were scheduled to mature in 2023.
- In November 2021, we completed our fourth public debt offering, issuing \$375.0 million in aggregate principal amount of unsecured, investment-grade rated 2.70% Senior Notes, due in December 2031. In conjunction with the \$375.0 million public debt offering, we prepaid, without penalty, \$85.9 million of STORE Master Funding Series 2013-3 Class A-2 notes, which were scheduled to mature in 2023 and bore a coupon rate of 5.21%.

## Our Target Market

We are a leader in providing real estate financing solutions principally to middle-market and larger businesses that own STORE Properties and operate within the broad-based service, retail and manufacturing sectors of the U.S. economy. We have designed our net-lease solutions to provide a long-term, lower-cost way to improve our customers’ capital structures and, thus, be a preferred alternative to real estate ownership. We estimate the market for STORE Properties to approximate \$3.9 trillion in market value and to include more than 2.0 million properties.

We define middle-market companies as those having approximate annual gross revenues of between \$10 million and \$1.0 billion, although approximately 21% of our customers have annual revenues in excess of \$1.0 billion. At December 31, 2021, the median annual revenues of our 556 customers was approximately \$62 million and, on a weighted average basis, our average customer had revenues of approximately \$1 billion. Most of our customers do not have credit ratings, although some have ratings from rating agencies that service insurance companies or fixed-income investors. Most of these non-rated companies either prefer to be unrated or are simply too small to issue debt rated by a nationally recognized rating agency in a cost-efficient manner.

The financing marketplace for STORE Properties is highly fragmented, with few participants addressing the long-term capital needs of middle-market and larger non-rated companies. While we believe our net-lease financing solutions can add value to a wide variety of companies, we believe the largest underserved market and, therefore, our greatest opportunity, is non-rated, bank-dependent, middle-market and larger companies that generally have less access to efficient sources of long-term capital.

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Our customers typically have the choice either to own or to lease the real estate they use in their daily businesses. They choose to lease for various reasons, including the potential to lower their cost of capital, as leasing supplants traditional financing options that tie up the equity in their real estate. Leasing is also viewed as an attractive alternative to our customers because it generally locks in scheduled payments, at lower levels and for longer periods, than traditional financing options; these factors are viewed favorably relative to the amounts funded.

Whether companies elect to rent or own the real estate they use in their businesses is most often a financial decision. For the few highly capitalized large companies that possess investment-grade credit ratings, real estate leasing tends to be viewed as a substitute for corporate borrowings that they could otherwise access (so long as they remain highly rated and equitized). With real estate leases often bearing rental costs that exceed corporate term borrowing costs, such companies elect to rent for strategic reasons. Such reasons may include the long-term flexibility to vacate properties that are no longer strategic, the permanence of lease capital which lessens potential refinancing risk should corporate credit ratings deteriorate, the lack of corporate financial covenants associated with leasing and the ability to harness developers to effectively outsource their real estate development needs. The primary motivations for S|T|O|R|E's middle-market and larger customers tend to be different. For such companies, real estate leasing solutions offer the potential to lower their cost of capital. In addition to this primary economic motivation, our tenants also seek lease assignability, property substitution rights, property closure rights and S|T|O|R|E's assistance with property expansion and lease contract modification. Our real estate leasing solutions offer tenants such flexibility, which, in turn, offers the potential for further tenant wealth creation. We believe that our customers select us as their landlord of choice principally as a result of our service, comparative business flexibility and the tailored net-lease solutions we provide.

We believe the demand for our net-lease solutions has grown, in part, as a result of the current bank regulatory environment. In our view, the increased scrutiny and regulation of the banking industry in response to the collapse of the housing and mortgage industries from 2007 to 2009, particularly the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, and the Basel Accords issued by the Basel Committee on Banking Supervision, have constrained real estate lending practices and limited desirable term debt real estate borrowing options. Real estate leasing today represents a highly desirable component of corporate capitalization strategies due, in part, to the unavailability of long-term, fixed rate commercial real estate mortgage financing with important features such as affordable prepayment and modification options or loan assignability.

S|T|O|R|E was formed to capitalize on a large market opportunity resulting from the widespread need amongst middle-market and larger companies for efficient corporate real estate capital solutions. We believe our opportunities include both gaining market share from the fragmented network of net-lease capital providers and growing the market by creating demand for our net-lease solutions that meet the long-term real estate capital needs of these companies.

The estimated \$3.9 trillion market of STORE Properties is divided into three primary industry sectors and various industry sub-sectors. The primary sectors and their proportion of this market are service at 47%, retail at 42% and manufacturing at 11%. The sub-sectors included within each primary sector are summarized in the table below.

Service	Retail	Manufacturing
Restaurants	Big box retail	Industrial profit-centers
Education	Specialty retail	Light manufacturing
Fitness centers	Grocery	
Automotive services	Drug stores	
Family entertainment	Automotive (new and used)	

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Within the sub-sectors, the market for STORE Properties is further subdivided into a wide variety of industries within the service, retail and manufacturing sectors, such as:

Automotive parts stores	Movie theaters
Cold storage facilities	Office supplies retailers
Department stores	Pet care facilities
Discount stores	Rental centers
Early childhood education	Secondary education
Family entertainment facilities	Supermarkets
Fast food restaurants	Truck stops
Full service restaurants	Wholesale clubs
Furniture stores	

Although many of these industries are represented within our diverse property portfolio, S|T|O|R|E primarily targets service sector properties that represent a broad array of everyday services (such as restaurants and early childhood education facilities) that are not readily available online and that are located near customers targeted by the business operating on the property. Although not our primary focus, the retail sector assets we target are primarily located in retail corridors, also tend to be internet resistant and include a high experiential component, such as furniture and hunting and fishing stores. In the manufacturing sector, we typically target properties that represent a broad array of industries, are located in industrial parks near customers and suppliers, and are operated by businesses that produce everyday necessities. As of December 31, 2021, our portfolio of investments in STORE Properties was diversified across approximately 120 industries, of which 65% was in the service sector, 15% was in the retail sector and 20% was in the manufacturing sector, based on revenue.

**Our Asset Class: STORE Properties**

STORE Properties are a unique asset class that inspired the formation of S|T|O|R|E and our company name. STORE (Single Tenant Operational Real Estate) Properties are profit-center real estate locations on which our customers conduct their businesses and generate revenues and profits. The defining characteristic of STORE Properties is the number of sources that support the payment of our rent: STORE Properties have the following three sources, whereas all other commercial real estate assets have just two.

- **Unit-Level Profitability.** STORE Properties are distinguished by the primary source that supports the payment of rent, which is the profits produced by the business operations at the real estate locations we own, which we refer to as unit-level profitability. While it is a common perception that the tenant under a lease is the primary source of the rent payment (as distinguished from the business unit operating at the leased site), we have observed a historic pattern in which tenants in corporate insolvencies seek to vacate unprofitable locations while retaining profitable ones, which indicates that the profitability of a property location is the main indicator of a tenant’s long-term ability to pay the rent on that property. Because insolvent tenants historically retain profitable locations while seeking to vacate unprofitable ones, a key component of our business includes requiring our customers to produce and submit to us unit-level financial statements of the businesses they operate at our properties. As of December 31, 2021, approximately 98% of the properties in our portfolio are subject to unit-level financial reporting requirements. Without access to these unit-level financial reports, it is difficult to accurately assess our customer’s business and, thus, the quality of the most important, and primary, source for our rent payments.
- **Customer Credit Quality.** In addition to the unit-level profitability of the businesses operated on the real estate we own, our customers’ overall financial health, or credit quality, serves as a secondary source supporting rent payments. Our customer’s credit can become the primary source if our unit is not profitable and our customer is required to divert cash flows from its other profitable locations or utilize other resources to pay our rents. However, we have seen that customer credit quality tends to be subject to greater volatility over time than unit-level profitability, because customer credit quality is not only a function of the unit-level profitability of the operations at our locations, but also of the profitability of the other properties and assets owned by our customer or other third parties. Corporate financial health is also a function of many other



decisions, such as optional changes in capital structure or growth strategies, as well as conditions in the marketplace for our customers' products and services, that can change over time and that may have profound impacts on customer creditworthiness.

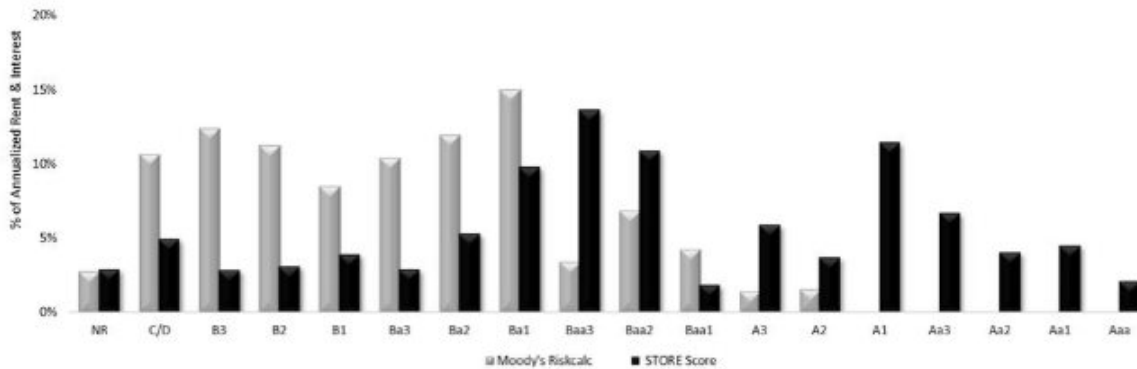
- **Real Estate Residual Value.** The final source supporting the payment of rent, common to all real estate investments, is the residual value of the underlying real estate, which gives us the opportunity to receive rents from substitute tenants in the event our property becomes vacant. For S|T|O|R|E, this means more than just looking at comparable lease rates and transactions. Studies we have completed underscore the importance of investing in properties at or below their as-new replacement costs. We also review the local markets in which our properties are located and seek to have rents that are at or below prevailing market rents on a per square foot basis for comparable properties. Taking these steps protects S|T|O|R|E and our customers by making it easier for us to assign, sell or sublease properties that our customers may want to sell, reposition or vacate as part of their capital efficiency strategies.

### **Creating Investment-Grade Contracts**

From our inception in 2011, we have emphasized and uniquely disclosed information regarding the net-lease contracts we create with our tenants. We believe that our net-lease contracts, and not simply tenant or real estate quality, are central to our potential to deliver superior long-term risk-adjusted rates of return to our stockholders. Contract quality embodies tenant and real estate characteristics, together with other investment attributes we believe are highly material. Contract attributes include the prices we pay for the real estate we own, inclusive of the prices relative to new construction cost. As of December 31, 2021, our average investment approximated 80% of replacement cost, a statistic that has been relatively stable since 2015. Other important contract attributes include the ability to receive unit-level financial statements, which allows us to evaluate unit-level cash flows relative to the rents we receive. As of December 31, 2021, the weighted average ability of the properties we own to cover our rents, which we refer to as the "4-wall coverage ratio," approximated 4.6:1 (the median 4-wall coverage ratio approximated 3.1:1). In addition, we calculate a coverage ratio, inclusive of an allowance for indirect costs, for each of the properties we own which we refer to as the "unit fixed charge coverage ratio." As of December 31, 2021, the weighted average unit fixed charge coverage ratio approximated 3.6:1 (the median unit fixed charge coverage ratio was 2.5:1). Likewise, over many years of providing real estate net-lease capital, we have determined that tenant alignments of interest are highly important. Such alignments of interest can include full parent company recourse, credit enhancements in the form of guarantees, cross default provisions and the use of master leases. Master leases are individual lease contracts that bind multiple properties and offer landlords greater security in the event of tenant insolvency and bankruptcy. Whereas individual property leases provide tenants with the opportunity to evaluate the desirability and viability of each individual property they rent in the event of a bankruptcy, master leases bind multiple properties, permitting landlords to benefit from aggregate property performance and limiting tenants' ability to pick and choose which leases to retain. As of December 31, 2021, 94% of our multi-property net-lease contracts were in the form of master leases. Contract economic terms are also highly important because they can enhance margins of safety. During 2021, our weighted average initial lease rate was 7.5%, with annual contractual lease escalations averaging an added 1.9% of contract rents for new assets added during the year. We believe that our initial yields, on average, range from 10% to 15% above those expected by investors seeking real estate investment opportunities through the broker auction market, which provides us greater flexibility to preserve and enhance returns. Other important tenant contract considerations include indemnification provisions, lease renewal rights, and the ability to sublease and assign leases, as well as qualitative considerations, such as alternative real estate use assessment and the composition of a tenant's capitalization structure.

Since our November 2014 initial public offering, S|T|O|R|E's extensive contract attribute disclosure has uniquely included a tenant credit quality distribution chart, employing computed implied credit ratings applied to regularly received tenant financial statements using Moody's Analytics RiskCalc. Since tenant credit ratings are merely one component of contract risk, we developed a means to deliver a base quantitative contract quality estimate. Our approach was to modify risk of tenant insolvency, as estimated by the Moody's algorithm, by our own estimate of the likelihood of property closure, based on the regularly monitored profitability of the properties bound by each lease contract we create. To accomplish this, we established a simple range of property closure likelihood ranging from 10% to 100% based upon property profitability ranges from breakeven to a computed ability to cover our rents twice over. Multiplying tenant estimated insolvency probability (Moody's Analytics RiskCalc) by our estimate of the probability of property closure results in a contract risk measurement that we call the STORE Score and which we regularly and uniquely disclose.

Portfolio Median Expected Default Frequency (Tenant Risk): Ba2  
 Portfolio Median STORE Score (Contract Risk): Baa2



### Our Competitive Strengths

We have a market-leading platform for the acquisition, investment in and management of STORE Properties that simultaneously creates value for stockholders and customers through our five corporate competencies.

- Investment Origination.** We founded S|T|O|R|E to fill a need for efficient long-term real estate capital for middle-market and larger customers. We do this principally through a solutions-oriented approach that includes the use of lease contracts that address our customers’ needs and that strive to provide superior value for our customers over other financial options they may have to capitalize their businesses. A S|T|O|R|E hallmark is our ability to directly market our real estate lease solutions to middle-market and larger companies nation-wide, harnessing a geographically focused team of experienced relationship managers at our home office. Approximately 80% of our investments, by dollar volume, have been originated by our internal origination team through direct new customer solicitations and a strong level of repeat business from existing customers. By creating demand for our services, we maintain a large pipeline of investment opportunities, which we estimate to be \$13.1 billion as of December 31, 2021. Our objectives are to be highly selective and to achieve higher rates of return than our stockholders could achieve if they sought to acquire profit-center real estate on their own.
- Investment Underwriting.** Our investment underwriting approach centers on evaluations of unit-level and corporate-level financial performance, together with detailed real estate valuation assessments, which is reflective of the characteristics of the STORE Property asset class. We have combined our underwriting approach with our portfolio management systems to capture and track computed customer credit ratings as well as the performance of the businesses conducted at the properties we own (unit-level performance). Our focus on STORE Properties, which are profit-centers for our tenants, enables us to create lease contracts having payment performance characteristics that are generally materially superior to the implied credit ratings of our diverse tenant base. Through our underwriting and portfolio management approach, we track, measure and report investment performance, with the investment underwriting goal to create a diverse portfolio centered on investment-grade quality contracts.
- Investment Documentation.** Because we believe purchase and lease contracts are the principal determinants of investment risk, we have always emphasized the importance of our investment documentation. The purchase documentation process includes the validation of investment underwriting through our due diligence process, which includes our initiation and receipt of third-party real estate valuations, title insurance, property condition assessments and environmental reports. When we are satisfied with the results and outcome of our pre-acquisition due diligence process, we purchase the property under a purchase agreement and enter into a lease with the seller. Our lease documents incorporate lessons learned over decades to forge balanced

contracts characterized by important alignments of interest, including strong enforcement provisions. Altogether, our documentation process, like our approach to investment underwriting, is integral to investment quality and designed to offer our investors a value that most could not create for themselves.

- **Portfolio Management.** Net-lease real estate investment portfolios require active management to realize superior risk-adjusted rates of return. S|T|O|R|E is virtually paperless and we can access detailed information on our large diversified portfolio from practically anywhere and at any time, allowing us to monitor unit-level profit and loss statements, customer corporate financial statements and the timely payment of property taxes and insurance in order to gauge portfolio quality. Having such systems is central to our ability to effectively monitor and reduce customer credit risk at the property level, which, in turn, allows us to place greater focus on effectively managing the minority of investments that may have higher risks. We believe these systems, when combined with our high degree of financial and operating flexibility, allow us to realize better stockholder risk-adjusted rates of return on our invested capital.
- **Financial Reporting and Treasury.** We consider and evaluate our corporate financing strategies with the same emphasis as our real estate investment strategies. Under our financing strategy, borrowings must: prudently improve stockholder returns; be structured to provide portfolio flexibility and minimize our exposure to changes in long-term interest rates; be structured to optimize our cost of financing in a way that will enhance investor rates of return; and contribute to corporate governance by enhancing corporate flexibility. Our senior leadership team has extensive experience with diverse liability strategies. Today, we are one of the few REITs able to employ our own AAA rated borrowing source, while simultaneously maintaining investment-grade corporate credit ratings. We have designed and implemented strategies that add value to our investors by offering a more efficient means to finance real estate than they could otherwise do on their own. At the same time, the flexibility we derive from our liability strategies can also result in important flexibility for our customers.

### **Our Business and Growth Strategies**

Our objective is to continue to create stockholder value through sustained investment and management activities designed to increase distributable cash flows and deliver attractive risk-adjusted rates of return from a growing, diverse portfolio of STORE Properties. To accomplish this, our principal business and growth strategies are as follows:

- ***Focus on Middle-Market and Larger Companies Operating STORE Properties.*** We believe we have selected the most attractive investment opportunity within the net-lease market, STORE Properties, and targeted the most attractive customer type within that market, middle-market and larger non-investment-grade-rated companies. We focus on this market given its strong fundamentals and the limited long-term financing solutions available to the companies in it. Within the net-lease market for STORE Properties, our value proposition is most compelling to middle-market and larger, bank-dependent companies, most of which are not rated by any nationally recognized rating agency due to their size or capital markets preferences, but who have strong credit metrics and operate within broad-based industries having the potential for sustained relevance.
- ***Realize Stable Income and Internal Growth.*** We seek to make investments that generate strong and stable current income as a result of the difference, or spread, between the rate we earn on our assets (primarily our lease revenues) and the rate we pay on our liabilities (primarily our long-term debt). We augment that income with internal growth. We seek to realize superior internal growth through a combination of (1) a target dividend payout ratio that permits a meaningful level of free cash flow reinvestment and (2) cash generated from the estimated 1.8% weighted average annual escalation of base rent and interest in our portfolio (as of December 31, 2021, as if the escalations in all of our leases were expressed on an annual basis). We benefit from contractual rent escalations, as approximately 99% of our leases and loans (as of December 31, 2021, by base rent and interest) have escalations that are either fixed (14% of our leases and loans) or based on the Consumer Price Index, or CPI (85% of our leases and loans). A final means of internal growth is the accretive redeployment of cash realized from the occasional sale of real estate. During 2021, we divested real estate which had an initial cost of \$368.9 million and collected \$356.0 million in proceeds on these sales which we

were able to redeploy. We believe these three means of internal growth will enable strong cash flow growth without relying exclusively on future common stock issuances to fund new portfolio investments.

- **Capitalize on Direct Origination Capabilities for External Growth.** As the market leader in STORE Property investment originations, we plan to complement our internal growth with external growth driven by continued new investments funded through future equity issuances and borrowings to expand our platform and raise investor cash flows.
- **Actively Manage our Balance Sheet to Maximize Capital Efficiency.** We seek funding sources that enable us to lock in long-term investment spreads and limit interest rate sensitivity. We also seek to maintain a prudent balance between the use of debt (which includes our own STORE Master Funding program, unsecured term notes, commercial mortgage-backed securities borrowings, insurance borrowings, bank borrowings and possibly preferred stock issuances) and equity financing. We are currently rated Baa2, BBB and BBB rating by Moody's Investors Service, S&P Global Ratings and Fitch Ratings, respectively. As of December 31, 2021, our secured and unsecured long-term debt had an aggregate outstanding principal balance of \$4.3 billion, a weighted average maturity of approximately seven years and a weighted average interest rate of 3.9%.
- **Increase our portfolio diversity.** As of December 31, 2021, we had invested approximately \$10.7 billion in 2,866 property locations, substantially all of which are profit centers for our customers. Our portfolio is highly diversified; built on an average transaction size of approximately \$9.5 million, we now have over 550 customers (having added an average of approximately 13 net new customers quarterly since inception) operating across approximately 855 different brand names, or business concepts, across 49 states and 120 industry groups. Our largest customer represented 3.0% of our portfolio as of December 31, 2021, based on base rent and interest. Our portfolio's diversity decreases the impact on us of an adverse event affecting a specific customer, industry or region, thereby increasing the stability of our cash flows. We expect that additional acquisitions in the future will further increase the diversity of our portfolio and, from time to time, we may sell properties in our portfolio to improve overall portfolio credit quality or diversity.
- **Engage with our tenants.** Our experienced relationship managers provide tailored lease solutions to our customers that address our customers' needs and that strive to provide superior value for our customers over other financial options they may have to capitalize their businesses. The direct relationships we develop with our customers give us greater insights into their businesses and allow us to proactively help them grow their businesses or work with them to help solve problems that may arise from time to time. For example, during 2020 and in connection with the shutdowns and other disruptions resulting from the COVID-19 pandemic, we worked with a number of our tenants on short-term rent deferral arrangements, including through a structured rent relief program under which we allowed such tenants to defer a portion of their rent, with repayment primarily structured through short-term, interest-bearing notes. These efforts allowed our customers to avoid lease defaults while giving their businesses time to recover and gave us the ability to continue to receive our contractual rent.

Beyond our regular engagement with our customers on business matters, in 2019, we initiated a tenant outreach program designed to gauge our tenants' current sustainability practices, provide them with sustainability education and support resources, and encourage them to engage in sustainable practices, including reducing power usage, saving water, assessing building equipment, and implementing other energy-efficiency upgrades. We believe that effective encouragement of sustainability initiatives, particularly related to energy, water and indoor environmental quality, can lead to the adoption of practices that can drive business and real estate value appreciation, decrease operating costs and mitigate regulatory risks.

## Environmental Stewardship

We are committed to environmental sustainability and the mitigation of environmental risks in connection with the development of our property portfolio. This commitment reflects the fact that the properties we acquire are subject to both state and federal environmental regulations, but, more importantly, it aligns with our belief that being conscious of, and seeking to address and manage, environmental risks within our control, and supporting our customers to do the same in

their businesses, plays a role in building and sustaining successful enterprises; and, thus, is material to the success of our own business.

Our environmental initiatives and partnerships focus on energy savings and carbon footprint reduction in our customers' facilities. As we are a triple-net lease REIT, without direct control of physical locations, our primary strategy includes educating ourselves and our customers on evolving environmental strategies, soliciting feedback, and gathering environmental data from our customers. This includes developing relationships between our customers and ESG vendor partners, and supporting our tenants in the implementation of green programs including energy efficiency and carbon reduction programs.

As part of our attentiveness to environmental concerns, we:

- Continuously seek to understand the environmental risks and opportunities associated with our business practices;
- Undertake initiatives to promote greater environmental awareness among our employees and evaluate opportunities to enhance our processes; and
- Promote awareness and engage with our tenants regarding sustainability practices and solutions.

*Acquisition Process.* Our commitment to environmental sustainability begins before we acquire a real estate asset and involves, among other factors, a consideration of the environmental risk associated with our tenants and with prior users of the real estate asset. We then analyze environmental matters in each step of our three-phase property acquisition process:

- When assessing a target property, we engage a nationally recognized and insured environmental engineer to perform a Phase I environmental site assessment against current industry standards and evaluate any recognized environmental conditions (RECs) identified in the assessment. We also conduct separate, property-level condition and sustainable practices assessments through an independent third party.
- When we identify a REC, we take appropriate mitigating action, which may include conducting a Phase II environmental assessment, submitting the property into a voluntary clean-up program, purchasing an environmental insurance policy, and remediating the REC in accordance with regulatory requirements,
- When we are satisfied with the results and outcome of our pre-acquisition due diligence process, we purchase the property and enter into a lease with the seller pursuant to which the seller agrees to certain covenants and indemnities that typically require the seller to comply with applicable environmental laws and remediate or take other corrective action should any environmental issues arise.

We may take additional actions in situations where a target property may be subject to risks associated with climate change, particularly as a result of being located in a geographic area susceptible to floods, hurricanes, tornados, earthquakes or other climate-related occurrences. These additional steps and actions may include: (i) maintaining comprehensive environmental insurance coverage for specified properties in our portfolio to ensure that there are financial resources available to conduct safe and timely remediation in the event of an unforeseen environmental issue; and (ii) preparing for climate-related natural disasters by requiring our tenants to carry insurance, including fire, wind/hail, earthquake, flood and other extended coverage where appropriate given the relative risk of loss, geographic location and industry best practices.

*Building Sustainable Tenant Relationships.* Despite owning our properties subject to triple-net leases, under which our tenants control all business operations at the properties, we strive to positively influence the sustainability practices of our tenants. We expect that such efforts will foster relationships with our tenants that effectively encourage sustainability initiatives, particularly related to energy, water and indoor environmental quality, which can lead to the adoption of

practices that should drive business and real estate value appreciation, decrease operating costs and mitigate regulatory risks.

Our primary strategy includes educating ourselves and our customers on evolving environmental strategies, soliciting feedback, and gathering environmental data from our customers. This includes developing relationships between our customers and ESG vendor partners, and supporting our tenants in the implementation of green programs including energy efficiency and carbon reduction programs. To advance this effort, we:

- Seek out information to help us develop our initiatives by attending conferences and educational webinars and meeting with various ESG experts, consultants and national ESG oriented vendors, with our goal being to have the most current ESG information resources and a strong network of national vendors to meet our customer’s information, consulting and tailored-solution needs;
- Conduct inspections of up to 20% of our properties annually to collect data on types and prevalence of sustainability features implemented at the properties, such as programmable thermostats, LED lighting, energy efficient windows, air filtration and energy efficient water heaters, in order to gauge our performance relative to long-term sustainability initiatives. We initiated our annual property inspection process to aid our portfolio managers and developers in evaluating the sustainability features of existing properties and informing the acquisition analysis process for target properties. We believe our innovative investment analysis process is responsive to increasing market demands for sustainable features in our portfolio properties. We expect that this survey data will provide a baseline framework in which we can develop and improve on the sustainability features already implemented at such properties.

We supplement our annual property inspections with an annual tenant outreach survey from which we collect further data on sustainability features implemented by our participating tenants at their leased properties and assess our customers’ corporate responsibility priorities, progress and interest in partnering on projects. The data collected from our survey allows us to provide our tenants with education, ideas and support for property-level sustainability solutions, and provides us with a forum to encourage them to pursue sustainable practices and explore technological solutions. This survey has allowed us to engage directly with our tenants most interested in reducing their carbon footprint and related environmental impact and focus our discussions and consultant introductions to those that that best meet the needs and interests of those tenants.

In addition to the survey, we work with ESG vendors and consultants to identify real estate in our portfolio that meets requirements for select initiatives such as solar and electric car chargers. We then proactively reach out to targeted tenants to educate them about the benefits of the select initiative and to assess their interest in learning more and meeting with a consultant for a review of their options. We believe that ongoing tenant engagement and collaboration on environmentally focused property initiatives should create a long-term culture of sustainable tenant relationships.

### **Human Capital Management**

We believe that to continue to deliver strong financial results, we must execute on a human capital strategy that prioritizes, among other things: (i) establishing a work environment that: attracts, develops, and retains top talent; (ii) affording our employees an engaging work experience that allows for career development and opportunities for meaningful civic involvement; (iii) evaluating compensation and benefits, and rewarding outstanding performance; (iv) engaging with, and obtaining feedback from, our employees on their workplace experiences; (v) enabling every employee at every level to be treated with dignity and respect, to be free from discrimination and harassment, and to devote their full attention and best efforts to performing their job to the best of their respective abilities; and (vi) communicating with our board of directors on key topics.

As part of our efforts to achieve these priorities:

- We seek to foster a diverse and vibrant workplace of individuals who possess a broad range of experiences, backgrounds and skills, starting at the top. At the management level, our non-executive Chairman of the Board, our Chief Executive Officer and our Chief Financial Officer are women and, overall, 37.5% of our board of directors, 40% of our executive officers, and 50% of our officers at the level of senior vice president

and above are women. We have a deep management bench that, collectively, is fully capable of professionally operating the business and fulfilling the S|T|O|R|E vision.

- We empower our employees through employee-run engagement committees that develop and influence new employee onboarding, personal growth and professional development programs, company social and team-building events and health and wellness programs.
- We actively support charitable organizations that promote education and social well-being and we encourage our employees to personally volunteer with organizations that are meaningful to them.
- We seek to identify future leaders and equip them with the tools for management roles within our company. Our board periodically reviews with our Chief Executive Officer the identity, skills and characteristics of those persons who could succeed to senior and executive management team positions.

As of December 31, 2021, we had 117 full-time employees, an increase of 10.4% over the total at December 31, 2020, all of whom are located in our single office in Scottsdale, Arizona. None of our employees are subject to a collective bargaining agreement. We consider our employee relations to be good.

### **Competition**

We face competition in the acquisition and financing of STORE Properties from numerous investors, including, but not limited to, traded and non-traded public REITs, private equity investors and other institutional investment funds, as well as private wealth management advisory firms that serve high net worth investors (also known as family offices), some of which have greater financial resources than we do, a greater ability to borrow funds to acquire properties and the willingness to accept more risk. We also believe that competition for real estate financing comes from middle-market business owners themselves, many of whom maintain a preference to own, rather than lease, the real estate they use in their businesses. The competition we face may increase the demand for STORE Properties and, therefore, reduce the number of suitable acquisition opportunities available to us or increase the price we must pay to acquire STORE Properties. This competition will increase if investments in real estate become more attractive relative to other forms of investment.

### **Insurance**

Our leases and loan agreements typically require our customers to maintain insurance of the types and in the amounts that are usual and customary for similar commercial properties, including commercial general liability, fire and extended loss insurance provided by reputable companies, with commercially reasonable exclusions, deductibles and limits, all as verified by our independent insurance consultant.

Separately, we purchase contingent liability insurance, in excess of our customers' liability coverage, to provide us with additional security in the event of a catastrophic claim.

### **Regulations and Requirements**

Our properties are subject to various laws and regulations, including regulations relating to fire and safety requirements, as well as affirmative and negative contractual covenants and, in some instances, common area obligations. We believe that each of our customers has the necessary permits and approvals to operate and conduct their businesses on our properties. Moreover, our properties are subject to Title III of the Americans with Disabilities Act of 1990 and similar state and local laws and regulations (collectively, the "ADA"). Our customers have primary responsibility for complying with these regulations and other requirements pursuant to our lease and loan agreements; however, we may have liability in certain circumstances if our tenants do not comply with such laws and regulations. As of January 31, 2022, we are not aware of any ADA non-compliance that we believe would have a material adverse effect on the results of our operations.

Additionally, our properties are subject to environmental laws and regulations, which may give rise to liabilities related to the presence, handling or discharge of hazardous materials that may emanate from properties that we purchase, regardless of fault. We mitigate the possible liabilities from such laws and regulations by undertaking extensive environmental due diligence and by entering into leases with the sellers of our properties, pursuant to which the sellers agree to certain covenants and indemnities that typically require the sellers to comply with applicable environmental laws



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and regulations and remediate or take other corrective action should any environmental issues arise. We believe the costs of capital expenditures related to environmental liabilities will not have a material impact on the results of our operations, as such costs are typically borne by the sellers, previous owners, and tenants of our properties.

**About Us**

We were incorporated under the laws of Maryland on May 17, 2011. Since our initial public offering in November 2014, shares of our common stock have traded under the ticker symbol “STOR” on the New York Stock Exchange, or NYSE. Our offices are located at 8377 E. Hartford Drive, Suite 100, Scottsdale, Arizona 85255. We currently lease approximately 27,800 square feet of office space from an unaffiliated third party. Our telephone number is (480) 256-1100 and our website is [www.storecapital.com](http://www.storecapital.com).

**Available Information**

We electronically file with the Securities and Exchange Commission, or the SEC, our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, pursuant to Section 13(a) of the Exchange Act. You may obtain a free copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports, on the day of filing with the SEC on our website, or by sending an email message to [info@storecapital.com](mailto:info@storecapital.com).

**Item 1A. RISK FACTORS**

There are many factors that affect our business, financial condition, operating results, cash flows and distributions, as well as the market price for our securities. The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in forward-looking statements set forth in this Annual Report. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties not presently known to us or that we may currently deem immaterial also may impair our business operations. Forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual 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. See “Forward-Looking Statements.”

**Risks Related to Our Business and Operations**

*The value of our real estate is subject to fluctuation, and risks related to investing in real estate may have an adverse effect on our financial condition.*

We are subject to all of the general risks associated with the ownership of real estate. While the revenues from our leases are not directly dependent upon the value of the underlying real estate, significant declines in real estate values could adversely affect us in many ways, including a decline in the residual values of properties at lease expiration, possible lease abandonments by our customers and a decline in the attractiveness of triple-net lease transactions to potential sellers. Moreover, significant declines in real estate values may also affect our ability to execute leases on attractive terms with potential tenants. In addition, we periodically review our real estate assets for impairment based on the projected operating cash flow of the property over our anticipated holding period. Impairment charges have a direct impact on our results of operation. A financial failure or other default by a customer will likely reduce or eliminate the operating cash flow generated by that customer’s leased property and might decrease the value of that property and result in a non-cash impairment charge. Also, to the extent we purchase real estate in an unstable market, we are subject to the risk that if the real estate market ceases to attract the same level of capital investment in the future that it attracts at the time of our purchases, or the number of companies seeking to acquire properties decreases, the value of our investments may not appreciate or may decrease significantly below the amounts we paid.



***Actual or perceived threats associated with the COVID-19 pandemic or other public health crises could have a material adverse effect on our results of operations and our customers' businesses.***

There is substantial uncertainty with respect to the duration and severity of the COVID-19 pandemic and how it will impact real estate, businesses and global markets in the years to come. The continued spread of COVID-19 may impact states where our properties are located, and preventative measures that may be taken in response to current and future outbreaks of COVID-19, or other public health crises, including "shelter-in-place" or "stay-at-home" orders issued by local, state or federal authorities, may have a material adverse effect on our and our customers' businesses, results of operations, liquidity and ability to access capital markets, and may affect our ability as a net-lease REIT to acquire properties or lease properties to our customers, who may be unable, as a result of economic downturns occasioned by the COVID-19 pandemic or other public health crises, to make rental payments when due.

***Contingent rent escalators may expose us to inflation risk and can hinder our growth and profitability.***

A substantial portion of our leases contain variable-rate contingent rent escalators that periodically increase the base rent payable by the customer. Our leases with rent escalators indexed to future increases in the Consumer Price Index ("CPI") primarily adjust over a one-year period but may adjust over multiple-year periods. Generally, these escalators increase rent at the lesser of (i) 1 to 1.25 times the change in the CPI over a specified period or (ii) a fixed percentage. Under this formula, during periods of deflation or low inflation, small increases or decreases in the CPI may cause us to receive lower rental revenues than we would receive under leases with fixed-rate rent escalators. Conversely, when inflation is higher, contingent rent increases may not keep up with the rate of inflation. Higher inflation may also have an adverse impact on our customers if increases in their operating expenses exceed increases in revenue, which may adversely affect our customers' ability to satisfy their financial obligations to us.

***The success of our business depends upon the success of our customers' businesses, and bankruptcy laws will limit our remedies in the event of customer defaults.***

We lease substantially all of our properties to customers who operate businesses at the leased properties. We underwrite and evaluate investment risk on the basis that the profitability of these businesses is the primary source that supports the payments on our leases and loans, which we refer to as "unit-level profitability." We believe the success of our investments materially depends upon whether our customers generate unit level profitability at the locations we acquire and lease back or finance. Economic conditions are cyclical, and developments that discourage consumer spending or cause a downturn in the national economy, or the regional and local economies where our properties are located, could impair our customers' ability to meet their lease obligations, resulting in customer defaults or non-renewals under their leases, and reduce demand for our net-lease solutions, forcing us to offer concessions or reduced rental rates when re-leasing these properties.

If any of our customers struggle financially, they may decline to extend or renew their leases, miss rental payments or declare bankruptcy. Claims for unpaid future rent are rarely paid in full and are subject to statutory limitations that would likely cause us to receive rental revenues substantially below the contractually specified rent. We are often subject to this risk because our triple-net leases generally involve a single tenant, but this risk is magnified when we lease multiple properties to a single customer under a master lease. Federal bankruptcy laws may prohibit us from evicting bankrupt customers solely upon bankruptcy, and we may not recover the premises promptly from the tenant or from a trustee or debtor-in-possession in bankruptcy proceedings. We may also be unable to re-lease a terminated or rejected space on comparable terms, or at all, or sell a vacant space upon a customers' bankruptcy. We will be responsible for all of the operating costs at vacant properties until they are sold or re-let, if at all.

***Some service and retail customers may be susceptible to e-commerce pressures.***

Most of our portfolio is leased to, or financed by, customers operating service or retail businesses. Restaurants, early childhood education, metal fabrication, automotive repair and maintenance and health clubs represent the largest industries in our portfolio. Service and retail businesses using physical outlets face increasing competition from online retailers and service providers. While we believe the businesses in our portfolio are relatively insulated from e-commerce pressures, these businesses may face increased competition from alternative online providers given the rapidly changing business conditions spurred by technological innovation, changing consumer preferences and non-traditional competitors.

There can be no assurance that our customers' businesses will remain competitive with e-commerce providers in the future; any failure to do so would impair their ability to meet their lease obligations to us and materially and adversely affect us.

***Geographic, market sector or industry concentrations within our portfolio may negatively affect our financial results.***

Our operating performance is impacted by the economic conditions affecting the specific locales, market sectors and industries in which we have concentrations of properties. Our target market is middle-market companies that operate their businesses out of one or more locations that generate unit level profitability for the business, and as of December 31, 2021, we derived the largest amount of our base rent and interest from the following five states: Texas (11.3%), Illinois (6.3%), California (5.9%), Georgia (5.5%) and Florida (5.3%). As a result of these concentrations, local economic, market sector, and industry conditions, changes in state or local governmental rules and regulations, acts of nature, epidemics, pandemics and public health crises and actions taken in response thereto, and other factors affecting those states, market sectors or industries could result in an adverse effect on our customers' businesses and their ability to meet their obligations to us. Additionally, a failure to increase demand for our products by, among other ways, failing to convince middle-market companies to sell and lease back their properties, or an increase in the availability of properties for rent, could materially and adversely affect us. In particular, as of December 31, 2021, properties representing 12.0% of the dollar amount of our investment portfolio were dedicated to, and also 12.0% of our base rent and interest was derived from, customers operating in the restaurant industry. As we continue to acquire properties, our portfolio may become more concentrated by customer, industry or geographic area. A less diverse portfolio could cause us to be more sensitive to the bankruptcy of fewer customers, changes in consumer trends of a particular industry and a general economic downturn in a particular geographic area.

***Failure of our underwriting and risk management procedures to accurately evaluate a potential customer's credit risk could materially and adversely affect our operating results and financial position.***

Our success depends in part on the creditworthiness of our middle-market customers who generally are not rated by any nationally recognized rating agency. We analyze creditworthiness using Moody's Analytics RiskCalc, our methodology of estimating probability of lease rejection and the STORE Score, each of which may fail to adequately assess a particular customer's default risk. An expected default frequency ("EDF") score from Moody's Analytics RiskCalc lacks the extensive company participation required to obtain a credit rating published by a nationally recognized statistical rating organization such as Moody's Investors Services, Inc. ("Moody's") or S&P Global Ratings, a division of S&P Global, Inc. ("S&P"), and may not be as indicative of creditworthiness. Substantially all of our customers are required to provide corporate-level financial information to us periodically or at our request. EDF scores and the financial ratios we calculate are based on unverified financial information from our customers, may reflect only a limited operating history and include various estimates and judgments made by the party preparing the financial information. The probability of lease rejection we assign to a particular investment may be inaccurate and may not incorporate significant risks of which we are unaware, which may cause us to invest in properties and lease them to customers who ultimately default, and we may be unable to recover our investment by re-leasing or selling the related property, on favorable terms, or at all.

***We may be unable to identify and complete acquisitions of suitable properties, which may impede our growth.***

Our ability to continue to acquire properties we believe to be suitable and compatible with our growth strategy may be constrained by numerous factors, including the following:

- We may be unable to locate properties that will produce a sufficient spread between our cost of capital and the lease rate we can obtain from a customer, which will decrease our profitability.
- Our ability to grow requires that we overcome many customers' preference to own, rather than lease, their real estate and convince customers that it is in their best interests to lease, rather than own, their STORE Properties, either of which we may not be able to accomplish.
- We may be unable to reach an agreement with a potential customer due to failed negotiations or our discovery of previously unknown matters, conditions or liabilities during our real property, legal and financial due diligence review with respect to a transaction and may be forced to abandon the opportunity after incurring significant costs and diverting management's attention.

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- We may fail to obtain sufficient equity, adequate capital resources or other financing available to complete acquisitions on favorable terms or at all.

We typically acquire only a small percentage (approximately 10%) of all properties that we evaluate (which we refer to as our “pipeline”). To the extent any of the foregoing decreases our pipeline or otherwise impacts our ability to continue to acquire suitable properties, our ability to grow our business will be adversely affected.

***We face significant competition for customers, which may negatively impact the occupancy and rental rates of our properties, reduce the number of acquisitions we are able to complete or increase the cost of these acquisitions.***

We compete with numerous developers, owners and operators of properties that often own similar properties in similar markets, and if our competitors offer lower rents than we are offering, we may be pressured to lower our rents or to offer more substantial rent abatements, customer improvements, early termination rights, below-market renewal options or other lease incentive payments in order to remain competitive. Competition for customers could negatively impact the occupancy and rental rates of our properties.

We also face competition for acquisitions of real property from investors, including traded and non-traded public REITs, private equity investors and other institutional investment funds, as well as private wealth management advisory firms, some of which have greater financial resources, a greater ability to borrow funds to acquire properties, the ability to offer more attractive terms to prospective customers and the willingness to accept greater risk or lower returns than we can prudently manage. This competition may increase the demand for STORE Properties and, therefore, reduce the number of, or increase the price for, suitable acquisition opportunities, all of which could materially and adversely affect us.

***As leases expire, we may be unable to renew those leases or re-lease the space on favorable terms or at all.***

As of December 31, 2021, leases and loans representing approximately 23.3% of our base rent and interest will expire prior to 2032. We may not be able to renew leases or re-lease spaces without interruptions in rental revenue, at or above our current rental rates or without offering substantial rent abatements, customer improvement allowances, early termination rights or below market renewal options, and the terms of renewal, extension or re-lease may be less favorable to us than the prior lease. Because some of our properties are specifically designed for a particular customer’s business, we may be required to renovate the property, decrease the rent we charge or provide other concessions in order to lease the property to another prospective customer. If we need to sell such properties, we may have difficulty selling them to a third party due to the property’s unique design.

***Some of our customers operate under franchise or license agreements, which, if terminated or not renewed prior to the expiration of their leases with us, would likely impair their ability to pay us rent.***

Many of our customers operate their businesses under franchise or license agreements, which generally have terms that end earlier than the respective expiration dates of the related leases. In addition, a customer’s rights as a franchisee or licensee typically may be terminated by the franchisor and the customer may be precluded from competing with the franchisor or licensor upon termination. A franchisor’s or licensor’s termination or refusal to renew a franchise or license agreement would impact the customer’s ability to make payments under its lease or loan with us. We typically have no notice or cure rights with respect to such a termination and have no rights to assignment of any such agreement, which may have an adverse effect on our ability to mitigate losses arising from a default by a terminated franchisee on any of our leases or loans.

***If a customer defaults under either the ground lease or mortgage loan of a hybrid lease, we may be required to undertake foreclosure proceedings on the mortgage before we can re-lease or sell the property.***

In certain circumstances, we may enter into hybrid leases with customers. A hybrid lease is a modified sale-leaseback transaction, where the customer sells us land and then we lease the land back to the customer under a ground lease and simultaneously make a mortgage loan to the customer secured by the improvements the customer continues to own. If a customer defaults under a hybrid lease, we may: (i) evict the customer under the ground lease and assume ownership of the improvements; or (ii) if required by a court, foreclose on the mortgage loan that is secured by the improvements. Under a ground lease, we, as the ground lessor, generally become the owner of the improvements on the land at lease maturity or if the customer defaults. If, upon default, a court requires us to foreclose on the mortgage, rather

than evicting the customer, we might encounter delays and expenses in obtaining possession of the improvements, which in turn could delay our ability to promptly sell or re-lease the property.

***Defaults by customers on mortgages we hold could lead to losses on our investments.***

From time to time, we make or assume commercial mortgage loans. We have also made a limited number of investments on properties we own or finance in the form of loans secured by equipment or other fixtures owned by our customers. In the event of a default, we would not earn interest or receive a return of the principal of our loan and may also experience delays and costs in enforcing our rights as lender. Foreclosure and other similar proceedings used to enforce payment of real estate loans are generally subject to principles of equity, which are designed to relieve the indebted party from the legal effect of that party's default. Foreclosure and other similar laws may limit our right to obtain a deficiency judgment against the defaulting party after a foreclosure or sale, and may lead to a loss or delay in the payment on loans we hold. If we do have to foreclose on a property, we may receive less in the foreclosure sale than the amount the customer owes us or that is needed to cover the costs to foreclose, repossess and sell the property.

***Some of our customers rely on government funding, and their failure to continue to qualify for such funding could adversely impact their ability to make timely lease payments to us.***

Some of our customers operate businesses that depend on government funding or reimbursements, such as customers in the education, healthcare and childcare related industries, which may require them to satisfy certain licensure or certification requirements in order to qualify for these government payments. The amount and timing of these government payments depend on various factors that often are beyond our or our customers' control. We will likely continue to invest in properties leased by customers operating in these industries and acquire other businesses in industries that rely significantly on government payments. If these customers fail to receive necessary government funding or fail to comply with related regulations, their cash flow could be materially affected, which may cause them to default on their leases and adversely impact our business.

***Construction and renovation risks could adversely affect our profitability.***

In certain instances, we provide financing to our customers for the construction and/or renovation of their properties. We are therefore subject to the risks that this construction or renovation may not be completed. Construction and renovation costs for a property may exceed a customer's original estimates due to increased costs of materials or labor, or other unexpected costs. A customer may also be unable to complete construction or renovation of a property on schedule, which could result in increased debt service expenses or construction costs. These additional expenses may affect the ability of the customer to make payments to us.

***Our ability to fully control the maintenance of our net-leased properties may be limited.***

Because our customers are the tenants of our net-leased properties and are responsible for the day-to-day maintenance and management of our properties, after lease expiration, we may incur expenses for deferred maintenance or other liabilities if a property is not adequately maintained. We visit our properties periodically, but these visits are not comprehensive inspections and deferred maintenance items may go unnoticed. Our leases generally provide for recourse against a customer in these instances, but bankrupt or financially troubled customers may be more likely to defer maintenance, and it may be more difficult to enforce remedies against such customers. We may not always be able to ascertain the financial circumstances of a given customer or forestall deterioration in the condition of a property.

**Risks Related to the Financing of Our Business**

***Our growth depends on external sources of capital, which are outside of our control and affect our ability to seize strategic opportunities, satisfy debt obligations and make distributions to our stockholders.***

We rely on third-party sources to fund our capital needs. Our access to third-party sources of capital depends, in part, on general market conditions, the market's perception of our growth potential, our current debt levels, our credit ratings, our current and expected future earnings, our cash flows and cash distributions, and the market price per share of our common stock.

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In addition, in order to maintain our qualification as a REIT, we are generally required under the Code to, among other things, distribute annually at least 90% of our net REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, and we will be subject to income tax at the regular corporate rate to the extent that we distribute less than 100% of our REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gain. Because of these distribution requirements, without access to third-party sources of capital, we may not be able to acquire properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

***Current market conditions, including increases in interest rates, could adversely affect our ability to refinance existing indebtedness or obtain additional financing for growth on acceptable terms or at all.***

In periods during which credit markets experience significant price volatility, displacement and liquidity disruptions, liquidity in the financial markets can be impacted, making financing terms for customers less attractive, and in certain cases, rendering certain types of debt financing unavailable. In such periods, we may be unable to obtain debt financing on favorable terms, or at all, or fully refinance maturing indebtedness with new indebtedness. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase, and the increased interest rates could cause our interest costs and overall costs of capital to increase.

***Our operating results and financial condition could be adversely affected if we or our subsidiaries are unable to make required payments on our debt.***

Our charter and bylaws do not limit the amount or percentage of indebtedness that we may incur, and we are subject to risks normally associated with debt financing, including the risk that our cash flows will be insufficient to meet required payments of principal and interest. If we are unable to make debt service payments as required on loans secured by properties we own, a lender could foreclose on the property or properties securing its debt. This could cause us to lose part or all of our investment. In addition, a significant portion of our investment portfolio consists of assets owned by our consolidated, bankruptcy remote, special purpose entity subsidiaries (“SPEs”) that have been pledged to secure the long-term borrowings of those SPEs. We or our other consolidated subsidiaries are the equity owners of our SPEs, which entitles us to the excess cash flows after debt service and all other required payments are made on the debt of our SPEs. If our SPEs fail to make the required payments on such indebtedness or fail to maintain the required debt service coverage ratios, distributions of excess cash flows to us may be reduced or suspended and the indebtedness may become immediately due and payable. If our SPEs are unable to pay the accelerated indebtedness, the pledged assets could be foreclosed upon and distributions of excess cash flows to us may be suspended or terminated, which could reduce the value of our portfolio and revenues available for distribution to our stockholders.

***Our hedging strategies may not be successful in mitigating our risks associated with interest rates and could reduce the overall returns on an investment in our company.***

We attempt to mitigate our exposure to interest rate risk by entering into long-term fixed-rate financing through the combination of periodic debt offerings under our unsecured debt program and STORE Master Funding program, our asset-backed securities conduit, through discrete non-recourse secured borrowings, through insurance company and bank borrowings, by laddering our borrowing maturities and by using leases that generally provide for rent escalations during the term of the lease. However, the weighted average term of our borrowings does not match the weighted average term of our investments, and the methods we employ to mitigate our exposure to changes in interest rates involve risks, including the risk that the debt markets are volatile and tend to reflect the conditions of the then current economic climate. Our efforts may not be effective in reducing our exposure to interest rate changes, which may increase our cost of capital and reduce the net returns we earn on our portfolio.

***We depend on the asset backed securities (“ABS”) and the commercial mortgage-backed securities (“CMBS”) markets for a substantial portion of our long-term debt financing.***

Historically, we have raised a significant amount of long-term debt capital through our STORE Master Funding program, which accesses the ABS market, and, to a lesser extent, through the CMBS market. Our ABS debt is issued by

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our SPEs, which issue multiple series of investment grade ABS notes from time to time as additional collateral is added to the collateral pool. Our CMBS debt is generally first mortgage debt incurred by other SPEs. Our ABS and CMBS debt is generally non-recourse, but 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.

We have generally used the proceeds from these ABS and CMBS financings to repay debt and fund real estate acquisitions. Our obligations under these loans are generally secured by liens on certain of our properties. In the case of our STORE Master Funding program, subject to certain conditions and limitations, we may substitute real estate collateral for assets in the collateral pool from time to time. No assurance can be given that the ABS or the CMBS markets or financing facilities with similar flexibility to substitute collateral will be available to us in the future.

A disruption in the financial markets for ABS or CMBS debt may affect our ability to obtain long-term debt, which, in turn, may force us to acquire real estate assets at a lower than anticipated growth rate and negatively affect our return on equity. Furthermore, a reduction in the difference, or spread, between the rate we earn on our assets (primarily the lease rates we charge our customers) and the rate we pay on our liabilities (primarily the interest rates on our debt) could have a material and adverse effect on our financial condition.

***A downgrade in our credit ratings could have a material adverse effect on our business and financial condition.***

The credit ratings assigned to us and our debt, which are subject to ongoing evaluation by the rating agencies who have published them, could change based upon, among other things, our historical and projected business, prospects, liquidity, results of operations and financial condition, or the real estate industry generally. If any credit rating agency downgrades or lowers our credit rating, places any such rating on a so-called “watch list” for a possible downgrading or lowering or otherwise indicates a negative outlook for that rating, it could materially adversely affect the market price of our debt securities and our common stock, as well as our costs and availability of capital.

***The agreements governing some of our indebtedness contain restrictions and covenants which may limit our ability to enter into or obtain funding for certain transactions, operate our business or make distributions to our common stockholders.***

The agreements governing some of our indebtedness contain restrictions and covenants, including financial covenants, that limit or will limit our ability to operate our business. These covenants, as well as any additional covenants to which we may be subject in the future because of additional indebtedness, could cause us to forego investment opportunities, reduce or eliminate distributions to our common stockholders or obtain financing on less than favorable terms. The covenants and other restrictions under our debt agreements may affect our ability to incur indebtedness, create liens on assets, sell or substitute assets, modify certain terms of our leases, prepay debt with higher interest rates, manage our cash flows and make distributions to our common stockholders. Additionally, these restrictions may adversely affect our operating and financial flexibility and may limit our ability to respond to changes in our business or competitive environment, all of which may materially and adversely affect us.

**General Real Estate Risks**

***Real estate investments are relatively illiquid and property vacancies could result in significant capital expenditures.***

We may desire to sell a property in the future because of changes in market conditions, poor customer performance or default under any mortgage we hold, or to avail ourselves of other opportunities. We may also be required to sell a property in the future to meet debt obligations or avoid a default. Particularly with respect to certain types of real estate assets, such as movie theaters, that cannot always be sold quickly, we may be unable to realize our investment objective by sale, other disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In addition, as a REIT, the Code limits our ability to dispose of properties in ways that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs effectively require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forgo or defer sales of properties that otherwise would be in our best interest. We may be required to invest in the restoration or modification of a property before we can sell it. The inability to respond promptly to changes in



the performance of our property portfolio could adversely affect our financial condition and ability to service our debt and pay dividends to our stockholders.

The loss of a customer, either through lease expiration or customer bankruptcy, may require us to spend significant amounts of capital to renovate the property before it is suitable for a new customer and cause us to incur significant costs in the form of ongoing expenses for property maintenance, taxes, insurance and other expenses.

***Uninsured losses relating to real property may adversely affect our returns.***

Our contracts generally require our customers to maintain insurance customary for similar types of commercial property. Depending on the location of the property or nature of its use, losses of a catastrophic nature may be covered by insurance policies held by our customers with limitations, such as large deductibles or copayments, that a customer may not be able to meet. In addition, factors such as inflation, changes in building codes and ordinances, environmental considerations, public safety threats and others may result in insurance proceeds that are insufficient to repair or replace a damaged or destroyed property. In the event of a substantial or comprehensive loss of any of our properties, we may not be able to rebuild such property to its existing specifications without significant capital expenditures, which may exceed any amounts received under insurance policies, due to the upgrades needed to meet zoning and building code requirements. The loss of our capital investment in, or anticipated future returns from, our properties due to material uninsured losses could materially and adversely affect us.

***Compliance with the Americans with Disabilities Act and fire, safety and other regulations may require us to make significant unanticipated expenditures that could materially and adversely affect us.***

Our properties are subject to the Americans with Disabilities Act (“ADA”), which requires public accommodations to meet federal requirements related to access and use by disabled persons. Compliance with the ADA, or future legislation, could require us to modify the properties we own or may purchase to remove architectural and communication barriers and may restrict renovations on our properties. Failure to comply with the ADA could result in the imposition of fines or an award of damages to private litigants, as well as costs to make modifications to attain compliance. Our customers are generally required to maintain and repair our properties in compliance with the ADA and other similar laws and regulations, but we could be held liable as the owner of the property in the event of a customer’s non-compliance. Any required modifications could involve greater expenditures than anticipated or the modifications might be made on a more accelerated basis than anticipated, either of which could adversely affect the ability of our customers to cover such costs.

Our properties are also subject to various laws and regulations relating to fire, safety and other regulations, and in some instances, common area obligations. Our customers have primary responsibility for compliance with these regulations but may not have the financial ability to fully maintain compliance, which may cause them to be unable to pay rent on time or default. If this were to occur, we would be required to make substantial capital expenditures to comply with these regulations, which we may not be able to recoup from our customers. We may also face owner liability for failure to comply with these regulations, which may lead to the imposition of fines or an award of damages to private litigants.

***Environmentally hazardous conditions may adversely affect our operating results.***

Our properties may be subject to known and unknown environmental liabilities under various federal, state and local laws and regulations relating to human health and the environment, some of which may impose joint and several liability on certain statutory classes of persons, including owners or operators, for the costs of investigation or remediation of contaminated properties. These laws and regulations apply to past and present business operations on the properties, and the use, storage, handling and recycling or disposal of hazardous substances or wastes. We may be liable regardless of our knowledge of the contamination, the timing of the contamination, the cause of the contamination or the party responsible for the contamination. Our customers generally must indemnify us from all or most environmental compliance costs, but if a customer fails to, or cannot, comply, we may be required to pay such costs. These costs could be substantial, and because these potential environmental liabilities are generally uncapped, these costs could significantly exceed the property’s value. There can be no assurance that our environmental due diligence efforts will reveal all environmental conditions at the properties in our pipeline.

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Under the laws of many states, contamination on a site may give rise to a lien on the site for clean-up costs. Several states will grant priority to a “super lien” for clean-up costs over all existing liens, including those of existing mortgages. If any of the properties on which we have a mortgage are or become contaminated and subject to a super lien, we may not be able to recover the full value of our investment.

Certain federal, state and local laws, regulations and ordinances govern the use, removal and/or replacement of underground storage tanks in the event of a release on, or an upgrade or redevelopment of, certain properties. Such laws, as well as common law standards, may impose liability for any releases of hazardous substances associated with the underground storage tanks and may allow third parties to seek recovery from the owners or operators of such properties for damages associated with such releases.

In a few states, transfers of some types of sites are conditioned upon cleanup of contamination prior to transfer, including in cases where a lender has become the owner of the site through a foreclosure, deed in lieu of foreclosure or otherwise. If any of our properties in these states are subject to such contamination, we may be subject to substantial clean-up costs before we are able to sell or otherwise transfer the property. Additionally, certain federal, state and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos containing materials (“ACMs”) in the event of the remodeling, renovation or demolition of a building. Such laws, as well as common law standards, may impose liability for releases of ACMs and may impose fines and penalties against us or our customers for failure to comply with these requirements or allow third parties to seek recovery from us or our customers.

In addition, our properties may contain or develop harmful mold, exposure to which may cause a variety of adverse health effects. Exposure to mold at any of our properties could require us to undertake a costly remediation program to contain or remove the mold and could subject us to liability if property damage or health concerns arise.

If we or our customers become subject to any of the above-mentioned environmental risks, we may be materially and adversely affected.

### ***We may be subject to liabilities and costs associated with the impacts of climate change.***

The impacts of climate change on our properties or operations are highly uncertain and would be particular to the geographic areas in which we operate, including Florida, Georgia and Texas. Such impacts may result from increased frequency of natural disasters, changes in rainfall and storm patterns and intensities, water shortages, changing sea levels, rising energy and environmental costs, and changing temperatures, which may impact our or our tenants’ ability to obtain property insurance on acceptable terms. While 99% of our leases are triple-net, and generally impose responsibility on our tenants for the property-level operating costs and require our tenants to indemnify us for environmental liabilities, there can be no assurance that a given tenant will be able to satisfy its payment obligations to us under its lease if climate change adversely impacts a particular property.

### ***Certain provisions of our leases or loan agreements may be unenforceable, which could adversely impact us.***

Our rights and obligations with respect to our leases, mortgage loans or other loans are governed by written agreements. A court could determine that one or more provisions of such an agreement are unenforceable, such as a particular remedy (including rights to indemnification), a loan prepayment provision or a provision governing our security interest in the underlying collateral of a customer. We could be adversely impacted if, for example, this were to happen with respect to a master lease governing our rights relating to multiple properties.

## **Risks Related to Our Tax Status and Other Tax Related Matters**

### ***Failure to qualify as a REIT would reduce our net earnings available for investment or distribution.***

Our qualification as a REIT requires us to satisfy numerous highly technical and complex requirements for which there are only limited judicial or administrative interpretations, and which involve the determination of various factual matters and circumstances not entirely within our control. No guarantee can be made that we will be able to continue to be qualified as a REIT in the future. If we fail to qualify as a REIT in any taxable year, we would be subject to federal income tax and increased state and local taxes on our taxable income at the regular corporate rate and be unable to deduct dividends when computing our taxable income. Also, unless the Internal Revenue Service (“IRS”) granted us relief under



certain statutory provisions, we could not re-elect REIT status until the fifth calendar year after the year in which we first failed to qualify as a REIT. The additional tax liability from such a failure would reduce or eliminate the amount of cash available for investment or distribution to our common stockholders, which would likely have a significant adverse effect on the value of our securities and our ability to raise additional capital, and we would no longer be required to make distributions to our common stockholders.

***Potential tax law changes could affect our ability to qualify as a REIT and could adversely affect our stockholders.***

U.S. federal income tax laws governing REITs and other corporations and the administrative interpretations of those laws may be amended at any time, potentially with retroactive effect. The federal government may enact significant reform of the Code, including significant changes to taxation of business entities, tax deferred exchanges and the deductibility of interest expense. There is a substantial lack of clarity around the likelihood, timing and details of any such tax reform and the impact of any potential tax reform on us or an investment in our securities. Future legislation, new regulations, administrative interpretations or court decisions could adversely affect our ability to qualify as a REIT or adversely affect our stockholders.

***Even if we qualify as a REIT for purposes of the Code, we may be subject to other tax liabilities that reduce our cash flow and our ability to make distributions to our common stockholders.***

As a REIT, we are subject to annual distribution requirements, which limit the amount of cash we may retain for other business purposes, including amounts to fund our growth. We generally must distribute annually at least 90% of our net REIT taxable income to our stockholders, excluding any net capital gain, in order for our distributed earnings to not be subject to corporate income tax. Additionally, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. If we have net income from the sale of foreclosure property that we hold primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we must pay a tax on that income at the corporate income tax rate. Further, if we sell an asset, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, our gain would be subject to the 100% “prohibited transaction” tax unless such sale were made by our wholly owned taxable REIT subsidiary, or if we qualify for a safe harbor from such tax. We do not intend to engage in prohibited transactions. We cannot assure you, however, that we will only make sales that satisfy the requirements of the safe harbors or that the IRS will not successfully assert that one or more of such sales are prohibited transactions, as this determination is generally a question of the facts and circumstances regarding a particular transaction, and we have not sought, and do not intend to seek, a ruling from the IRS regarding any such dispositions.

We intend to make distributions to our common stockholders to comply with the requirements of the Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis in order to meet the 90% distribution requirement of the Code when the prevailing market conditions are not favorable for these borrowings.

***Dividends paid by REITs generally do not qualify for reduced tax rates.***

In general, the maximum U.S. federal income tax rate for dividends that constitute “qualified dividend income” paid to individuals, trusts and estates is 20%. Unlike dividends received from non-REIT corporations, our distributions are generally not eligible for reduced federal income tax rates, unless they are attributable to dividends received by the REIT from other corporations otherwise eligible for the reduced rate. Beginning in 2018 and for taxable years prior to 2026, non-corporate stockholders may generally deduct up to 20% of the aggregate amount of ordinary dividends distributed by us, subject to certain limitations, which would reduce the maximum marginal effective tax rate for individuals on the receipt of such ordinary dividends to 29.6%. Although these rules do not adversely affect the taxation of REITs or dividends payable by REITs, investors who are individuals, trusts or estates may perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could materially and adversely affect the trading price of our common stock.

***Recharacterization of sale-leaseback transactions may cause us to lose our REIT status.***

The IRS may take the position that certain sale-leaseback transactions that we characterize as leases are not true leases for federal income tax purposes but are, instead, financing arrangements or loans. If a sale-leaseback transaction were so re-characterized, we might fail to satisfy the Code's REIT asset tests, income tests or distribution requirements and consequently lose our REIT status effective with the year of recharacterization unless we elect to make an additional distribution that subsequently enables us to maintain our REIT status. Alternatively, the amount of our REIT taxable income could be re-calculated, which might also cause us to fail to meet the Code's distribution requirements for a taxable year.

***We could face possible state and local tax audits and adverse changes in state and local tax laws.***

As a REIT, we are generally not subject to federal income taxes, but we are subject to certain state and local taxes, which change from time to time and may result in an increase in our tax liability. A shortfall in tax revenues for states and municipalities in which we own properties may lead to an increase in the frequency and size of such changes in tax laws. If such changes occur, we may be required to pay additional state and local taxes. These increased tax costs could adversely affect our financial condition and the amount of cash available for the payment of distributions to our common stockholders. In the ordinary course of business, our SPEs may also become subject to tax audits. If our SPEs become the subject of state or local tax audits, the ultimate result of such audits could have an adverse effect on our financial condition.

**Risks Related to Our Organization and Structure**

***Our Board may change our investment or financing strategy, or leverage policies, without stockholder consent.***

Our Board has the overall authority to oversee our operations and determine our major corporate policies. This authority includes significant flexibility. For example, our Board can, among other things: (i) change any of our strategies, policies or procedures with respect to property acquisitions and divestitures, including the creditworthiness standards with respect to our customers, subject to provisions in our charter; (ii) prevent the ownership, transfer and/or accumulation of shares in order to protect our status as a REIT or for any other reason deemed to be in the best interests of us and our stockholders; or (iii) determine that it is no longer in our best interests to continue to qualify as a REIT. Any of these actions could increase our operating expenses, impact our ability to make distributions or reduce the value of our assets without the consent of our stockholders.

***Our Board's power to increase or decrease the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval may negatively impact our existing stockholders.***

Our charter authorizes us to issue up to 375,000,000 shares of common stock and up to 125,000,000 shares of preferred stock. Our charter authorizes our Board, without stockholder approval, to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of any class or series of stock that we are authorized to issue, to authorize us to issue authorized but unissued shares of our common stock or preferred stock, to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and to set the terms of such newly classified or reclassified shares. Accordingly, our Board could authorize the issuance of shares of capital stock that could have the effect of delaying, deferring or preventing a change in control of us that our existing stockholders may view as favorable, with preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications, or terms or conditions of redemption that are senior to, or otherwise conflict with, the rights of our common stockholders. In addition, our Board may increase our authorized stock in order to issue additional shares in connection with future financings and other transactions. These additional issuances could dilute the ownership interests of our existing stockholders.

***Limitations on share ownership and limitations on the ability of our stockholders to effect a change in control of us limit the transferability of our stock and may prevent takeovers that are beneficial to our stockholders.***

To qualify as a REIT, no more than 50% in value of our outstanding capital stock may be owned by five or fewer individuals, including entities specified in the Code, during the last half of any taxable year, and this capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. To comply with these requirements, our charter contains stock ownership and

transfer restrictions such as, for example, a provision that generally limits ownership by any person of more than 9.8% (in value or by number of shares, whichever is more restrictive) of our outstanding common stock, unless our Board exempts the person from such ownership limitation, and transfers in violation of such limitation may be void. These restrictive provisions may have the effect of delaying, deferring or preventing a change of control that does not threaten our REIT status, including those that involve a premium price for our stockholders or that might otherwise be in our stockholders' best interests.

***Our rights and the rights of our stockholders to take action against our directors and officers are limited.***

As permitted by Maryland law, our charter limits the liability of our directors and officers to stockholders for monetary damages, except for liability resulting from actual receipt of an improper benefit or profit in money, property or services, or active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated. As a result, we and our stockholders have limited rights against our directors and officers. Accordingly, if good faith actions taken by any of our directors or officers impede our performance, our ability and the ability of our stockholders to recover damages from such directors or officers will be limited. In addition, our charter authorizes us to obligate our company, and our bylaws require us, to indemnify our directors and officers for actions taken by them in those and certain other capacities to the maximum extent permitted by Maryland law.

**Risks Related to Ownership of Our Common Stock**

***Changes in market conditions and volatility of stock prices could adversely affect the market price of our common stock.***

Our stock price experiences price and volume fluctuation, often without regard to our operating performance. As a result, investors in our common stock may experience a decrease in the value of their shares, including decreases unrelated to our actual operating performance or prospects. A number of factors could negatively affect the price per share of our common stock, many of which are out of our control, including:

- general market and economic conditions;
- actual or anticipated variations in our quarterly operating results or dividends, or those of our competitors;
- changes in our funds from operations, adjusted funds from operations or earnings estimates, including as a result of changes in the financial condition, liquidity, results of operations and prospects of our customers;
- difficulties or inability to access capital or extend or refinance existing debt;
- publication of research reports about us, our competitors, our customers or the real estate industry;
- the market's perception of REITs as an equity security and changes in market valuations of REITs;
- a change in ratings issued by analysts or nationally recognized statistical rating organizations;
- adverse market reaction to additional debt we may incur or equity-related securities we may issue;
- strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;
- governmental regulatory action and changes in tax laws; and
- the issuance of additional shares of our common stock, or the perception that such sales might occur.

***Increases in market interest rates may have an adverse effect on the value of our common stock if prospective purchasers of our common stock expect a higher dividend yield, and increased borrowing costs may decrease our funds available for distribution to our common stockholders.***

The market price of our common stock will generally be influenced by the dividend yield on our common stock relative to market interest rates. An increase in market interest rates, which are currently relatively low, may lead prospective investors to expect a higher dividend yield. However, higher market interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decrease.

***Future offerings of debt, which would be senior to our common stock upon liquidation, or preferred equity securities, which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our common stock.***

In the future, we may issue debt or preferred equity securities. Upon liquidation, holders of our debt securities and shares of preferred stock with a liquidation preference, and lenders with respect to other borrowings, will receive distributions of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or otherwise reduce the market price of our common stock, or both. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on distribution payments that could limit our ability to make distributions to holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk that future offerings may reduce the market price of our common stock and dilute their stock holdings in us.

***A substantial portion of our total outstanding common stock may be sold into the market at any time, which could cause the market price of our common stock to drop significantly, even if our business is doing well, and make it difficult for us to sell equity securities in the future.***

The market price of our common stock could decline as a result of actual or anticipated sales of a large number of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it difficult for us to sell equity securities in the future at times or prices that we deem appropriate. We filed a registration statement on Form S-8 under the Securities Act to register the offer and sale of up to 7,314,221 shares of our common stock or securities convertible into or exchangeable for shares of our common stock that may be issued pursuant to our 2012 Long-Term Incentive Plan and our 2015 Omnibus Equity Incentive Plan, and recipients of those shares may generally freely resell them in the open market, subject to certain limitations governing our affiliates. In addition, as we continue to issue additional equity securities periodically to finance our growth, including through our “at the market” offering programs, these issuances will dilute the interests of our existing stockholders and could adversely affect the value of their investments. If our performance or prospects decline and we are unable to access the equity markets when needed in the future, our ability to grow our business will be adversely impacted.

***We may change the dividend policy for our common stock in the future.***

The decision to declare and pay dividends on our common stock, as well as the form, timing and amount of any such future dividends, is at our Board’s sole discretion and will depend on our earnings, cash flows, liquidity, financial condition, capital requirements, contractual prohibitions or other limitations governing our indebtedness, the annual distribution requirements under the REIT provisions of the Code, state law and other relevant factors. Any change in our dividend policy could have a material adverse effect on the market price of our common stock.

#### **Other General Risks**

***We face risks associated with security breaches through cyber-attacks, cyber intrusions or otherwise, as well as other significant disruptions of our IT networks and related systems.***

While we do not collect or maintain the types of information that are most often targeted in cyber-attacks, such as credit card data, bank account information, or sensitive personal information, we nevertheless face risks associated with

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security breaches through cyber-attacks, malware, computer viruses and malicious codes, ransomware, unauthorized access attempts, denial of service attacks, phishing, social engineering, bad actors with access to systems inside our organization, and other significant disruptions of our IT networks and related systems. The risk of a security breach has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Our IT networks and related systems are essential to the operation of our business, the availability and integrity of our data and our ability to perform day-to-day operations, and security breaches or system interruptions could result in misstated financial reports, violations of loan covenants, missed reporting deadlines, our inability to monitor our compliance with the rules and regulations regarding our qualification as a REIT, unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information of ours or others, the diversion of management attention and resources to remedy any resulting damages, liability for claims for breach of contract, damages, credits, penalties or termination of leases or other agreements, or damage to our reputation among our customers, lenders, vendors and investors generally.

We rely on information systems across our operations and corporate functions, in particular our finance and accounting departments, and depend on such systems to ensure payment of obligations, collection of cash, data warehousing to support analytics, and other various processes and procedures, and there can be no assurance that our security efforts will be effective in deterring security breaches or disruptions. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques, tools and tactics used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed to not be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers, disaster recovery or other preventative or corrective measures, and thus it is impossible for us to entirely counteract this risk or fully mitigate the harms after such an attack. And as we periodically upgrade our IT systems, we face the risk that these systems may not function properly and expose us to increased cybersecurity breaches and failures, which would expose us to reputational, competitive, operational, financial and business harm, as well as potential litigation and regulatory action.

***We depend on key personnel; the loss of their full service could impair our ability to operate successfully.***

We rely on the experience, efforts and abilities of senior leadership and other key personnel. We cannot guarantee the continued employment of any of the members of our senior leadership team or key personnel, each of whom could be difficult to replace, given their extensive knowledge and experience. The loss of services of one or more members of our senior leadership team, or our inability to attract and retain highly qualified personnel, could adversely affect our business and be negatively perceived in the capital markets, diminish our investment opportunities and weaken our relationships with lenders, business partners, and customers.

***We are subject to litigation which could materially and adversely affect us.***

From time to time, we are subject to litigation in connection with the ordinary course operation 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. We generally seek to have our customers defend, and assume liability for, such matters involving their properties. In other cases, we may defend ourselves, invoke our insurance coverage or the coverage of our customers, and/or invoke our indemnification rights included in our leases. Resolution of these types of matters against us may result in significant legal fees and/or require us to pay significant fines, judgments or settlements, which, to the extent uninsured or in excess of insured limits, or not subject to indemnification, could adversely impact our earnings and cash flows. We also may become subject to litigation relating to our financing and other transactions. Certain types of litigation, if determined adversely to us, may affect the availability or cost of some of our insurance coverage, which could expose us to increased risks that would be uninsured and materially and adversely impact our ability to attract directors and officers.

***Future federal, state and local rules or regulations may adversely affect our and our customers' results of operations.***

Compliance with future federal, state and local governmental rules or regulations, or stricter interpretation of existing governmental rules or regulations, may result in new costs, new liabilities, restrictions on current business activities and could cause a material and adverse effect on our and our customers' results of operation. There is no way to

predict what governmental rules or regulations will be enacted in the future, how future rules or regulations will be administered or interpreted or how future rules or regulations will affect our or our customers' businesses.

**Item 1B. UNRESOLVED STAFF COMMENTS**

None.

**Item 2. PROPERTIES**

As of December 31, 2021, our total investment in real estate and loans approximated \$10.7 billion, representing investments in 2,866 property locations, substantially all of which are profit centers for our customers. These investments generate cash flows from approximately 775 contracts predominantly structured as net leases. The weighted average non-cancelable remaining term of our leases was approximately 13.4 years.

Our real estate portfolio is highly diversified. As of December 31, 2021, our 2,866 property locations were operated by 556 customers across the United States. Our customers are typically established regional and national operators, with approximately 50% of our base rent and interest coming from customers with over \$200 million in annual revenues. Our largest customer represented approximately 3.0% of our portfolio at December 31, 2021, and our top ten largest customers represented 18.4% of base rent and interest. Our customers operate their businesses across approximately 855 brand names or business concepts in 120 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 December 31, 2021, for all of our leases, loans and direct financing receivables in place as of that date.

### Diversification by Customer

As of December 31, 2021, our property locations were operated by 556 customers and the following table identifies our ten largest customers:

<b>Customer</b>	<b>% of Base Rent and Interest</b>	<b>Number of Properties</b>
Spring Education Group Inc. (Stratford School/Nobel Learning Communities)	3.0 %	28
LBM Acquisition, LLC (Building materials distribution)	3.0	156
Fleet Farm Group LLC	2.2	9
Cadence Education, Inc. (Early childhood/elementary education)	2.0	68
Duffresne Spencer Group Holdings, LLC (Ashley Furniture HomeStore)	1.6	25
CWGS Group, LLC (Camping World/Gander Outdoors)	1.4	20
Great Outdoors Group, LLC (Cabela's)	1.4	9
Zips Holdings, LLC	1.3	46
American Multi-Cinema, Inc.	1.3	14
At Home Stores LLC	1.2	11
All other (546 customers)	81.6	2,480
Total	100.0 %	2,866

### Diversification by Industry

As of December 31, 2021 our customers' business concepts were diversified across approximately 120 industries within the service, retail and manufacturing sectors of the U.S. economy. The following table summarizes those industries into 79 industry groups:

<b>Customer Industry Group</b>	<b>% of Base Rent and Interest</b>	<b>Number of Properties</b>	<b>Building Square Footage (in thousands)</b>
<b>Service:</b>			
Restaurants—full service	7.0 %	349	2,428
Restaurants—limited service	5.0	396	1,256
Early childhood education centers	6.2	267	2,858
Automotive repair and maintenance	5.4	223	1,217
Health clubs	5.1	90	3,090
Pet care facilities	3.4	184	1,715
Lumber & construction materials wholesalers	3.4	167	6,865
Behavioral health facilities	3.3	84	1,557
All other service (31 industry groups)	26.0	559	25,980
Total service	64.8	2,319	46,966
<b>Retail:</b>			
Farm and ranch supply	3.4	41	4,136
Total retail (17 industry groups)	11.8	199	9,410
Total retail	15.2	240	13,546
<b>Manufacturing:</b>			
Metal fabrication	5.9	109	14,130
All other manufacturing (21 industry groups)	14.1	198	25,503
Total manufacturing	20.0	307	39,633
Total	100.0 %	2,866	100,145

### Diversification by Geography

Our portfolio is also highly diversified by geography, as our property locations can be found in every state except Hawaii. The following table details the top ten geographical locations of the properties as of December 31, 2021:

State	% of Base Rent and Interest	Number of Properties
Texas	11.3 %	344
Illinois	6.3	180
California	5.9	80
Georgia	5.5	165
Florida	5.3	156
Ohio	5.1	142
Wisconsin	5.0	78
Arizona	4.3	90
Tennessee	3.6	120
Minnesota	3.3	87
All other (39 states) (1)	44.4	1,424
Total	<u>100.0 %</u>	<u>2,866</u>

(1) Includes one property in Ontario, Canada which represents less than 0.1% of base rent and interest.

### Contract Expirations

The following table sets forth the schedule of our lease, loan and direct financing receivable expirations as of December 31, 2021:

Year of Lease Expiration or Loan Maturity (1)	% of Base Rent and Interest	Number of Properties (2)
2022	0.5 %	22
2023	1.1	10
2024	0.7	22
2025	1.1	24
2026	1.5	54
2027	1.7	54
2028	3.0	68
2029	5.1	160
2030	3.6	147
2031	5.0	209
Thereafter	76.7	2,081
Total	<u>100.0 %</u>	<u>2,851</u>

(1) Expiration year of contracts in place as of December 31, 2021, excluding any tenant option renewal periods.

(2) Excludes 15 properties which were vacant and not subject to a lease as of December 31, 2021.



### Item 3. 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 by our customers pursuant to our contractual indemnification rights 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 4. MINE SAFETY DISCLOSURES

Not Applicable.

## PART II

### Item 5. MARKET FOR REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the NYSE under the symbol "STOR".

On February 22, 2022, there were 131 holders of record of the 274,775,929 outstanding shares of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders. We have determined that, for federal income tax purposes, approximately 84.6% of distributions paid in 2021 represented taxable income and 15.4% represented a return of capital.

#### Distributions

The Company pays regular quarterly distributions to holders of its common stock. Future distributions will be at the discretion of our Board of Directors and will depend on our actual funds from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code and other factors.

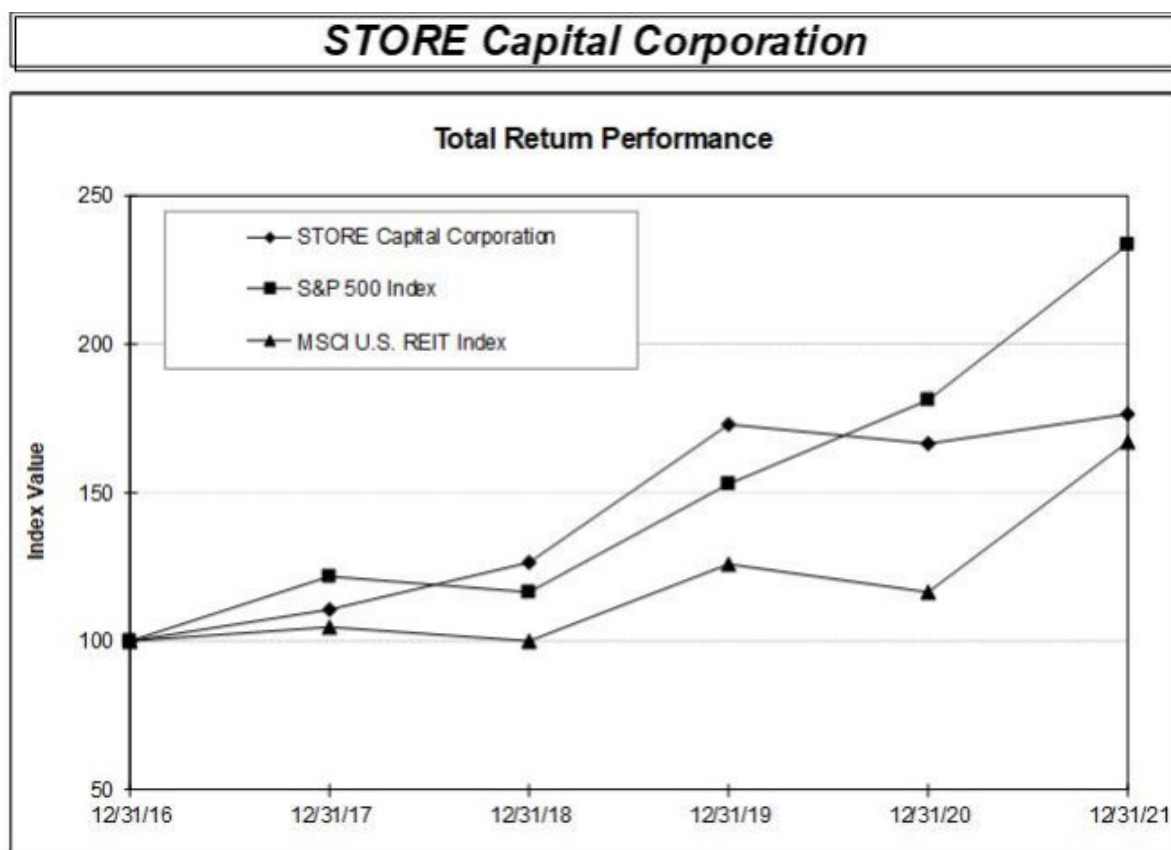
#### Issuer Purchases of Equity Securities

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 fourth quarter of 2021 were in connection with this tax withholding obligation. During the three months ended December 31, 2021, the Company repurchased the following shares of its common stock:

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid Per Share</b>
October 1, 2021 through October 31, 2021	-	\$ -
November 1, 2021 through November 30, 2021	4,734	\$ 34.45
December 1, 2021 through December 31, 2021	-	\$ -
<b>Total</b>	<b>4,734</b>	<b>\$ 34.45</b>

### Stock Performance Graph

The following performance chart compares, for the five-year period commencing December 31, 2016 and ending December 31, 2021, the cumulative total stockholder return on our common stock with that of the Standard & Poor's 500 Composite Stock Index, or the S&P 500, and the MSCI U.S. REIT Index. The chart assumes \$100.00 was invested on December 31, 2016 and assumes the reinvestment of any dividends. The historical stock price performance reflected in the following graph is not necessarily indicative of future stock price performance.



Index	Period Ending					
	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
STORE Capital Corporation	100	110.71	126.26	172.63	166.65	176.30
S&P 500	100	121.83	116.49	153.17	181.35	233.41
MSCI US REIT (RMS)	100	105.07	100.27	126.18	116.62	166.84

*The performance graph and the related chart and text are being furnished solely to accompany this Annual Report on Form 10-K pursuant to Item 201(e) of Regulation S-K, and are not being filed for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any filing of ours, whether made before or after the date hereof, regardless of any general incorporation language in such filing.*

**Item 6.** [Reserved.]

## **Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations should be read together with the "Business" section, as well as the consolidated financial statements and related notes in Part II, Item 8 in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this report, including information with respect to our plans and strategies for our business, includes forward-looking statements that involve risks and uncertainties. You should read "Item 1A. Risk Factors" and the "Forward-Looking Statements" sections of this Annual Report on Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by these forward-looking statements.

In 2019, the Financial Accounting Standards Board issued ASU 2019-07, *Codification Updates to SEC Sections- Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification*, which makes a number of changes meant to simplify certain disclosures in financial condition and results of operations, particularly by eliminating year-to-year comparisons between prior periods previously disclosed. In complying with the relevant aspects of the rule covering the current year annual report, we include disclosures on our cash flows and results of operations for fiscal year 2021 versus 2020 only. For discussion of our fiscal year 2020 compared to our fiscal year 2019, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report filed with the SEC for the fiscal year ended December 31, 2020.

### **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. Our customers operate their businesses under a wide range of brand names or business concepts. As of December 31, 2021, over 850 brand names or business concepts in approximately 120 industries were represented in our investment portfolio. 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 our taxable income to our stockholders and meet other requirements.

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 \$12.6 billion of real estate investments. As of December 31, 2021, our investment portfolio totaled approximately \$10.7 billion, consisting of investments in 2,866 property locations across the United 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

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somewhat in an inflationary economic environment. As of December 31, 2021, approximately 99% of our leases (based on base rent) were “triple-net” leases, which means that our customers are responsible for all 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-level operating 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 December 31, 2021, the weighted average remaining term of our leases (calculated based on base rent) was approximately 13.4 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, as defined in the lease contracts).

We have dedicated an internal team to review and analyze ongoing tenant financial performance, both at the corporate level and with respect to 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 acquire assets and originate new leases 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.

### *COVID-19 Pandemic*

Since early 2020, the world has been impacted by the COVID-19 pandemic. At various times, the COVID-19 pandemic has primarily impacted us through government-mandated limits (i.e., required closures or limits on operations and social distancing requirements) imposed on our tenants’ businesses and continuing public perceptions regarding safety, which have impacted certain tenants’ ability to pay their rent to us. In addition, although 99% 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, we may be required to make the property tax payment on behalf of the tenant if they are unable to do so.

We have worked directly with our impacted tenants during the COVID-19 pandemic to help them continue to meet their rent payment obligations to us, including providing short-term rent deferral arrangements. These arrangements included a structured rent relief program through which we allowed tenants that were highly and adversely impacted by the COVID-19 pandemic to defer the payment of their rent on a short-term basis. During 2020, we recognized net revenue aggregating approximately \$57.1 million related to these deferral arrangements and collected \$9.9 million in repayments of the amounts deferred. During the year ended December 31, 2021, we recognized an additional \$8.3 million of net revenue related to deferral arrangements and collected \$33.4 million in repayments of amounts deferred. We expect that the majority of our remaining receivable will be collected before the end of 2022.

As government-mandated restrictions have been lifted, our tenants have increased their business activity and their ability to meet their financial obligations to us under their lease contracts. As a result, our rent and interest collections have returned to pre-pandemic levels, and, essentially all of our properties are open for business.

The Company continues to closely watch for unpredictable factors that could impact its business going forward, including the duration of the COVID-19 pandemic; governmental, business and individual actions in response to the COVID-19 pandemic, including the vaccination process (and related government mandates); and the overall impact on broad economic activity.

### **Liquidity and Capital Resources**

As of December 31, 2021, our investment portfolio stood at approximately \$10.7 billion, consisting of investments in 2,866 property locations. Substantially all of our cash from operations is generated by our investment portfolio.

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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 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. As of December 31, 2021, the weighted average remaining term of our leases was approximately 13.4 years and the contracts related to just 22 properties, representing 0.5% of our annual base rent and interest, are due to expire during 2022; 77% of our leases have ten years or more remaining in their base lease term. As of December 31, 2021, 15 of our 2,866 properties were vacant and not subject to a lease, which represents a 99.5% occupancy rate. We expect to incur some property-level operating 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 or may be unable to pay such costs in a timely manner. Property costs are generally not significant to our operations, but the amount of property costs can vary quarter to quarter based on the timing of property vacancies and the level of underperforming properties. We may advance certain property costs on behalf of our tenants but expect that the majority of these costs will be reimbursed by the tenant and do not anticipate that they will be significant to our operations.

We intend to continue to grow through additional real estate investments. To accomplish this objective, we must continue to 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, proceeds from the sale of properties and 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 December 31, 2021, we had commitments to our customers to fund improvements to owned or mortgaged real estate properties totaling approximately \$160.7 million, of which \$143.5 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 (which we define as our cash from operations less dividends plus proceeds from our sale of properties) and our annual debt maturities; we have no significant debt maturities until 2024.

As of December 31, 2021, all our long-term debt was fixed-rate debt and our weighted average debt maturity was 6.8 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, BBB and BBB by Moody’s Investors Service, S&P Global Ratings and Fitch Ratings, respectively. In October 2021, S&P Global Ratings raised its outlook on the Company to positive from stable and affirmed its BBB issuer credit rating. In conjunction with our investment-grade debt strategy, we target a level of debt net of cash and cash equivalents that

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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 leverage, expressed as the ratio of debt (net of cash and cash equivalents) to the cost of our investment portfolio, was approximately 40% at December 31, 2021.

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 December 31, 2021, our secured non-recourse borrowings had a loan-to-cost ratio of approximately 63% and approximately 36% of our investment portfolio serves as collateral for this long-term debt. The remaining 64% of our portfolio properties, aggregating approximately \$6.8 billion at December 31, 2021, 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 as 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 continue to grow our real estate portfolio, we also intend to continue 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 our fourth issuance of senior unsecured public notes in November 2021, we prepaid, without penalty, \$85.9 million of STORE Master Funding Series 2013-3 Class A-2 notes. Similar to this prepayment transaction, 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 \$600 million 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. As of December 31, 2021, we had \$130.0 million outstanding under our unsecured revolving credit facility.

In June 2021, we recast this unsecured revolving credit facility to increase the accordion feature from \$800 million to \$1.0 billion, which now gives us a maximum borrowing capacity of \$1.6 billion. The amended facility matures in June 2025 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 0.70% to 1.40%, or (2) the Base Rate, as defined in the credit agreement, plus a credit spread ranging from 0.00% to

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0.40%. 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 0.10% to 0.30%. The amendment reduced the currently applicable credit spread for LIBOR-based borrowings by 15 basis points to 0.85% and the facility fee remains at 0.20%. The amended credit agreement does allow for a further reduction in the pricing for LIBOR-based borrowings if certain environmental sustainability metrics are met.

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 and secured borrowing ratios. Certain of these ratios are based on our pool of unencumbered assets, which aggregated approximately \$6.8 billion at December 31, 2021. The facility is recourse to us, and, as of December 31, 2021, we were in compliance with the financial and nonfinancial covenants under the facility.

*Senior Unsecured Term Debt*

In November 2021, we completed our fourth issuance of underwritten public notes, issuing an aggregate principal amount of \$375.0 million with a coupon rate of 2.70%, and, as of December 31, 2021, we had an aggregate principal amount of \$1.4 billion of underwritten public notes outstanding. These senior unsecured notes bear a weighted average coupon rate of 3.63% and interest on these notes is paid semi-annually. 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 December 31, 2021, 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 are similar to our unsecured revolving credit facility, and, as of December 31, 2021, we were in compliance with these covenants. We repaid our remaining \$100 million bank term loan in April 2021 at its maturity and the related interest rate swap agreements expired.

The aggregate outstanding principal amount of our unsecured senior notes was \$1.8 billion as of December 31, 2021 and the following is a summary, by year, of the scheduled payments of both principal and interest for these notes (in thousands).

	Public Notes		Other Unsecured Notes		Total Senior Unsecured Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ -	\$ 51,687	\$ 75,000	\$ 18,103	\$ 75,000	\$ 69,790
2023	-	51,688	-	14,700	-	66,388
2024	-	51,687	100,000	14,264	100,000	65,951
2025	-	51,688	-	9,460	-	61,148
2026	-	51,687	200,000	3,153	200,000	54,840
2027	-	51,688	-	-	-	51,688
2028	350,000	39,175	-	-	350,000	39,175
2029	350,000	23,123	-	-	350,000	23,123
2030	350,000	18,600	-	-	350,000	18,600
2031	375,000	9,281	-	-	375,000	9,281
Total	\$ 1,425,000	\$ 400,304	\$ 375,000	\$ 59,680	\$ 1,800,000	\$ 459,984

*Non-recourse Secured Debt*

As of December 31, 2021, approximately 33% 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 Capital 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



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time to time as additional collateral is added to the collateral pool and leverage can be added in incremental note 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 our Series 2019-1 transaction in November 2019 marked our first issuance of 15-year notes. We believe these two precedent transactions both broadened the market for our STORE Master Funding debt program and gave us access to lower cost secured debt. In late June 2021, our consolidated special purpose entities issued the tenth series, Series 2021-1, of net-lease mortgage notes under the STORE Master Funding debt program consisting of \$515 million of notes issued in four Class A tranches as summarized below:

<b>Note Class</b>	<b>Rating (a)</b>	<b>Amount (in millions)</b>	<b>Coupon Rate</b>	<b>Term</b>	<b>Maturity Date</b>
Class A-1	AAA	\$ 168.5	2.12 %	7 years	June 2028
Class A-2	AAA	168.5	2.96 %	12 years	June 2033
Class A-3	A+	89.0	2.86 %	7 years	June 2028
Class A-4	A+	89.0	3.70 %	12 years	June 2033
<b>Total / Weighted Average Coupon Rate</b>		<b>\$ 515.0</b>	<b>2.80 %</b>		

(a) By S&P Global Ratings.

The Series 2021-1 transaction served to further our belief that the market for the STORE Master Funding program is broadening. In conjunction with this transaction, we prepaid, without penalty, \$86.7 million of STORE Master Funding Series 2013-1, Class A-2 notes in May 2021 and \$83.3 million of Series 2013-2, Class A-2 notes in July 2021. These two prepaid note classes bore a weighted average interest rate of 4.98%. A portion of the net proceeds were also used to paydown balances on our unsecured revolving credit facility.

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. As of December 31, 2021, there was an aggregate \$190.0 million in principal amount of Class B notes outstanding. We have historically retained these Class B notes and they 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 December 31, 2021 totaled \$2.3 billion in Class A principal amount and were supported by a collateral pool of approximately \$3.6 billion representing 1,152 property locations operated by 211 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 year ended December 31, 2021, excess cash flow, after payment of debt service and servicing and trustee expenses, totaled \$137 million on cash collections of \$270 million, which represents an overall ratio of cash collections to debt service, or debt service coverage ratio (as defined in the program documents), of greater than 2.0 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 currently expect to remain above program minimum debt service coverage ratios for the foreseeable future.



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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. 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.

The aggregate outstanding principal amount of our secured mortgage notes payable was \$2.5 billion as of December 31, 2021 and the scheduled maturities, including balloon payments, and scheduled interest payments on our aggregate secured mortgage notes payable are as follows (in thousands):

	STORE Master Funding			Other Non-recourse Mortgage Notes			Total Non-recourse Mortgage Debt		
	Non-recourse Net-lease Mortgage Notes			Principal	Balloons	Interest	Principal	Balloons	Interest
	Principal	Balloons (1)	Interest						
2022	\$ 20,279	\$ -	\$ 87,013	\$ 4,155	\$ 34,114	\$ 8,208	\$ 24,434	\$ 34,114	\$ 95,221
2023	20,571	-	86,198	2,994	22,182	6,372	23,565	22,182	92,570
2024	19,852	318,585	79,685	2,479	8,329	5,273	22,331	326,914	84,958
2025	17,482	256,612	63,301	2,555	-	4,997	20,037	256,612	68,298
2026	16,005	279,014	57,297	1,921	53,128	3,807	17,926	332,142	61,104
Thereafter	28,844	1,295,278	184,570	11,364	36,044	8,519	40,208	1,331,322	193,089
<b>Total</b>	<b>\$ 123,033</b>	<b>\$ 2,149,489</b>	<b>\$ 558,064</b>	<b>\$ 25,468</b>	<b>\$ 153,797</b>	<b>\$ 37,176</b>	<b>\$ 148,501</b>	<b>\$ 2,303,286</b>	<b>\$ 595,240</b>

(1) Debt is prepayable, without penalty, 24 or 36 months prior to scheduled maturity.

*Debt Summary*

As of December 31, 2021, our aggregate secured and unsecured long-term debt had an outstanding principal balance of \$4.3 billion, a weighted average maturity of 6.8 years and a weighted average interest rate of 3.9%. 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 December 31, 2021:

(In millions)	Outstanding Borrowings	Gross Investment Portfolio Assets		
		Special Purpose Entity		Total
		Subsidiaries	All Other Subsidiaries	
STORE Master Funding net-lease mortgage notes payable	\$ 2,273	\$ 3,563	\$ —	\$ 3,563
Other mortgage notes payable	179	327	—	327
<b>Total non-recourse debt</b>	<b>2,452</b>	<b>3,890</b>	<b>—</b>	<b>3,890</b>
Unsecured notes and term loans payable	1,800	—	—	—
Unsecured credit facility	130	—	—	—
<b>Total unsecured debt (including revolving credit facility)</b>	<b>1,930</b>	<b>—</b>	<b>—</b>	<b>—</b>
Unencumbered real estate assets	—	5,521	1,338	6,859
<b>Total debt</b>	<b>\$ 4,382</b>	<b>\$ 9,411</b>	<b>\$ 1,338</b>	<b>\$ 10,749</b>

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.

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*Equity*

We access the equity markets in various ways. As part of these efforts, we have established “at the market” equity distribution programs, or ATM programs, 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. Most recently, in November 2020, we established a \$900 million ATM program (the 2020 ATM Program).

The following tables outline the common stock issuances under our 2020 ATM Program (in millions except share and per share information):

<b>ATM Program</b>	<b>Year Ended December 31, 2021</b>					
	<b>Shares Sold</b>	<b>Weighted Average Price per Share</b>	<b>Gross Proceeds</b>	<b>Sales Agents' Commissions</b>	<b>Other Offering Expenses</b>	<b>Net Proceeds</b>
\$900 million 2020 ATM Program	7,322,471	\$ 33.84	\$ 247.8	\$ (3.7)	\$ (0.4)	\$ 243.7

<b>ATM Program</b>	<b>Inception of Program Through December 31, 2021</b>					
	<b>Shares Sold</b>	<b>Weighted Average Price per Share</b>	<b>Gross Proceeds</b>	<b>Sales Agents' Commissions</b>	<b>Other Offering Expenses</b>	<b>Net Proceeds</b>
\$900 million 2020 ATM Program	10,841,531	\$ 33.28	\$ 360.8	\$ (5.4)	\$ (0.6)	\$ 354.8

*Cash Flows*

Substantially all our cash from operations is generated by our investment portfolio. As shown in the following table, net cash provided by operating activities in 2021 increased by \$151.8 million over 2020, primarily as a result of the increase in the size of our real estate investment portfolio, which generated additional rental revenue and interest income, as well as the impact of the higher level of rent deferral arrangements granted to tenants in 2020 versus 2021. Our investments in real estate, loans and financing receivables during 2021 were \$434.4 million more than 2020. We intentionally reduced our investment activity in early 2020 due to the volatility in the capital markets stemming from the COVID-19 pandemic. During 2021, our investment activity was primarily funded with a combination of cash from operations, proceeds from the sale of real estate properties, proceeds from the issuance of stock, proceeds from the issuance of long-term debt in June and November of 2021 and borrowings on our revolving credit facility. Investment activity during 2020 was primarily funded with a combination of cash from operations, proceeds from the issuance of stock, proceeds from the issuance of long-term debt and proceeds from the sale of real estate properties. Net cash provided by financing activities was lower during 2021 as compared to 2020. Financing activities in 2021 include the proceeds from the issuance of the Series 2021-1 notes under our Master Funding debt program and the completion of our fourth public issuance of senior unsecured notes offset by the repayment of our last \$100 million bank term loan and three tranches of Master Funding notes in May, July and November of 2021; the increased level of long-term debt issuance activities in 2021 were more than offset by higher stock issuance activities in 2020. We paid dividends to our stockholders totaling \$398.0 million and \$353.2 million during 2021 and 2020, respectively; we increased our quarterly dividend in the third quarter of 2021 by 6.9% to an annualized \$1.54 per common share.

<b>(In thousands)</b>	<b>Year Ended December 31,</b>		<b>Increase (Decrease)</b>
	<b>2021</b>	<b>2020</b>	
Net cash provided by operating activities	\$ 583,373	\$ 431,586	\$ 151,787
Net cash used in investing activities	(1,129,819)	(811,857)	(317,962)
Net cash provided by financing activities	439,919	445,466	(5,547)
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (106,527)	\$ 65,195	\$ (171,722)

As of December 31, 2021, we had liquidity of \$64.0 million on our balance sheet. Management believes that our current cash balance, the \$470.0 million of immediate borrowing capacity available on our unsecured revolving credit facility, the cash generated by our operations as well as the \$1.0 billion of liquidity available to us under the accordion feature of our recently amended credit facility, is more than 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 would expect to raise additional equity capital through the sale of our common stock.

### **Recently Issued Accounting Pronouncements**

See Note 2 to the December 31, 2021 consolidated financial statements.

### **Critical Accounting Policies and Estimates**

Our discussion and analysis of our historical financial condition and results of operations is based upon our consolidated financial statements, which are prepared in accordance with U.S. generally accepted accounting principles, or GAAP. 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 materially from those estimates. The accounting policies discussed below are considered critical because changes to certain judgments and assumptions inherent in these policies could affect the financial statements. For more information on our accounting policies, please refer to the notes to our consolidated financial statements.

#### ***Accounting for Real Estate Investments***

##### *Classification and Cost*

We record the acquisition of real estate properties at cost, including acquisition and closing costs. We allocate 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 our lease contracts allow our tenants the option, at their election, to purchase the leased property from us at a specified time or times (generally at the greater of the then-fair market value or our cost, as defined in the lease contracts). Subsequent to the adoption of Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*(ASC Topic 842) on January 1, 2019, for real estate assets acquired through a sale-leaseback transaction and subject to a lease contract which contains a purchase option, we will account for such an acquisition as a financing arrangement and record the investment in loans and financing receivables on the 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 fair value of any above-market or below-market lease 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.

##### *Impairment*

We review our 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. Such events or changes in circumstances may include an expectation to sell certain assets in accordance with our long-term strategic plans. Management considers factors such as expected future undiscounted cash flows, capitalization and discount rates, terminal value, tenant improvements, 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. If an asset is determined to be impaired, 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.

## Results of Operations

### Overview

As of December 31, 2021, our real estate investment portfolio had grown to approximately \$10.7 billion, consisting of investments in 2,866 property locations in 49 states, operated by more than 550 customers in various industries. Approximately 94% of the real estate investment portfolio represents commercial real estate properties subject to long-term leases, approximately 6% represents mortgage loan and financing receivables on commercial real estate properties and a nominal amount represents loans receivable secured by our tenants' other assets.

*Year Ended December 31, 2021 Compared to Year Ended December 31, 2020*

(In thousands)	Year Ended December 31,		Increase (Decrease)
	2021	2020	
Total revenues	\$ 782,664	\$ 694,268	\$ 88,396
Expenses:			
Interest	170,974	169,706	1,268
Property costs	18,244	22,025	(3,781)
General and administrative	84,097	49,685	34,412
Depreciation and amortization	265,813	242,925	22,888
Provisions for impairment	24,979	23,003	1,976
Total expenses	564,107	507,344	56,763
Other income:			
Net gain on dispositions of real estate	46,655	22,774	23,881
Income from non-real estate, equity method investment	3,949	3,500	449
Income before income taxes	269,161	213,198	55,963
Income tax expense	813	584	229
Net income	\$ 268,348	\$ 212,614	\$ 55,734

### Revenues

The increase in revenues year over year 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 \$9.6 billion in gross investment amount representing 2,634 properties at the end of 2020 to approximately \$10.7 billion in gross investment amount representing 2,866 properties at December 31, 2021. The weighted average real estate investment amounts outstanding during the years were approximately \$10.0 billion in 2021 and \$9.2 billion in 2020. Our real estate investments were made throughout the years presented and were not all outstanding for the entire period; accordingly, a portion of the increase in revenues between years is related to recognizing a full year of revenue in 2021 on acquisitions that were made during 2020. Similarly, the full revenue impact of acquisitions made during 2021 will not be seen until 2022. A smaller component of the increase in revenues between years is related to rent escalations recognized on our lease contracts; over time, these rent increases can provide a strong source of revenue growth. Additionally, during 2021, primarily in connection with the sale of certain properties, we collected \$1.8 million in lease termination fee income, which is included in other income. Similarly, other income in 2020 includes \$0.6 million of lease termination fee income associated with property sales and \$2.5 million of other lease related income.

As previously noted, we worked directly with certain of our tenants during the COVID-19 pandemic to help them continue to meet their rent payment obligations to us, including providing short-term rent deferral arrangements, which allowed tenants that were highly and adversely impacted by the COVID-19 pandemic to defer the payment of their rent on a short-term basis. As restrictions have been lifted and impacted tenants have increased their business activities, our monthly rent and interest collections have increased and deferrals have significantly decreased. During the years ended December 31, 2021 and 2020, we recognized net revenue aggregating approximately \$8.3 million and \$57.1 million,

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respectively, related to deferral arrangements. We collected \$33.4 million and \$9.9 million of deferred revenue-related receivables during the years ended December 31, 2021 and 2020, respectively. As a result of the rent collections we received during 2021 on our rent deferral arrangements, part of the revenue increase between years is due to release of collection reserves in 2021 versus the establishment of reserves in 2020. We expect that the majority of our remaining receivables related to these rent deferral arrangements will be collected before the end of 2022.

The majority of our investments are made through sale-leaseback transactions in which we acquire the real estate from the owner-operators and then simultaneously lease the real estate back to them through long-term leases based on the tenant's business needs. 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. 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. Due to the market disruption occurring as a result of the COVID-19 pandemic, the weighted average lease rate attained on our new investments during 2020 was 8.1% as compared to 7.5% during 2021. We are seeing some capitalization rate compression across the industry and we currently estimate that the weighted average lease rates we are able to attain may continue to compress as we move into 2022.

*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 typically use our unsecured revolving credit facility to temporarily finance the properties we acquire.

The following table summarizes our interest expense.

	For the Year Ended	
	December 31,	
(Dollars in thousands)	2021	2020
Interest expense - credit facility	\$ 607	\$ 4,419
Interest expense - credit facility fees	1,217	1,220
Interest expense - long-term debt (secured and unsecured)	159,853	155,991
Capitalized interest	(823)	(751)
Amortization of deferred financing costs and other	10,120	8,827
Total interest expense	<u>\$ 170,974</u>	<u>\$ 169,706</u>
Credit facility:		
Average debt outstanding	\$ 56,101	\$ 250,342
Average interest rate during the period (excluding facility fees)	1.1 %	1.8 %
Long-term debt (secured and unsecured):		
Average debt outstanding	\$ 3,873,226	\$ 3,639,735
Average interest rate during the period	4.1 %	4.3 %

The increase in average outstanding long-term debt was the primary driver for the increase in interest expense on long-term debt. Long-term debt added during 2021 primarily consisted of \$515.0 million of STORE Master Funding Series 2021-1 notes, which bear a weighted average interest rate of 2.80%, issued in late June 2021 and \$375 million of 2.70% senior unsecured notes issued in November 2021. Long-term debt repaid in full, without penalties, during 2021 included our remaining \$100 million bank term loan, \$86.7 million of STORE Master Funding Series 2013-1 Class A-2 notes in May 2021; \$83.3 million of Series 2013-2, Class A-2 notes in July 2021, and \$85.9 million of STORE Master Funding

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Series 2013-3 Class A-2 notes in November 2021. The three series of STORE Master Funding notes that were repaid were scheduled to mature in 2023 and bore a weighted average interest rate of 5.06%. As a result of STORE Master Funding debt prepayments in both 2021 and 2020, we recognized \$1.7 million and \$0.4 million, respectively, in accelerated amortization of deferred financing costs. As of December 31, 2021, we had \$4.3 billion of long-term debt outstanding with a weighted average interest rate of 3.9%.

We typically 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 associated with our revolving credit facility decreased from 2020 when we had the full amount outstanding on the revolver during a large portion of the year. In June 2021, we amended our revolving credit agreement which included a reduction of 15 basis points on the LIBOR-based borrowings made on the facility. As of December 31, 2021, we had \$130.0 million of borrowings outstanding under our revolving credit facility.

*Property Costs*

Approximately 99% 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 or when our tenant is unable to meet their lease obligations. 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 December 31, 2021, we owned 15 properties that were vacant and not subject to a lease and the lease contracts related to just 15 properties we own are due to expire during 2022. We expect to incur some property costs related to the vacant properties until such time as those properties are either leased or sold. The amount of property costs can vary quarter to quarter based on the timing of property vacancies and the level of underperforming properties. Property costs were higher in 2020 as compared to 2021 primarily as a result of a higher amount of property tax accruals made during the COVID-19 pandemic for tenants not expected to pay those obligations.

As of December 31, 2021, we had entered into operating ground leases as part of several real estate investment transactions. 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. For the few lease contracts where we collect property taxes from our tenants and remit those taxes to governmental authorities, we reflect those payments on a gross basis as both rental revenue and as property costs.

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

	Year Ended December 31,	
	2021	2020
Property-level operating costs (a)	\$ 11,820	\$ 16,640
Ground lease-related intangibles amortization expense	469	469
Operating ground lease payments made by STORE Capital	427	263
Operating ground lease payments made by STORE Capital tenants	2,651	2,097
Operating ground lease straight-line rent expense	237	48
Property taxes payable from tenant impounds	2,640	2,508
Total property costs	\$ 18,244	\$ 22,025

(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 \$84.1 million in 2021 as compared to \$49.7 million in 2020. Expenses for 2021 included approximately \$6.9 million of severance costs related to the departure of our former Executive Chairman and approximately \$890,000 of transition costs related to the appointment of our Chief Financial Officer; during 2020, expenses included \$2.0 million of executive severance costs. Expenses also included amounts related to staff additions; our employee base grew from 106 employees at December 31, 2020 to 117 employees as of December 31, 2021.

General and administrative expenses for 2020 were less than expected due to the reversal, in the first quarter at the onset of the COVID-19 pandemic, of \$6.7 million of previously recognized stock-based compensation expense. The reversal derecognized all prior period expense recorded for certain performance-based restricted stock unit awards (RSUs) granted in 2018 and 2019 that were not expected to vest as the achievement of the performance metrics related to the compound annual growth rate of AFFO per share was deemed not probable at that point in time and previously recognized expense was required to be reversed or derecognized.

General and administrative expenses for 2021 included a cumulative catch-up adjustment of \$10.1 million of noncash stock-based compensation expense recognized in the first quarter related to 1) the reinstatement of expense derecognized in the first quarter of 2020, plus 2) the expense related to 2020 and the first quarter of 2021 as a portion of the related performance-based RSUs granted in 2018 and 2019 were now expected to vest. In addition, during the fourth quarter of 2021, we recognized \$3.2 million of accelerated amortization of certain stock-based compensation awards associated with executive severance and retirement arrangements.

Excluding noncash, stock-based compensation expense and executive severance and transition costs from both periods, general and administrative expenses was 0.44% of average portfolio investment assets in 2021 as compared to 0.47% in 2020. We expect that general and administrative expenses will continue to rise in some measure as our real estate investment portfolio grows. 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. However, general and administrative expenses as a percentage of the portfolio have decreased 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 \$242.9 million in 2020 to \$265.8 million in 2021.



### *Provisions for Impairment*

During 2021, we recognized provisions for impairment aggregating \$25.0 million; of this amount, \$21.8 million represented provisions for the impairment of real estate and \$3.2 million represented provisions for credit losses related to our loans and financing receivables. During 2020, we recognized an aggregate \$23.0 million of provisions for impairment, consisting of \$22.0 million of impairments of real estate and \$1.0 million of provisions for credit losses.

### *Net 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 2021, we recognized a \$46.7 million aggregate net gain on the sale of 103 properties. In comparison, during 2020, we recognized a \$22.8 million aggregate net gain on the sale of 77 properties. The net proceeds from the dispositions of real estate during 2021 aggregated \$356 million as compared to an aggregate original investment amount of \$369 million. For properties sold during 2020, net proceeds aggregated \$215 million as compared to an aggregate original investment amount of \$236 million. As noted earlier, during 2021 and 2020, we also collected \$1.8 million and \$0.6 million, respectively, of early lease termination payments in connection with certain property sales.

### *Net Income*

For the year ended December 31, 2021, our net income was \$268.3 million reflecting an increase from \$212.6 million in 2020. The change in net income is primarily comprised of a net increase resulting from the growth in our real estate investment portfolio, which generated additional rental revenues and interest income, and an increased net gain on dispositions of real estate offset by increases in general and administrative and depreciation and amortization expenses as noted 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 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 and executive severance and transition costs.

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 revenues and expenses such as straight-line rents, including construction period rent deferrals, and the amortization of deferred financing costs, stock-based compensation, lease-related intangibles and executive severance and

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transition costs, as such items have no impact on long-term operating performance. 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.

(In thousands)	Year Ended December 31,		
	2021	2020	2019
<b>Net Income</b>	<b>\$ 268,348</b>	<b>\$ 212,614</b>	<b>\$ 284,975</b>
Depreciation and amortization of real estate assets	265,561	242,636	221,665
Provision for impairment of real estate	21,800	21,978	18,751
Net gain on dispositions of real estate	(46,655)	(22,774)	(84,142)
<b>Funds from Operations (a)</b>	<b>509,054</b>	<b>454,454</b>	<b>441,249</b>
Adjustments:			
Straight-line rental revenue:			
Fixed rent escalations accrued	(8,432)	(8,087)	(6,021)
Construction period rent deferrals	3,635	1,940	1,604
Amortization of:			
Equity-based compensation (b)	32,228	4,665	11,703
Deferred financing costs and other (c)	10,120	8,827	9,689
Lease-related intangibles and costs	3,037	3,034	2,856
Provision for loan losses	3,179	1,025	—
Lease termination fees	(1,785)	(602)	(4,096)
Capitalized interest	(822)	(751)	(1,600)
Executive severance and transition costs (d)	7,780	1,980	1,956
Income from non-real estate, equity method investment	(3,949)	(3,500)	—
Loss on defeasance/extinguishment of debt	—	—	735
<b>Adjusted Funds from Operations (a)</b>	<b>\$ 554,045</b>	<b>\$ 462,985</b>	<b>\$ 458,075</b>

- (a) FFO and AFFO for the years ended December 31, 2021 and 2020, include approximately \$8.3 million and \$57.1 million, respectively, of net revenue that is subject to the short-term deferral arrangements entered into in response to the COVID-19 pandemic. We account for these deferral arrangements as rental revenue and a corresponding increase in receivables, which are included in other assets, net on the consolidated balance sheet. For the years ended December 31, 2021 and 2020, FFO and AFFO exclude \$33.4 million and \$9.9 million, respectively, collected under these short-term deferral arrangements.
- (b) For the year ended December 31, 2021, includes \$3.2 million of accelerated amortization of certain stock-based compensation awards associated with executive severance and retirement arrangements.
- (c) For the years ended December 31, 2021, 2020 and 2019, includes \$1.7 million, \$0.4 million and \$1.1 million, respectively, of accelerated amortization of deferred financing costs primarily related to the prepayment of debt.
- (d) For the year ended December 31, 2021, includes approximately \$6.9 million of cash severance costs related to the departure of our former Executive Chairman and approximately \$890,000 of cash transition costs (primarily comprised of an inducement bonus, relocation expenses and search firm expenses) related to the appointment of our Chief Financial Officer.

## Item 7A. 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 December 31, 2021, all our long-term debt carried a fixed interest rate and the weighted average debt maturity was approximately 6.8 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 and annual debt maturities; free cash flow includes cash from operations less dividends plus proceeds from our sales of properties.
- 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, such as interest rate swaps, caps and treasury lock agreements, as cash flow hedges to limit our exposure to interest rate movements with respect to various debt instruments.

Although all our long-term debt carries a fixed rate, we often temporarily fund our property acquisitions with our revolving credit facility, which carries a variable rate. During the year ended December 31, 2021, we had average daily outstanding borrowings of \$56.1 million on our variable-rate credit facility, which bears interest based on one-month LIBOR, plus a credit spread of 0.85% based on our current credit rating.

We monitor our market interest rate risk exposures using a sensitivity analysis. Our sensitivity analysis estimates the exposure to market risk sensitive instruments assuming a hypothetical adverse change in interest rates. Based on the results of our sensitivity analysis, which assumes a 1% adverse change in interest rates, the estimated market risk exposure for our variable-rate debt was approximately \$561,000, or less than 0.1% of net cash provided by operating activities, for the year ended December 31, 2021. 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, depending on our analysis of the interest rate environment and the costs and risks of such strategies. We do not use derivative instruments for trading or speculative purposes. See Note 2 to our Consolidated Financial Statements for further information on derivatives.

In July 2017, the Financial Conduct Authority, or FCA (the authority that regulates LIBOR), first announced that it intended to stop compelling banks to submit rates for the calculation of LIBOR. Subsequently, the Alternative Reference Rates Committee, or ARRC, identified the Secured Overnight Financing Rate, or SOFR, as the preferred alternative to LIBOR for use in derivatives and other financial contracts. On March 5, 2021, the FCA announced that U.S. Dollar (USD) LIBOR will no longer be published after June 30, 2023. This latest announcement has several implications, including setting the spread that may be used to automatically convert contracts from USD LIBOR to SOFR. Additionally, banking regulators are encouraging banks to discontinue new LIBOR debt issuances by December 31, 2021.

The Company anticipates that LIBOR will continue to be available at least until June 30, 2023. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, our interest payments could change. In addition,

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uncertainty about the extent and manner of future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in its current form.

At December 31, 2021, the Company's \$600 million unsecured revolving credit facility, which matures in June 2025, is its only contract indexed to LIBOR; as a result, during the recent amendment of this credit facility, alternative reference rate transition language was added to the credit agreement in anticipation of the LIBOR transition. While we expect LIBOR to be available in substantially its current form until June 30, 2023, it is possible that LIBOR will become unavailable prior to that point. This could result, for example, if sufficient banks decline to make submissions to the LIBOR administrator. In that case, the transition to an alternative reference rate could be accelerated.

## Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of STORE Capital Corporation

#### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of STORE Capital Corporation (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedules listed in the Index at Item 15(a) (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework and our report dated February 24, 2022 expressed an unqualified opinion thereon.

#### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Description of the Matter	<i>Acquisition of real estate investments</i>
	As described in Notes 2 and 3 to the financial statements, the Company recorded \$1.3 billion in acquisitions to real estate during 2021. Auditing the Company's accounting for the 2021 acquisitions was complex and required specialized skills and knowledge due to the estimation involved in the allocation of the purchase price to the assets acquired, including land, buildings, improvements and intangible lease assets. The Company utilized multiple sources to estimate such values including third party appraisers and other data such as market rents and comparables.

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How We Addressed the Matter in Our Audit We obtained an understanding and tested the design and operating effectiveness of controls over the accounting for acquisitions, including controls over the initiation and approval of purchases, inputs and assumptions used in the valuation estimates, and allocation of value among the assets acquired. For a sample of acquisitions, we read the purchase agreements, evaluated the significant assumptions and methods used in developing the allocation estimates, and tested the recording of the assets acquired.

Our audit procedures included evaluating whether any intangible assets were properly identified and the appropriateness of market data and other significant assumptions, including land comparables and replacement costs. We reviewed the valuations completed by third party appraisers including a review of the underlying market data utilized. We further compared the allocations to those historically recognized by the Company and reviewed for any allocation outliers in the population. We involved valuation specialists to assist in the evaluation of significant assumptions used and the appropriateness of the approach selected and the qualifications of the third-party appraisers.

Description of the Matter ***Real estate impairment***  
The Company reviews its real estate investments for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. As more fully described in Note 2 to the financial statements, during 2021, the Company recorded impairment losses on certain real estate assets. Based on the factors impacting a property's value, such as vacancy, undiscounted cash flows from the lease, and market trends as well as hold versus sale scenarios, the Company evaluated certain properties for recoverability and determined that specific assets were impaired. As a result, the Company recognized \$21.8 million in impairment losses, which represented the amount by which the carrying values exceeded the estimated fair values of these assets.

How We Addressed the Matter in Our Audit Auditing the Company's identification and measurement of impairment was complex as estimates underlying the determination of recoverability and fair value involved a high degree of subjectivity. Significant assumptions used in the Company's undiscounted cash flow analyses and fair value estimates were market comparable values, bona fide purchase offers on the properties, market rents, tenant improvements and terminal values.

We obtained an understanding and tested the design and operating effectiveness of controls over the Company's processes to identify indicators of impairment and measure the fair value of the real estate assets that were impaired. Our audit procedures also included, among others, evaluating the significant assumptions used to estimate the undiscounted cash flows, including market rents and comparables, tenant conditions and hold or sell strategies. We tested undiscounted cash flow analyses and fair value measurement through review of market transactions, purchase agreements, market rents, tenant improvements and capitalization rates. We also involved a valuation specialist to assist in our evaluation of certain assumptions, such as market rents, capitalization rates or comparable market property values without an active purchase agreement.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2011.

Phoenix, Arizona  
February 24, 2022

## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of STORE Capital Corporation

### **Opinion on Internal Control Over Financial Reporting**

We have audited STORE Capital Corporation's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, STORE Capital Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and the financial statement schedules listed in the Index at Item 15(a) and our report dated February 24, 2022 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Phoenix, Arizona  
February 24, 2022



**STORE Capital Corporation**  
**Consolidated Balance Sheets**  
**(In thousands, except share and per share data)**

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Investments:		
Real estate investments:		
Land and improvements	\$ 3,133,402	\$ 2,807,153
Buildings and improvements	6,802,918	6,059,513
Intangible lease assets	54,971	61,634
Total real estate investments	9,991,291	8,928,300
Less accumulated depreciation and amortization	(1,159,292)	(939,591)
	8,831,999	7,988,709
Real estate investments held for sale, net	25,154	22,304
Operating ground lease assets	33,318	34,683
Loans and financing receivables, net	697,269	650,321
Net investments	9,587,740	8,696,017
Cash and cash equivalents	64,269	166,381
Other assets, net	121,073	141,942
Total assets	<u>\$ 9,773,082</u>	<u>\$ 9,004,340</u>
<b>Liabilities and stockholders' equity</b>		
Liabilities:		
Credit facility	\$ 130,000	\$ —
Unsecured notes and term loans payable, net	1,782,813	1,509,612
Non-recourse debt obligations of consolidated special purpose entities, net	2,425,708	2,212,634
Dividends payable	105,415	95,801
Operating lease liabilities	37,637	39,317
Accrued expenses, deferred revenue and other liabilities	147,380	131,198
Total liabilities	4,628,953	3,988,562
Stockholders' equity:		
Common stock, \$0.01 par value per share, 375,000,000 shares authorized, 273,806,225 and 266,112,676 shares issued and outstanding, respectively	2,738	2,661
Capital in excess of par value	5,745,692	5,475,889
Distributions in excess of retained earnings	(602,137)	(459,977)
Accumulated other comprehensive loss	(2,164)	(2,795)
Total stockholders' equity	5,144,129	5,015,778
Total liabilities and stockholders' equity	<u>\$ 9,773,082</u>	<u>\$ 9,004,340</u>

See accompanying notes.

**STORE Capital Corporation**  
**Consolidated Statements of Income**  
**(In thousands, except share and per share data)**

	Year Ended December 31,		
	2021	2020	2019
Revenues:			
Rental revenues	\$ 729,061	\$ 644,498	\$ 625,415
Interest income on loans and financing receivables	50,821	45,288	33,826
Other income	2,782	4,482	6,473
Total revenues	<u>782,664</u>	<u>694,268</u>	<u>665,714</u>
Expenses:			
Interest	170,974	169,706	158,381
Property costs	18,244	22,025	10,793
General and administrative	84,097	49,685	54,274
Depreciation and amortization	265,813	242,925	221,975
Provisions for impairment	24,979	23,003	18,751
Total expenses	<u>564,107</u>	<u>507,344</u>	<u>464,174</u>
Other income:			
Net gain on dispositions of real estate	46,655	22,774	84,142
Income from non-real estate, equity method investment	3,949	3,500	—
Income before income taxes	269,161	213,198	285,682
Income tax expense	813	584	707
Net income	<u>\$ 268,348</u>	<u>\$ 212,614</u>	<u>\$ 284,975</u>
Net income per share of common stock—basic and diluted	<u>\$ 0.99</u>	<u>\$ 0.84</u>	<u>\$ 1.24</u>
Weighted average common shares outstanding:			
Basic	<u>270,105,269</u>	<u>252,534,580</u>	<u>229,734,497</u>
Diluted	<u>270,105,269</u>	<u>252,651,040</u>	<u>230,289,541</u>

See accompanying notes.

**STORE Capital Corporation**  
**Consolidated Statements of Comprehensive Income**  
**(In thousands)**

	<u>Year Ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net income	\$ 268,348	\$ 212,614	\$ 284,975
Other comprehensive income (loss):			
Unrealized losses on cash flow hedges	(3)	(1,437)	(1,142)
Cash flow hedge losses (gains) reclassified to interest expense	634	978	(1,053)
Total other comprehensive income (loss)	<u>631</u>	<u>(459)</u>	<u>(2,195)</u>
Total comprehensive income	<u>\$ 268,979</u>	<u>\$ 212,155</u>	<u>\$ 282,780</u>

See accompanying notes.

**STORE Capital Corporation**  
**Consolidated Statements of Stockholders' Equity**  
**For the Years Ended December 31, 2021, 2020 and 2019**  
**(In thousands, except share data)**

	Common Stock		Capital in Excess of Par Value	Distributions in Excess of Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Par Value				
Balance at December 31, 2018	221,071,838	\$ 2,211	\$ 4,129,082	\$ (267,651)	\$ (141)	\$ 3,863,501
Net income	—	—	—	284,975	—	284,975
Other comprehensive loss	—	—	—	—	(2,195)	(2,195)
Issuance of common stock, net of costs of \$9,422	18,474,875	185	650,336	—	—	650,521
Equity-based compensation	443,330	4	11,698	27	—	11,729
Shares repurchased under stock compensation plan	(167,143)	(2)	(3,184)	(1,846)	—	(5,032)
Common dividends declared (\$1.36 per common share) and dividend equivalents on restricted stock units	—	—	—	(318,114)	—	(318,114)
Balance at December 31, 2019	239,822,900	2,398	4,787,932	(302,609)	(2,336)	4,485,385
Adoption of ASC Topic 326, cumulative adjustment	—	—	—	(2,465)	—	(2,465)
Net income	—	—	—	212,614	—	212,614
Other comprehensive loss	—	—	—	—	(459)	(459)
Issuance of common stock, net of costs of \$9,558	25,696,396	257	686,129	—	—	686,386
Equity-based compensation	732,511	6	4,659	5	—	4,670
Shares repurchased under stock compensation plan	(139,131)	—	(2,831)	(2,366)	—	(5,197)
Common dividends declared (\$1.42 per common share) and dividend equivalents on restricted stock units	—	—	—	(365,156)	—	(365,156)
Balance at December 31, 2020	266,112,676	2,661	5,475,889	(459,977)	(2,795)	5,015,778
Net income	—	—	—	268,348	—	268,348
Other comprehensive income	—	—	—	—	631	631
Issuance of common stock, net of costs of \$4,109	7,322,471	73	243,598	—	—	243,671
Equity-based compensation	659,210	7	32,223	172	—	32,402
Shares repurchased under stock compensation plan	(288,132)	(3)	(6,018)	(3,488)	—	(9,509)
Common dividends declared (\$1.49 per common share) and dividend equivalents on restricted stock units	—	—	—	(407,192)	—	(407,192)
Balance at December 31, 2021	273,806,225	\$ 2,738	\$ 5,745,692	\$ (602,137)	\$ (2,164)	\$ 5,144,129

See accompanying notes.

**STORE Capital Corporation**  
**Consolidated Statements of Cash Flows**  
(In thousands)

	Year Ended December 31,		
	2021	2020	2019
<b>Operating activities</b>			
Net income	\$ 268,348	\$ 212,614	\$ 284,975
Adjustments to net income:			
Depreciation and amortization	265,813	242,925	221,975
Amortization of deferred financing costs and other noncash interest expense	10,120	8,827	9,689
Amortization of equity-based compensation	32,228	4,665	11,703
Provisions for impairment	24,979	23,003	18,751
Net gain on dispositions of real estate	(46,655)	(22,774)	(84,142)
Income from non-real estate, equity method investment	(3,949)	(3,500)	—
Distributions received from equity method investment	120	—	—
Gain on defeasance/extinguishment of debt	—	—	735
Noncash revenue and other	(9,907)	(53,139)	(1,865)
Payments made in settlement of cash flow hedges	—	—	(6,735)
Changes in operating assets and liabilities:			
Other assets	32,459	(6,837)	(5,608)
Accrued expenses, deferred revenue and other liabilities	9,817	25,802	8,856
Net cash provided by operating activities	<u>583,373</u>	<u>431,586</u>	<u>458,334</u>
<b>Investing activities</b>			
Acquisition of and additions to real estate	(1,379,902)	(917,038)	(1,451,269)
Investment in loans and financing receivables	(125,049)	(153,545)	(253,552)
Collections of principal on loans and financing receivables	19,160	46,618	16,377
Proceeds from dispositions of real estate	355,972	212,108	438,631
Net cash used in investing activities	<u>(1,129,819)</u>	<u>(811,857)</u>	<u>(1,249,813)</u>
<b>Financing activities</b>			
Borrowings under credit facility	665,000	600,000	822,100
Repayments under credit facility	(535,000)	(600,000)	(957,100)
Borrowings under unsecured notes and term loans payable	374,539	348,453	347,410
Repayments under unsecured notes and term loans payable	(100,000)	(100,000)	—
Borrowings under non-recourse debt obligations of consolidated special purpose entities	514,785	—	549,596
Repayments under non-recourse debt obligations of consolidated special purpose entities	(301,078)	(127,659)	(228,252)
Financing costs paid	(14,433)	(3,330)	(12,206)
Proceeds from the issuance of common stock	247,780	695,944	659,943
Stock issuance costs paid	(4,162)	(9,540)	(9,459)
Shares repurchased under stock compensation plans	(9,507)	(5,198)	(5,032)
Dividends paid	(398,005)	(353,204)	(307,157)
Net cash provided by financing activities	<u>439,919</u>	<u>445,466</u>	<u>859,843</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	(106,527)	65,195	68,364
Cash, cash equivalents and restricted cash, beginning of period	176,576	111,381	43,017
Cash, cash equivalents and restricted cash, end of period	<u>\$ 70,049</u>	<u>\$ 176,576</u>	<u>\$ 111,381</u>
<b>Reconciliation of cash, cash equivalents and restricted cash:</b>			
Cash and cash equivalents	\$ 64,269	\$ 166,381	\$ 99,753
Restricted cash included in other assets	5,780	10,195	11,628
Total cash, cash equivalents and restricted cash	<u>\$ 70,049</u>	<u>\$ 176,576</u>	<u>\$ 111,381</u>
<b>Supplemental disclosure of noncash investing and financing activities:</b>			
Accrued tenant improvements included in real estate investments	\$ 25,077	\$ 22,087	\$ 17,464
Seller financing provided to purchaser of real estate sold	—	3,176	9,000
Acquisition of real estate assets from borrowers under loans and financing receivables	42,782	30,585	13,574
Non-recourse debt obligation assumed in conjunction with acquisition of property	—	6,215	—
Accrued financing and stock issuance costs	79	138	80
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid during the period for interest, net of amounts capitalized	\$ 159,805	\$ 160,091	\$ 142,933
Cash paid during the period for income and franchise taxes	2,441	2,366	2,362

See accompanying notes.

**STORE Capital Corporation**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021**

**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 (IPO) 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 consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) and the rules and regulations of the U.S. Securities and Exchange Commission (SEC). These 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 December 31, 2021 and 2020, these special purpose entities held assets totaling \$8.5 billion and \$7.7 billion, respectively, and had third-party liabilities totaling \$2.6 billion and \$2.3 billion, respectively. These assets and liabilities are included in the accompanying consolidated balance sheets.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. At the beginning of 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 results 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 issues 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 investment transactions are generally accounted for as operating leases of the land and mortgage loans on the buildings and improvements.

### ***Impact of the COVID-19 Pandemic***

Since the beginning of the novel coronavirus (COVID-19) pandemic in early 2020, the Company has provided to certain tenants rent deferral arrangements in the form of both short-term notes and lease modifications. The FASB provided accounting relief under which concessions provided to tenants in direct response to the COVID-19 pandemic are not required to be evaluated or accounted for as lease modifications in accordance with ASC Topic 842. The Company elected to apply this accounting relief to the rent deferral arrangements it has entered into with its tenants, which primarily affected the timing (but not the amount) of lease and loan payments due to the Company under its contracts. For the years ended December 31, 2021 and 2020, the Company recognized \$8.3 million and \$57.1 million of net revenue associated with these deferral arrangements with a corresponding increase in receivables that are included in other assets, net on the consolidated balance sheet. During the years ended December 31, 2021 and 2020, the Company collected \$33.4 million and \$9.9 million of the receivables related to these deferral arrangements.

### ***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, as defined in the lease contracts). Subsequent to the adoption of ASC Topic 842, for real estate assets acquired through a sale-leaseback transaction and subject to a lease contract which contains a purchase option, the Company accounts for such an acquisition as a financing arrangement and records the investment in loans and financing receivables on the consolidated balance sheet; should the purchase option later expire or be removed from the lease contract, the Company would derecognize the asset accounted for as a financing arrangement and recognize the transferred leased asset in real estate investments.

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



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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 or below-market lease 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 selling 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 consolidated balance sheets. The Company reviews its straight-line operating lease receivables for collectibility on a contract by contract basis and any amounts not considered substantially collectible are written off against rental revenues. As of December 31, 2021 and 2020, the Company had \$39.4 million and \$34.6 million, respectively, of straight-line operating lease receivables. 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.

In addition to base rental revenue, certain leases also 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 3.5% 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 (for most of these leases, the contingent rent payment is for a temporary period); historically, contingent rent recognized has been less than 2.0% 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 lease payments 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 or when collectibility is again deemed probable.

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 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. Such events or changes in circumstances may include an expectation to sell certain assets in accordance with the Company's long-term strategic plans. Management considers factors such as expected future undiscounted cash flows, capitalization and discount rates, terminal value, tenant improvements, 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 Measurement* below. If an asset is determined to be impaired, 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 year ended December 31, 2021, the Company recognized an aggregate provision for impairment of real estate of \$21.8 million. For the assets impaired in 2021, the estimated fair value of the impaired real estate assets at the time of impairment aggregated \$78.2 million. The Company recognized aggregate provisions for the impairment of real estate of \$22.0 million and \$18.8 million during the years ended December 31, 2020 and 2019, respectively.

### ***Accounting for Loans and Financing Receivables***

#### *Loans Receivable – Classification, Cost and Revenue Recognition*

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.

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 December 31, 2021 and 2020, the Company had loans receivable with an aggregate outstanding principal balance of \$28.8 million and \$39.9 million, respectively, on nonaccrual status.

#### *Direct Financing Receivables – Classification, Cost and Revenue Recognition*

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.

#### *Impairment and Provision for Credit Losses*

Effective January 1, 2020, the Company adopted ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC Topic 326)* which changed how the Company measures credit losses for loans and financing receivables.

In accordance with ASC Topic 326, the Company evaluates the collectibility of its loans and financing receivables at the time each financing receivable is issued and subsequently on a quarterly basis utilizing an expected credit loss model based on credit quality indicators. The primary credit quality indicator is the implied credit rating associated with each borrower, utilizing two categories, investment grade and non-investment grade. The Company computes implied credit ratings based on regularly received borrower financial statements using Moody's Analytics RiskCalc. The Company considers the implied credit ratings, loan and financing receivable term to maturity and underlying collateral value and quality, if any, to calculate the expected credit loss over the remaining life of the receivable. For the years ended December 31, 2021 and 2020, the Company recognized an estimated \$3.2 million and \$1.0 million, respectively, of provisions for credit losses related to its loans and financing receivables; the provision for credit losses is included in provisions for impairment on the consolidated statements of income.

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Prior to the adoption of ASC Topic 326, the Company periodically evaluated 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 was determined to be impaired when, in management's judgment based on current information and events, it was probable that the Company would be unable to collect all amounts due according to the contractual terms of the loan agreement. Specific allowances for loan losses were provided for impaired loans on an individual loan basis in the amount by which the carrying value exceeded the estimated fair value of the underlying collateral less disposition costs. The Company did not recognize any loan loss provisions during the year ended December 31, 2019.

### ***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. 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 may include reserve account deposits held by lenders, including deposits required to be used for future investment in real estate assets, escrow deposits and cash proceeds from the sale of assets held by a qualified intermediary to facilitate tax-deferred exchange transactions under Section 1031 of the Internal Revenue Code. The Company had \$5.8 million and \$10.2 million of restricted cash at December 31, 2021 and 2020, respectively, which are included in other assets, net, on the 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 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 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.

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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 December 31, 2021, the Company had no derivative instruments in place.

### ***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.

The Company's RSUs granted in 2017 contain a market condition and a service condition and RSUs granted in 2018 through 2021 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.

### ***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.

**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):

	Year Ended December 31,		
	2021	2020	2019
<b>Numerator:</b>			
Net income	\$ 268,348	\$ 212,614	\$ 284,975
Less: earnings attributable to unvested restricted shares	(659)	(776)	(403)
Net income used in basic and diluted income per share	<u>\$ 267,689</u>	<u>\$ 211,838</u>	<u>\$ 284,572</u>
<b>Denominator:</b>			
Weighted average common shares outstanding	270,693,243	253,055,331	230,030,535
Less: Weighted average number of shares of unvested restricted stock	(587,974)	(520,751)	(296,038)
Weighted average shares outstanding used in basic income per share	<u>270,105,269</u>	<u>252,534,580</u>	<u>229,734,497</u>
Effects of dilutive securities:			
Add: Treasury stock method impact of potentially dilutive securities			
(a)	—	116,460	555,044
Weighted average shares outstanding used in diluted income per share	<u>270,105,269</u>	<u>252,651,040</u>	<u>230,289,541</u>

(a) For the years ended December 31, 2021, 2020 and 2019, excludes 225,424 shares, 127,136 shares and 122,224 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 March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. During the first quarter of 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

In April 2020, the FASB issued a Staff Question & Answer (“Q&A”) which was intended to reduce the challenges of evaluating the enforceable rights and obligations of leases for concessions granted to lessees in response to the COVID-19 pandemic. The Q&A allows both lessors and lessees to elect not to evaluate whether concessions provided in response to the COVID-19 pandemic are lease modifications. This relief is subject to certain conditions being met, including ensuring the total lease payments are substantially the same or less as compared to the original lease payments prior to the concession being granted. The Company, as lessor, has elected to apply such relief and will therefore not evaluate whether lease concessions that were granted in response to the COVID-19 pandemic meet the definition of a lease modification. The Company, as a lessee, has not received any concessions under its ground or other lease agreements resulting from the COVID-19 pandemic.

### 3. Investments

At December 31, 2021, STORE Capital had investments in 2,866 property locations representing 2,811 owned properties (of which 72 are accounted for as financing arrangements and 23 are accounted for as direct financing receivables), 24 properties where all the related land is subject to an operating ground lease and 31 properties which secure mortgage loans. The gross investment portfolio totaled \$10.7 billion at December 31, 2021 and consisted of the gross acquisition cost of the real estate investments totaling \$10.0 billion, loans and financing receivables with an aggregate carrying amount of \$697.3 million and operating ground lease assets totaling \$33.3 million. As of December 31, 2021, approximately 36% 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 2019, 2020 and 2021, 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)(b)(c)	305	1,440,399
Investment in loans and direct financing receivables (d)	48	262,552
Sales of real estate	(95)	(415,736)
Principal collections on loans and direct financing receivables (e)	(9)	(29,952)
Operating ground lease assets, net (f)		24,254
Provisions for impairment		(18,751)
Other (c)		(12,915)
Gross investments, December 31, 2019	2,504	8,854,921
Acquisition of and additions to real estate (a)(g)	203	959,842
Investment in loans and direct financing receivables (d)	11	156,721
Sales of real estate	(72)	(222,556)
Principal collections on loans and direct financing receivables (e)	(12)	(80,521)
Net change in operating ground lease assets (f)		10,429
Provisions for impairment		(23,003)
Adoption of expected credit loss standard (ASC Topic 326)		(2,465)
Other		(13,602)
Gross investments, December 31, 2020	2,634	9,639,766
Acquisition of and additions to real estate (a)(e)(h)	307	1,427,278
Investment in loans and direct financing receivables (e)	29	125,049
Sales of real estate	(103)	(339,658)
Principal collections on loans and direct financing receivables (e)	(1)	(61,942)
Net change in operating ground lease assets (f)		(1,365)
Provisions for impairment		(24,979)
Other		(15,212)
Gross investments, December 31, 2021 (i)		10,748,937
Less accumulated depreciation and amortization (i)		(1,161,197)
Net investments, December 31, 2021	<u>2,866</u>	<u>\$ 9,587,740</u>

(a) Includes \$1.6 million during 2019, \$0.8 million during 2020 and \$0.8 million during 2021 of interest capitalized to properties under construction.

(b) Excludes \$36.5 million of tenant improvement advances disbursed in 2019 which were accrued as of December 31, 2018.

(c) During the year ended December 31, 2019, the Company completed a \$21.2 million substitution transaction in which ten properties the Company owned and leased to a single tenant were substituted for ten other properties the tenant previously owned and are now leased to that same tenant; the Company recognized a \$3.9 million non-cash gain on this transaction which is included in net gain on dispositions of real estate in the consolidated statement of income.

(d) For the years ended December 31, 2019 and 2020 includes \$9.0 million and \$3.2 million, respectively, related to mortgage loans made to the purchasers of a real estate properties sold.

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- (e) For the years ended December 31, 2019, 2020, and 2021 includes \$13.6 million, \$30.6 million, and \$42.8 million, respectively of non-cash principal collection transactions in which the Company acquired the underlying collateral property (buildings and improvements) and leased them back to the borrowers.
- (f) During the year ended December 31, 2019, includes \$20.0 million of operating ground lease (or right-of-use) assets recognized upon initial adoption of ASC Topic 842 and \$4.3 million of activity (new operating ground lease assets recognized net of amortization); during the year ended December 31, 2020, includes new operating ground lease assets recognized net of amortization and during the year ended December 31, 2021, represents amortization.
- (g) Excludes \$16.9 million of tenant improvement advances disbursed in 2020 which were accrued as of December 31, 2019.
- (h) Excludes \$21.2 million of tenant improvement advances disbursed in 2021 which were accrued as of December 31, 2020.
- (i) Includes the dollar amount of investments (\$27.1 million) and the accumulated depreciation and amortization (\$1.9 million) related to real estate investments held for sale at December 31, 2021.

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

	Year Ended December 31,		
	2021	2020	2019
<b>Rental revenues:</b>			
Operating leases (a)(c)	\$ 728,477	\$ 644,733	\$ 625,477
Sublease income - operating ground leases (b)	2,809	2,096	2,227
Amortization of lease related intangibles and costs	(2,225)	(2,331)	(2,289)
<b>Total rental revenues</b>	<b>\$ 729,061</b>	<b>\$ 644,498</b>	<b>\$ 625,415</b>
<b>Interest income on loans and financing receivables:</b>			
Mortgage and other loans receivable (c)	\$ 24,959	\$ 18,097	\$ 13,866
Sale-leaseback transactions accounted for as financing arrangements	17,883	15,376	5,785
Direct financing receivables	7,979	11,815	14,175
<b>Total interest income on loans and financing receivables</b>	<b>\$ 50,821</b>	<b>\$ 45,288</b>	<b>\$ 33,826</b>

- (a) For the years ended December 31, 2021, 2020 and 2019, includes \$2.6 million, \$2.5 million and \$2.6 million, respectively, of property tax tenant reimbursement revenue and includes variable lease revenue of \$11.2 million, \$4.0 million and \$123,000 for the years ended December 31, 2021, 2020 and 2019, 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.
- (c) For the years ended December 31, 2021 and 2020, includes \$8.3 million and \$57.1 million, respectively, of revenue that has been recognized related to rent and financing relief arrangements granted as a result of the COVID-19 pandemic with a corresponding increase in receivables which are included in other assets, net on the consolidated balance sheet.

The Company has elected to account for the lease and nonlease components in its lease contracts 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 556 customers geographically dispersed throughout 49 states. Only one state, Texas (11%), accounted for 10% or more of the total dollar amount of STORE Capital's investment portfolio at December 31, 2021. None of the Company's customers represented more than 10% of the Company's real estate investment portfolio at December 31, 2021, with the largest customer representing 2.9% of the total investment portfolio. On an annualized basis, as of December 31, 2021, the largest customer represented 3.0% of the Company's total investment portfolio revenues and the Company's customers operated their businesses across approximately 855 concepts; the largest of these concepts represented 2.2% of the Company's total investment portfolio revenues.



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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 December 31, 2021 (dollars in thousands):

	<b>Number of Investment Locations</b>	<b>Dollar Amount of Investments</b>	<b>Percentage of Total Dollar Amount of Investments</b>
Restaurants	745	\$ 1,289,432	12 %
Early childhood education centers	267	630,758	6
Metal fabrication	109	612,591	6
Automotive repair and maintenance	223	570,851	5
Health clubs	90	539,279	5
Furniture stores	59	403,899	4
Farm and ranch supply stores	41	377,293	3
All other service industries	994	3,834,493	36
All other retail industries	140	1,046,502	10
All other manufacturing industries	198	1,443,839	13
<b>Total</b>	<b>2,866</b>	<b>\$ 10,748,937</b>	<b>100 %</b>

**Real Estate Investments**

The weighted average remaining noncancelable lease term of the Company's operating leases with its tenants at December 31, 2021 was approximately 13.4 years. Substantially all 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 December 31, 2021, 15 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 December 31, 2021 are as follows (in thousands):

2022	\$ 806,925
2023	806,159
2024	797,889
2025	794,250
2026	787,264
Thereafter	6,808,984
<b>Total future minimum rentals (a)</b>	<b>\$ 10,801,471</b>

(a) Excludes future minimum rentals to be received under lease contracts associated with sale-leaseback transactions accounted for as financing arrangements. See *Loans and Financing Receivables* section below.

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 presented above do not include any contingent rentals such as lease escalations based on future changes in CPI.

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**Intangible Lease Assets**

The following details intangible lease assets and related accumulated amortization at December 31 (in thousands):

	2021	2020
In-place leases	\$ 35,522	\$ 37,440
Ground lease-related intangibles	19,449	19,449
Above-market leases	—	4,745
Total intangible lease assets	54,971	61,634
Accumulated amortization	(25,285)	(27,935)
Net intangible lease assets	<u>\$ 29,686</u>	<u>\$ 33,699</u>

Aggregate lease intangible amortization included in expense was \$3.5 million, \$4.3 million and \$5.4 million during the years ended December 31, 2021, 2020 and 2019, respectively. The amount amortized as a decrease to rental revenue for capitalized above-market lease intangibles was \$0.2 million, \$1.0 million and \$1.1 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Based on the balance of the intangible assets as of December 31, 2021, the aggregate amortization expense is expected to be \$3.2 million in 2022, \$2.8 million in 2023, \$2.3 million in 2024, \$1.8 million in 2025 and \$1.7 million in 2026. The weighted average remaining amortization period is approximately seven years for the in-place lease intangibles, and approximately 42 years for the amortizing ground lease-related intangibles.

**Operating Ground Lease Assets**

As of December 31, 2021, STORE Capital had operating ground lease assets aggregating \$33.3 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. The Company recognized total lease cost for these operating ground lease assets of \$3.3 million, \$2.4 million, and \$2.3 million during the years ended December 31, 2021, 2020, and 2019, respectively. For the years ended December 31, 2021, 2020, and 2019 the Company also recognized in rental revenues \$2.8 million, \$2.1 million, and \$2.2 million, respectively, of sublease revenue associated with its operating ground leases. The Company's ground leases have remaining terms ranging from one year to 90 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 22 years at December 31, 2021. The weighted average discount rate used in calculating the operating lease liabilities was 5.7%.

The future minimum lease payments to be paid under the operating ground leases as of December 31, 2021 were as follows (in thousands):

	Ground Leases Paid by STORE Capital	Ground Leases Paid by STORE Capital's Tenants (a)	Total
2022	\$ 401	\$ 2,607	\$ 3,008
2023	4,149	2,629	6,778
2024	55	2,711	2,766
2025	57	2,395	2,452
2026	57	2,232	2,289
Thereafter	3,071	44,509	47,580
Total lease payments	7,790	57,083	64,873
Less imputed interest	(2,922)	(28,293)	(31,215)
Total operating lease liabilities - ground leases	<u>\$ 4,868</u>	<u>\$ 28,790</u>	<u>\$ 33,658</u>

- (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 \$57.1 million commitment, \$19.0 million is due

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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.

### Loans and Financing Receivables

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

Type	Interest Rate (a)	Maturity Date	December 31,	
			2021	2020
Six mortgage loans receivable	7.95 %	2022 - 2026	\$ 114,911	\$ 101,793
Four mortgage loans receivable	8.62 %	2032 - 2037	14,444	14,673
Fifteen mortgage loans receivable (b)	8.60 %	2051 - 2060	216,547	185,525
Total mortgage loans receivable			345,902	301,991
Equipment and other loans receivable	7.89 %	2022 - 2029	25,409	31,636
Total principal amount outstanding—loans receivable			371,311	333,627
Unamortized loan origination costs			1,046	1,206
Sale-leaseback transactions accounted for as financing arrangements (c)	7.71 %	2034 - 2043	255,483	204,469
Direct financing receivables			78,637	117,047
Allowance for credit and loan losses (d)			(9,208)	(6,028)
Total loans and financing receivables			\$ 697,269	\$ 650,321

(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 sale-leaseback transactions accounted for as financing arrangements rather than as investments in real estate subject to operating leases. Interest rate shown is the weighted average initial rental or capitalization rate on the leases; the leases mature between 2034 and 2043 and the purchase options expire between 2024 and 2041.

(d) Balance includes \$2.5 million of loan loss reserves recognized prior to December 31, 2019, \$2.5 million credit loss reserves recognized upon the adoption of ASC Topic 326 on January 1, 2020, and \$4.2 million of credit losses recognized since the adoption of ASC Topic 326.

### Loans Receivable

At December 31, 2021, the Company held 44 loans receivable with an aggregate carrying amount of \$364.8 million. Twenty-five of the loans are mortgage loans secured by land and/or buildings and improvements on the mortgaged property; the interest rates on 12 of the mortgage loans are subject to increases over the term of the loans. Six of the mortgage loans are shorter-term loans (maturing prior to 2027) that generally require monthly interest-only 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 equipment and other loans generally require the borrower to make monthly interest-only payments with a balloon payment at maturity.

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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
2022	\$ 3,135	\$ 30,680	\$ 33,815
2023	3,290	81,631	84,921
2024	2,157	—	2,157
2025	2,042	510	2,552
2026	2,061	20,371	22,432
Thereafter	174,588	50,846	225,434
Total principal payments	<u>\$ 187,273</u>	<u>\$ 184,038</u>	<u>\$ 371,311</u>

*Sale-Leaseback Transactions Accounted for as Financing Arrangements*

As of December 31, 2021 and 2020, the Company had \$255.5 million and \$204.5 million, respectively, of investments acquired through sale-leaseback transactions accounted for as financing arrangements rather than as investments in real estate subject to an operating lease; revenue from these arrangements is recognized in interest income rather than as rental revenue. The scheduled future minimum rentals to be received under these agreements (which will be reflected in interest income) as of December 31, 2021, were as follows (in thousands):

2022	\$ 19,939
2023	20,016
2024	20,150
2025	20,291
2026	20,384
Thereafter	259,114
Total future scheduled payments	<u>\$ 359,894</u>

*Direct Financing Receivables*

As of December 31, 2021 and 2020, the Company had \$78.6 million and \$117.0 million, respectively, of investments accounted for as direct financing leases under previous accounting guidance; the components of these investments were as follows (in thousands):

	2021	2020
Minimum lease payments receivable	\$ 159,371	\$ 242,694
Estimated residual value of leased assets	8,938	14,800
Unearned income	(89,672)	(140,447)
Net investment	<u>\$ 78,637</u>	<u>\$ 117,047</u>

As of December 31, 2021, the future minimum lease payments to be received under the direct financing lease receivables are expected to average approximately \$8.0 million for each of the next five years and \$111.7 million thereafter.

*Provision for Credit Losses*

In accordance with ASC Topic 326, the Company evaluates the collectibility of its loans and financing receivables at the time each financing receivable is issued and subsequently on a quarterly basis utilizing an expected credit loss model based on credit quality indicators. The Company groups individual loans and financing receivables based on the implied credit rating associated with each borrower. Based on credit quality indicators as of December 31, 2021, \$102.4 million of loans and financing receivables were categorized as investment grade and \$603.0 million were categorized as non-investment grade. During the year ended December 31, 2021, there were \$3.2 million of provisions for credit losses recognized, no write-offs charged against the allowance and no recoveries of amounts previously written off.

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As of December 31, 2021, the year of origination for loans and financing receivables with a credit quality indicator of investment grade was none in 2021, \$2.5 million in 2020, \$55.5 million in 2019, none in 2018 and 2017 and \$44.4 million prior to 2017. The year of origination for loans and financing receivables with a credit quality indicator of non-investment grade was \$64.6 million in 2021, \$174.4 million in 2020, \$176.9 million in 2019, \$25.4 million in 2018, \$50.9 million in 2017 and \$110.8 million prior to 2017.

## **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. In June 2021, the Company amended the credit facility; the amended facility has immediate availability of \$600 million and an accordion feature of \$1.0 billion, which allows the size of the facility to be increased up to \$1.6 billion. The facility matures in June 2025 and includes two six-month extension options, subject to certain conditions and the payment of a 0.0625% extension fee. At December 31, 2021, the Company had \$130.0 million of 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 0.70% to 1.40%, or (2) the Base Rate, as defined in the credit agreement, plus a credit spread ranging from 0.00% to 0.40%. 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 0.10% to 0.30%. Currently, the applicable credit spread for LIBOR-based borrowings is 0.85% 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 and secured borrowing ratios. Certain of these ratios are based on the Company's pool of unencumbered assets, which aggregated approximately \$6.8 billion at December 31, 2021.

The facility is recourse to the Company and, as of December 31, 2021, the Company was in compliance with the covenants under the facility.

At December 31, 2021 and 2020, unamortized financing costs related to the Company's credit facility totaled \$3.7 million and \$1.1 million, respectively, and are included in other assets, net, on the consolidated balance sheets.

### ***Unsecured Notes and Term Loans Payable, net***

The Company has completed four public offerings of ten-year unsecured notes (Public Notes). In March 2018, February 2019 and November 2020, the Company completed public offerings of \$350 million each in aggregate principal amount. In November 2021, the Company completed a public offering of \$375 million in aggregate principal amount. The Public Notes have coupon rates of 4.50%, 4.625%, 2.75%, and 2.70%, respectively, and interest is payable semi-annually in arrears in March and September of each year for the 2018 and 2019 Public Notes, May and November of each year for the 2020 Public Notes, and June and December of each year for the 2021 Public Notes. The notes were issued at 99.515%, 99.260%, 99.558%, and 99.877%, 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 December 31, 2021, 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.

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

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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 December 31, 2021, the Company was in compliance with its covenants under the NPAs.

In April 2016, the Company entered into a \$100 million floating-rate, unsecured five-year term loan. The Company repaid the term loan at maturity in April 2021 and the related swap agreements expired.

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

	Maturity Date	Interest Rate	December 31,	
			2021	2020
<b>Notes Payable:</b>				
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	350,000
Public Notes issued November 2020	Nov. 2030	2.75 %	350,000	350,000
Public Notes issued November 2021	Dec. 2031	2.70 %	375,000	—
Total notes payable			1,800,000	1,425,000
<b>Term Loans:</b>				
Term Loan issued April 2016			—	100,000
Total term loans			—	100,000
Unamortized discount			(4,740)	(4,867)
Unamortized deferred financing costs			(12,447)	(10,521)
Total unsecured notes and term loans payable, net			\$ 1,782,813	\$ 1,509,612

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

During 2012, the Company implemented its 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 issued under this program are generally segregated into Class A amortizing notes and Class B non-amortizing notes. The Company has retained the Class B notes which aggregate \$190.0 million at December 31, 2021.

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 December 31, 2021, 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 \$3.6 billion.

In conjunction with the June 2021 issuance of the STORE Master Funding Series 2021-1 notes, the Company prepaid, without penalty, the Series 2013-1, Class A-2 notes in May 2021 and the Series 2013-2, Class A-2 notes in July 2021; these notes had an aggregate outstanding balance of \$170.0 million at the time of prepayment, were scheduled to mature in 2023, and bore interest rates of 4.65% and 5.33%, respectively. In conjunction with the issuance of the November 2021 Public Notes, the Company prepaid, without penalty, the Series 2013-3, Class A-2 notes in November 2021; this note had an aggregate outstanding balance of \$86.0 million at the time of prepayment, was scheduled to mature in 2023, and bore an interest rate of 5.21%. At December 31, 2021, the Company recognized \$1.7 million of accelerated amortization of deferred financing costs associated with the Series 2013-1, Series 2013-2, and Series 2013-3 debt prepayments.

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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 \$326.7 million at December 31, 2021.

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.

	Maturity Date	Interest Rate	December 31,	
			2021	2020
<b>Non-recourse net-lease mortgage notes:</b>				
\$102,000 Series 2013-1, Class A-2		4.65 %	—	87,607
\$97,000 Series 2013-2, Class A-2		5.33 %	—	84,473
\$100,000 Series 2013-3, Class A-2		5.21 %	—	87,775
\$140,000 Series 2014-1, Class A-2	Apr. 2024 (a)	5.00 %	134,692	135,392
\$150,000 Series 2018-1, Class A-1	Oct. 2024 (a)	3.96 %	142,051	143,552
\$50,000 Series 2018-1, Class A-3	Oct. 2024 (a)	4.40 %	48,917	49,417
\$270,000 Series 2015-1, Class A-2	Apr. 2025 (a)	4.17 %	260,999	262,350
\$200,000 Series 2016-1, Class A-1 (2016)	Oct. 2026 (a)	3.96 %	180,190	184,350
\$82,000 Series 2019-1, Class A-1	Nov. 2026 (a)	2.82 %	78,590	80,172
\$46,000 Series 2019-1, Class A-3	Nov. 2026 (a)	3.32 %	45,521	45,751
\$135,000 Series 2016-1, Class A-2 (2017)	Apr. 2027 (a)	4.32 %	123,046	125,798
\$228,000 Series 2018-1, Class A-2	Oct. 2027 (b)	4.29 %	215,918	218,198
\$164,000 Series 2018-1, Class A-4	Oct. 2027 (b)	4.74 %	160,447	162,087
\$168,500 Series 2021-1, Class A-1	Jun. 2028 (a)	2.12 %	168,079	—
\$89,000 Series 2021-1, Class A-3	Jun. 2028 (a)	2.86 %	88,778	—
\$168,500 Series 2021-1, Class A-2	Jun. 2033 (b)	2.96 %	168,079	—
\$89,000 Series 2021-1, Class A-4	Jun. 2033 (b)	3.70 %	88,778	—
\$244,000 Series 2019-1, Class A-2	Nov. 2034 (b)	3.65 %	233,854	238,559
\$136,000 Series 2019-1, Class A-4	Nov. 2034 (b)	4.49 %	134,583	135,263
Total non-recourse net-lease mortgage notes			2,272,522	2,040,744
<b>Non-recourse mortgage notes:</b>				
\$16,100 note issued February 2014		4.83 %	—	13,539
\$13,000 note issued May 2012	May 2022	5.195 %	9,961	10,355
\$26,000 note issued August 2012	Sept. 2022	5.05 %	20,085	20,867
\$6,400 note issued November 2012	Dec. 2022	4.707 %	4,938	5,133
\$11,895 note issued March 2013	Apr. 2023	4.7315 %	9,309	9,666
\$17,500 note issued August 2013	Sept. 2023	5.46 %	14,212	14,695
\$10,075 note issued March 2014	Apr. 2024	5.10 %	8,808	9,004
\$65,000 note issued June 2016	Jul. 2026	4.75 %	59,223	60,409
\$41,690 note issued March 2019	Mar. 2029	4.80 %	41,291	41,690
\$6,944 notes issued March 2013	Apr. 2038	4.50 % (c)	5,332	5,549
\$6,350 notes issued March 2019 (assumed in December 2020)	Apr. 2049	4.64 %	6,106	6,215
Total non-recourse mortgage notes			179,265	197,122
Unamortized discount			(496)	(386)
Unamortized deferred financing costs			(25,583)	(24,846)
Total non-recourse debt obligations of consolidated special purpose entities, net			\$ 2,425,708	\$ 2,212,634

- (a) Prepayable, without penalty, 24 months prior to maturity.  
(b) Prepayable, without penalty, 36 months prior to maturity.  
(c) Interest rate is effective until March 2023 and will reset to the lender's then prevailing interest rate.

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**Long-term Debt Maturity Schedule**

As of December 31, 2021, the scheduled maturities, including balloon payments, on the Company’s aggregate long-term debt obligations are as follows (in thousands):

	Scheduled Principal Payments	Balloon Payments	Total
2022	\$ 24,434	\$ 109,114	\$ 133,548
2023	23,565	22,182	45,747
2024	22,331	426,914	449,245
2025	20,037	256,612	276,649
2026	17,926	532,142	550,068
Thereafter	40,208	2,756,322	2,796,530
	<u>\$ 148,501</u>	<u>\$ 4,103,286</u>	<u>\$ 4,251,787</u>

**5. Income Taxes**

The Company’s total current income tax expense (benefit) was as follows (in thousands):

	Year ended December 31,		
	2021	2020	2019
Federal income tax	\$ —	\$ (4)	\$ 42
State income tax	813	588	665
Total current income tax expense	<u>\$ 813</u>	<u>\$ 584</u>	<u>\$ 707</u>

The Company’s deferred income tax expense and its ending balance in deferred tax assets and liabilities were immaterial for 2021, 2020 and 2019.

The Company files federal, state and local income tax returns. Certain state income tax returns filed for 2017 and tax returns filed for 2018 through 2021 remain subject to examination. The Company has a net operating loss carryforward (NOL) for income tax purposes of \$1.5 million that was generated during the year ended December 31, 2011 and, therefore, has no impact on income tax expense for the three years ended December 31, 2021. This loss is available to reduce future REIT taxable income until it expires in 2031. At this time, the Company does not believe it is likely it will use the NOL to reduce future taxable income; therefore, any deferred tax asset associated with such NOL has been fully reserved.

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. As of December 31, 2021 and 2020, 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 operating expenses. There was no accrual for interest or penalties at December 31, 2021 and 2020.

The Company’s common stock distributions were characterized for federal income tax purposes as follows (per share):

	Year ended December 31,		
	2021	2020	2019
Ordinary income dividends	\$ 1.1606	\$ 1.0677	\$ 1.2244
Capital gain dividends	0.0785	0.0180	0.0965
Return of capital	0.2259	0.3243	0.0034
Total	<u>\$ 1.4650</u>	<u>\$ 1.4100</u>	<u>\$ 1.3243</u>



## 6. Stockholders' Equity

In November 2020, the Company established its fifth “at the market” equity distribution program, or ATM program, pursuant to which, from time to time, it may offer and sell up to \$900 million of registered shares of common stock through a group of banks acting as its sales agents (the 2020 ATM Program).

The following tables outline the common stock issuances under the 2020 ATM Program (in millions except share and per share information):

Year Ended December 31, 2021						
ATM Program	Shares Sold	Weighted Average Price per Share	Gross Proceeds	Sales Agents' Commissions	Other Offering Expenses	Net Proceeds
\$900 million 2020 ATM Program	7,322,471	\$ 33.84	\$ 247.8	\$ (3.7)	\$ (0.4)	\$ 243.7

Inception of Program Through December 31, 2021						
ATM Program	Shares Sold	Weighted Average Price per Share	Gross Proceeds	Sales Agents' Commissions	Other Offering Expenses	Net Proceeds
\$900 million 2020 ATM Program	10,841,531	\$ 33.28	\$ 360.8	\$ (5.4)	\$ (0.6)	\$ 354.8

The Company declared dividends payable to common stockholders totaling \$405.2 million, \$364.0 million, and \$316.8 million during the years ended December 31, 2021, 2020 and 2019, respectively.

## 7. Long-Term Incentive Plans

In November 2014, the Company's Board of Directors approved the adoption of the STORE Capital Corporation 2015 Omnibus Equity Incentive Plan (the 2015 Plan), which permits the issuance of up to 6,903,076 shares of common stock, which represented 6% of the number of issued and outstanding shares of the Company's common stock upon the completion of the IPO. As of December 31, 2021, 3,117,839 shares are available for grant under the 2015 Plan.

In 2012, the Company's Board of Directors established the STORE Capital Corporation 2012 Long-Term Incentive Plan (the 2012 Plan) which permits the issuance of up to 1,035,400 shares of common stock. As of December 31, 2021, 252,907 shares remain available for grant under the 2012 Plan.

Both the 2015 and 2012 Plans allow for awards to officers, directors and key employees of the Company in the form of restricted shares of the Company's common stock and other equity-based awards including performance-based grants.

The following table summarizes the restricted stock award (RSA) activity:

	2021		2020		2019	
	Number of Shares	Weighted Average Share Price (1)	Number of Shares	Weighted Average Share Price (1)	Number of Shares	Weighted Average Share Price (1)
Outstanding non-vested shares, beginning of year	639,554	\$ 23.69	285,238	\$ 27.70	331,001	\$ 24.10
Shares granted	195,278	\$ 34.03	491,009	\$ 22.63	131,158	\$ 32.35
Shares vested	(313,518)	\$ 26.58	(130,642)	\$ 28.15	(162,315)	\$ 24.24
Shares forfeited	(83,890)	\$ 25.09	(6,051)	\$ 30.89	(14,606)	\$ 26.84
Outstanding non-vested shares, end of year	437,424	\$ 25.96	639,554	\$ 23.69	285,238	\$ 27.70

(1) Grant date fair value

The Company grants RSAs to its officers, directors and key employees. Generally, restricted shares granted to the Company's employees vest in 25% increments in February or May of each year. The other independent directors receive annual grants that vest at the end of each term served. As permitted, the Company does not estimate a forfeiture rate for non-vested shares. Accordingly, unexpected forfeitures will lower share-based compensation expense during the applicable period. Under the terms of the 2015 and 2012 Plans, the

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Company pays non-refundable dividends to the holders of non-vested shares. Applicable accounting guidance requires that the dividends paid to holders of these non-vested shares be charged as compensation expense to the extent that they relate to non-vested shares that do not or are not expected to vest. The Company estimates the fair value of RSAs at the date of grant and recognizes that amount in expense over the vesting period as the greater of the amount amortized on a straight-line basis or the amount vested. The fair value of the RSAs is based on the closing price per share of the Company's common stock on the date of the grant.

The Company has granted restricted stock unit awards (RSUs) with (a) both a market and a performance condition or (b) a market condition to its executive officers; these awards also contain a service condition. The number of common shares to be earned from each grant range from zero to 100% of the total RSUs granted over a three-year performance period. The following table summarizes the RSU activity:

	Number of RSUs		
	2021	2020	2019
Non-vested and outstanding, beginning of year	1,298,175	1,203,018	1,015,861
RSUs granted	846,896	534,141	628,909
RSUs vested	(468,466)	(376,961)	(284,775)
RSUs forfeited	(338,839)	(62,023)	(156,977)
RSUs not earned	(332,012)	—	—
Non-vested and outstanding, end of year	<u>1,005,754</u>	<u>1,298,175</u>	<u>1,203,018</u>

For the 2021 grants, 75% of the common shares to be earned is based on the Company's total shareholder return (TSR) measured against a market index and 25% of shares to be earned is based on the growth in a key Company performance indicator over a three-year period. For the 2018 through 2020 grants, one-half of the common shares to be earned is based on the Company's TSR measured against a market index and one-half of the number of shares to be earned is based on the growth in a key Company performance indicator over a three-year period. For the 2017 grants, one-half of the number of common shares to be earned was based on the Company's TSR measured against the benchmark TSR of a peer group or market index and one-half of the number of shares to be earned was based on the Company's TSR measured against pre-determined thresholds. The TSR is a measure of stock price appreciation plus dividends paid during the measurement period. To the extent market and service conditions were met, the earned RSUs from each grant awarded in 2017 vested 50% at the end of the three-year performance period and, subject to continued employment, 50% at the end of one additional year. The 2018 through 2021 awards vest 100% at the end of the three-year performance period to the extent market, performance and service conditions are met. The RSUs accrue dividend equivalents which are paid only if the award vests. During the years ended December 31, 2021, 2020 and 2019, the Company accrued dividend equivalents expected to be paid on earned awards of \$1.3 million, \$1.2 million and \$1.3 million, respectively; during the years ended December 31, 2021, 2020 and 2019, the Company paid \$2.4 million, \$1.1 million and \$1.3 million, respectively, of these accrued dividend equivalents to its executive officers.

The Company valued the RSUs with a performance condition based on the closing price per share of the Company's common stock on the date of the grant multiplied by the number of awards expected to be earned. The Company valued the RSUs with a market condition using a Monte Carlo simulation model on the date of grant which resulted in grant date fair values of \$7.8 million, \$5.4 million and \$5.6 million for the 2021, 2020 and 2019 and, respectively. The estimated fair value is amortized to expense on a tranche-by-tranche basis ratably over the vesting periods. The following assumptions were used in the Monte Carlo simulation for computing the grant date fair value of the RSUs with a market condition for each grant year:

	2021	2020	2019
Volatility	46.01 %	19.31 %	21.14 %
Risk-free interest rate	0.25 %	1.42 %	2.38 %
Dividend yield	0.00 %	0.00 %	0.00 %

The 2015 and 2012 Plans each allow the Company's employees to elect to satisfy the minimum statutory tax withholding obligation due upon vesting of RSAs and RSUs 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. During the years ended December 31, 2021, 2020 and 2019, the Company repurchased an aggregate 288,132 shares, 139,131 shares and 167,143 shares, respectively, in connection with this tax withholding obligation.

Compensation expense for equity-based payments totaled \$32.2 million, \$4.7 million, and \$11.7 million for the years ended December 31, 2021, 2020 and 2019, respectively, and is included in general and administrative expenses. At December 31, 2021, STORE

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Capital had \$16.0 million of unrecognized compensation cost related to non-vested equity-based compensation arrangements which will be recognized through February 2024.

### **8. 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 December 31, 2021, the Company had commitments to its customers to fund improvements to owned or mortgaged real estate properties totaling approximately \$160.7 million, of which \$143.5 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 entered into 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 the years ended December 31, 2021, 2020 and 2019, total rent expense was \$735,000, \$737,000, and \$724,000, respectively, which is included in general and administrative expense on the consolidated statements of income. At December 31, 2021, the Company's future minimum rental commitment under this noncancelable operating lease, excluding the renewal option period, was approximately \$791,000 in 2022, \$805,000 in 2023, \$819,000 in 2024, \$834,000 in 2025, \$848,000 in 2026, and \$500,000 thereafter. Upon adoption of ASC Topic 842, the Company recorded a right-of-use asset and lease liability related to this lease; at December 31, 2021, the balance of the right-of-use asset was \$3.5 million, which is included in other assets, net on the consolidated balance sheet, and the balance of the related lease liability was \$4.0 million.

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.

The Company has a defined contribution retirement savings plan qualified under Section 401(a) of the Internal Revenue Code (the 401(k) Plan). The 401(k) Plan is available to employees who have completed at least six consecutive months of service or, if earlier, one year of service with the Company. STORE Capital provides a matching contribution in cash, up to a maximum of 4% of compensation, which vests immediately. The matching contributions made by the Company totaled approximately \$603,000 in 2021, \$515,000 in 2020, and \$478,000 in 2019.

### **9. 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 a liability of \$0.4 million at December 31, 2020; the Company had no derivatives outstanding at December 31, 2021. Derivative liabilities are included in accrued expenses, deferred revenue and other liabilities on the 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 on market conditions and perceived risks at December 31, 2021 and 2020. 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

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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 December 31, 2021, these debt obligations had an aggregate carrying value of \$4,208.5 million and an estimated fair value of \$4,478.4 million. At December 31, 2020, these debt obligations had an aggregate carrying value of \$3,722.2 million and an estimated fair value of \$4,047.6 million.

**Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**Item 9A. CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

As of the end of the period covered by this Annual Report on Form 10-K, 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 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, as of the end of the period covered by this Annual Report on Form 10-K, the Company's disclosure controls and procedures were effective.

**Management's Report on Internal Control over Financial Reporting**

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) for the Company. Under the supervision and with the participation of management, the Chief Executive Officer and Chief Financial Officer of the Company conducted an evaluation of the effectiveness of the internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations (2013 Framework) (COSO). Based on such evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2021.

The Company's internal control over financial reporting as of December 31, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein. Ernst & Young LLP has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2021. This report is included under "Item 8. Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

**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 fourth 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.

**Item 9B. OTHER INFORMATION**

None.

**Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

**PART III**

**Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information regarding Director Nominations under the heading “Governance – Proposal No. 1-Election of Directors,” the information regarding Executive Officers under the heading “Executive Compensation – Executive Officers,” the information regarding our Code of Business Conduct and Ethics under the heading “Governance – Additional Corporate Governance Features,” and the information regarding the Audit Committee under the heading “Governance – Board and Committee Governance” in the Company’s 2022 Proxy Statement is incorporated herein by reference.

**Item 11. EXECUTIVE COMPENSATION**

The information regarding director compensation under the heading “Governance – 2021 Director Compensation” and the information under the subheadings “Compensation Discussion and Analysis,” “Compensation Committee Report on Executive Compensation,” “Compensation Committee Interlocks and Insider Participation,” “Compensation Tables,” and “Payments upon Termination or Change in Control” under the principal heading “Executive Compensation” in the Company’s 2022 Proxy Statement is incorporated herein by reference.

**Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information regarding share ownership under the heading “Ownership of Our Stock – Beneficial Ownership of Our Common Stock by Certain Beneficial Owners and Management” in the Company’s 2022 Proxy Statement is incorporated herein by reference.

*Securities Authorized for Issuance Under Equity Compensation Plans*

The following information reflects certain information about our equity compensation plans as of December 31, 2021:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders			3,370,746 <sup>(1)</sup>
Equity compensation plans not approved by stockholders			
Total	—	—	3,370,746

(1) Represents 3,117,839 shares available for future issuance under the STORE Capital Corporation 2015 Omnibus Equity Incentive Plan and 252,907 shares available for future issuance under the STORE Capital Corporation 2012 Long-Term Incentive Plan.

**Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information regarding director independence and related party transactions under the heading “Governance – Director Independence and Related Party Transactions” in the Company’s 2022 Proxy Statement is incorporated herein by reference.

**Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information regarding Audit Fees, Audit-Related Fees, Tax Fees, All Other Fees and the Audit Committee’s policies and procedures on pre-approval of audit and permissible non-audit services of independent auditors under the heading “Audit Matters” in the Company’s 2022 Proxy Statement is incorporated herein by reference.

**PART IV**

**Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are filed as part of this Annual Report:

1. *Financial Statements.* (see Item 8)

Reports of Independent Registered Public Accounting Firm (*PCAOB ID 42*)

Consolidated Balance Sheets as of December 31, 2021 and 2020

Consolidated Statements of Income for the years ended December 31, 2021, 2020 and 2019

Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2021, 2020 and 2019

Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019

Notes to Consolidated Financial Statements

2. *Financial Statement Schedules.* (see schedules beginning on page F-1)

Schedule III—Real Estate and Accumulated Depreciation

Schedule IV—Mortgage Loans on Real Estate

All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

3. *Exhibits.*

The exhibits listed below are filed as part of this Annual Report. References under the caption "Location" to exhibits or other filings indicate that the exhibit or other filing has been filed, that the indexed exhibit and the exhibit referred to are the same and that the exhibit referred to is incorporated by reference. Management contracts and compensatory plans or arrangements filed as exhibits to this Annual Report are identified by an asterisk.

<b>Exhibit</b>	<b>Description</b>	<b>Location</b>
3.1	<a href="#">Articles of Amendment and Restatement of STORE Capital Corporation filed with the State Department of Assessments and Taxation of the State of Maryland on June 5, 2018.</a>	Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 filed with the SEC on August 3, 2018.
3.2	<a href="#">Fourth Amended and Restated Bylaws of STORE Capital Corporation, effective May 30, 2019.</a>	Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on May 31, 2019.
4.1	<a href="#">Form of Common Stock Certificate.</a>	Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2014.
4.2	<a href="#">Description of the Company's Common Stock.</a>	Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed with the SEC on February 21, 2020.

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4.3	<a href="#">Eighth Amended and Restated Master Indenture dated as of June 29, 2021, by and among STORE Master Funding I, LLC, STORE Master Funding II, LLC, STORE Master Funding III, LLC, STORE Master Funding IV, LLC, STORE Master Funding V, LLC, STORE Master Funding VI, LLC, STORE Master Funding VII, LLC and STORE Master Funding XIV, LLC, STORE Master Fund XIX, LLC, STORE Master Funding XX, LLC, collectively as Issuers, and Citibank, N.A., as Indenture Trustee, relating to Net-Lease Mortgage Notes.</a>	Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on June 30, 2021.
4.4	<a href="#">Series 2013-1 Indenture Supplement dated as of March 27, 2013, by and among STORE Master Funding I, LLC and STORE Master Funding II, LLC, collectively as Issuers, and Citibank, N.A., as Indenture Trustee.</a>	Exhibit 4.3 to Amendment No. 1 to the Company's Registration Statement on Form S-11 filed with the SEC on September 23, 2014.
4.5	<a href="#">Series 2013-2 Indenture Supplement dated as of July 25, 2013, by and among STORE Master Funding I, LLC, STORE Master Funding II, LLC, and STORE Master Funding III, LLC, collectively as Issuers, and Citibank, N.A., as Indenture Trustee.</a>	Exhibit 4.4 to Amendment No. 1 to the Company's Registration Statement on Form S-11 filed with the SEC on September 23, 2014.
4.6	<a href="#">Series 2013-3 Indenture Supplement dated as of December 3, 2013, by and among STORE Master Funding I, LLC, STORE Master Funding II, LLC, STORE Master Funding III, LLC, and STORE Master Funding IV, LLC, collectively as Issuers, and Citibank, N.A., as Indenture Trustee.</a>	Exhibit 4.5 to Amendment No. 1 to the Company's Registration Statement on Form S-11 dated and filed with the SEC on September 23, 2014.
4.7	<a href="#">Series 2014-1 Indenture Supplement dated as of May 6, 2014, by and among STORE Master Funding I, LLC, STORE Master Funding II, LLC, STORE Master Funding III, LLC, STORE Master Funding IV, LLC, and STORE Master Funding V, LLC, collectively as Issuers, and Citibank, N.A., as Indenture Trustee.</a>	Exhibit 4.6 to Amendment No. 1 to the Company's Registration Statement on Form S-11 filed with the SEC on September 23, 2014.
4.8	<a href="#">Series 2015-1 Indenture Supplement dated as of April 16, 2015, by and among STORE Master Funding I, LLC, STORE Master Funding II, LLC, STORE Master Funding III, LLC, STORE Master Funding IV, LLC, STORE Master Funding V, LLC and STORE Master Funding VI, LLC, collectively as Issuers, and Citibank, N.A., as Indenture Trustee.</a>	Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on April 20, 2015.
4.9	<a href="#">Series 2016-1 Indenture Supplement dated as of October 18, 2016, by and among STORE Master Funding I, LLC, STORE Master Funding II, LLC, STORE Master Funding III, LLC, STORE Master Funding IV, LLC, STORE Master Funding V, LLC, STORE Master Funding VI, LLC, and STORE Master Funding VII, LLC, collectively as Issuers, and Citibank, N.A., as Indenture Trustee.</a>	Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on October 21, 2016.
4.10	<a href="#">Series 2018-1 Indenture Supplement dated as of October 22, 2018, by and among STORE Master Funding I, LLC, STORE Master Funding II, LLC, STORE Master Funding III, LLC, STORE Master Funding IV, LLC, STORE Master Funding V, LLC, STORE Master Funding VI, LLC and STORE Master Funding VII, LLC, collectively as Issuers, and Citibank, N.A., as Indenture Trustee.</a>	Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on October 23, 2018.



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4.11	<a href="#">Series 2019-1 Indenture Supplement dated as of November 13, 2019, by and among STORE Master Funding I, LLC, STORE Master Funding II, LLC, STORE Master Funding III, LLC, STORE Master Funding IV, LLC, STORE Master Funding V, LLC, STORE Master Funding VI, LLC, STORE Master Funding VII, LLC and STORE Master Funding XIV, LLC, collectively as Issuers, and Citibank, N.A., as Indenture Trustee.</a>	Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on November 14, 2019.
4.12	<a href="#">Series 2021-1 Indenture Supplement, dated as of June 29, 2021, by and among STORE Master Funding I, LLC, STORE Master Funding II, LLC, STORE Master Funding III, LLC, STORE Master Funding IV, LLC, STORE Master Funding V, LLC, STORE Master Funding VI, LLC, STORE Master Funding VII, LLC, STORE Master Funding XIV, LLC, STORE Master Funding XIX, LLC and STORE Master Funding XX, LLC, collectively as Issuers, and Citibank, N.A., as Indenture Trustee.</a>	Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on June 30, 2021.
4.13	<a href="#">Indenture, dated as of March 15, 2018, by and between STORE Capital Corporation and Wilmington Trust, National Association.</a>	Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on March 15, 2018.
4.14	<a href="#">Supplemental Indenture No. 1, dated as of March 15, 2018, by and between STORE Capital Corporation and Wilmington Trust, National Association.</a>	Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on March 15, 2018.
4.15	<a href="#">Supplemental Indenture No. 2, dated as of February 28, 2019, by and between STORE Capital Corporation and Wilmington Trust, National Association.</a>	Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 28, 2019.
4.16	<a href="#">Supplemental Indenture No. 3 dated as of November 18, 2020, by and between STORE Capital Corporation and Wilmington Trust Company (including form of Note).</a>	Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on November 18, 2020.
4.17	<a href="#">Supplemental Indenture No. 4 dated as of November 17, 2021, by and between STORE Capital Corporation and Wilmington Trust Company.</a>	Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on November 17, 2021.
10.1	* <a href="#">STORE Capital Corporation 2015 Omnibus Equity Incentive Plan.</a>	Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on November 26, 2014.
10.2	* <a href="#">STORE Capital Corporation 2012 Long-Term Incentive Plan.</a>	Exhibit 10.7 to Amendment No. 1 to the Company's Registration Statement on Form S-11 filed with the SEC on September 23, 2014.
10.3	* <a href="#">Form of 2012 Long-Term Incentive Award Plan Restricted Stock Award Grant Agreement.</a>	Exhibit 10.8 to Amendment No. 1 to the Company's Registration Statement on Form S-11 filed with the SEC on September 23, 2014.
10.4	* <a href="#">Form of Indemnification Agreement by and between STORE Capital Corporation and each of its directors and executive officers.</a>	Exhibit 10.10 to the Company's Current Report on Form 8-K filed with the SEC on November 26, 2014.
10.5	* <a href="#">Employment Agreement dated as of November 2, 2017, by and among STORE Capital Corporation, STORE Capital Advisors, LLC, and Catherine Long.</a>	Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the SEC on February 23, 2018.



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10.6	*	<a href="#"><u>Employment Agreement dated as of April 15, 2021, by and among STORE Capital Corporation, STORE Capital Advisors, LLC, and Mary Fedewa.</u></a>	Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC April 15, 2021.
10.7	*	<a href="#"><u>Employment Agreement dated as of April 15, 2021, by and among STORE Capital Corporation, STORE Capital Advisors, LLC, and Christopher H. Volk.</u></a>	Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC April 15, 2021.
10.8	*	<a href="#"><u>Employment Agreement dated as of April 15, 2021, by and among STORE Capital Corporation, STORE Capital Advisors, LLC, and Chad A. Freed.</u></a>	Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC April 15, 2021.
10.9	*	<a href="#"><u>Employment Agreement dated as of April 15, 2021, by and among STORE Capital Corporation, STORE Capital Advisors, LLC, and Tyler Maertz.</u></a>	Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC April 15, 2021.
10.10	*	Employment Agreement dated as of October 18, 2021, by and among STORE Capital Corporation, STORE Capital Advisors, LLC, and Sherry L. Rexroad.	Filed herewith.
10.11	*	<a href="#"><u>Form of 2015 Omnibus Equity Incentive Plan Restricted Share Award Agreement.</u></a>	Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 30, 2015.
10.12	*	<a href="#"><u>Form of 2015 Omnibus Equity Incentive Plan Restricted Share Award Agreement for Directors (2019).</u></a>	Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 filed with the SEC on February 22, 2019
10.13	*	<a href="#"><u>Form of 2015 Omnibus Equity Incentive Plan Restricted Share Unit Award Agreement.</u></a>	Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 30, 2015.
10.14	*	<a href="#"><u>Form of 2015 Omnibus Equity Incentive Plan Restricted Share Unit Award Agreement (2018).</u></a>	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 filed with the SEC on May 4, 2018.
10.15	*	<a href="#"><u>Form of 2015 Omnibus Equity Incentive Plan Restricted Share Unit Award Agreement (2019).</u></a>	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 filed with the SEC on May 3, 2019.
10.16	*	<a href="#"><u>Retirement Succession Policy.</u></a>	Filed herewith.
10.17		<a href="#"><u>Note Purchase Agreement dated as of November 19, 2015, by and among STORE Capital Corporation and the Purchasers identified therein.</u></a>	Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 23, 2015.
10.18		<a href="#"><u>Note Purchase Agreement dated as of April 28, 2016, by and among STORE Capital Corporation and the Purchasers identified therein.</u></a>	Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 2, 2016.

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10.19	<a href="#">Second Amended and Restated Credit Agreement, dated as of June 3, 2021, by and among STORE Capital Corporation, as Borrower, KeyBank National Association, as Administrative Agent, KeyBanc 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, National Association, Regions Bank, Truist Bank, U.S. Bank National Association, as Co-Documentation Agents, and the other Lenders party thereto.</a>	Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 8, 2021.
10.20	<a href="#">Seventh Amended and Restated Property Management and Servicing Agreement, dated as of June 29, 2021, by and among STORE Master Funding I, LLC, STORE Master Funding II, LLC, STORE Master Funding III, LLC, STORE Master Funding IV, LLC, STORE Master Funding V, LLC, STORE Master Funding VI, LLC, STORE Master Funding VII, LLC, STORE Master Funding XIV, LLC, STORE Master Funding XIX, LLC and STORE Master Funding XX, LLC, collectively as Issuers, STORE Capital Corporation, as Property Manager and Special Servicer, KeyBank National Association, as Back-Up Manager, and Citibank, N.A., as Indenture Trustee.</a>	Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 30, 2021
21	<a href="#">List of Subsidiaries.</a>	Filed herewith.
23	<a href="#">Consent of Independent Registered Public Accounting Firm.</a>	Filed herewith.
31.1	<a href="#">Rule 13a-14(a) Certification of the Chief Executive Officer.</a>	Filed herewith.
31.2	<a href="#">Rule 13a-14(a) Certification of the Chief Financial Officer.</a>	Filed herewith.
32.1	<a href="#">Section 1350 Certification of the Chief Executive Officer.</a>	Filed herewith.
32.2	<a href="#">Section 1350 Certification of the Chief Financial Officer.</a>	Filed herewith.
101	The following financial statements from STORE Capital Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, are formatted in Inline Extensible Business Reporting Language: (i) consolidated balance sheets, (ii) consolidated statements of comprehensive income, (iii) consolidated statements of cash flows, and (iv) notes to consolidated financial statements.	Filed herewith.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).	Filed herewith.

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\*Indicates management contract or compensatory plan.

**Item 16. Form 10-K Summary**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15 (d) 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**

Date: February 24, 2022

By: /s/ Mary Fedewa  
Mary Fedewa  
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on February 24, 2022 by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/Mary Fedewa</u> Mary Fedewa	President, Chief Executive Officer and Director (Principal Executive Officer)	February 24, 2022
<u>/s/Sherry L. Rexroad</u> Sherry L. Rexroad	Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary (Principal Financial Officer)	February 24, 2022
<u>/s/Stacy M. LaFrance</u> Stacy M. LaFrance	Senior Vice President, Chief Accounting Officer and Assistant Treasurer (Principal Accounting Officer)	February 24, 2022
<u>/s/Tawn Kelley</u> Tawn Kelley	Chairman of the Board of Directors	February 24, 2022
<u>Jawad A. Ahsan</u>	Director	February 24, 2022
<u>/s/Joseph M. Donovan</u> Joseph M. Donovan	Director	February 24, 2022
<u>David M. Edwards</u>	Director	February 24, 2022
<u>/s/Morton H. Fleischer</u> Morton H. Fleischer	Director	February 24, 2022
<u>/s/William F. Hipp</u> William F. Hipp	Director	February 24, 2022
<u>/s/Catherine D. Rice</u> Catherine D. Rice	Director	February 24, 2022
<u>/s/Quentin P. Smith, Jr.</u> Quentin P. Smith, Jr.	Director	February 24, 2022

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**STORE Capital Corporation**  
**Schedule III - Real Estate and Accumulated Depreciation**  
**(Dollars in Thousands)**

Tenant Industry	Descriptions (a)		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross amount at December 31, 2021 (b) (c)			Accumulated Depreciation (d) (e)	Years Constructed	Years Acquired	
	Number of Properties	Number of States	Encumbrances	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements				Total
<b>SERVICE INDUSTRIES:</b>													
Restaurants -- Full Service	163	28	\$ -	\$ 122,072	\$ 204,090	\$ 2,071	\$ 17,049	\$ 124,143	\$ 221,139	\$ 345,282	\$ (40,324)	1892 - 2019	2011 - 2021
Restaurants -- Full Service	170	32	(f)	150,929	218,631	5,450	22,084	156,379	240,715	397,094	(75,367)	1880 - 2017	2011 - 2021
Restaurants -- Full Service	5	2	5,332	5,123	5,981	-	-	5,123	5,981	11,104	(2,391)	1994 - 2006	2012
Restaurants -- Limited Service	195	24	-	125,502	170,646	2,321	13,325	127,823	183,971	311,794	(23,279)	1938 - 2019	2011 - 2021
Restaurants -- Limited Service	197	25	(f)	75,310	98,920	2,238	7,721	77,548	106,641	184,189	(40,271)	1929 - 2021	2011 - 2021
Child Day Care Services	85	19	-	68,498	150,354	2,778	9,503	71,276	159,857	231,133	(24,266)	1779 - 2018	2012 - 2021
Child Day Care Services	183	25	(f)	118,862	232,733	10,051	34,173	128,913	266,906	395,819	(55,359)	1910 - 2021	2011 - 2021
Health Clubs	32	13	-	48,174	109,758	10,298	36,178	58,472	145,936	204,408	(19,330)	1973 - 2021	2012 - 2021
Health Clubs	55	17	(f)	74,254	149,205	9,521	65,185	83,775	214,390	298,165	(35,357)	1961 - 2020	2011 - 2021
Health Clubs	1	1	6,106	2,770	5,454	-	1,761	2,770	7,215	9,985	(343)	1995	07/12/1905
Automotive Repair and Maintenance	157	21	-	123,321	192,066	9,541	29,232	132,862	221,298	354,160	(25,789)	1900 - 2021	2015 - 2021
Automotive Repair and Maintenance	56	14	(f)	45,551	96,397	294	2,456	45,845	98,853	144,698	(15,444)	1960 - 2020	2011 - 2021
Lumber and Other Construction Materials Merchant Wholesalers	149	21	-	137,539	173,782	-	1	137,539	173,783	311,322	(31,968)	1798 - 2009	2016 - 2021
Lumber and Other Construction Materials Merchant Wholesalers	15	3	(f)	27,616	15,997	-	-	27,616	15,997	43,613	(5,811)	1940 - 2006	2013 - 2021
Movie Theaters	18	12	-	48,134	75,682	4,899	49,296	53,033	124,978	178,011	(24,858)	1972 - 2019	2014 - 2019
Movie Theaters	11	7	(f)	25,218	45,393	4,114	29,899	29,332	75,292	104,624	(17,854)	1989 - 2016	2011 - 2016
Movie Theaters	5	1	20,085	15,708	24,322	-	-	15,708	24,322	40,030	(10,759)	1995 - 2010	2012
Elementary and Secondary Schools	6	2	-	40,985	72,203	5,774	36,539	46,759	108,742	155,501	(8,224)	1956 - 2018	2015 - 2020
Elementary and Secondary Schools	3	3	(f)	20,609	17,287	-	-	20,609	17,287	37,896	(3,489)	1945 - 1991	2012 - 2021
Elementary and Secondary Schools	2	1	9,961	7,537	12,397	1,218	4,622	8,755	17,019	25,774	(5,522)	1987 - 1990	2012
Other Personal Services	40	12	-	33,543	34,959	11,902	41,235	45,445	76,194	121,639	(8,807)	1965 - 2021	2016 - 2021
Other Personal Services	38	17	(f)	24,134	45,559	2,346	2,105	26,480	47,664	74,144	(15,829)	1930 - 2012	2011 - 2018
Residential Intellectual and Developmental Disability, Mental Health, and Substance Abuse Facilities	16	8	-	51,533	124,315	-	7,058	51,533	131,373	182,906	(10,480)	1870 - 2019	2016 - 2021
Commercial and Industrial Machinery and Equipment Rental and Leasing	11	5	-	12,149	18,380	-	-	12,149	18,380	30,529	(3,636)	1927 - 2017	2017 - 2020
Commercial and Industrial Machinery and Equipment Rental and Leasing	39	19	(f)	50,037	63,346	4,809	4,408	54,846	67,754	122,600	(8,306)	1955 - 2019	2013 - 2021

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Descriptions (a)			Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross amount at December 31, 2021 (b) (c)				Accumulated Depreciation (d) (e)	Years Constructed	Years Acquired
Tenant Industry	Number of Properties	Number of States	Encumbrances	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total			
Other Professional, Scientific, and Technical Services	56	19	-	28,567	44,346	1,268	6,076	29,835	50,422	80,257	(7,465)	1910 - 2011	2016 - 2020
Other Professional, Scientific, and Technical Services	50	17	(f)	20,683	44,134	-	-	20,683	44,134	64,817	(10,343)	1950 - 2014	2014 - 2019
Outpatient Care Centers	45	15	-	22,507	58,895	2,159	11,227	24,666	70,122	94,788	(10,394)	1930 - 2020	2013 - 2021
Outpatient Care Centers	15	5	(f)	7,211	20,308	3,579	18,675	10,790	38,983	49,773	(7,161)	1928 - 2006	2013 - 2020
Offices of Physicians	18	7	-	10,401	39,623	2,019	2,917	12,420	42,540	54,960	(4,537)	1885 - 2016	2015 - 2021
Offices of Physicians	29	5	(f)	17,033	60,989	22	327	17,055	61,316	78,371	(6,475)	1865 - 2017	2017 - 2021
Family Entertainment Centers	4	4	-	19,475	41,904	1,712	1,385	21,187	43,289	64,476	(5,881)	1913 - 2017	2015 - 2020
Family Entertainment Centers	8	3	(f)	16,688	32,880	1,872	6,294	18,560	39,174	57,734	(9,906)	1993 - 2015	2011 - 2018
Wholesale Automobile Auction	8	6	(f)	67,108	41,453	6,086	2,661	73,194	44,114	117,308	(16,058)	1972 - 2015	2012 - 2019
Warehousing and Storage	10	2	(f)	30,439	75,326	-	-	30,439	75,326	105,765	(6,976)	1947 - 2000	2017 - 2021
Commercial and Industrial Machinery and Equipment Repair and Maintenance	2	1	-	1,331	8,578	-	-	1,331	8,578	9,909	(79)	1971 - 1985	2021
Commercial and Industrial Machinery and Equipment Repair and Maintenance	20	12	(f)	23,793	55,500	-	-	23,793	55,500	79,293	(1,870)	1965 - 1993	2020 - 2021
Metal and Mineral Merchant Wholesalers	13	9	-	18,407	40,540	-	-	18,407	40,540	58,947	(4,298)	1962 - 2001	2015 - 2020
Metal and Mineral Merchant Wholesalers	8	4	(f)	5,382	15,270	-	-	5,382	15,270	20,652	(5,295)	1957 - 1995	2013
Corporate Aircraft Repair and Maintenance Facilities	2	2	-	3,798	53,841	-	-	3,798	53,841	57,639	(7,621)	1988 - 2018	2015 - 2018
Corporate Aircraft Repair and Maintenance Facilities	1	1	(f)	1,883	14,234	-	-	1,883	14,234	16,117	(2,509)	1988	2014
Psychiatric and Substance Abuse Hospitals	3	3	-	3,226	17,623	81	11,530	3,307	29,153	32,460	(3,304)	1980 - 2007	2016 - 2021
Psychiatric and Substance Abuse Hospitals	14	1	-	18,919	16,161	39	931	18,958	17,092	36,050	(797)	1951 - 2020	2020 - 2021
Medical and Diagnostic Laboratories	3	3	-	4,026	13,055	-	-	4,026	13,055	17,081	(2,075)	1959 - 1999	2016 - 2017
Medical and Diagnostic Laboratories	17	2	(f)	7,063	43,259	-	-	7,063	43,259	50,322	(9,823)	1985 - 2011	2014 - 2018
Consumer Goods Rental	2	2	-	746	1,857	-	-	746	1,857	2,603	(387)	1970 - 1988	07/08/1905
Consumer Goods Rental	12	9	(f)	14,187	40,414	764	6,492	14,951	46,906	61,857	(10,303)	1880 - 2018	2013 - 2021
Machinery, Equipment, and Supplies Merchant Wholesalers	15	11	-	6,989	19,778	-	6	6,989	19,784	26,773	(4,250)	1972 - 2014	2014 - 2017
Machinery, Equipment, and Supplies Merchant Wholesalers	28	11	(f)	10,222	24,075	-	-	10,222	24,075	34,297	(6,925)	1920 - 2014	2013 - 2017
Colleges, Universities, and Professional Schools	4	2	-	3,165	24,070	766	4,161	3,931	28,231	32,162	(6,920)	1995 - 2015	2014
Colleges, Universities, and Professional Schools	1	1	14,212	4,528	22,213	-	-	4,528	22,213	26,741	(4,394)	2008	2013
Offices of Dentists	41	10	-	15,223	36,168	36	522	15,259	36,690	51,949	(2,140)	1946 - 2014	2016 - 2021



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Descriptions (a)			Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross amount at December 31, 2021 (b) (c)			Accumulated Depreciation (d) (e)	Years Constructed	Years Acquired		
	Number of Properties	Number of States	Encumbrances	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements				Total	
<b>Tenant Industry</b>														
Amusement and Theme Parks	5	3	-	27,934	-	1,858	392	29,792	392	30,184	(1,930)	1950 - 2012	2015 - 2016	
Amusement and Theme Parks	1	1	(f)	3,864	13,408	329	2,176	4,193	15,584	19,777	(4,694)	2009	2015	
All Other Service	97	30	-	115,876	204,653	5,855	29,311	121,731	233,964	355,695	(40,559)	1856 - 2018	2014 - 2021	
All Other Service	28	13	(f)	22,718	105,850	444	4,427	23,162	110,277	133,439	(15,504)	1860 - 2014	2014 - 2021	
All Other Service	1	1		9,309	807	13,794	-	620	807	14,414	15,221	(3,081)	2008	2012
<b>TOTAL SERVICE INDUSTRIES</b>	<b>2,213</b>			<b>65,005</b>	<b>2,009,307</b>	<b>3,602,056</b>		<b>118,514</b>	<b>523,960</b>	<b>2,127,821</b>	<b>4,126,016</b>	<b>6,253,837</b>	<b>(737,017)</b>	
<b>RETAIL INDUSTRIES:</b>														
Furniture Stores	35	12	-	54,426	202,881	2,660	20,205	57,086	223,086	280,172	(25,151)	1924 - 2019	2014 - 2020	
Furniture Stores	26	10	(f)	49,132	87,607	896	6,906	50,028	94,513	144,541	(24,284)	1946 - 2017	2011 - 2019	
Furniture Stores	2	1		4,938	4,733	5,995	-	4,733	5,995	10,728	(2,010)	2006	2012	
Farm and Ranch Supply Stores	37	8	-	68,910	126,308	33,053	56,248	101,963	182,556	284,519	(33,793)	1967 - 2020	2015 - 2019	
Farm and Ranch Supply Stores	5	3		59,223	32,348	67,758	-	32,348	67,758	100,106	(17,944)	1966 - 2015	2016	
Car Dealers	38	15	-	94,324	164,743	797	3,250	95,121	167,993	263,114	(12,537)	1961 - 2021	2015 - 2021	
Car Dealers	2	2	(f)	4,114	6,700	-	-	4,114	6,700	10,814	(1,248)	1946 - 1977	2017	
Other Motor Vehicle Dealers	13	11	-	32,485	40,883	9,199	17,966	41,684	58,849	100,533	(10,241)	1992 - 2019	2013 - 2021	
Other Motor Vehicle Dealers	19	14	(f)	42,744	73,301	19,291	20,480	62,035	93,781	155,816	(23,799)	1974 - 2021	2012 - 2021	
All Other Retail	30	15	-	54,819	153,114	29	1,111	54,848	154,225	209,073	(22,418)	1960 - 2016	2012 - 2019	
All Other Retail	29	12	(f)	63,802	149,127	60	733	63,862	149,860	213,722	(34,128)	1955 - 2019	2011 - 2020	
<b>TOTAL RETAIL INDUSTRIES</b>	<b>236</b>			<b>64,161</b>	<b>501,837</b>	<b>1,078,417</b>		<b>65,985</b>	<b>126,899</b>	<b>567,822</b>	<b>1,205,316</b>	<b>1,773,138</b>	<b>(207,553)</b>	
<b>MANUFACTURING INDUSTRIES:</b>														
Architectural and Structural Metals Manufacturing	19	10	-	38,800	113,432	114	1,670	38,914	115,102	154,016	(4,074)	1950 - 2005	2018 - 2021	
Architectural and Structural Metals Manufacturing	16	12	(f)	9,778	47,695	-	664	9,778	48,359	58,137	(3,853)	1950 - 2007	2019 - 2020	
Motor Vehicle Parts Manufacturing	17	7	-	30,140	106,776	-	-	30,140	106,776	136,916	(6,550)	1950 - 1998	2018 - 2021	
Motor Vehicle Parts Manufacturing	6	3	(f)	6,619	27,969	-	-	6,619	27,969	34,588	(5,444)	1968 - 2003	2017 - 2020	
Plastics Product Manufacturing	14	10	-	23,467	85,529	718	4,050	24,185	89,579	113,764	(15,453)	1965 - 2001	2015 - 2021	
Plastics Product Manufacturing	4	3	(f)	6,637	22,008	-	-	6,637	22,008	28,645	(6,471)	1966 - 1999	2013 - 2018	
Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing	30	12	-	26,872	83,476	-	-	26,872	83,476	110,348	(15,913)	1908 - 2008	2015 - 2021	
Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing	2	2	(f)	3,663	9,878	-	-	3,663	9,878	13,541	(481)	1950	2020	

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Tenant Industry	Descriptions (a)			Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross amount at December 31, 2021 (b) (c)			Accumulated Depreciation (d) (e)	Years Constructed	Years Acquired
	Number of Properties	Number of States	Encumbrances	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Land & Improvements	Building & Improvements	Total			
Household and Institutional Furniture and Kitchen Cabinet Manufacturing	2	2	-	6,894	28,460	-	-	6,894	28,460	35,354	(4,595)	1966 - 1995	2018
Household and Institutional Furniture and Kitchen Cabinet Manufacturing	6	1	41,291	15,385	48,917	-	-	15,385	48,917	64,302	(6,771)	1989 - 2001	2018
Aerospace Product and Parts Manufacturing	13	7	-	17,139	51,368	1,393	9,203	18,532	60,571	79,103	(9,338)	1953 - 2001	2016 - 2021
Aerospace Product and Parts Manufacturing	1	1	(f)	1,219	3,750	-	-	1,219	3,750	4,969	(623)	2004	2017
Other Food Manufacturing	7	5	-	17,666	51,087	1	12,196	17,667	63,283	80,950	(2,686)	1908 - 2001	2019 - 2021
Forging and Stamping	9	7	-	19,508	54,628	-	-	19,508	54,628	74,136	(10,363)	1906 - 1996	2017 - 2018
Forging and Stamping	2	2	(f)	1,959	4,588	-	-	1,959	4,588	6,547	(1,654)	1958 - 1999	2014
Foundries	5	3	-	8,465	22,650	-	1	8,465	22,651	31,116	(2,088)	1909 - 1978	2019 - 2020
Foundries	11	7	(f)	8,496	20,486	2,064	12,701	10,560	33,187	43,747	(9,411)	1948 - 1998	2013 - 2021
Dairy Product Manufacturing	4	2	-	3,511	28,290	2,481	8,490	5,992	36,780	42,772	(4,934)	1976 - 2000	2016 - 2021
Dairy Product Manufacturing	1	1	(f)	5,631	8,561	-	-	5,631	8,561	14,192	(155)	1960	2021
Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing	3	3	-	11,622	37,359	-	7,312	11,622	44,671	56,293	(3,206)	1954 - 1983	2018 - 2021
Semiconductor and Other Electronic Component Manufacturing	4	4	-	16,932	22,924	-	-	16,932	22,924	39,856	(3,858)	1967 - 1999	2016 - 2018
Semiconductor and Other Electronic Component Manufacturing	1	1	8,808	4,398	11,502	-	-	4,398	11,502	15,900	(5,545)	1960	2013
Bakeries and Tortilla Manufacturing	2	2	-	2,281	29,838	-	-	2,281	29,838	32,119	(1,666)	1976 - 1993	2019 - 2021
Bakeries and Tortilla Manufacturing	2	2	(f)	3,455	14,126	-	-	3,455	14,126	17,581	(1,012)	1994 - 2001	2019
Fruit and Vegetable Preserving and Specialty Food Manufacturing	5	5	-	11,546	37,267	-	-	11,546	37,267	48,813	(3,490)	1870 - 1992	2020
Medical Equipment and Supplies Manufacturing	5	4	-	7,505	40,644	-	-	7,505	40,644	48,149	(8,824)	1954 - 2001	2014 - 2016
Agricultural, Construction, and Mining Machinery Manufacturing	5	5	-	10,330	37,212	-	-	10,330	37,212	47,542	(1,420)	1968 - 2001	2015 - 2021
All Other Manufacturing	74	25	-	75,914	290,933	841	14,982	76,755	305,915	382,670	(40,258)	1924 - 2008	2014 - 2021
All Other Manufacturing	19	13	(f)	34,315	58,964	-	-	34,315	58,964	93,279	(9,301)	1950 - 2000	2011 - 2021
<b>TOTAL MANUFACTURING INDUSTRIES</b>	<b>289</b>			<b>50,099</b>	<b>430,147</b>			<b>7,612</b>	<b>71,269</b>	<b>437,759</b>	<b>1,471,586</b>	<b>1,909,345</b>	<b>(189,437)</b>
	<u>2,738</u>			<u>\$ 179,265</u>	<u>\$ 2,941,291</u>			<u>\$ 192,111</u>	<u>\$ 722,128</u>	<u>\$ 3,133,402</u>	<u>\$ 6,802,918</u>	<u>\$ 9,936,320</u>	<u>\$ (1,134,007)</u>

- (a) As of December 31, 2021, we had investments in 2,835 single-tenant real estate property locations including 2,811 owned properties and 24 ground lease interests; 72 of our owned properties are accounted for as financing arrangements and 23 are accounted for as direct financing receivables and are excluded from the table above. In addition, two of the owned properties are considered to be held for sale at December 31, 2020 and are excluded from the table above. Initial costs exclude intangible lease assets totaling \$55.0 million.
- (b) The aggregate cost for federal income tax purposes is approximately \$10,235.6 million.



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(c) The following is a reconciliation of total real estate carrying value for the years ended December 31, 2021, 2020 and 2019:

	Year ended December 31,		
	2021	2020	2019
Balance, beginning of year	\$ 8,866,666	\$ 8,175,034	\$ 7,168,720
Additions			
Acquisitions	1,300,142	834,023	1,293,793
Improvements	143,665	130,051	149,963
Deductions			
Provision for impairment of real estate	(21,800)	(21,978)	(18,201)
Other	(12,876)	(11,184)	(8,419)
Cost of real estate sold	(312,418)	(212,818)	(410,822)
Reclasses to held for sale	(27,059)	(26,462)	—
Balance, end of year	<u>\$ 9,936,320</u>	<u>\$ 8,866,666</u>	<u>\$ 8,175,034</u>

(d) The following is a reconciliation of accumulated depreciation for the years ended December 31, 2021, 2020 and 2019:

	Year ended December 31,		
	2021	2020	2019
Balance, beginning of year	\$ (911,656)	\$ (711,176)	\$ (556,690)
Additions			
Depreciation expense	(262,566)	(238,853)	(216,726)
Deductions			
Accumulated depreciation associated with real estate sold	25,434	23,031	53,821
Other	12,876	11,184	8,419
Reclasses to held for sale	1,905	4,158	—
Balance, end of year	<u>\$ (1,134,007)</u>	<u>\$ (911,656)</u>	<u>\$ (711,176)</u>

- (e) The Company's real estate assets are depreciated using the straight-line method over the estimated useful lives of the properties, which generally ranges from 30 to 40 years for buildings and improvements and is 15 years for land improvements.
- (f) Property is collateral for non-recourse debt obligations totaling \$2.3 billion issued under the Company's STORE Master Funding debt program.

See report of independent registered public accounting firm.

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**STORE Capital Corporation**  
**Schedule IV - Mortgage Loans on Real Estate**  
**As of December 31, 2021**  
**(Dollars in thousands)**

Description	Interest Rate	Final Maturity Date	Periodic Payment Terms	Final Payment Terms	Prior Liens	Outstanding face amount of mortgages	Carrying amount of mortgages (c)
First mortgage loans:							
Three movie theater properties located in North Carolina (a)	8.35 %	(b)	Interest only	Balloon of \$12.4 million	None	\$ 12,411	\$ 9,994
One restaurant property located in Nashville, TN	6.35 %	12/2/2022	Interest only	Balloon of \$3.2 million	None	3,176	3,165
One health club property located in Washington (a)	7.91 %	6/1/2022	Interest only	Balloon of \$7.1 million	None	7,079	7,073
Two restaurant properties located in Indiana	10.00 %	12/31/2022	Principal & Interest	Balloon of \$0.5 million	None	513	511
Three elementary school properties in California and Virginia	8.00 %	12/31/2023	Interest only	Balloon of \$70.8 million	None	70,775	70,352
Three metal tank manufacturing properties located in Illinois, Tennessee and Texas	7.90 %	12/31/2026	Interest only	Balloon of \$21.0 million	None	21,000	20,959
Two restaurant properties located in Louisiana	8.49 %	7/1/2032	Principal & Interest	Balloon of \$1.9 million	None	2,095	2,098
Five restaurant properties located in Mississippi	8.55 %	7/1/2032	Principal & Interest	Balloon of \$5.1 million	None	5,544	5,547
Two restaurant properties located in Montana	9.16 %	11/1/2036	Principal & Interest	Balloon of \$3.6 million	None	4,064	4,042
One used merchandise property in Maryland	8.06 %	9/1/2037	Principal & Interest	Fully amortizing	None	2,741	2,727
Ten automotive repair and maintenance properties located in Nebraska, Pennsylvania and Texas	8.25 %	6/30/2051				30,170	30,219
Five restaurant properties located in Tennessee	8.25 %	8/31/2053	Principal & Interest	Fully amortizing	None	3,572	3,571
One hunting and fishing property located in California	7.90 %	5/31/2054	Principal & Interest	Balloon of \$6.0 million	None	16,959	16,789
Three floral/nursery merchant wholesaler properties located in California	8.35 %	11/30/2054	Principal & Interest	Fully amortizing	None	25,263	25,035
Three mortgage loans secured by one recreation property located in Colorado	8.50 %	2/28/2055	Principal & Interest	Fully amortizing	None	30,537	30,830
Two manufacturing properties in California	9.00 %	5/31/2055	Interest only	Balloon of \$33.2 million	None	33,200	32,933
13 restaurant properties in Florida, Kansas and Missouri	7.60 %	8/31/2055	Principal & Interest	Fully amortizing	None	9,928	9,926
Three restaurant properties located in Ohio	8.28 %	12/31/2055	Principal & Interest	Fully amortizing	None	3,056	3,036
Leasehold interest in an amusement park property located in Ontario, Canada	9.72 %	8/1/2056	Principal & Interest	Fully amortizing	None	22,162	22,045
One family entertainment property located in Texas	8.25 %	6/30/2058	Principal & Interest	Fully amortizing	None	4,547	4,503
Five family entertainment properties located in Texas	8.20 %	6/30/2058	Principal & Interest	Fully amortizing	None	22,847	22,670
One family entertainment property located in Texas	10.20 %	6/30/2060	Principal & Interest	Fully amortizing	None	7,977	7,963
One recreation property located in Utah	9.25 %	12/11/2060	Principal & Interest	Fully amortizing	None	6,286	6,329
						<u>\$ 345,902</u>	<u>\$ 342,317</u>

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The following shows changes in the carrying amounts of mortgage loans receivable during the years ended December 31, 2021, 2020 and 2019 (in thousands):

	Year ended December 31,		
	2021	2020	2019
Balance, beginning of year	\$ 301,355	\$ 202,557	\$ 156,603
Additions:			
New mortgage loans (d)	75,666	132,542	74,681
Other: Capitalized loan origination costs	98	155	54
Deductions:			
Collections of principal (e)	(32,046)	(32,151)	(28,701)
Other: Provisions for loan losses	(2,704)	(1,670)	—
Other: Amortization of loan origination costs	(52)	(78)	(80)
Balance, end of year	<u>\$ 342,317</u>	<u>\$ 301,355</u>	<u>\$ 202,557</u>

- (a) Loan was on nonaccrual status as of December 31, 2021.
- (b) Loan matured prior to December 31, 2021 and the Company has been in negotiations with the borrower regarding a resolution.
- (c) The aggregate cost for federal income tax purposes is \$346.8 million.
- (d) For the year ended December 31, 2021, new mortgage loans includes \$19.8 million of mortgage loans previously classified as deferred financing receivables.
- (e) For the years ended December 31, 2021, 2020 and 2019, collections of principal include non-cash principal collections aggregating \$30.8 million, \$23.4 million and \$13.6 million, respectively, related to loan receivable transactions in which the Company acquired the underlying mortgaged property.

See report of independent registered public accounting firm.

**EMPLOYMENT AGREEMENT  
AMONG  
STORE CAPITAL CORPORATION, STORE CAPITAL ADVISORS, LLC AND  
SHERRY L. REXROAD**

This EMPLOYMENT AGREEMENT (the “*Agreement*”), dated as of October 18, 2021 (the “*Effective Date*”), is entered into by and among STORE Capital Corporation, a Maryland corporation (the “*Guarantor*”), STORE Capital Advisors, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Guarantor (the “*Company*”), and Sherry L. Rexroad (the “*Executive*”).

**WITNESSETH:**

**WHEREAS**, the Company desires to secure the services of the Executive in the position set forth below, and the Executive desires to serve the Company in such capacity;

**WHEREAS**, the Guarantor desires to guaranty the obligations of the Company under this Agreement; and

**WHEREAS**, the Guarantor, the Company and the Executive desire to enter into this Agreement to, among other things, set forth the terms of such employment.

**NOW, THEREFORE**, in consideration of the future performance and responsibilities of the Executive and the Company and upon the other terms and conditions and mutual covenants hereinafter provided, the parties hereby agree as follows:

**Section 1. Employment.**

(a) **Position.** The Executive shall be employed by the Company during the Term (defined below), initially as an officer of the Company and, effective November 8, 2021 (the “*CFO Effective Date*”), as its Executive Vice President – Chief Financial Officer, Treasurer and Assistant Secretary. The Executive shall report directly to the Chief Executive Officer or such other executive officer as the Chief Executive Officer shall determine.

(b) **Duties.** The Executive’s principal employment duties and responsibilities shall initially be as determined by the Chief Executive Officer. Upon the CFO Effective Date, the Executive’s principal employment duties and responsibilities shall be those duties and responsibilities customary for the positions of Executive Vice President – Chief Financial Officer, Treasurer and Assistant Secretary and such other executive officer duties and responsibilities as the Chief Executive Officer (or such other executive officer as the Chief Executive Officer shall determine) shall from time to time reasonably assign to the Executive.

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(c) Extent of Services. Except for illnesses and vacation periods or as otherwise approved in writing by the Chief Executive Officer, the Executive shall devote substantially all of the Executive's business time and attention and the Executive's best efforts to the performance of the Executive's duties and responsibilities under this Agreement. Notwithstanding the foregoing, the Executive may (i) make any investment in entities unrelated to the Guarantor, so long as (A) the Executive is not obligated or required to, and shall not in fact, devote any material managerial efforts to such investment, and (B) such investment is not in violation of any other terms of this Agreement, including Section 10 hereof; (ii) participate in charitable, academic or community activities, and in trade or professional organizations; or (iii) hold directorships in other businesses as permitted by the Board of Directors of the Guarantor (the "**Board**") (the activities in clauses (i) through (iii) above are collectively referred to herein as the "**Excluded Activities**"); provided, in each case, that none of the Excluded Activities, individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement.

## **Section 2. Term**

(a) This Agreement shall become effective on the Effective Date and, unless terminated earlier as provided in Section 7, shall continue in full force and effect thereafter until April 15<sup>th</sup>, 2025 (the "**Initial Term**").

(b) In the event the Company consummates a Change in Control (as defined below) at any time following April 15<sup>th</sup>, 2023 or during any Renewal Term (as defined below), then this Agreement will automatically renew for a period of two (2) years following the date of consummation of such Change in Control (a "**Change in Control Extension Term**").

(c) Upon the expiration of the Initial Term, any Change in Control Extension Term, and each Renewal Term, this Agreement will automatically renew for subsequent one (1) year terms (each a "**Renewal Term**") unless either the Company or the Executive provides not less than sixty (60) days' advance written notice to the other that such party does not wish to renew the Agreement for a subsequent Renewal Term. In the event such notice of nonrenewal is given pursuant to this Section 2(c), this Agreement will expire at the end of the then current term. The Initial Term, any Change in Control Extension Term, and each subsequent Renewal Term, taking into account any early termination of employment pursuant to Section 7, are referred to collectively as the "**Term**."

(d) For purposes of this Agreement, a "**Change in Control**" will be deemed to have occurred if an event set forth in any one of the following paragraphs shall have occurred:

(i) any person or entity (other than the Guarantor, any trustee or other fiduciary holding securities under an employee benefit plan of the Guarantor, or any company owned, directly or indirectly, by the stockholders of the Guarantor

in substantially the same proportions as their ownership of capital stock of the Guarantor) becomes the Beneficial Owner (as such is defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of securities of the Guarantor (not including in the securities beneficially owned by such person or entity any securities acquired directly from the Guarantor or any affiliate thereof) representing 50% or more of the combined voting power of the then outstanding voting securities of the Guarantor;

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving on the Board: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including, but not limited to, a consent solicitation, relating to the election of directors of the Guarantor) whose appointment or election by the Board or nomination for election by the Guarantor's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended;

(iii) there is consummated a merger, amalgamation or consolidation of the Guarantor with any other corporation, other than (A) a merger, amalgamation or consolidation into an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Guarantor following the completion of such transaction in substantially the same proportions as their ownership of the Guarantor immediately prior to such sale, or (B) a merger, amalgamation or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the Board of the entity surviving such merger, amalgamation or consolidation or, if the Guarantor or the entity surviving such merger is then a subsidiary, the ultimate parent thereof; or

(iv) the stockholders of the Guarantor approve a plan of complete liquidation or dissolution of the Guarantor or there is consummated an agreement for the sale or disposition by the Guarantor of all or substantially all of the Company's assets, other than (A) a sale or disposition by the Guarantor of all or substantially all of the Guarantor's assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Guarantor following the completion of such transaction in substantially the same proportions as their ownership of the Guarantor immediately prior to such sale, or (B) a sale or disposition of all or substantially all of the Guarantor's assets immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of

directors of the entity to which such assets are sold or disposed or, if such entity is a subsidiary, the ultimate parent thereof.

**Section 3. Base Salary.** The Company shall pay the Executive a base salary annually (the “**Base Salary**”), which shall be payable in periodic installments according to the Company’s normal payroll practices. The initial Base Salary hereunder shall be paid at the annualized rate of \$500,000. The Executive’s Base Salary shall be considered annually by the Board or the compensation committee thereof if such authority has been delegated to such committee (the Board or the Compensation Committee, as applicable, the “**Committee**”), and may be increased in the sole discretion of the Committee. Any increase shall be retroactive to January 1 of the year in which such increase is approved. The Base Salary, as adjusted by any subsequent increases, shall not be decreased during the Term. For purposes of this Agreement, the term “**Base Salary**” shall mean the amount of the Executive’s annual base salary as established and adjusted from time to time pursuant to this Section 3.

**Section 4. Annual Cash Incentive Bonus.** Subject to Section 4(d) below:

(a) The Executive shall be eligible to receive an annual cash incentive bonus (the “**Cash Bonus**”) for each fiscal year during the Term of this Agreement beginning with the performance year ending December 31, 2022. The target amount of the Cash Bonus for which the Executive is eligible shall be set by the Committee as a target percentage of Executive’s then-current Base Salary (the “**Target Percentage**”) and payment of a Cash Bonus (and the amount of such Cash Bonus) shall be based upon the satisfactory achievement of reasonable performance criteria and objectives (such criteria and objectives, the “**Bonus Metrics**”), which Bonus Metrics shall be adopted by the Committee, in its sole discretion, after consultation with management, each year prior to or as soon as practicable after the commencement of such year, but in no event later than March 1 of the applicable performance year and set forth in a written plan (the “**Annual Bonus Plan**”). If the Committee determines that the applicable Bonus Metrics have been achieved at or above a “threshold” level with respect to the applicable performance year, then, based on the level of such achievement, the Executive shall be entitled to receive payment of the applicable Cash Bonus (which may be less than, equal to, or greater than the Target Percentage based on the level of performance achieved and the terms of the Annual Bonus Plan). If the Committee determines that the applicable Bonus Metrics have not been achieved at a “threshold” level with respect to the applicable performance year, then no Cash Bonus under the Annual Bonus Plan shall be due and payable to the Executive for such year.

For the performance year ending December 31, 2022, the Cash Bonus for which the Executive is eligible (i) will reflect a bonus award opportunity equal to 50% of Base Salary (at the “threshold” level of Bonus Metric achievement), 100% of Base Salary (at the “target” level of Bonus Metric achievement), and 200% of Base Salary (at the “maximum” level of Bonus Metric achievement) (with straight line interpolation used to determine the Cash



Bonus for Bonus Metric achievement in between performance levels), and (ii) will be based 75% upon the Guarantor's achievement of corporate Bonus Metrics to be adopted by the Committee for 2022 and 25% on personal Bonus Metrics to be adopted by the Committee after consultation with management.

(b) The Cash Bonus, if any, shall be paid to the Executive no later than thirty (30) days after the date on which the Committee determines (i) whether or not the applicable Bonus Metrics for such performance year have been achieved, and the level of such achievement, and (ii) the amount of the actual Cash Bonus so earned; provided that, except as may be set forth in the Annual Bonus Plan, in no event shall any Cash Bonus, if earned, be paid later than March 1 of the year following the performance year to which it relates.

(c) Except as otherwise provided in Section 8(a)(ii) or Section 8(b)(ii) in connection with the termination of the Executive's employment under certain circumstances, the Executive must be employed by the Company throughout the entirety of an applicable performance year (January 1 through December 31) in order to receive all or any portion of a Cash Bonus. For the avoidance of doubt, if the Executive was employed by the Company from January 1 through December 31 of such performance year, the Executive has met the employment criterion for Cash Bonus eligibility for that year and need not be employed by the Company thereafter, including at the time the Cash Bonus, if any, is determined or paid for that performance year, in order to receive payment of any Cash Bonus amount the Executive would otherwise be entitled to receive.

(d) Notwithstanding anything in this Section 4 to the contrary, for the year ending December 31, 2021, in lieu of a Cash Bonus as described above, and provided the Executive remains employed with the Company through the date of payment, the Executive will instead receive a one-time, non-discretionary cash bonus in the lump sum amount of \$500,000, such amount to be payable on the Company's first payroll in March 2022.

**Section 5. Equity Grants.** In addition to a Cash Bonus under Section 4, the Executive shall be eligible to receive equity awards, as determined by the Committee under any equity incentive plan(s) established by the Company, the Guarantor or any of their respective affiliates and as in effect from time to time. The terms of any such equity awards shall be approved by the Committee and set forth in the applicable equity incentive plan and related grant documents. In addition, the Executive will receive a special one-time grant of restricted stock on the Effective Date valued in the amount of \$150,000 (as determined by the closing price of the Guarantor's common stock on that date), which shall vest 100% on February 15, 2023, in accordance with the terms of the Company's standard restricted share award agreement.

**Section 6. Benefits.**

(a) Paid Time Off. During the Term, the Executive shall be entitled to such paid time off, including sick time and personal days, generally made available by the Company to other senior executive officers of the Company, subject to the terms and conditions of the Company's paid-time off policy.

(b) Employee Benefit Plans. During the Term, the Executive (and, where applicable, the Executive's spouse and eligible dependents, if any, and their respective designated beneficiaries) shall be eligible to participate in and receive the benefit of each employee benefit plan sponsored or maintained by the Company and generally made available to other senior executive officers of the Company, subject to the generally applicable provisions thereof. Nothing in this Agreement shall in any way limit the Company's right to amend or terminate any such employee benefit plan in its sole discretion, with or without notice, so long as any such amendment affects the Executive and the other senior executive officers of the Company in a similar fashion.

(c) Other Benefits. The perquisites set forth below are provided to the Executive subject to continued employment with the Company:

(i) Disability Insurance. The Company shall maintain a supplemental, long-term disability policy on behalf of the Executive; provided that the cost of such policy (to the Company) shall not exceed \$15,000 per year or such higher amount as may be subsequently approved by the Committee.

(ii) Annual Physical. The Company shall pay the cost of an annual medical examination for the Executive by a licensed physician in the Scottsdale or Phoenix, Arizona area selected by the Executive; provided that the cost for such annual medical examination shall not exceed \$2,500 per year or such higher amount as may be subsequently approved by the Committee.

(iii) Club Dues. The Company shall pay, or reimburse the Executive for, the monthly membership dues actually incurred by the Executive for one fitness or country club membership maintained by the Executive; provided that the payable or reimbursable amount shall not exceed \$1,000 per month or such higher amount as may be subsequently approved by the Committee. For the avoidance of doubt, except as specifically provided for above, the Company shall not pay, or reimburse the Executive for, any other expenses associated with such club membership (including, but not limited to, any initiation fees and personal expenditures at such club).

(b) As further consideration for the Executive's entry into this Agreement and continued employment with the Company, the Company will reimburse Executive for reasonable and documented moving expenses

(not to exceed \$175,000) in connection with Executive's move to the Scottsdale, Arizona area.

**Section 7. Termination.** The employment of the Executive by the Company pursuant to this Agreement shall terminate:

(a) Death or Disability. Immediately upon the death or Disability of the Executive. As used in this Agreement, "**Disability**" means the Executive's inability to perform the essential functions of the Executive's position, with or without reasonable accommodation, due to a mental or physical disability.

(b) For Cause. At the election of the Company, for Cause. For purposes of this Agreement, "**Cause**" means the Executive's:

(i) refusal or neglect, in the reasonable judgment of the Board, to perform substantially all the Executive's employment-related duties, which refusal or neglect is not cured within twenty (20) days' of the Executive's receipt of written notice from the Company;

(ii) willful misconduct;

(iii) personal dishonesty, incompetence or breach of fiduciary duty which, in any case, has a material adverse impact on the business or reputation of the Company or any of its affiliates, as determined in the Board's reasonable discretion;

(iv) conviction of or entrance of a plea of guilty or *nolo contendere* (or any applicable equivalent thereof) to a crime constituting a felony (or a crime or offense of equivalent magnitude in any jurisdiction);

(v) willful violation of any federal, state or local law, rule, or regulation that has a material adverse impact on the business or reputation of the Company or any of its affiliates, as determined in the Board's reasonable discretion; or

(vi) material breach of any covenant contained in Section 10 of this Agreement.

Executive's termination for Cause shall take effect immediately upon Executive's receipt of written notice from the Company of such termination for Cause, which notice shall specify, with particularity, each basis for the Company's determination that Cause exists.

(c) For Good Reason. At the election of the Executive, for Good Reason. For purposes of this Agreement, “**Good Reason**” shall mean the occurrence of any of the following actions or omissions, without the Executive’s written consent:

(i) A material reduction of, or other material adverse change in, the Executive’s duties or responsibilities (including in connection with a Change in Control, where the Executive’s duties or responsibilities are materially reduced, or materially adversely changed, as compared to the Executive’s duties or responsibilities prior to such Change in Control), such that the Executive is no longer performing the duties or engaging in the responsibilities of a Chief Financial Officer, or the assignment to the Executive of any duties or responsibilities that are materially inconsistent with the Executive’s position as Chief Financial Officer;

(ii) A material reduction by the Company in the Executive’s annual Base Salary or in the Target Percentage with respect to the Cash Bonus;

(iii) (A) the requirement by the Company that the primary location at which the Executive performs the Executive’s duties be changed to a location that is outside of a 35-mile radius of Scottsdale, Arizona, or (B) a substantial increase in the amount of travel that the Executive is required to do because of a relocation of the Company’s headquarters from Scottsdale, Arizona;

(iv) A material breach by the Company of any provision of this Agreement not otherwise specified in this Section 7(c), it being agreed and understood that any breach of the Company’s obligations under Section 6(c) shall not constitute a material breach of this Agreement and the Executive’s sole remedy for any breach of such Section 6(c) shall be monetary damages; and

(v) Any failure by the Company, in the event of a Change in Control (as hereinafter defined), to obtain from any successor to the Company an agreement to assume and perform this Agreement, as contemplated by Section 15(e).

Notwithstanding the foregoing, the Executive’s termination of employment for Good Reason shall not be effective, and Good Reason shall not be deemed to exist, until (A) the Executive provides the Company with written notice specifying, with particularity, each basis for the Executive’s determination that actions or omissions constituting Good Reason have occurred, and (B) the Company fails to cure or resolve the issues identified by the Executive’s notice within thirty (30) days of the Company’s receipt of such notice. The Company and the Executive agree that such thirty (30) day period shall be utilized to engage in discussions in a good faith effort to cure or resolve the actions or omissions otherwise constituting Good Reason, and that the Executive will not be considered to have resigned from employment during such thirty (30) day period.

(d) Without Cause; Without Good Reason. At the election of the Company, without Cause, upon thirty (30) days' prior written notice to the Executive, or, at the election of the Executive, without Good Reason, upon thirty (30) days' prior written notice to the Company. For the avoidance of doubt, the exercise by the Company of its right to not extend the Agreement, or the expiration of this Agreement by its terms at the end of the Term, shall constitute a termination at the election of the Company without Cause.

**Section 8. Effects of Termination.**

(a) Termination By the Company Without Cause or By the Executive for Good Reason. If the employment of the Executive is terminated by the Company for any reason other than Cause, death or Disability, or if the employment of the Executive is terminated by the Executive for Good Reason, then, subject to the terms and conditions of Section 15(i), the Company shall pay or provide to the Executive the following compensation and benefits:

(i) *Accrued Obligations.* Any and all Base Salary, Cash Bonus and any other compensation-related payments that have been earned but not yet paid, including (if applicable) pay in lieu of accrued, but unused, vacation, and unreimbursed expenses that are owed as of the date of the termination of Executive's employment, in each case that are related to any period of employment preceding the Executive's termination date (the "*Accrued Obligations*"). Any earned but unpaid Cash Bonus that is part of the Accrued Obligations shall be paid at the time provided for in Section 4 above. Any Accrued Obligations that constitute retirement or deferred compensation shall be payable in accordance with the terms and conditions of the applicable plan, program or arrangement. All other Accrued Obligations shall be paid within thirty (30) days of the date of termination, or, if earlier, not later than the time required by applicable law; provided that the payment of any unreimbursed expenses shall be subject to the Executive's submission of substantiation of such expenses in accordance with the Company's applicable expense policy;

(ii) *Severance Payment.*

(A) An amount equal to the Cash Bonus at the Target Percentage for which the Executive is eligible for the year in which the termination of employment occurs, prorated for the portion of such year during which the Executive was employed by the Company prior to the effective date of the Executive's termination of employment; plus

(B) An amount equal to two times the sum of:

(1) the Executive's Base Salary in effect on the date of termination; plus

(2) an amount equal to the greater of (x) the average Cash Bonus received by the Executive for the last two completed fiscal years during which the Executive served as an executive officer of the Company, or (y) the Cash Bonus at the Target Percentage (calculated on the basis of a full fiscal year) for which the Executive was eligible during the last completed fiscal year, regardless of whether the Executive actually received a Cash Bonus at such Target Percentage for that year.

The sum of the amounts payable under clauses (A) and (B) of this Section 8(a)(ii) are referred to, collectively, as the "**Severance Payment**." Subject to the provisions of Section 8(e), the Severance Payment shall be paid to the Executive in a single, lump sum cash payment within sixty-two (62) days following the effective date of the Executive's termination of employment; and

(iii) *COBRA Reimbursement*. If the Executive is eligible for, and elects to receive, continued coverage for the Executive and, if applicable, the Executive's eligible dependents under the Company's group health benefits plan(s) in accordance with the provisions of COBRA, the Company shall reimburse the Executive for a period of twelve (12) months following termination of the Executive's employment (or, if less, for the period that the Executive is eligible for such COBRA continuation coverage) for the excess of (A) the amount that the Executive is required to pay monthly to maintain such continued coverage under COBRA, over (B) the amount that the Executive would have paid monthly to participate in the Company's group health benefits plan(s) had the Executive continued to be an employee of the Company (the "**COBRA Reimbursement**" and such amount, the "**COBRA Reimbursement Amount**"). COBRA Reimbursements shall be made by the Company to the Executive consistent with the Company's normal expense reimbursement policy; provided that the Executive submits documentation to the Company substantiating payments for COBRA coverage. However, if the Company determines in its sole discretion that it cannot, without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), provide any COBRA Reimbursements that otherwise would be due to the Executive under this Section 8(a)(iii), then the Company will, subject to the provisions of Section 15(i), in lieu of any such COBRA Reimbursements, provide to the Executive a taxable monthly payment in an amount equal to the COBRA Reimbursement Amount, which payments will be made regardless of whether the Executive elects COBRA continuation coverage (the "**Alternative Payments**"). Any Alternative Payments will cease to be provided

when, and under the same terms and conditions, COBRA Reimbursements would have ceased under this Section 8(a)(iii). For the avoidance of doubt, the Alternative Payments may be used for any purpose, including, but not limited to, continuation coverage under COBRA, and will be subject to all applicable taxes and withholdings, if any. Notwithstanding anything to the contrary under this Agreement, if at any time the Company determines in its sole, good faith discretion that it cannot provide the Alternative Payments contemplated by the preceding sentence without violating Section 2716 of the Public Health Service Act, the Executive will not receive such payments.

(iv) *Accelerated Vesting.* Any and all outstanding unvested shares of restricted common stock of the Guarantor that had been awarded to Executive under any equity incentive plan of the Guarantor (the “*Unvested Shares*”) shall immediately vest and any restrictions thereon shall immediately lapse upon such termination of employment. The acceleration of any other equity incentives granted to the Executive under any equity incentive plan of the Guarantor in connection with such termination of employment shall be governed by the applicable plan and related grant documents.

(b) Termination on Death or Disability. If the employment of the Executive is terminated due to the Executive’s death or Disability, the Company shall have no further liability or further obligation to the Executive except that the Company shall pay or provide to the Executive (or, if applicable, the Executive’s estate or designated beneficiaries under any Company-sponsored employee benefit plan in the event of his death) the following compensation and benefits:

(i) The Accrued Obligations, at the times provided and subject to the conditions set forth in Section 8(a)(i) above;

(ii) An amount equal to the Cash Bonus at the Target Percentage for which the Executive is eligible for the year in which the Executive’s death or Disability occurs, prorated for the portion of such year during which the Executive was employed by the Company prior to the Executive’s death or termination of employment due to Disability (less any payments in respect of such Cash Bonus related to that performance year received by the Executive during such year), such amount to be paid within thirty (30) days after the Executive’s death or such termination of employment due to Disability;

(iii) Any and all outstanding Unvested Shares shall immediately vest and any restrictions thereon shall immediately lapse upon the Executive’s death or termination of employment due to Disability (the acceleration of any other equity incentives granted to the Executive under any equity incentive plan of the Guarantor in connection with the termination of the Executive’s employment due

to death or Disability shall be governed by the applicable plan and related grant documents); and

(iv) If the Executive is eligible for and elects to receive continued coverage under the Company's medical and health benefits plan(s) in accordance with the provisions of COBRA for the Executive and, if applicable, the Executive's eligible dependents, or if the Executive's eligible dependents are eligible for such continued coverage due to the Executive's death, then the Company shall reimburse the Executive or such dependents for a period of eighteen (18) months following the Executive's termination of employment due to death or Disability (or, if less, for the period that the Executive or any such dependent is eligible for such COBRA continuation coverage) for the excess of (A) the amount that the Executive or any such dependent is required to pay monthly to maintain such continued coverage under COBRA, over (B) the amount that the Executive would have paid monthly to participate in the Company's group health benefits plan(s) had the Executive continued to be an employee of the Company.

(c) By the Company for Cause or By the Executive Without Good Reason. In the event that the Executive's employment is terminated (i) by the Company for Cause, or (ii) voluntarily by the Executive without Good Reason, the Company's sole obligation shall be to pay the Executive the Accrued Obligations at the times provided and subject to the conditions set forth in Section 8(a)(i) above.

(d) Termination of Authority; Resignation from Boards. Immediately upon the termination of the Executive's employment with the Company for any reason, or the expiration of this Agreement, notwithstanding anything else appearing in this Agreement or otherwise, the Executive will stop serving the functions of the Executive's terminated or expired positions, and shall be without any of the authority or responsibility for such positions. On request of the Board at any time following the termination or expiration of the Executive's employment for any reason, the Executive shall resign from the Board (and the boards of directors or managers of the Company or any affiliate of the Company or the Guarantor) if then a member and shall execute such documentation as the Company shall reasonably request to evidence the cessation of the Executive's terminated or expired positions.

(e) Release. Prior to the payment by the Company of the payments and benefits provided under Sections 8(a)(ii)-(iv) or Sections 8(b)(ii)-(iv) due hereunder, if any, and in no event later than sixty-two (62) days following the effective date of Executive's termination, the Executive (or, if applicable, Executive's representative) shall, as a condition to receipt of such payments and benefits, deliver to the Company a General Release of Claims in a form acceptable to the Company that is effective and irrevocable with respect to all potential claims the Executive may have against the Company, the Guarantor or their respective affiliates related to the Executive's employment. The Company shall be responsible for providing a proposed form of release within ten (10)



calendar days of the date of the Executive's termination of employment. If the Company timely provides a proposed form of release and the Executive does not timely execute and return it, or revokes such release after delivery, the Company shall not be required to pay the Executive all or any portion of such payments and benefits.

**Section 9. Section 280G of the Code.** Notwithstanding anything contained in this Agreement to the contrary, if the Executive would receive (a) any payment, deemed payment or other benefit as a result of the operation of Section 8 hereof that, together with any other payment, deemed payment or other benefit the Executive may receive under any other plan, program, policy or arrangement (collectively with the payments under Section 8 hereof, the "**Covered Payments**"), would constitute an "excess parachute payment" under Section 280G of the Internal Revenue Code of 1986, as amended (the "**Code**") that would be or become subject to the tax (the "**Excise Tax**") imposed under Section 4999 of the Code or any similar tax that may hereafter be imposed, **and** (b) a greater net after-tax benefit by limiting the Covered Payments so that the portion thereof that are parachute payments do not exceed the maximum amount of such parachute payments that could be paid to the Executive without the Executive's being subject to any Excise Tax (the "**Safe Harbor Amount**"), then the Covered Payments to the Executive shall be reduced (but not below zero) so that the aggregate amount of parachute payments that the Executive receives does not exceed the Safe Harbor Amount. In the event that the Executive receives reduced payments and benefits hereunder, such payments and benefits shall be reduced in connection with the application of the Safe Harbor Amount in the following manner: first, the Executive's Severance Payment under Section 8(a)(ii) shall be reduced, followed by, to the extent necessary and in order, (i) any COBRA Reimbursements or Alternative Payments under Section 8(a)(iii); (ii) the vesting of the Unvested Shares under Section 8(a)(iv); and (iii) the Accrued Obligations under Section 8(a)(i). For purposes of determining whether any of the Covered Payments will be subject to the Excise Tax, such Covered Payments will be treated as "parachute payments" within the meaning of Section 280G of the Code, and all "parachute payments" in excess of the "base amount" (as defined under Section 280G(b)(3) of the Code) shall be treated as subject to the Excise Tax, unless, and except to the extent that, in the good faith judgment of a public accounting firm appointed by the Company prior to the change in control or tax counsel selected by such accounting firm (the "**Accountants**"), the Company has a reasonable basis to conclude that such Covered Payments (in whole or in part) either do not constitute "parachute payments" or represent reasonable compensation for personal services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the allocable portion of the "base amount," or such "parachute payments" are otherwise not subject to such Excise Tax, and the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Accountants in accordance with the principles of Section 280G of the Code.

## **Section 10. Noncompetition; Nonsolicitation and Confidentiality.**

(a) Consideration. The Executive acknowledges that, in the course of employment with the Company, the Executive will serve as a member of the Company's senior management and will become familiar with the Company's trade secrets and with other confidential and proprietary information and that the Executive's services will be of special, unique and extraordinary value to the Company, the Guarantor and their respective subsidiaries. The Executive further acknowledges that the business of the Company, the Guarantor and their respective subsidiaries is national in scope and that the Company, the Guarantor and their respective subsidiaries, in the course of such business, works with customers and vendors throughout the United States, and competes with other companies located throughout the United States. Therefore, in consideration of the foregoing, Executive agrees that (i) the Executive shall comply with subparagraphs (b), (c), (d) and (e) of this Section 10 during the Term and (except in the case of the exercise by the Company of its right to not extend the Agreement, or the expiration of this Agreement by its terms at the end of the Term) for the period of time following the Term specified in each such subparagraph, and (ii) the Company's obligation to make any of the payments and benefits to be paid or provided to the Executive under this Agreement (including, without limitation, under Section 8 and Section 9) shall be subject to the Executive's compliance with subparagraphs (b), (c), (d) and (e) of this Section 10, during the Term and for the period of time following the Term specified in each such subparagraph.

(b) Noncompetition. During the Term and for a period of twelve (12) months following the termination of the Executive's employment (the "**Restricted Period**"), the Executive shall not, anywhere in the United States where the Company, the Guarantor or its subsidiaries conduct business prior to the date of the Executive's termination of employment (the "**Restricted Territory**"), directly or indirectly, whether as a principal, partner, member, employee, independent contractor, consultant, shareholder or otherwise, provide services to (i) any entity (or any division, unit or other segment of any entity) whose principal business is to purchase real estate from, and to lease such real estate back to, the owners and/or operators of businesses that (A) are operated from single-tenant locations within the United States, (B) generate sales and profits at each such location, and (C) operate within the service, retail, and manufacturing sectors, including, without limitation and for example only, restaurants, early childhood education centers, movie theaters, health clubs and furniture stores, or (ii) any other business or in respect of any other endeavor that is competitive with or similar to any other business activity (A) engaged in by the Company, the Guarantor or any of their respective subsidiaries prior to the date of the Executive's termination of employment or (B) that has been submitted to the Board (or a committee thereof) for consideration and that is under active consideration by the Board (or a committee thereof) as of the date of the Executive's termination of employment (the services described in Section 10(b)(i) and Section 10(b)(ii) are defined collectively as the "**Restricted Business**"). Nothing in this Section 10 shall prohibit the Executive from making any passive investment in a public company, from owning five percent (5%) or less of the issued and outstanding voting securities of any entity, or from serving as a non-employee, independent director of a company that does not compete with

the Company, the Guarantor or any of their respective subsidiaries (as described in this Section 10(b)), provided that such activities do not create a conflict of interest with Executive's employment by the Company or result in the Executive being obligated or required to devote any managerial efforts to such entity.

Notwithstanding anything in this Section 10(b) to the contrary, if (i) the Executive's employment is terminated under circumstances that the Company asserts do not obligate the Company to make the Severance Payment described in Section 8(a)(ii) (e.g., the Company asserts that the Executive's employment is terminated for Cause), (ii) the Executive disagrees and timely invokes the arbitration process set forth in Section 12(a) to challenge such assertion, and (iii) the Company does not, within ten (10) business days after it receives the Executive's written demand for arbitration, either make the Severance Payment, confirm in writing that it will make the Severance Payment if the Severance Payment is not yet due, or deposit the full amount of the Severance Payment in escrow with a third party unaffiliated bank pending the outcome of the arbitration, then this Section 10(b) shall cease to apply to the Executive, and such cessation shall be retroactive to the date of termination of employment. To effectuate the purpose of this provision, the Company will, within ten (10) business days of the termination of Executive's employment, regardless of who initiates such termination or the reason for it, provide the Executive with a written statement of the Company's position regarding whether the Company is obligated to make the Severance Payment.

(c) Non-Solicitation of Employees. During the Restricted Period, except in accordance with performance of the Executive's duties hereunder, the Executive shall not, directly or indirectly, induce any person who was employed by the Company, the Guarantor or any of their respective subsidiaries during Executive's employment with the Company to terminate employment with that entity, and the Executive shall not, directly or indirectly, either individually or as owner, agent, employee, consultant or otherwise, employ, offer employment to or otherwise interfere with the employment relationship of the Company, the Guarantor or any of their respective subsidiaries with any person who is or was employed by the Company, the Guarantor or such subsidiary during Executive's employment with the Company unless, at the time of such employment, offer or other interference, such person shall have ceased to be employed by such entity for a period of at least six months; provided, that the foregoing will not apply to individuals solicited or hired as a result of the use of an independent employment agency (so long as the agency was not directed to solicit or hire a particular individual) or to individuals who have responded to a public solicitation to the general population.

(d) Non-Solicitation of Clients. During the Restricted Period, the Executive shall not solicit or otherwise attempt to establish any business relationship with any person or entity that is, or during the twelve (12) month period preceding the date of the Executive's termination of employment with the Company was, a customer, client or distributor of the Company, the Guarantor or any of their respective subsidiaries if the

solicitation or establishment of the business relationship is in connection with or on behalf of any Restricted Business that the Executive is precluded from providing services to pursuant to Section 10(b).

(e) Confidentiality. At any time during or after the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company, use, divulge, disclose or make accessible to any other person, firm, partnership, corporation or other entity any confidential or proprietary information pertaining to the business of the Company, the Guarantor or any of their respective subsidiaries ("**Confidential Information**"). The Company acknowledges that, prior to his employment with the Company, the Executive has lawfully acquired extensive knowledge of the industries and businesses in which the Company engages and the Company's and the Guarantor's customers, and that the provisions of this Section 10 are not intended to restrict the Executive's use of such previously acquired knowledge. Upon termination of the Executive's employment with the Company for any reason, the Executive shall return to the Company all Company property and all written Confidential Information in the possession of the Executive. Notwithstanding anything in this Agreement or any other Company document to the contrary, the Executive shall be permitted, and the Company expressly acknowledges the Executive's right, to divulge, disclose or make accessible to the Executive's counsel any Confidential Information that, in the good faith judgment of the Executive (or the Executive's counsel), is necessary or appropriate in order for counsel to evaluate the Executive's rights, duties or obligations under this Agreement or in connection with the Executive's status as an officer and/or director of the Company, the Guarantor or any of their respective subsidiaries.

In the event that the Executive receives a request or is required (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process) to disclose all or any part of the Confidential Information to a third party (other than his counsel), the Executive agrees to (a) promptly notify the Company in writing of the existence, terms and circumstances surrounding such request or requirement; (b) consult with the Company, at the Company's request, on the advisability of taking legally available steps to resist or narrow such request or requirement; and (c) assist the Company, at the Company's request and expense, in seeking a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained or that the Company requests no consultation or assistance from the Executive pursuant to this provision or otherwise waives compliance with the provisions hereof, the Executive shall not be liable for such disclosure unless such disclosure was caused by or resulted from a previous disclosure by the Executive not permitted by this Agreement.

In addition, nothing in this Agreement is intended to restrict Executive's right to report to a governmental agency any alleged violations of the federal securities laws or other laws unrelated to the employment laws specified in Section 8(e) as applicable to the Executive.

Pursuant to the Defend Trade Secrets Act of 2016, Executive acknowledges that Executive shall not have criminal or civil liability under any Federal or State trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and may use the trade secret information in the court proceeding, if Executive (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order, or to receive financial rewards from the government for such reporting.

(f) Injunctive Relief with Respect to Covenants. The Executive acknowledges and agrees that the covenants and obligations of the Executive with respect to noncompetition, nonsolicitation and confidentiality, as the case may be, set forth herein relate to special, unique and extraordinary matters and that a violation or threatened violation of any of the terms of such covenants or obligations will cause the Company irreparable injury for which adequate remedies are not available at law. Therefore, the Executive agrees, to the fullest extent permitted by applicable law, that the Company shall be entitled to an injunction, restraining order or such other equitable relief (without the requirement to post bond) restraining the Executive from committing any violation of the covenants or obligations contained in this Section 10. These injunctive remedies are cumulative and are in addition to any other rights and remedies the Company may have at law or in equity. In connection with the foregoing provisions of this Section 10, the Executive represents that the Executive's economic means and circumstances are such that such provisions will not prevent the Executive from providing for the Executive and the Executive's family on a basis satisfactory to the Executive.

Nothing in this Section 10 shall impede, restrict or otherwise interfere with the Executive's participation in any Excluded Activities.

The Executive agrees that the restraints imposed upon him pursuant to this Section 10 are necessary for the reasonable and proper protection of the Company, the Guarantor and their respective subsidiaries and affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. The parties further agree that, in the event that any provision of this Section 10 shall be determined by any court or arbitrator of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, such provision may be modified by the court or arbitrator to permit its enforcement to the maximum extent permitted by law.

**Section 11. Intellectual Property**. During the Term, the Executive shall promptly disclose to the Company or any successor or assign, and grant to the Company and its

successors and assigns without any separate remuneration or compensation other than that received by the Executive in the course of the Executive's employment, the Executive's entire right, title and interest in and to any and all inventions, developments, discoveries, models, or any other intellectual property of any type or nature whatsoever developed solely during the Term ("**Intellectual Property**"), whether developed by the Executive during or after business hours, or alone or in connection with others, that is in any way related to the business of the Company, the Guarantor, their respective subsidiaries or their respective successors or assigns. This provision shall not apply to books or articles authored by the Executive during non-work hours, consistent with the Executive's obligations under this Agreement including Section 10 thereof, so long as such books or articles (a) are not funded in whole or in part by the Company, (b) do not interfere with the performance of the Executive's duties under this Agreement, and (c) do not use or contain any Confidential Information or Intellectual Property of the Company, the Guarantor or their respective subsidiaries. The Executive agrees, at the Company's expense, to take all steps necessary or proper to vest title to all such Intellectual Property in the Company, and cooperate fully and assist the Company in any litigation or other proceedings involving any such Intellectual Property.

## **Section 12. Disputes.**

(a) Arbitration. Excluding requests for equitable relief by the Company under Section 10(f), all controversies, claims or disputes arising between the parties that are not resolved within sixty (60) days after written notice from one party to the other setting forth the nature of such controversy, claim or dispute shall be submitted to binding arbitration in Maricopa County, Arizona. Arbitration of disputes under this Agreement shall proceed in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association ("**AAA**") as those rules are applied to individually negotiated employment agreements, as then in effect ("**Rules**"), provided that both parties shall have the opportunity to conduct pre-arbitration discovery. The arbitration shall be decided by a single arbitrator mutually agreed upon by the parties or, in the absence of such agreement, by an arbitrator selected according to the applicable rules of the AAA.

(b) Jury Waiver. Each party to this Agreement understands and expressly acknowledges that in agreeing to submit the disputes described in Section 12(a) to binding arbitration, such party is knowingly and voluntarily waiving all rights to have such disputes heard and decided by the judicial process in any court in any jurisdiction. This waiver includes, without limitation, the right otherwise enjoyed by such party to a jury trial.

(c) Limitations Period. All arbitration proceedings pursuant to this Agreement shall be commenced within the time period provided for by the legally recognized statute of limitations applicable to the claim being asserted. No applicable limitations period shall be deemed shortened or extended by this Agreement.

(d) Arbitrator's Decision. The arbitrator shall have the power to award any party any relief available to such party under applicable law, but may not exceed that power. The arbitrator shall explain the reasons for the award and must produce a formal written opinion. The arbitrator's award shall be final and binding and judgment upon the award may be entered in any court of competent jurisdiction. There shall be no appeal from the award except on those grounds specified by the Federal Arbitration Act and case law interpreting the Federal Arbitration Act.

(e) Legal Fees. Notwithstanding anything to the contrary in Section 12(d), the Arbitrator shall have the discretion to order the Company to pay or promptly reimburse the Executive for the reasonable legal fees and expenses incurred by the Executive in successfully enforcing or defending any right of the Executive pursuant to this Agreement even if the Executive does not prevail on all issues; provided, however, that the Company shall have no obligation to reimburse the Executive unless the amount recovered by the Executive from the Company, exclusive of fees and costs, is at least equal to the greater of (i) \$50,000, or (ii) 25% of the award sought by the Executive in any arbitration or other legal proceeding.

(f) Availability of Provisional Injunctive Relief. Notwithstanding the parties' agreement to submit all disputes to final and binding arbitration, either party may file an action in any court of competent jurisdiction to seek and obtain provisional injunctive and equitable relief to ensure that any relief sought in arbitration is not rendered ineffectual by interim harm that could occur during the pendency of the arbitration proceeding.

**Section 13. Indemnification**. The Company shall indemnify the Executive, to the maximum extent permitted by applicable law and the governing instruments of the Company or the Guarantor, against all costs, charges and expenses incurred or sustained by the Executive, including the cost of legal counsel selected and retained by the Executive in connection with any action, suit or proceeding to which the Executive may be made a party by reason of the Executive being or having been an officer, director or employee of the Company, the Guarantor or their respective subsidiaries.

**Section 14. Cooperation in Future Matters**. The Executive hereby agrees that for a period of twelve (12) months following the Executive's termination of employment, the Executive shall cooperate with the Company's reasonable requests relating to matters that pertain to the Executive's employment by the Company, including, without limitation, providing information or limited consultation as to such matters, participating in legal proceedings, investigations or audits on behalf of the Company or the Guarantor, or otherwise being reasonably available to the Company or the Guarantor for other related purposes. Any such cooperation shall be performed at scheduled times taking into consideration the Executive's other commitments, and the Executive shall be compensated at a reasonable hourly or per diem rate to be agreed upon by the parties to the extent such cooperation is required on more than an occasional and limited basis. The Executive shall

not be required to perform such cooperation to the extent it conflicts with any requirements of exclusivity of services for another employer or otherwise, nor in any manner that in the good faith belief of the Executive would conflict with his rights under or ability to enforce this Agreement.

**Section 15. General.**

(a) Notices. All notices and other communications hereunder shall be in writing or by written telecommunication, and shall be deemed to have been duly given if delivered personally or if sent by overnight courier or by certified mail, return receipt requested, postage prepaid or sent by written telecommunication or facsimile, to the relevant address set forth below, or to such other address as the recipient of such notice or communication shall have specified in writing to the other party hereto, in accordance with this Section 15(a):

to the Company or the Guarantor:

Store Capital Advisors, LLC  
8377 E. Hartford Drive, Suite 100  
Scottsdale, Arizona 85255  
Attention: Chief Executive Officer  
Facsimile: 480.256.1101

to the Executive:

At the Executive's last residence shown on the records of the Company.

A copy of each notice provided by either party shall also be delivered to:

DLA Piper LLP (US)  
2525 East Camelback Road, Suite 1000  
Phoenix, Arizona 85016  
Attention: David P. Lewis  
Facsimile: 480.606.5526  
email: david.lewis@dlapiper.com

Any such notice shall be effective (i) if delivered personally, when received; (ii) if sent by overnight courier, when receipted for; and (iii) on confirmed receipt if sent by written telecommunication or facsimile; provided that a copy of such communication is sent by regular mail, as described above.

(b) Severability. If a court of competent jurisdiction finds or declares any provision of this Agreement invalid, illegal or unenforceable in any respect, the validity,



legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

(c) Waivers. No delay or omission by either party hereto in exercising any right, power or privilege hereunder shall impair such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

(d) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) Assigns. This Agreement shall be binding upon and inure to the benefit of the Company's and the Guarantor's successors and the Executive's personal or legal representatives, executors, administrators, heirs, distributees, devisees and legatees. This Agreement shall not be assignable by the Executive, it being understood and agreed that this is a contract for the Executive's personal services. This Agreement shall not be assignable by the Company except that the Company shall assign it in connection with a transaction involving the succession by a third party to all or substantially all of the Company's or the Guarantor's business and/or assets (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise). When assigned to a successor, the assignee shall assume this Agreement and expressly agree to perform this Agreement in the same manner and to the same extent as the Company and the Guarantor would be required to perform it in the absence of such an assignment. For all purposes under this Agreement, the term "Company" or "Guarantor" shall include any successor to the Company's or the Guarantor's business and/or assets that executes and delivers the assumption agreement described in the immediately preceding sentence or that becomes bound by this Agreement by operation of law.

(f) Entire Agreement. This Agreement contains the entire understanding of the parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter hereof. This Agreement may not be amended except by a written instrument hereafter signed by the Executive and a duly authorized representative of the Board (other than the Executive).

(g) Guarantee. By executing this Agreement, the Guarantor hereby unconditionally guarantees all obligations of the Company under this Agreement.

(h) Governing Law and Jurisdiction. Except for Section 12 of this Agreement, which shall be governed by the Federal Arbitration Act, this Agreement and the performance hereof shall be construed and governed in accordance with the laws of the State of Arizona, without giving effect to principles of conflicts of law. Executive hereby expressly consents to the personal jurisdiction of the state and federal courts located in

Arizona for any lawsuit filed there against Executive by the Company arising from or relating to this Agreement.

(i) 409A Compliance. It is intended that this Agreement comply with Section 409A of the Code and the Treasury Regulations and IRS guidance thereunder (collectively referred to as "**Section 409A**"). Notwithstanding anything to the contrary, this Agreement shall, to the maximum extent possible, be administered, interpreted and construed in a manner consistent with Section 409A. To the extent that any reimbursement, fringe benefit or other, similar plan or arrangement in which the Executive participates during the Term or thereafter provides for a "deferral of compensation" within the meaning of Section 409A of the Code, (i) the amount of the benefit provided thereunder in a taxable year of the Executive shall not affect the amount of such benefit provided in any other taxable year of the Executive (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), (ii) any portion of such benefit provided in the form of a reimbursement shall be paid to the Executive on or before the last day of the Executive's taxable year following the Executive's taxable year in which the expense was incurred, and (iii) such benefit shall not be subject to liquidation or exchange for any other benefit. For all purposes under this Agreement, reference to the Executive's "termination of employment" (and corollary terms) from the Company shall be construed to refer to the Executive's "separation from service" (as determined under Treas. Reg. Section 1.409A-1(h), as uniformly applied by the Company) from the Company. If the Executive is a "specified employee" within the meaning of Section 409A, any payment required to be made to the Executive hereunder upon or following the Executive's date of termination for any reason other than death or "disability" (as such terms are used in Section 409A(a)(2) of the Code) shall, to the extent necessary to comply with and avoid imposition on the Executive of any tax penalty imposed under, Section 409A, be delayed and paid in a single lump sum during the ten (10) day period following the six (6) month anniversary of the date of termination. Any severance payments or benefits under this Agreement that would be considered deferred compensation under Section 409A will be paid on, or, in the case of installments, will not commence until, the sixty-second (62nd) day following separation from service, or, if later, such time as is required by the preceding sentence or by Section 409A. Any installment payments that would have been made to the Executive during the sixty-two (62)-day period immediately following the Executive's separation from service but for the preceding sentence will be paid to the Executive on the sixty-second (62nd) day following the Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

(j) Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party. The headings of sections of this Agreement are for convenience of reference only and shall not affect its meaning or construction.

(k) Payments and Exercise of Rights After Death. Any amounts payable hereunder after the Executive's death shall be paid to the Executive's designated beneficiary or beneficiaries, whether received as a designated beneficiary or by will or the laws of descent and distribution. The Executive may designate a beneficiary or beneficiaries for all purposes of this Agreement, and may change at any time such designation, by notice to the Company making specific reference to this Agreement. If no designated beneficiary survives the Executive or the Executive fails to designate a beneficiary for purposes of this Agreement prior to the Executive's death, all amounts thereafter due hereunder shall be paid, as and when payable, to the Executive's spouse, if such spouse survives the Executive, and otherwise to his estate.

(l) Consultation With Counsel. The Executive acknowledges that, prior to the execution of this Agreement, the Executive has had a full and complete opportunity to consult with counsel or other advisers of the Executive's own choosing concerning the terms, enforceability and implications of this Agreement, and that the Company has not made any representations or warranties to the Executive concerning the terms, enforceability and implications of this Agreement other than as are reflected in this Agreement. The Company acknowledges that, following the execution of this Agreement, the Executive shall have the right to consult with counsel of the Executive's choosing (at the Executive's personal expense) concerning the terms, enforceability and implications of this Agreement and the Executive's rights, duties and obligations hereunder and as an officer and/or director of the Company or the Guarantor and, in so doing, may divulge Confidential Information to the Executive's counsel.

(m) Withholding. Any payments provided for in this Agreement shall be paid after deduction for any applicable income tax withholding required under federal, state or local law.

(n) Survival. The provisions of Sections 8, 9, 10, 11, 12, 13, 14, and 15 shall survive the termination of this Agreement.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

STORE CAPITAL ADVISORS, LLC

By: \_\_\_\_\_  
Name: Chad A. Freed  
Title: Executive Vice President – General Counsel,  
Chief Compliance Officer and Secretary

STORE CAPITAL CORPORATION, as guarantor of the Company’s obligations hereunder

By: \_\_\_\_\_  
Name: Mary Fedewa  
Title: President and Chief Executive Officer

EXECUTIVE

\_\_\_\_\_  
Sherry L. Rexroad

**STORE Capital Corporation**  
**Retirement Succession Policy**  
**(November 2021)**

In order to reward employees with substantial tenure and incentivize them to facilitate an orderly transition of their roles and responsibilities to qualified successors following their voluntary decision to retire from full-time employment with STORE Capital Corporation (the “Company” and each such retiring employee, a “Retiring Employee”), the Company has determined to provide such Retiring Employees who satisfy the requirements set forth in Section 1 below (each, a “Qualifying Retiring Employee”) the benefits described under this retirement succession policy (the “Retirement Succession Policy”) as described below.

**I. *Qualifications for Retirement Succession Policy Eligibility and Conditions to Benefits.*** For a Retiring Employee to be deemed a Qualifying Retiring Employee, such Retiring Employee must satisfy the following qualifications:

**(a) *Eligibility.*** At the date a Retiring Employee provides the Retirement Notice (as defined below), such employee must have the title of Vice President or higher at the Company and/or be a holder of an outstanding time-based restricted stock award.

**(b) *Rule of 65.*** The Retiring Employee must meet the Rule of 65. For purposes hereof, the “Rule of 65” means that, upon the date that the Retiring Employee provides written notice to the Company of such employee’s intention to retire from full-time employment with the Company (the “Retirement Notice”), (i) the Retiring Employee must be at least fifty-five (55) years of age, (ii) the Retiring Employee must have completed at last seven (7) years of service with the Company (“Years of Service”), and (iii) the sum of the Retiring Employee’s age plus Years of Service must equal at least 65.

**(c) *Specified Transition Period.*** The Retiring Employee (i) in his her Retirement Notice, must commit to continue in the Retiring Employee’s current position and work to facilitate an orderly transition of such employee’s role to a qualified successor for a period of one (1) year following the date of the Retirement Notice, (ii) must enter into a succession agreement with the Company, which shall include a release of claims in a form acceptable to the Company (the “Succession Agreement”), and any release contained in the Succession Agreement must become effective and irrevocable prior to the start of the Succession Period (as defined below), (iii) must continue employment in the Retiring Employee’s position in the ordinary course, continue performing the Retiring Employee’s regular job duties and assignments, and provide transition-related support as directed by the Company for a period equal to (i) such one (1) year period, or (ii) such lesser period of time as may later be determined by the Chief Executive Officer (such period, as so determined, the “Succession Period,” and the date of retirement following completion of the Succession Period, the “Effective Date of Retirement”), and (iv) must execute, and not revoke, a full release of all claims in a form acceptable to the Company (the “Final Release”), which Final Release must be signed by Executive and returned to the Company within twenty-one (21) days of the Effective Date of Retirement (or twenty-one (21) days of the date that the Company presents the Final Release to Executive, whichever is later). During the Succession

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Period, the Company will search for a qualified successor and, if a successor is identified during the Succession Period, the Retiring Employee (as and to the extent directed by the Chief Executive Officer) will work to facilitate the orderly transition of such employee's role to the successor.

Upon the Effective Date of Retirement at the conclusion of the Succession Period, and provided that the Retiring Employee has executed and not revoked the Final Release, the Retiring Employee shall be deemed to be a Qualifying Retiring Employee. For the avoidance of doubt, any Retiring Employee's termination from employment with the Company upon the Effective Date of Retirement shall be deemed a resignation "without Good Reason" for purposes of any employment-related agreement, and the Retiring Employee shall not be entitled to any severance payments or benefits other than those discussed in Section III below.

**II. Conditions to Benefits.** All benefits to be provided hereunder to a Qualifying Retiring Employee following the Effective Date of Retirement are subject to, and conditioned upon, such (i) Qualifying Retiring Employee remaining retired from full-time employment with the Company, (ii) Qualifying Retiring Employee's continued compliance with all agreements between the Company and such Qualifying Retiring Employee, including non-compete, confidentiality and other related provisions, and (iii) Qualifying Retiring Employee's execution and non-revocation of a Final Release.

**III. Retirement Benefits.** In connection with the foregoing, the Company will provide the following benefits:

**(a) Salary.** For a Retiring Employee who achieves the Rule of 65 and makes the commitment specified in Section I(c)(i) above, and executes the Succession Agreement specified in Section I(c)(ii) above, the Company will continue to employ the Retiring Employee at such Retiring Employee's full base salary for the Succession Period, provided that the Retiring Employee remains in good standing, continues performing the Retiring Employee's regular job duties and assignments, and provides transition-related supported as directed by the Company.

**(b) Cash Bonus.** If the Qualifying Retiring Employee is at the level of Executive Vice President or higher and participates in the Company's annual performance-based cash incentive bonus program (as such program is described in the Company's annual proxy statement), then, on the date that the Company pays its annual performance-based cash incentive bonuses to other (non-retiring) senior executive officers following the Effective Date of Retirement, the Company will pay to the Qualifying Retiring Employee a cash bonus equal to the product of (i) the cash bonus that would have been payable to the Qualifying Retiring Employee under the terms of the performance-based cash incentive bonus program if such Qualifying Retiring Employee had been employed through the end of the fiscal year that includes the Effective Date of Retirement, multiplied by (ii) a fraction, the numerator of which is the number of days between January 1 and the Effective Date of Retirement, and the denominator of which is 365. For example, if a Retiring Employee issues his or her Retirement Notice on May 31, 2022 and has an Effective Date of Retirement of May 31, 2023, then, upon becoming a Qualifying Retiring Employee, such executive officer would receive a cash bonus payable in February 2024 (when 2023 bonuses would be

payable to the non-retiring executive officers) equal to the cash bonus the Qualifying Retiring Employee would have received for 2023 had such executive officer been employed for the entire calendar year of 2023 (applying the same criteria to calculate the cash bonus as used to calculate the bonus of all other non-retiring executive officers) multiplied by 151/365.

(c) *Time-Based Restricted Stock Awards.* If the Qualifying Retiring Employee is a grantee of time-based restricted stock awards of the Company, then the number of shares of common stock underlying those awards that would have vested upon the next vesting date under such awards will be deemed to have vested upon the Effective Date of Retirement. For example, if a Retiring Employee issues his or her Retirement Notice on May 31, 2022 and has an Effective Date of Retirement of May 31, 2023, then, upon becoming a Qualifying Retiring Employee, each tranche of such employee's outstanding time-based restricted stock awards that would otherwise have vested on the next subsequent vesting date following the Effective Date of Retirement had such employee's employment continued through such date will be treated as vested as of the Effective Date of Retirement. The Compensation Committee of the Board of Directors (the "Compensation Committee") will have full discretion to determine the size, amount and appropriateness of any grant of time-based restricted stock to a Retiring Employee that occurs, or may occur, following the Retirement Notice and during the Succession Period.

(d) *Performance-Based Restricted Stock Unit Awards.* If the Qualifying Retiring Employee is a grantee of performance-based restricted stock units of the Company (a "Performance Unit Award") , then, following the Effective Date of Retirement, each then outstanding Performance Unit Award will become an Earned Award (as such term is defined in the underlying agreement governing each such Performance Unit Award (each, an "Award Agreement")) as follows: (i) first, the Compensation Committee will determine the portion of the Performance Unit Award that is eligible to become an Earned Award based on the actual achievement of the Performance Criteria following the end of the Performance Period for such Performance Unit Award (as each such term is defined in the Award Agreement), and (ii) the Earned Award so calculated will be multiplied by a fraction, (A) the numerator of which is the total number of days that have elapsed from the first day of the Performance Period to the date which is the earlier of (1) the last day of the Performance Period, or (2) the first anniversary of the Effective Date of Retirement, and (B) the denominator of which is the total number of days in the Performance Period. Such portion of the Earned Award with respect to the applicable Performance Unit Award will then be settled following the end of the applicable Performance Period in accordance with the terms of the Award Agreement and at the same time as such settlement occurs for all other participants whose Performance Unit Awards are settled on the same settlement date.

For example, with respect to a Performance Unit Award granted in February 2022 with a three-year Performance Period ending December 31, 2024, if a Retiring Employee issues his or her Retirement Notice on May 31, 2022 and has an Effective Date of Retirement of May 31, 2023, then, upon becoming a Qualifying Retiring Employee, the Qualifying Retiring Employee would receive, upon settlement of the 2022 awards in early 2025 following the Performance Period

ending December 31, 2024 (as provided in the Award Agreement), a number of shares equal to the number determined to be earned over the full Performance Period in accordance with the terms of the applicable Award Agreement multiplied by a fraction, (i) the numerator of which is the number of days from the beginning of the Performance Period to the Effective Date of Retirement plus 365, and (ii) the denominator of which is 1095. The same calculation would then be made for each other outstanding Performance Unit Award held by such Qualifying Retiring Employee as of the Effective Date of Retirement. The Compensation Committee will have full discretion to determine the size, amount and appropriateness of any grant of Performance Unit Awards to a Retiring Employee that occurs, or may occur, following the Retirement Notice and during the Succession Period.

**IV. Administration.** The Retirement Succession Policy has been approved and adopted by the Compensation Committee as of the date set forth below and will be administered by Compensation Committee. All decisions or interpretations made by the Compensation Committee regarding the Retirement Succession Policy, or otherwise pursuant to the provisions of the Retirement Succession Policy, including any decision to amend, alter, or revoke the Retirement Succession Policy, shall be final, conclusive and binding on all persons, including the Company and any Retiring Employee. No member of the Board or the Compensation Committee, nor any officer or employee of the Company or any subsidiary thereof acting on behalf of the Board of Directors or the Compensation Committee, shall be personally liable for any action, omission, determination or interpretation taken or made in good faith with respect to the Retirement Succession Policy, and all members of the Board of Directors or the Compensation Committee and each and any officer or employee of the Company and of any subsidiary thereof acting on their behalf shall, to the maximum extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, omission, determination or interpretation.

APPROVED AS OF: November 2, 2021



## List of Subsidiaries

<u>NAME OF SUBSIDIARY</u>	<u>STATE/PROVINCE OF FORMATION</u>
STORE Capital Advisors, LLC	Arizona
STORE Capital Acquisitions, LLC	Delaware
STORE Investment Corporation	Delaware
STORE SPE Warehouse Funding, LLC	Delaware
STORE Master Funding I, LLC	Delaware
STORE Master Funding II, LLC	Delaware
STORE Master Funding III, LLC	Delaware
STORE Master Funding IV, LLC	Delaware
STORE Master Funding V, LLC	Delaware
STORE Master Funding VI, LLC	Delaware
STORE Master Funding VII, LLC	Delaware
STORE Master Funding VIII, LLC	Delaware
STORE Master Funding IX, LLC	Delaware
STORE Master Funding X, LLC	Delaware
STORE Master Funding XI, LLC	Delaware
STORE Master Funding XII, LLC	Delaware
STORE Master Funding XIII, LLC	Delaware
STORE Master Funding XIV, LLC	Delaware
STORE Master Funding XV, LLC	Delaware
STORE Master Funding XVI, LLC	Delaware
STORE Master Funding XVII, LLC	Delaware
STORE Master Funding XVIII, LLC	Delaware
STORE Master Funding XIX, LLC	Delaware
STORE Master Funding XX, LLC	Delaware
STORE Master Funding XXI, LLC	Delaware
STORE Master Funding XXII, LLC	Delaware
STORE Master Funding XXIII, LLC	Delaware
STORE Master Funding XXIV, LLC	Delaware
STORE Master Funding XXV, LLC	Delaware
STORE Master Funding XXVI, LLC	Delaware
STORE Master Funding XXVII, LLC	Delaware
STORE SPE 8 <sup>th</sup> Ave 2019-3, LLC	Delaware
STORE SPE Applebee's 2013-1, LLC	Delaware
STORE SPE Argonne 2017-5, LLC	Delaware
STORE SPE Ashley CA, LLC	Delaware
STORE SPE AVF I 2017-1, LLC	Delaware
STORE SPE AVF II 2017-2, LLC	Delaware
STORE SPE Bass 2019-2, LLC	Delaware
STORE SPE Berry 2014-4, LLC	Delaware
STORE SPE Byron 2013-3, LLC	Delaware
STORE SPE Cabela's I 2017-3, LLC	Delaware
STORE SPE Cabela's II 2017-4, LLC	Delaware
STORE SPE Chancellor 2021-3, LLC	Florida

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STORE SPE Cicero 2013-4, LLC	Delaware
STORE SPE Columbia, LLC	Delaware
STORE SPE Conquest 2021-2, LLC	Florida
STORE SPE Corinthian, LLC	Delaware
STORE SPE Drew 2019-1, LLC	Delaware
STORE SPE LA Fitness 2013-7, LLC	Delaware
STORE SPE Mills Fleet 2016-1, LLC	Delaware
STORE SPE Mills Fleet II 2017-7, LLC	Delaware
STORE SPE O'Charley's, LLC	Delaware
STORE SPE Parker 2014-3, LLC	Delaware
STORE SPE Ruby Tuesday 2017-8, LLC	Delaware
STORE SPE St. Augustine 2013-2, LLC	Delaware
STORE SPE Securities Holding, LLC	Delaware
STORE SPE Southern Motion 2018-1, LLC	Delaware
STORE SPE Sovereign 2021-1, LLC	Florida
STORE SPE Starplex, LLC	Delaware
STORE SPE State College 2013-8, LLC	Delaware
STORE SPE Sunrise, LLC	Delaware
STORE SPE Swensons 2016-2, LLC	Delaware
STORE SPE USLBM 2017-6, LLC	Delaware
STORE SPE Vegas 2020-1, LLC	Delaware
SPE Park 2020-2, LLC	Delaware

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**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-253628) of STORE Capital Corporation, and
- (2) Registration Statement (Form S-8 No. 333-201262) pertaining to the STORE Capital Corporation 2012 Long-Term Incentive Plan and STORE Capital Corporation 2015 Omnibus Equity Incentive Plan

of our reports dated February 24, 2022, with respect to the consolidated financial statements and schedules of STORE Capital Corporation and the effectiveness of internal control over financial reporting of STORE Capital Corporation included in this Annual Report (Form 10-K) of STORE Capital Corporation for the year ended December 31, 2021.

/s/ Ernst & Young LLP

Phoenix, Arizona  
February 24, 2022

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## CERTIFICATION

I, Mary Fedewa, certify that:

1. I have reviewed this Annual Report on Form 10-K of STORE Capital Corporation for the year ended December 31, 2021;
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: February 24, 2022

/s/ Mary Fedewa  
\_\_\_\_\_  
Mary Fedewa  
President and Chief Executive Officer  
(Principal Executive Officer)

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## CERTIFICATION

I, Sherry L. Rexroad, certify that:

1. I have reviewed this Annual Report on Form 10-K of STORE Capital Corporation for the year ended December 31, 2021;
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: February 24, 2022

/s/ Sherry L. Rexroad

Sherry L. Rexroad

Executive Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

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**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 Annual Report on Form 10-K of STORE Capital Corporation (the “Company”) for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mary Fedewa, 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: February 24, 2022

/s/ Mary Fedewa

\_\_\_\_\_  
Name: Mary Fedewa

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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**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 Annual Report on Form 10-K of STORE Capital Corporation (the “Company”) for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sherry L. Rexroad, 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: February 24, 2022

/s/ Sherry L. Rexroad  
\_\_\_\_\_  
Name: Sherry L. Rexroad  
Title: 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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