



Haggen Update

January 2018



SPIRIT
REALTY

Forward-Looking Statements and Risk Factors

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements can be identified by the use of words such as “expect,” “plan,” “will,” “estimate,” “project,” “intend,” “believe,” “guidance,” and other similar expressions that do not relate to historical matters. These forward-looking statements are subject to known and unknown risks and uncertainties that can cause actual results to differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, Spirit’s continued ability to source new investments, risks associated with using debt and equity financing to fund Spirit’s business activities (including refinancing and interest rate risks, changes in interest rates and/or credit spreads, changes in the price of our common stock, and conditions of the equity and debt capital markets, generally), unknown liabilities acquired in connection with acquired properties or interests in real-estate related entities, general risks affecting the real estate industry and local real estate markets (including, without limitation, the market value of our properties, the inability to enter into or renew leases at favorable rates, portfolio occupancy varying from our expectations, dependence on tenants’ financial condition and operating performance, and competition from other developers, owners and operators of real estate), the financial performance of our retail tenants and the demand for retail space, particularly with respect to challenges being experienced by general merchandise retailers, potential fluctuations in the consumer price index, risks associated with our failure to maintain our status as a REIT under the Internal Revenue Code of 1986, as amended, risks and uncertainties related to the completion and timing of Spirit’s proposed spin-off of certain properties leased to Shopko, the assets that collateralize Master Trust 2014 and potentially other assets, and the impact of the spin-off on Spirit’s business, and other additional risks discussed in Spirit’s most recent filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2016, and Quarterly Report on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017. Spirit expressly disclaims any responsibility to update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy securities nor shall there be any sale of any securities in any state in which such solicitation or sale would be unlawful prior to registration or qualification of these securities under the laws of any such state.

This presentation includes certain preliminary estimated operating and financial information as of and for the three months and year ended December 31, 2017. Such financial information is derived from our preliminary and unaudited balance sheet as of and results of the year ended December 31, 2017 and are subject to completion of our financial statements as of and for the year ended December 31, 2017. Such financial information is not a comprehensive estimate of our balance sheet as of or results of operations for the three months or year ended December 31, 2017. Our consolidated financial statements as of and for the year ended December 31, 2017 are subject to audit by our independent registered accounting firm, and our audited balance sheet and results of operations may differ significantly from our preliminary estimates.

Certain information contained herein is preliminary and subject to change and may be superseded in its entirety by further updated materials. The future performance of Spirit and its subsidiaries and their respective assets may differ significantly from the past performance of Spirit and its subsidiaries. Neither Spirit nor any of its subsidiaries make any representation as to the accuracy or completeness of the information contained herein. The information provided may not reflect all information known to professionals in every business area of Spirit or its subsidiaries.

Certain data set forth herein has been obtained from third parties. Neither Spirit and its subsidiaries, nor any of their respective affiliates have independently verified the accuracy of such data. This information is not intended to provide and should not be relied upon for accounting, legal or tax advice or investment recommendations. You should consult your own counsel, tax, accountant, regulatory and other advisors as to such matters.

Haggen Timeline

Initial Investment

- Executed a Purchase and Sale Agreement (PSA) in December 2014;
- Acquired 20 stores for \$224.4 million between February and June of 2015; and
- \$16.8 million in annual rents (7.5% initial cash yield, 2.0% annual escalation).

Haggen Bankruptcy

- 9/8/2015 - Haggen filed for bankruptcy relief under Chapter 11;
- 11/25/2015 - Haggen and Spirit restructure the Master Lease in an initial settlement agreement approved for \$21 million;
- 4/1/2016 - Spirit entered into settlement agreements with Haggen and Albertson's LLC for \$3.4 million and \$3.0 million, respectively; and
- To date Spirit has received \$5.5 million in stipulated damages and cure amounts.

Dispositions

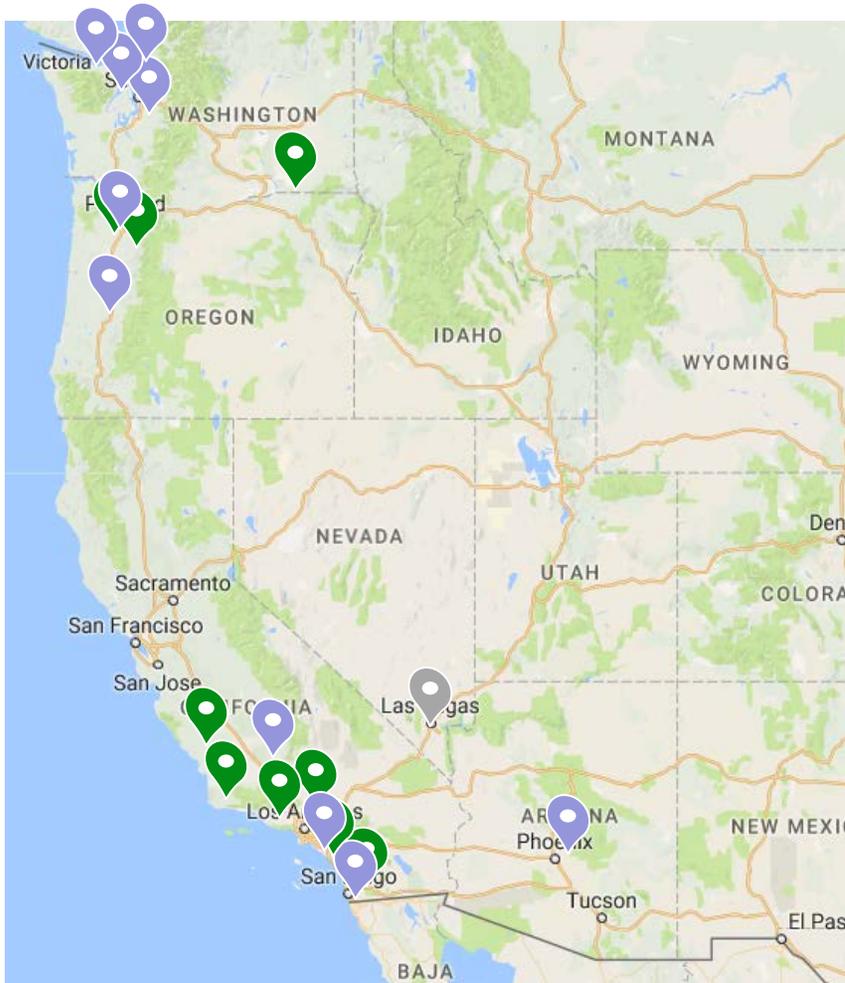
- Six vacant properties sold for approximately \$32.3 million; and
- Four occupied properties sold for approximately \$78.0 million at a weighted average cap rate of 5.4%.

Current Portfolio Update

- One vacant property remaining;
- Nine occupied properties generating annual rents of \$7.9 million are likely to sell between a 5.75% to 6.50% cap rate range; and
- Spirit's remaining unsecured stipulated damages claim is \$21.9 million.



Haggen Properties



📍 Occupied
 📍 Vacant
 📍 Sold

Occupied Former Haggen				
No.	City	State	Occupant	Lease Type
1	Lake Oswego	OR	Albertson's LLC	Single Unit
2	Lompoc	CA	Albertson's LLC	Single Unit
3	Tigard	OR	Albertson's LLC	Single Unit
4	Walla Walla	WA	Albertson's LLC	Single Unit
5	El Cajon	CA	Smart & Final, LLC	Master Lease
6	Palmdale	CA	Smart & Final, LLC	Master Lease
7	Atascadero	CA	Smart & Final, LLC	Master Lease
8	Westlake Village	CA	Smart & Final, LLC	Master Lease
9	Chula Vista	CA	Smart & Final, LLC	Master Lease
Total Base Rent		\$7.9MM		

Vacant Former Haggen			
No.	City	State	Status
1	Las Vegas	NV	Under PSA

Sold Former Haggen					
No.	City	State	Occupant	Sale Date	Cap Rate
1	Scottsdale	AZ	Vacant	2/8/16	N/A
2	Bakersfield	CA	Vacant	2/8/16	N/A
3	Tigard (Pacific Hwy)	OR	Vacant	4/1/16	N/A
4	Laguna Beach	CA	Gelson's Markets	9/9/16	4.0 %
5	Eugene	OR	Albertson's LLC	12/29/16	5.3 %
6	Monroe	WA	Vacant	1/6/17	N/A
7	Port Angeles	WA	Vacant	9/18/17	N/A
8	Silverdale	WA	Vacant	12/15/17	N/A
9	Renton	WA	Safeway, Inc.	12/19/17	6.0 %
10	Carlsbad	CA	Gelson's Markets	12/28/17	Not Disclosed
Total Proceeds		\$110.3M			5.4 %



Illustrative Haggen Valuation

Cash Flows to-date	
<i>(in millions)</i>	
Initial Investment	\$(224.4)
Rents Received to 12/31/17	34.6
Operating Expenses	(1.5)
Property Sales, net	108.3
Settlement Fees	5.5
Net Cash Outflows To Date	(\$77.5)

Estimated Future Cash Flows		
	Low	High
<i>(in millions)</i>		
Portfolio NOI	\$ 7.97	\$ 7.97
Estimated Cap Rate ¹	6.50 %	5.75 %
Estimated NAV	\$ 122.6	\$ 138.6
Vacant Property under PSA	8.5	8.5
Total Property Proceeds	\$ 131.1	\$ 147.1
Unsecured Damages Claim	15.0	21.0
Total Proceeds ex Rent	\$ 146.1	\$ 168.1
Estimated Gain on Investment ex Rent¹	\$ 34.0	\$ 56.0

1: No assurance can be given that estimated cap rates will be achieved in any eventual disposition of these assets.

