SPIRIT FINANCE CORP
Form DEFM14A
June 01, 2007

Use these links to rapidly review the document
TABLE OF CONTENTS
TABLE OF CONTENTS

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

SPIRIT FINANCE CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

ý Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:
114,085,085 shares of Common Stock
1,260,000 shares of Common Stock issuable upon exercise of stock options

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

In accordance with Section 14(g) of the Securities Exchange Act of 1934, the filing fee was determined by multiplying $0.0000307 by the sum of (A) 114,085,085 outstanding shares of Common Stock multiplied by $14.50 per share, and (B) outstanding options to purchase 1,260,000 shares of Common Stock multiplied by $4.50 per share (which is the difference between $14.50 and $10.00, the exercise price per share of all outstanding stock options).

(4) Proposed maximum aggregate value of transaction:
$1,659,903,732.50

(5) Total fee paid:
$50,959.04

ý Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Dear Stockholder:

On behalf of the board of directors, I cordially invite you to attend the 2007 Annual Meeting of Stockholders of Spirit Finance Corporation to be held at the Four Seasons Resort, 10600 East Crescent Moon Drive, Scottsdale, Arizona 85262, on Monday, July 2, 2007, at 9:00 a.m. local time.

The Notice of Annual Meeting of Stockholders and the proxy statement that follow describe the business to be conducted at the meeting.

Whether you own a few or many shares of stock of Spirit Finance Corporation, it is important that your shares be represented. The 2007 Annual Meeting of Stockholders will include a proposal regarding the acquisition of Spirit through the merger of a newly formed corporation owned by a consortium of equity investors with Spirit, as well as the election of directors and the ratification of the appointment of our independent registered public accounting firm. If the merger is completed, you will be entitled to receive $14.50 in cash, without interest and less any applicable withholding taxes, for each share of our common stock that you own at the effective time of the merger.

The acquisition of Spirit will take place through the merger of an entity named Redford Merger Co. with Spirit. Redford Merger Co. is a subsidiary of Redford Holdco, LLC, which is a Delaware limited liability company that was recently organized to facilitate the acquisition of Spirit and is owned directly or indirectly by a group of equity investors including an affiliate of Macquarie Bank Limited, Kaupthing Bank hf. and other independent equity participants. If the merger is approved by our stockholders, Spirit will become a subsidiary of Redford Holdco, LLC and our common stock will no longer be listed for trading on the New York Stock Exchange.

At a meeting of our board of directors, the board unanimously: (a) approved the merger and the related merger agreement; (b) determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of, Spirit and our stockholders; and (c) directed that the merger be submitted for approval at a meeting of our stockholders. In reaching this determination, our board of directors considered a variety of factors, which are discussed in the attached proxy statement. **Our board of directors unanimously recommends that you vote "FOR" the approval of the merger. Our board of directors also unanimously recommends that you vote "FOR" approval of adjournment of the annual meeting, if deemed necessary, for the purpose, among others, of soliciting additional proxies if there are not sufficient votes at the time of the annual meeting to approve the merger.**

If you cannot personally attend the meeting, we encourage you to make certain you are represented at the meeting by signing and dating the accompanying proxy card and promptly returning it in the enclosed envelope. Returning your proxy card will not prevent you from voting in person, but will assure that your vote will be counted if you are unable to attend the meeting.

Sincerely,

June 6, 2007

Morton H. Fleischer,
Chairman of the Board of Directors

This transaction has not been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the merits or fairness of this transaction or upon the adequacy or accuracy of the information contained in this proxy statement. Any representation to the contrary is a criminal offense.

SPIRIT FINANCE CORPORATION
NOTICE OF 2007 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JULY 2, 2007

NOTICE IS HEREBY GIVEN that the 2007 Annual Meeting of Stockholders of Spirit Finance Corporation, a Maryland corporation (the "Company"), will be held on July 2, 2007, at 9:00 a.m. local time, at the Four Seasons Resort, 10600 East Crescent Moon Drive, Scottsdale, Arizona 85262, for the following purposes:

1. To consider and vote upon a proposal to approve the merger of Redford Merger Co. with the Company on substantially the terms and conditions set forth in the Agreement and Plan of Merger dated as of March 12, 2007, by and among Redford Holdco, LLC, Redford Merger Co. and the Company, as described in the accompanying proxy statement, which we refer to as Proposal 1.

2. To elect ten directors to the board of directors, which we refer to as Proposal 2.

3. To consider and vote upon the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2007, which we refer to as Proposal 3.

4. To consider and vote upon a proposal to approve any adjournments of the annual meeting for the purpose, among others, of soliciting additional proxies if there are not sufficient votes at the annual meeting to approve the merger, which we refer to as Proposal 4.

5. To transact such other business as may properly come before the meeting and at any postponements or adjournments thereof.

Only stockholders of record at the close of business on April 23, 2007 are entitled to notice of and to vote at the meeting or at any postponements or adjournments thereof.

You are cordially invited to attend the meeting. All stockholders, whether or not you expect to attend the meeting in person, are requested to complete, date and sign the enclosed form of proxy and return it promptly in the postage paid, return-addressed envelope provided for that purpose. By returning your proxy promptly, you can help the Company avoid the expense of follow-up mailings to ensure a quorum so that the meeting can be held. Stockholders who attend the meeting may revoke a prior proxy and vote in person as set forth in the proxy statement.

THE ENCLOSED PROXY IS BEING SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY. THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE IN FAVOR OF THE PROPOSED ITEMS. YOUR VOTE IS IMPORTANT.

By Order of the Board of Directors

Scottsdale, Arizona
Dated: June 6, 2007

Michael T. Bennett,
Secretary

TABLE OF CONTENTS

	Page
GENERAL INFORMATION	1
QUESTIONS AND ANSWERS ABOUT THE MEETING	1
What is being voted on at the meeting?	1
Who can vote at the meeting?	1
How many votes do I have?	2
What constitutes a quorum for the meeting?	2
How do I authorize my vote?	2
Can I authorize my vote by telephone or electronically?	2
Can I change my vote after I return my proxy card?	2
What vote is required to approve each item?	3
What does it mean if I receive more than one proxy card?	3
Who will bear the cost of this solicitation?	3
Whom should I call with questions?	3
QUESTIONS AND ANSWERS ABOUT THE MERGER	4
How does Spirit's board of directors recommend that I vote on the merger?	4
What effect will the merger have on our Company?	4
What will I receive in the merger?	4
Who will own our Company after the merger?	4
Who is Redford?	4
What do I need to do now?	4
What vote is needed to approve the merger?	4
Should I send in my stock certificates now?	5
Will the merger be a taxable transaction for me?	5
What about payment of dividends through closing?	5
Will I have dissenters' rights in connection with the merger?	5
When do you expect to complete the merger?	5
What if the proposed merger is not completed?	5
FORWARD-LOOKING STATEMENTS	6
SUMMARY	7
The Annual Meeting of Stockholders	7
Our Directors and Executive Officers Own Shares Which May Be Voted at the Annual Meeting	8
Parties to the Proposed Merger	8
Structure of the Merger	8
Pursuant to the Merger, Spirit Stockholders Will Receive $14.50 in Cash for Each Share of Spirit Common Stock Outstanding	8
Procedures for the Exchange of Spirit Common Stock Certificates	9
Market Price Information	9
Material United States Federal Income Tax Consequences of the Merger	9
Opinion of Wachovia Securities	9
Recommendation of Our Board of Directors	10
Spirit and Redford Must Meet Several Conditions to Complete the Merger	10
Redford and Spirit May Terminate the Merger Agreement	11
Termination Fee	12
Redford and Spirit May Amend and Extend the Merger Agreement	12
Some of Our Directors and Executive Officers Have Interests in the Merger that are in Addition to or Different from the Interests of Our Stockholders	12
We are Prohibited from Soliciting Other Offers	12
Our Stockholders Do Not Have Dissenters' Rights	13
Contact for our Stockholders Regarding Questions and Requests	13

THE ANNUAL MEETING 13
Date, Time and Place 13
Purpose of the Annual Meeting 13
Record Date; Stock Entitled to Vote 13
Quorum 13
How to Vote Your Shares 13
Voting of Proxies 14
Votes Required 14
Solicitation of Proxies 15
Stock Certificates 15
Recommendation of Our Board of Directors 15
Contact for Our Stockholders Regarding Questions and Requests 16
PROPOSAL 1 APPROVAL OF THE MERGER 16
Description of the Merger 16
Background of the Merger 16
Reasons for the Merger 24
Financial Projections 26
Opinion of Wachovia Securities 27
Structure of the Merger and Merger Consideration 33
Procedures for Submitting Certificates 33
Treatment of Restricted Stock and Stock Options 33
Conditions to the Merger 33
Regulatory Approvals 36
Business Pending the Merger 36
No Solicitation 40
Covenant to Hold a Stockholders' Meeting and to Recommend the Merger 42
Commercially Reasonable Efforts Covenant 42
Certain Other Covenants 42
Representations and Warranties of the Parties 43
Effective Time of the Merger 44
Amendment of the Merger Agreement 44
Termination of the Merger Agreement 44
Effect of Termination 45
Termination Fees 45
Other Fees, Expenses and Damages; Limitations on Liability 45
Specific Performance 46
Interests of Our Directors and Executive Officers in the Merger 46
Certain Employee Matters 49
Material United States Federal Income Tax Consequences of the Merger 49
Litigation Related to the Merger 52
No Dissenters' Rights 53
Delisting and Deregistration of Our Common Stock 53
Post-Closing Operations 53
MARKET PRICE AND DIVIDEND DATA 53
Market Information 53
Stockholder Information 54
Distribution Information 54
PROPOSAL 2 ELECTION OF DIRECTORS 55
Directors 55
Governance Policies 60

Policy Regarding Directors' Attendance at Annual Meeting 61
Board of Directors Meetings 61
Committees of the Board of Directors 61
Director Nominations 63
Director Independence Determination 64
Compensation Committee Interlocks and Insider Participation 65
Director Compensation 65
Communication with the Board of Directors 66
Executive Officers 67
PROPOSAL 3 RATIFICATION OF APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM 70
Audit Committee Pre-Approval Policies and Procedures 70
Report of the Audit Committee 70
Audit Fees 71
PROPOSAL 4 ADJOURNMENT OF THE ANNUAL MEETING 72
The Adjournment Proposal 72
Vote Required and Recommendation of Our Board of Directors 72
Postponement of the Annual Meeting 72
SECURITY OWNERSHIP 73
EXECUTIVE COMPENSATION 75
Compensation Discussion and Analysis 75
Compensation Committee Report 82
Summary Compensation Table 83
Grants of Plan-Based Awards in 2006 84
Outstanding Equity Awards at 2006 Fiscal Year-End 85
Option Exercises and Stock Vested in 2006 85
Employment Agreements 85
2003 Stock Option and Incentive Plan 88
401(k) Plan 91
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS 92
SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE 92
SOLICITATION OF PROXIES 93
ANNUAL REPORT 93
STOCKHOLDER PROPOSALS FOR 2008 ANNUAL MEETING 93
OTHER MATTERS 93
NOTICE TO BANKS, BROKER-DEALERS AND VOTING TRUSTEES AND THEIR NOMINEES 94
ATTENDANCE AT THE MEETING 94

APPENDIX A AGREEMENT AND PLAN OF MERGER
APPENDIX B OPINION OF WACHOVIA SECURITIES

SPIRIT FINANCE CORPORATION

14631 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85254

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS

To be held July 2, 2007

GENERAL INFORMATION

This proxy statement is furnished in connection with the solicitation of proxies by and on behalf of the board of directors of Spirit Finance Corporation, a Maryland corporation, which we refer to as Spirit or the Company, for exercise at the 2007 Annual Meeting of Stockholders of the Company to be held at the Four Seasons Resort, 10600 East Crescent Moon Drive, Scottsdale, Arizona 85262, on July 2, 2007, at 9:00 a.m. local time, and at any and all postponements or adjournments thereof. This proxy statement dated June 6, 2007, the accompanying form of proxy and the Notice of Annual Meeting will be first mailed or given to the Company's stockholders on or about June 6, 2007.

Because many of the Company's stockholders may be unable to attend the meeting in person, the board of directors solicits proxies to give each stockholder an opportunity to vote on all matters presented at the meeting. Stockholders are urged to:

(1) read this proxy statement carefully;

(2) specify their choice in each matter by marking the appropriate box on the enclosed proxy card; and

(3) sign, date and return the proxy card by mail in the postage paid, return-addressed envelope provided for that purpose.

QUESTIONS AND ANSWERS ABOUT THE MEETING

What is being voted on at the meeting?

The board of directors is asking stockholders to consider four proposals at this year's meeting:

(1) the merger of Redford Merger Co., which we refer to as MergerCo, with the Company on substantially the terms and conditions set forth in the Agreement and Plan of Merger, dated as of March 12, 2007, by and among Redford Holdco, LLC, which we refer to as Redford, MergerCo and the Company, which we refer to as the merger agreement, as described in this proxy statement;

(2) the election of ten directors to the board of directors;

(3) the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2007; and

(4) the approval of any adjournments of the annual meeting for the purpose, among others, of soliciting additional proxies if there are not sufficient votes at the annual meeting to approve the merger.

Who can vote at the meeting?

The board of directors has set the close of business on April 23, 2007 as the record date for the meeting. Only persons holding shares of record at the close of business on April 23, 2007 will be entitled to receive notice of and to vote at the meeting.

How many votes do I have?

Each share of the Company's common stock you own as of the close of business on the record date, April 23, 2007, will entitle you to one vote on each matter properly submitted for vote at the meeting.

What constitutes a quorum for the meeting?

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of the Company's common stock is necessary to establish a quorum at the meeting. On April 23, 2007, the record date, there were 114,085,085 shares of the Company's common stock outstanding. The presence, in person or by proxy, of 57,042,543 shares is necessary to establish a quorum at the meeting. Shares present, in person or by proxy, including shares as to which authority to vote on any proposal is withheld, shares abstaining as to any proposal, and broker non-votes (where a broker submits a properly executed proxy but does not have authority to vote a customer's shares on a proposal) on any proposal will be considered present at the meeting for purposes of establishing a quorum for the transaction of business at the meeting. Each of these categories will be tabulated separately.

How do I authorize my vote?

If you complete and properly sign the accompanying proxy card and return it to the tabulation agent, American Stock Transfer & Trust Company, it will be voted as you direct, unless you later revoke the proxy. If no instructions are specified, shares of common stock represented by a proxy will be voted for the proposals set forth on the proxy and in the discretion of the persons named as proxies on such other matters as may properly come before the meeting. Your proxy must be received by the tabulation agent by 5:00 p.m., New York City time, on Friday, June 29, 2007 to be valid. If you are a registered stockholder (that is, if you hold your shares of common stock in certificate form) and you attend the meeting, you may deliver your completed proxy in person. If you hold your shares of common stock in "street name" (that is, if you hold your shares of common stock through a broker or other nominee) and you wish to vote in person at the meeting, you will need to obtain a proxy from the institution that holds your shares.

Can I authorize my vote by telephone or electronically?

If you hold your shares in "street name," you may be able to grant your proxy by telephone, or electronically over the Internet, by following the instructions included with your proxy card. Please check your proxy card or contact your broker or nominee to determine whether you will be able to grant your proxy by telephone or electronically. The deadline for granting your proxy by telephone or electronically is 5:00 p.m., New York City time, on Friday, June 29, 2007.

If you are a registered stockholder, then you may not grant your proxy by telephone or over the Internet. For your proxy to be valid, you must complete the enclosed proxy card and return it in the enclosed envelope so that it reaches the tabulation agent, American Stock Transfer & Trust Company, by 5:00 p.m., New York City time, on Friday, June 29, 2007 or attend and deliver your proxy card in person at the annual meeting.

Can I change my vote after I return my proxy card?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing with the Secretary of the Company, at the principal office address of the Company, a written notice of revocation. You may also change your vote by executing a duly executed proxy bearing a later date and delivering that proxy to the tabulation agent, or by attending the meeting and voting in person. The powers of the proxy holders will be suspended if you attend the meeting in person and so request. However, attendance at the meeting will not by itself revoke a previously granted proxy. If you want to change or revoke your proxy and you hold your shares of common stock in "street name," contact your broker or the nominee that holds your shares.

Any written notice of revocation sent to the Company must include the stockholder's name and must be received prior to the meeting to be effective.

What vote is required to approve each item?

Merger. The proposed merger of MergerCo with the Company in accordance with the merger agreement, as described in this proxy statement (Proposal 1), requires the affirmative vote of holders of a majority of the shares of the Company's outstanding common stock entitled to vote at the meeting.

Election of Directors. The election of each director nominee (Proposal 2) requires the affirmative vote of a plurality of the votes cast at the meeting (which means the ten nominees receiving the most votes). The Company's stockholders are not entitled to cumulate votes with respect to the election of directors.

Ratification of Independent Registered Public Accounting Firm. The affirmative vote of a majority of the votes cast at the meeting is required for the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2007 (Proposal 3).

Proposal to Adjourn the Annual Meeting and Other Business. The affirmative vote of a majority of the votes cast at the meeting is required for the approval of the proposal to adjourn the annual meeting, if necessary, for the purpose, among others, of soliciting additional proxies (Proposal 4) and all other business not described in this proxy statement and properly submitted to the stockholders for their consideration at the meeting.

If you hold your shares in "street name," your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. If you do not give your broker or nominee specific instructions on such a matter, your shares may not be voted. Shares of common stock represented by "broker non-votes" will, however, be counted in determining whether there is a quorum.

Abstentions and broker non-votes will have the effect of a "No" vote against Proposal 1 and will have no effect on all other proposals at the meeting.

Votes cast in person at the meeting or by proxy will be tabulated by the Company's transfer agent, American Stock Transfer & Trust Company.

What does it mean if I receive more than one proxy card?

If you have shares of our common stock that are registered differently and are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

Who will bear the cost of this solicitation?

The Company will pay the cost of this solicitation, which will be made primarily by mail. Proxies also may be solicited in person, or by telephone, facsimile, Internet or similar means, or by our directors, officers or employees without additional compensation. We will, on request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials to the beneficial owners of the shares they hold of record. We have retained Georgeson Inc. to assist us in soliciting proxies. We will pay the fees of Georgeson Inc., which we expect to be approximately $11,000 plus the reimbursement of expenses.

Whom should I call with questions?

If you would like additional copies, without charge, of this proxy statement or if you have questions about the merger, including the procedures for voting your shares, you should contact Georgeson Inc., our proxy solicitor, by telephone, toll free, at (866) 574-4075.

QUESTIONS AND ANSWERS ABOUT THE MERGER

How does Spirit's board of directors recommend that I vote on the merger?

At a meeting of our board of directors on March 11, 2007, the board unanimously: (a) approved the merger and the merger agreement; (b) determined that the merger agreement and the terms and conditions of the merger are fair to, advisable and in the best interests of our Company and our stockholders; and (c) directed that the merger be submitted for approval at a meeting of our stockholders. In reaching this determination, our board of directors considered a variety of factors, which are discussed in this proxy statement. **Our board of directors unanimously recommends that you vote "FOR" the approval of the merger. Our board of directors also unanimously recommends that you vote "FOR" approval of adjournment of the annual meeting, if deemed necessary, for the purpose, among others, to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the merger.**

What effect will the merger have on our Company?

If the merger is completed, your shares of common stock will be converted into the right to receive $14.50 per share in cash, you will no longer have an equity interest in us and Redford will own all of our common stock. In addition, our charter will be amended and restated to contain only the provisions of the charter of MergerCo.

What will I receive in the merger?

If the merger is completed, you will be entitled to receive $14.50 in cash, referred to as the merger consideration, without interest and less any applicable withholding taxes, for each share of our common stock that you own at the effective time of the merger. For example, if you own 100 shares of our common stock, you will be entitled to receive $1,450.00 in cash, less any applicable withholding taxes, in exchange for those shares.

Who will own our Company after the merger?

If the merger is completed, we will be a subsidiary of Redford.

Who is Redford?

Redford is a Delaware limited liability company recently organized and owned directly or indirectly by a group of equity investors including an affiliate of Macquarie Bank Limited, Kaupthing Bank hf. and other independent equity participants. Redford was formed to facilitate the acquisition of the Company by these equity investors.

What do I need to do now?

We urge you to read this proxy statement carefully, including its appendices, and to consider how the merger affects you. Then sign, date and mail your proxy card in the enclosed prepaid return envelope as soon as possible. This will enable your shares to be represented and voted at the annual meeting. If you sign your proxy card without indicating your vote, your shares will be voted "FOR" the approval of the merger and "FOR" all other proposals including the adjournment of the annual meeting, if necessary, for the purpose, among others, of soliciting additional proxies.

What vote is needed to approve the merger?

The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to be cast at the annual meeting is required to approve the merger. Each holder of our common stock is entitled to one vote per share.

Should I send in my stock certificates now?

No. After the merger is completed, you will receive written instructions for exchanging your shares of our common stock for the merger consideration of $14.50 in cash, without interest and less applicable withholding taxes, for each share of our common stock that you own at the effective time of the merger.

Will the merger be a taxable transaction for me?

For U.S. federal income tax purposes, your receipt of the merger consideration will generally be treated as a taxable sale of our common stock held by you. In general, for each share of our common stock owned by you, you will realize gain or loss as a result of your receipt of the merger consideration equal to the difference between (a) the merger consideration per share of our common stock exchanged in the merger and (b) your adjusted tax basis in that share. Under certain circumstances, we may be required to withhold a portion of the merger consideration payable to stockholders under applicable U.S. tax laws. Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. We encourage you to consult your tax advisor regarding the tax consequences of the merger to you. You should read "Material U.S. Federal Income Tax Consequences of the Merger" for a more complete discussion of such consequences.

What about payment of dividends through closing?

The merger agreement permits us to pay regular quarterly dividends for any calendar quarters prior to the quarter during which the merger is completed and a prorated dividend for the quarter in which the merger is completed. However, we may not pay any quarterly dividend in excess of $0.22 per share without the written consent of Redford. We expect to complete the merger shortly after the annual meeting. Immediately before the completion of the merger, we intend to declare a cash dividend covering (1) the quarterly dividend for any full calendar quarter that is completed before the completion of the merger and has not yet been declared at the time of the merger, if any, and (2) a quarterly prorated divided for the period from the first date of the quarter in which the merger is completed through the date of completion of the merger.

Will I have dissenters' rights in connection with the merger?

No. Under Maryland law, which is the jurisdiction of our incorporation, holders of our common stock do not have rights to dissent from the merger and obtain an appraisal of the fair value of their shares.

When do you expect to complete the merger?

We are working toward completing the merger as quickly as possible. We hope to complete the merger as soon as possible following the annual meeting, and the receipt of all required lender and other approvals. Although we cannot assure you when or if the merger will be completed, we are working toward completing the merger promptly after the annual meeting. In addition to receipt of stockholder, lender and other approvals, the other closing conditions contained in the merger agreement must be satisfied or waived.

What if the proposed merger is not completed?

If the merger is not completed, we will continue our current operations and will remain a publicly held company, our charter will not be amended and you will not receive any of the merger consideration. Furthermore, the merger agreement provides that, in the event the merger agreement is terminated under specified circumstances, we may be required to pay Redford a $31 million

termination fee plus the reimbursement of certain expenses up to $2.25 million, or Redford may be required to reimburse certain of our expenses up to $2.25 million.

FORWARD-LOOKING STATEMENTS

Some of the statements in this report constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, forward-looking statements can be identified by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "project," "should," "will" and "would" or the negative of these terms or other similar terminology.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. The following are some of the factors that could cause actual results to vary from our forward-looking statements:

changes in our industry, interest rates or general economic conditions;

general volatility of the capital markets and the market price of our common stock;

changes in our business strategy or development plans;

availability and terms of additional capital;

failure to maintain our status as a REIT;

availability of suitable properties to acquire at favorable prices and our ability to rent those properties at favorable rates;

timing of acquisitions;

defaults by tenants on our leases;

our ability to renew leases with tenants at the expiration of their lease term or otherwise re-lease those properties to suitable new tenants;

availability of qualified personnel and our ability to retain our key management personnel;

changes in, or the failure or inability to comply with, government regulation;

the extent and nature of our competition; and

other factors referenced in reports we filed with the SEC, including those set forth under the captions "" Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

These forward-looking statements speak only as of the date of this report or the date such statements were made. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this report to reflect any change in our expectations with regard to the statements or any change in events, conditions or circumstances on which any such statements are based.

SUMMARY

This summary highlights selected information regarding the merger from this proxy statement and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the merger agreement, which is the legal document that governs the merger and is attached to this proxy statement as Appendix A, and the other documents to which we have referred you. Page references are included in this summary to direct you to a more complete description of the topics.

Throughout this document, "Redford" refers to Redford Holdco, LLC, a Delaware limited liability company, "MergerCo" refers to Redford Merger Co., a Maryland corporation and wholly-owned subsidiary of Redford, and references to "we," "us," "our," the "Company" or "Spirit" refer to Spirit Finance Corporation. Also, we refer to our merger with MergerCo as the "merger," and the Agreement and Plan of Merger, dated as of March 12, 2007, by and among Redford, MergerCo and Spirit as the "merger agreement."

The Annual Meeting of Stockholders (Page 13)

Date, Time and Place. The annual meeting of stockholders will be held on Monday, July 2, 2007, at 9:00 a.m. local time, at the Four Seasons Resort, 10600 East Crescent Moon Drive, Scottsdale, Arizona 85262.

Purpose of the Annual Meeting. At the annual meeting, we will ask you to approve the merger. We will also ask you to approve a proposal to adjourn the annual meeting, if necessary, for the purpose, among others, of soliciting additional proxies if there are not sufficient votes at the time of the annual meeting to approve the merger. We will also ask you to elect ten directors to our board of directors and ratify the selection of Ernst & Young LLP as our independent registered public accountants for the fiscal year ending December 31, 2007.

Record Date; Stock Entitled to Vote. You are entitled to vote at the annual meeting if you owned shares of our common stock at the close of business on April 23, 2007, the record date for the annual meeting. You will have one vote at the annual meeting for each share of our common stock you owned at the close of business on the record date. As of the record date, there were 114,085,085 shares of our common stock entitled to be voted at the annual meeting.

Quorum. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of the Company's common stock is necessary to establish a quorum for the meeting. On April 23, 2007, the record date, there were 114,085,085 shares of the Company's common stock outstanding. The presence, in person or by proxy, of 57,042,543 shares is necessary to establish a quorum for the meeting. Shares present, in person or by proxy, including shares as to which authority to vote on any proposal is withheld, shares abstaining as to any proposal, and broker non-votes (where a broker submits a properly executed proxy but does not have authority to vote a customer's shares on a proposal) on any proposal will be considered present at the meeting for purposes of establishing a quorum for the meeting. Each of these categories will be tabulated separately.

Vote Required. Assuming a quorum is present, the affirmative vote of a majority of the outstanding shares of our common stock is required to approve the merger. A plurality of the votes cast (the ten directors receiving the most votes) is required to elect each director. The affirmative vote of the majority of the votes cast at the meeting is required to ratify the selection of Ernst & Young LLP as our independent registered public accountants and to adjourn the meeting to solicit additional votes to approve the merger.

Our Directors and Executive Officers Own Shares Which May Be Voted at the Annual Meeting (Page 73)

As of the record date, our directors and executive officers beneficially owned approximately 3.3% of the outstanding shares of our common stock entitled to vote at the annual meeting.

Parties to the Proposed Merger

Spirit. Spirit Finance Corporation is a self-managed and self-advised real estate investment trust, or REIT. We were formed primarily to acquire single tenant, operationally essential real estate to be leased on a long-term, triple-net basis to retail, distribution and service-oriented companies. Single tenant, operationally essential real estate consists of properties that are free-standing real estate facilities that contain our customers' retail, distribution or service activities that are vital to the generation of their sales and profits. We target real estate of established companies in various industries located throughout the United States. The Company is located at 14631 N. Scottsdale Road, Suite 200, Scottsdale, Arizona 85254. For additional information, please visit our website at www.spiritfinance.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this proxy statement or any other document we file with or furnish to the Securities and Exchange Commission, or SEC. The Company's telephone number is (480) 606-0820.

Redford. Redford is a newly formed Delaware limited liability company owned directly or indirectly by a group of equity investors including an affiliate of Macquarie Bank Limited, Kaupthing Bank hf. and other independent equity participants to facilitate the acquisition of Spirit. Redford's address is c/o Macquarie Holdings (USA) Inc., 125 West 55th Street, New York, New York 10019. Redford's telephone number is (212) 231-1716.

MergerCo. MergerCo is a wholly owned subsidiary of Redford organized under the laws of Maryland. It was formed solely to facilitate the merger with Spirit and is engaged in no other business. MergerCo's address is c/o Macquarie Holdings (USA) Inc., 125 West 55th Street, New York, New York 10019. MergerCo's telephone number is (212) 231-1716.

Structure of the Merger (Page 33)

We are proposing a merger whereby we will become a subsidiary of Redford. If the merger is approved, MergerCo will merge with Spirit, with Spirit as the surviving company. If approved by the stockholders, we expect to complete the proposed merger shortly after the annual meeting.

Pursuant to the Merger, Spirit Stockholders Will Receive $14.50 in Cash for Each Share of Spirit Common Stock Outstanding (Page 33)

If the merger of MergerCo with Spirit is completed, each outstanding share of our common stock will be converted into the right to receive $14.50 in cash, without interest and less any applicable withholding taxes. Outstanding shares of Spirit's restricted common stock will vest in accordance with the terms of the applicable restricted stock agreements and the holders of shares that vest in connection with the merger will receive $14.50 per share in cash, without interest and less any applicable withholding taxes. Immediately before the completion of the merger, all unvested options to purchase common stock granted to our employees under our stock option plan will vest in full. Holders of outstanding options to purchase Spirit common stock granted by us will receive a cash payment equal to $14.50, less the exercise price of the option, multiplied by the number of shares of common stock covered by the option, without interest and less any applicable withholding taxes.

Procedures for the Exchange of Spirit Common Stock Certificates (Page 33)

You will need to surrender your common stock certificates representing your ownership of our common stock in order to receive the $14.50 in cash per share, less any applicable withholding taxes, after the completion of the merger, but you should not send in any certificates now. As soon as reasonably practicable after the effective time of the merger, MergerCo will cause a paying agent to send to our stockholders a letter of transmittal and instructions for surrendering certificates representing shares of our common stock in exchange for the merger consideration. The letter of transmittal should be completed and returned to the designated paying agent along with the stock certificates evidencing shares of our common stock. After the letter of transmittal has been received and processed, our stockholders will be sent the portion of the merger consideration, without interest and less applicable withholding taxes, to which they are entitled.

Market Price Information (Page 53)

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol "SFC." On March 12, 2007, the last trading day preceding public announcement of the proposed merger, the closing share price of our common stock was $13.05. On May 30, 2007, the last practicable trading date before the printing of this proxy statement, the closing share price of our common stock was $14.35.

Material United States Federal Income Tax Consequences of the Merger (Page 49)

In general, the merger will be a taxable transaction for U.S. federal income tax purposes that will be treated as a sale or exchange of shares of our common stock for the merger consideration. In general, with respect to each share of our common stock owned, a stockholder will realize gain or loss as a result of the stockholder's receipt of the merger consideration equal to the difference between the merger consideration per share of our common stock exchanged in the merger and the stockholder's adjusted tax basis in that share. Such gain or loss will be capital gain or loss if such share is a capital asset in the hands of the stockholder and will be long-term gain or loss if the stockholder has held such share for more than 12 months as of the effective time of the merger. Under certain circumstances, we may be required to withhold a portion of the merger consideration payable to stockholders under applicable U.S. tax laws.

Tax matters can be complicated, and the tax consequences of the merger to you, including the application and effect of any state, local or foreign income and other tax laws, will depend on the facts of your own situation. You are encouraged to consult your own tax advisor to understand fully the tax consequences of the merger to you. You should read "Material United States Federal Income Tax Consequences of the Merger" for a more complete discussion of such consequences.

Opinion of Wachovia Securities (Page 27)

On March 11, 2007, Wachovia Capital Markets, LLC, one of our financial advisors whom we refer to as Wachovia Securities, rendered its opinion to our board of directors to the effect that, as of March 11, 2007, the merger consideration to be received by the holders of our common stock (other than Redford and its affiliates) pursuant to the merger agreement was fair, from a financial point of view, to such holders of our common stock.

Wachovia Securities' opinion was directed to the Company's board of directors and only addressed the fairness from a financial point of view of the consideration to be received by the holders of the Company's common stock (other than Redford and its affiliates) under the merger agreement and not any other aspect or implication of the merger. The summary of Wachovia Securities' opinion in this proxy statement is qualified in its entirety by reference to the full text of the written opinion which is included as Appendix B to this proxy statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Wachovia Securities in preparing its opinion. We encourage you to carefully read the full text of Wachovia Securities' written opinion. However, neither Wachovia Securities' opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and do not constitute, advice or a recommendation to you as to how you should vote or act on any matter relating to the merger.

Recommendation of Our Board of Directors (Page 15)

Our board of directors has unanimously determined that the merger and the terms of the merger agreement are fair to, advisable and in the best interests of, our Company and our stockholders. Our board of directors has unanimously approved the merger and the merger agreement and unanimously recommends that you vote "FOR" the approval of the merger.

Spirit and Redford Must Meet Several Conditions to Complete the Merger (Page 33)

Completion of the merger depends on meeting a number of conditions, including satisfaction or waiver of the following before the closing date of the merger:

(a) our stockholders must have approved the merger;

(b) all material regulatory approvals, authorizations and consents must have been obtained; and

(c) no preliminary or permanent injunction or other order issued by a court or other governmental entity may be in effect prohibiting the completion of the merger.

In addition to the conditions above, our obligation to complete the merger under the merger agreement is subject to the following conditions, which may be waived by us:

(a) the representations and warranties of Redford and MergerCo in the merger agreement must be true and correct (determined without regard to any materiality or material adverse effect qualification contained in any representation or warranty) on the closing date, except as to any representation or warranty which specifically relates to another date, in which case such representation or warranty shall be true and correct as of such other date, and except where the failure of such representations and warranties to be true and correct does not have or would not reasonably be likely to have, individually or in the aggregate, a material adverse effect (as defined in the merger agreement) on Redford or MergerCo; and

(b) Redford and MergerCo must have performed or complied in all material respects with all of their obligations under the merger agreement.

In addition, the obligations of Redford and MergerCo to complete the merger are subject to the following conditions, which may be waived by Redford and MergerCo:

(a) our representations and warranties (except as set forth in clause (b) below) in the merger agreement must be true and correct (determined without regard to any materiality or material adverse effect qualification contained in any representation or warranty) on the closing date of the merger, except as to any representation or warranty which specifically relates to another date, in which case such representation or warranty must be true and correct as of such other date, and except where the failure of such representations and warranties to be true and

correct does not have or would not reasonably be likely to have, individually or in the aggregate, a material adverse effect on us;

(b) our representations and warranties in the merger agreement relating to our capital stock, our due organization, our authority to enter into the merger agreement and complete the merger, the existence of certain types of contracts, our status as a well-known seasoned issuer with the SEC and certain banking regulatory matters must be true and correct on the closing date of the merger except as to any representation or warranty which specifically relates to another date, in which case such representation or warranty must be true and correct as of such other date;

(c) we must have performed or complied in all material respects with all of our obligations under the merger agreement;

(d) there must not have occurred any event, change, effect, development, condition or occurrence that has had or would reasonably be likely to have, individually or in the aggregate, a material adverse effect on Spirit;

(e) we must have delivered a payoff letter to Redford related to our revolving secured credit facility;

(f) Redford must have received a tax opinion related to our status as a REIT dated as of the closing date of the merger; and

(g) we must have received the consent to the merger of certain lenders and other parties that have made secured real estate loans to specified subsidiaries of the Company and the consent of the insurer for the net lease mortgage notes issued by certain of the Company's subsidiaries.

The parties cannot be certain whether or when any of the conditions to the merger will be satisfied, or waived where permissible, or that the merger will be completed.

Redford and Spirit May Terminate the Merger Agreement (Page 44)

Redford, MergerCo and Spirit can mutually agree at any time to terminate the merger agreement before completing the merger, even if our stockholders have already voted to approve the merger.

The merger agreement may also be terminated by:

(a) either the Company or Redford (subject to exceptions in the merger agreement):

(i) if our stockholders fail to approve the merger at the annual meeting;

(ii) if any governmental entity shall have issued an order, decree, judgment, injunction or taken any other action which permanently restrains, enjoins or otherwise prohibits or makes illegal the completion of the merger; or

(iii) if the completion of the merger does not occur by September 8, 2007, which we refer to as the outside date; provided, however, that in the event that this proxy statement has not been cleared by the SEC for dissemination to our stockholders by July 10, 2007, the outside date may be extended to December 7, 2007;

(b) written notice from Redford to the Company, if the Company breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in the merger agreement, which breach or failure to perform would give rise to the failure of a condition to completion of the merger and such condition is incapable of being satisfied by the outside date;

11

(c) written notice from the Company to Redford, if Redford or MergerCo breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in the merger agreement, which breach or failure to perform would give rise to the failure of a condition to completion of the merger and such condition is incapable of being satisfied by the outside date;

(d) written notice from the Company to Redford prior to receipt of the approval of the stockholders, in connection with effecting a change of recommendation (described below) in compliance with the merger agreement; or

(e) written notice from Redford or MergerCo to the Company, if (i) our board of directors (A) withdraws or modifies, in a manner material and adverse to Redford or MergerCo, its recommendation set forth in this proxy statement that the Company's stockholders approve the merger, (B) adopts, approves or recommends that the Company's stockholders accept or approve a superior proposal, or (C) enters into or allows any of the Company's subsidiaries to enter into a letter of intent, agreement in principle or a definitive agreement for an alternative proposal, (ii) the Company materially breaches its covenants and agreements regarding soliciting alternative proposals, (iii) the Company or the board of directors authorizes or publicly proposes any of the foregoing, or (iv) after April 9, 2007 (the last day of our active solicitation period) and prior to obtaining the approval of the merger by the Company's stockholders, an alternative proposal is publicly announced and the Company fails to issue a press release at Redford's written request no later than five business days prior to the annual meeting recommending the merger.

Termination Fee (Page 45)

The merger agreement provides that in the event the merger agreement is terminated under specified circumstances, the Company may be required to pay a termination fee of $31 million to Redford plus reimburse Redford for certain of its expenses up to $2.25 million.

Redford and Spirit May Amend and Extend the Merger Agreement (Page 44)

The parties may amend the merger agreement at any time before the merger is completed, and may agree to extend the time within which any action required by the merger agreement is to take place. However, if our stockholders approve the merger at the annual meeting, no amendment may thereafter be made that requires further approval of our stockholders without obtaining such approval.

Some of Our Directors and Executive Officers Have Interests in the Merger that are in Addition to or Different from the Interests of Our Stockholders (Page 46)

In considering the recommendation of our board of directors with respect to the merger, you should be aware that some of the members of our senior management, two of whom are also our directors, have interests in the merger that are in addition to, or different from, your interests in the merger. These various interests are set forth in the section "The Merger Interests of Our Directors and Executive Officers in the Merger" beginning on page 46.

Our board of directors was aware of these interests and considered them, among other matters, in approving the merger and the transactions contemplated by the merger agreement.

We are Prohibited from Soliciting Other Offers (Page 40)

We have agreed that, after April 9, 2007 and while the merger is pending, we will not initiate or, subject to some limited exceptions, engage in discussions with any third party regarding extraordinary transactions such as a merger, business combination or sale of a material amount of assets or stock.

Our Stockholders Do Not Have Dissenters' Rights (Page 53)

The holders of our common stock do not