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

FORM 10-Q

(Mark One)
☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

OR

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

For the transition period from ___________ to _________

Commission File No. 001-35711

CROSSAMERICA PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**45-4165414** (I.R.S. Employer Identification No.)
600 Hamilton Street, Suite 500 **Allentown, PA** (Address of Principal Executive Offices)	**18101** (Zip Code)
	(610) 625-8000 (Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. 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 August 2, 2018, the registrant had outstanding 34,433,574 common units.

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COMMONLY USED DEFINED TERMS

The following is a list of certain acronyms and terms generally used in the industry and throughout this document:

CrossAmerica Partners LP and subsidiaries:

CrossAmerica Partners LP	CrossAmerica, the Partnership, we, us, our
LGP Operations LLC	a wholly owned subsidiary of the Partnership
LGW	Lehigh Gas Wholesale LLC
LGPR	LGP Realty Holdings LP
LGWS	Lehigh Gas Wholesale Services, Inc. and subsidiaries

CrossAmerica Partners LP related parties:

Circle K	Circle K Stores Inc., a Texas corporation, and a wholly owned subsidiary of Couche-Tard
Couche-Tard	Alimentation Couche-Tard Inc. (TSX: ATD.A ATD.B)
Couche-Tard Board	the Board of Directors of Couche-Tard
CST	CST Brands, LLC and subsidiaries, indirectly owned by Circle K.
DMI	Dunne Manning Inc., an entity affiliated with Joseph V. Topper, Jr., a member of the Board, a related party and large holder of our common units
DMR	Dunne Manning Realty LP, an entity affiliated with Joseph V. Topper, Jr., a member of the Board, a related party and large holder of our common units.
DMS	Dunne Manning Stores LLC (formerly known as Lehigh Gas-Ohio, LLC), an entity affiliated with the family of Joseph V. Topper, Jr., a member of the Board, a related party and large holder of our common units. DMS is an operator of retail motor fuel stations. DMS leases retail sites from us in accordance with a master lease agreement with us and DMS purchases substantially all of its motor fuel for these sites from us on a wholesale basis under rack plus pricing. The financial results of DMS are not consolidated with ours.
General Partner	CrossAmerica GP LLC, the General Partner of CrossAmerica, a Delaware limited liability company, indirectly owned by Circle K.
CST Fuel Supply	CST Fuel Supply LP is the parent of CST Marketing and Supply, indirectly owned by Circle K. As of June 30, 2018, our total limited partner interest in CST Fuel Supply was 17.5%.
CST Marketing and Supply	CST Marketing and Supply, LLC, indirectly owned by Circle K. It is CST's wholesale motor fuel supply business, which provides wholesale fuel distribution to the majority of CST's U.S. retail convenience stores on a fixed markup per gallon.
CST Services	CST Services, LLC, a wholly owned subsidiary of Circle K
Topstar	Topstar Enterprises, an entity affiliated with Joseph V. Topper, Jr. Topstar is an operator of convenience stores that leases retail sites from us, but does not purchase fuel from us.

Recent Acquisitions:

Franchised Holiday Stores	The franchised Holiday stores acquired in March 2016
Jet-Pep Assets	The assets acquired from Jet-Pep, Inc. in November 2017

Other Defined Terms:

Amended Omnibus Agreement	The Amended and Restated Omnibus Agreement, dated October 1, 2014, as amended on February 17, 2016 and May 7, 2018 by and among CrossAmerica, the General Partner, DMI, DMS, CST Services and Joseph V. Topper, Jr., which amends and restates the original omnibus agreement that was executed in connection with CrossAmerica's initial public offering on October 30, 2012. The terms of the Amended Omnibus Agreement were approved by the conflicts committee of the Board. Pursuant to the Amended Omnibus Agreement, CST Services agrees, among other things, to provide, or cause to be provided, to the Partnership certain management services.

ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	Board of Directors of our General Partner
BP	BP p.l.c.
Branded Motor Fuels	Motor fuels that are purchased from major integrated oil companies and refiners under supply agreements. We take legal title to the motor fuel when we receive it at the rack and generally arrange for a third-party transportation provider to take delivery of the motor fuel at the rack and deliver it to the appropriate sites in our network.
DTW	Dealer tank wagon contracts, which are variable cent per gallon priced wholesale motor fuel distribution or supply contracts. DTW also refers to the pricing methodology under such contracts
EBITDA	Earnings before interest, taxes, depreciation, amortization and accretion, a non-GAAP financial measure
EICP	The Partnership's Lehigh Gas Partners LP Executive Income Continuity Plan, as amended
Exchange Act	Securities Exchange Act of 1934, as amended
ExxonMobil	ExxonMobil Corporation
FASB	Financial Accounting Standards Board
Form 10-K	CrossAmerica's Annual Report on Form 10-K for the year ended December 31, 2017
FTC	U.S. Federal Trade Commission
Getty Lease	In May 2012, the Predecessor Entity, which represents the portion of the business of Dunne Manning Inc. and its subsidiaries and affiliates contributed to the Partnership in connection with the IPO, entered into a 15-year master lease agreement with renewal options of up to an additional 20 years with Getty Realty Corporation. The Partnership pays fixed rent, which increases 1.5% per year. In addition, the lease requires contingent rent payments based on gallons of motor fuel sold. The Partnership leases sites under the lease in Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, Pennsylvania and Rhode Island.
IDRs	Incentive Distribution Rights represent the right to receive an increasing percentage of quarterly distributions after the target distribution levels have been achieved, as defined in our Partnership Agreement. Circle K is the indirect owner of 100% of the outstanding IDRs of CrossAmerica.
Internal Revenue Code	Internal Revenue Code of 1986, as amended
IPO	Initial public offering of CrossAmerica Partners LP on October 30, 2012
LIBOR	London Interbank Offered Rate
Merger	The merger of Ultra Acquisition Corp. with CST, with CST surviving the merger as a wholly owned subsidiary of Circle K, which closed on June 28, 2017. See Merger Agreement below.
Merger Agreement	CST's Agreement and Plan of Merger entered into on August 21, 2016 with Circle K and Ultra Acquisition Corp., a Delaware corporation and an indirect, wholly owned subsidiary of Circle K ("Merger Sub"). Under and subject to the terms and conditions of the Merger Agreement, on June 28, 2017, Merger Sub was merged with and into CST, with CST surviving the Merger as a wholly owned subsidiary of Circle K.
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Motiva	Motiva Enterprises LLC
NTI	CST's new to industry stores opened after January 1, 2008, which is generally when CST began designing and operating its larger format stores that accommodate broader merchandise categories and food offerings and have more fuel dispensers than its legacy stores

Partnership Agreement	The First Amended and Restated Agreement of Limited Partnership of CrossAmerica Partners LP, dated as of October 1, 2014, as amended
Plan	In connection with the IPO, the General Partner adopted the Lehigh Gas Partners LP 2012 Incentive Award Plan, a long-term incentive plan for employees, officers, consultants and directors of the General Partner and any of its affiliates who perform services for the Partnership
Predecessor Entity	Wholesale distribution business of DMS and real property and leasehold interests contributed in connection with the IPO
Retail Site	A general term to refer to convenience stores, including those operated by commission agents, independent dealers, Circle K, DMS or lessee dealers, as well as company operated sites
RIN	Renewable identification number, an identifier used by governmental agencies to track a specific batch of renewable fuel
SEC	U.S. Securities and Exchange Commission
Tax Cuts and Jobs Act	On December 22, 2017, the U.S. government enacted tax legislation formally known as Public Law No. 115-97, commonly referred to as the Tax Cuts and Jobs Act
Terms Discounts	Discounts for prompt payment and other rebates and incentives from our suppliers for a majority of the gallons of motor fuel purchased by us, which are recorded within cost of sales. Prompt payment discounts are based on a percentage of the purchase price of motor fuel.
U.S. GAAP	United States Generally Accepted Accounting Principles
UST	Underground storage tanks
Valero	Valero Energy Corporation and, where appropriate in context, one or more of its subsidiaries, or all of them taken as a whole
WTI	West Texas Intermediate crude oil

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CROSSAMERICA PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars, except unit data)

	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash	$ 2,475	$ 3,897
Accounts receivable, net of allowances of $482 and $277, respectively	33,116	27,792
Accounts receivable from related parties	16,414	14,459
Inventories	16,405	15,122
Assets held for sale	5,222	11,708
Other current assets	6,613	7,528
Total current assets	80,245	80,506
Property and equipment, net	664,382	681,000
Intangible assets, net	67,052	76,063
Goodwill	88,764	89,109
Other assets	19,933	20,558
Total assets	$ 920,376	$ 947,236
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt and capital lease obligations	$ 2,948	$ 2,916
Accounts payable	43,103	35,789
Accounts payable to related parties	30,205	25,512
Accrued expenses and other current liabilities	15,569	17,015
Motor fuel taxes payable	11,987	12,241
Total current liabilities	103,812	93,473
Debt and capital lease obligations, less current portion	538,384	529,147
Deferred tax liabilities, net	20,758	24,069
Asset retirement obligations	32,126	31,467
Other long-term liabilities	95,666	98,061
Total liabilities	790,746	776,217
Commitments and contingencies		
Equity:		
Partners' Capital		
Common units—(34,433,574 and 34,111,461 units issued and outstanding at June 30, 2018 and December 31, 2017, respectively)	129,971	171,337
General Partner's interest	—	—
Total Partners' Capital	129,971	171,337
Noncontrolling interests	(341)	(318)
Total equity	129,630	171,019
Total liabilities and equity	$ 920,376	$ 947,236

See Condensed Notes to Consolidated Financial Statements.

CROSSAMERICA PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands of Dollars, Except Unit and Per Unit Amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Operating revenues[a]	$ 673,295	$ 528,789	$ 1,227,865	$ 998,075
Costs of sales[b]	629,323	487,167	1,143,942	919,007
Gross profit	43,972	41,622	83,923	79,068
Income from CST Fuel Supply equity interests	3,740	3,830	7,545	7,433
Operating expenses:				
Operating expenses	15,691	16,222	32,033	31,482
General and administrative expenses	4,810	11,920	9,530	17,737
Depreciation, amortization and accretion expense	21,932	14,278	37,432	28,626
Total operating expenses	42,433	42,420	78,995	77,845
Loss on dispositions and lease terminations, net	(6,847)	(314)	(6,617)	(358)
Operating (loss) income	(1,568)	2,718	5,856	8,298
Other income (expense), net	89	127	183	245
Interest expense	(8,157)	(6,795)	(16,209)	(13,497)
Loss before income taxes	(9,636)	(3,950)	(10,170)	(4,954)
Income tax (benefit) expense	(2,698)	49	(2,425)	(2,652)
Net loss	(6,938)	(3,999)	(7,745)	(2,302)
Less: net loss attributable to noncontrolling interests	(3)	(6)	(5)	(5)
Net loss attributable to limited partners	(6,935)	(3,993)	(7,740)	(2,297)
IDR distributions	(133)	(1,055)	(1,313)	(2,047)
Net loss available to limited partners	$ (7,068)	$ (5,048)	$ (9,053)	$ (4,344)
Basic and diluted earnings per limited partner unit	$ (0.21)	$ (0.15)	$ (0.26)	$ (0.13)
Weighted-average limited partner units:				
Basic common units	34,336,386	33,798,905	34,247,232	33,694,116
Diluted common units[c]	34,346,097	33,806,925	34,257,559	33,717,612
Distribution paid per common unit	$ 0.5250	$ 0.6175	$ 1.1525	$ 1.2300
Distribution declared (with respect to each respective period) per common unit	$ 0.5250	$ 0.6225	$ 1.0500	$ 1.2400
Supplemental information:				
(a) Includes excise taxes of:	$ 25,450	$ 20,094	$ 49,808	$ 38,647
(a) Includes revenues from fuel sales to and rental income from related parties of:	124,550	104,759	228,071	198,976
(a) Includes rental income of:	21,461	22,005	43,182	43,446
(b) Includes rental expense of:	4,980	4,926	9,795	9,717

(c) Diluted common units were not used in the calculation of diluted earnings per common unit for the three and six months ended June 30, 2018 and 2017 because to do so would have been antidilutive.

See Condensed Notes to Consolidated Financial Statements.

CROSSAMERICA PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of Dollars)
(Unaudited)

	Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	$ (7,745)	$ (2,302)
Adjustments to reconcile net loss to net cash flows provided by operating activities:		
Depreciation, amortization and accretion expense	37,432	28,626
Amortization of deferred financing costs	921	852
Amortization of (above) below market leases, net	(6)	42
Provision for losses on doubtful accounts	206	10
Deferred income taxes	(3,311)	(2,893)
Equity-based employee and director compensation expense	173	1,710
Amended Omnibus Agreement fees settled in common units	3,300	6,600
Loss on dispositions and lease terminations, net	6,617	358
Changes in operating assets and liabilities, net of acquisitions	(358)	16,384
Net cash provided by operating activities	37,229	49,387
Cash flows from investing activities:		
Principal payments received on notes receivable	641	180
Proceeds from sale of property and equipment	107	564
Capital expenditures	(6,250)	(8,179)
Cash paid to Circle K in connection with acquisitions	(485)	—
Net cash used in investing activities	(5,987)	(7,435)
Cash flows from financing activities:		
Borrowings under the revolving credit facility	72,895	51,716
Repayments on the revolving credit facility	(62,395)	(46,716)
Payments of long-term debt and capital lease obligations	(1,040)	(993)
Payments of sale leaseback obligations	(489)	(413)
Payment of deferred financing fees	(887)	(5)
Distributions paid on distribution equivalent rights	(16)	(13)
Distributions paid to holders of the IDRs	(1,313)	(2,047)
Distributions paid to noncontrolling interests	(18)	(42)
Distributions paid on common units	(39,401)	(41,360)
Net cash used in financing activities	(32,664)	(39,873)
Net (decrease) increase in cash	(1,422)	2,079
Cash at beginning of period	3,897	1,350
Cash at end of period	$ 2,475	$ 3,429

See Condensed Notes to Consolidated Financial Statements.

Note 1. DESCRIPTION OF BUSINESS AND OTHER DISCLOSURES

Couche-Tard and CST Merger

On June 28, 2017, a wholly owned subsidiary of Circle K, merged with and into CST, with CST surviving the Merger as an indirect, wholly owned subsidiary of Circle K. Circle K is a wholly owned subsidiary of Couche-Tard.

As a result of the Merger, Circle K indirectly owns all of the membership interests in the sole member of our General Partner, as well as a 21.7% limited partner interest in the Partnership and all of the IDRs of the Partnership. Circle K, through its indirect ownership interest in the sole member of our General Partner, has the ability to appoint all of the members of the Board and to control and manage our operations and activities.

Description of Business

Our business consists of:

- the wholesale distribution of motor fuels;
- the retail distribution of motor fuels to end customers at retail sites operated by commission agents or us;
- generating revenues through leasing or subleasing our real estate used in the retail distribution of motor fuels; and
- the operation of retail sites.

The financial statements reflect the consolidated results of the Partnership and its wholly owned subsidiaries. Our primary operations are conducted by the following consolidated wholly owned subsidiaries:

- LGW, which distributes motor fuels on a wholesale basis and generates qualified income under Section 7704(d) of the Internal Revenue Code;
- LGPR, which functions as the real estate holding company and holds assets that generate qualified rental income under Section 7704(d) of the Internal Revenue Code; and
- LGWS, which owns and leases (or leases and sub-leases) real estate and personal property used in the retail distribution of motor fuels, as well as provides maintenance and other services to its customers. In addition, LGWS distributes motor fuels on a retail basis and sells convenience merchandise items to end customers at company operated retail sites and sells motor fuel on a retail basis at sites operated by commission agents. Income from LGWS generally is not qualifying income under Section 7704(d) of the Internal Revenue Code.

Interim Financial Statements

These unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and the Exchange Act. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature unless disclosed otherwise. Management believes that the disclosures made are adequate to keep the information presented from being misleading. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in our Form 10-K. Financial information as of June 30, 2018 and for the three and six months ended June 30, 2018 and 2017 included in the consolidated financial statements has been derived from our unaudited financial statements. Financial information as of December 31, 2017 has been derived from our audited financial statements and notes thereto as of that date.

Operating results for the three and six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. Our business exhibits seasonality due to our wholesale and retail sites being located in certain geographic areas that are affected by seasonal weather and temperature trends and associated changes in retail customer activity during different seasons. Historically, sales volumes have been highest in the second and third quarters (during the summer activity months) and lowest during the winter months in the first and fourth quarters.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results and outcomes could differ from those estimates and assumptions. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances could result in revised estimates and assumptions.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09–*Revenue from Contracts with Customers (Topic 606)*, which results in comprehensive new revenue accounting guidance, requires enhanced disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized, and develops a common revenue standard under U.S. GAAP and International Financial Reporting Standards. Specifically, the core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This guidance was effective January 1, 2018 and we applied the modified retrospective method of adoption. There was no material impact on the financial statements other than disclosures. This guidance applies to over 90% of our revenues as the only primary revenue stream outside the scope of this guidance is rental income.

Revenues from the delivery of motor fuel are recorded at the time of delivery to our customers, by which time the price is fixed, title to the products has transferred and payment has either been received or collection is reasonably assured, net of applicable discounts and allowances.

Revenues from the sale of convenience store products are recognized at the time of sale to the customer.

Revenues from leasing arrangements for which we are the lessor are recognized ratably over the term of the underlying lease.

See Note 13 for additional information on our revenues and related receivables.

Motor Fuel Taxes

LGW collects motor fuel taxes, which consist of various pass through taxes collected from customers on behalf of taxing authorities, and remits such taxes directly to those taxing authorities. LGW’s accounting policy is to exclude the taxes collected and remitted from wholesale revenues and cost of sales and account for them as liabilities. LGWS’s retail sales and cost of sales include motor fuel taxes as the taxes are included in the cost paid for motor fuel and LGWS has no direct responsibility to collect or remit such taxes to the taxing authorities. This accounting policy is consistent with that used in prior periods.

Investment in CST Fuel Supply

ASU 2016-15–*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)* was effective January 1, 2018. This ASU provides guidance on cash flow presentation of various specific transactions. We apply the cumulative earnings approach in presenting our cash flows from our investment in CST Fuel Supply. Distributions received are considered returns on investment and classified as cash inflows from operating activities.

Significant Accounting Policies

There have been no other material changes to the significant accounting policies described in our Form 10-K.

New Accounting Guidance Pending Adoption

In February 2016, the FASB issued ASU 2016-02–*Leases (Topic 842).* This standard modifies existing guidance for reporting organizations that enter into leases to increase transparency by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years and interim periods within those years beginning after December 15, 2018, and requires a modified retrospective approach to adoption. This guidance will be effective January 1, 2019. Management continues to evaluate the impact of this new guidance, but the adoption will have a material impact on our balance sheet as we will be required to recognize right-of-use assets and lease liabilities for operating leases. We have performed certain system upgrades and further validated the completeness and accuracy of our lease data. We intend to apply each of the practical expedients in adopting this new guidance.

Certain other new financial accounting pronouncements have become effective for our financial statements but the adoption of these pronouncements did not materially impact our financial position, results of operations or disclosures.

Concentration Risk

For the six months ended June 30, 2018, we distributed 12% of our total wholesale distribution volumes to DMS and DMS accounted for 18% of our rental income. For the six months ended June 30, 2017, we distributed 14% of our total wholesale distribution volumes to DMS and DMS accounted for 23% of our rental income.

In June 2018, we executed master fuel supply and master lease agreements with a third party multi-site operator of retail motor fuel stations, to which we will transition 43 sites in Florida from DMS in the third and fourth quarters of 2018. The master fuel supply and master lease agreements have an initial 10-year term with four 5-year renewal options. See Note 7 for information relating to our recapture of these sites from the master lease agreement with DMS.

For the six months ended June 30, 2018, we distributed 6% of our total wholesale distribution volume to Circle K retail sites that are not supplied by CST Fuel Supply and received 19% of our rental income from Circle K. For the six months ended June 30, 2017, we distributed 8% of our total wholesale distribution volume to CST retail sites that are not supplied by CST Fuel Supply and received 20% of our rental income from CST.

For more information regarding transactions with DMS and Circle K, see Note 7.

For the six months ended June 30, 2018, our wholesale business purchased approximately 26%, 26%, 12% and 10% of its motor fuel from ExxonMobil, BP, Motiva and Circle K, respectively. For the six months ended June 30, 2017, our wholesale business purchased approximately 28%, 27% and 18% of its motor fuel from ExxonMobil, BP and Motiva, respectively. No other fuel suppliers accounted for 10% or more of our motor fuel purchases during the six months ended June 30, 2018 and 2017.

Valero supplied substantially all of the motor fuel purchased by CST Fuel Supply during all periods presented.

Note 2. ASSETS HELD FOR SALE

We classified 13 sites and 12 sites as held for sale at June 30, 2018 and December 31, 2017, respectively. Of the sites held for sale at June 30, 2018, 11 were required to be divested per FTC orders in connection with Circle K's acquisition of Holiday Stationstores, Inc. (Holiday) and the joint acquisition of Jet-Pep Assets by Circle K and us. These assets are expected to be sold in 2018. Assets held for sale were as follows (in thousands):

	June 30, 2018	December 31, 2017
Land	$ 2,814	$ 4,946
Buildings and site improvements	2,568	5,785
Equipment	1,590	2,485
Total	6,972	13,216
Less accumulated depreciation	(1,750)	(1,508)
Assets held for sale	$ 5,222	$ 11,708

We recorded impairment charges totaling $7.6 million and $8.9 million during the three and six months ended June 30, 2018 related to the FTC-required divestitures, included within depreciation, amortization and accretion expense on the statement of operations. The impairment charges for the three and six months ended June 30, 2018 include $1.2 million of wholesale fuel distribution rights and $0.3 million of goodwill, most of which relates to the Retail segment.

As part of Circle K's acquisition of Holiday, the FTC issued a decree in which nine sites were required to be divested to FTC approved third-party buyers ("Upper Midwest Sites"). As of today, these potential third-party buyers have not been approved by the FTC. Since this is a forced divestiture of assets for us, Circle K has agreed to compensate us with an amount to be determined representing the difference between the value of the Upper Midwest Sites and the proceeds of the sale to FTC approved third-party buyers. We anticipate Circle K's payment to us will be made once the FTC has approved the proposed third-party buyers. This payment will be accounted for as a transaction between entities under common control and thus recorded as a contribution to partners' capital. We currently anticipate FTC approval and the closing of the divestitures as well as the resulting payment by Circle K to occur in 2018.

Note 3. INVENTORIES

Inventories consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Retail site merchandise	$ 8,135	$ 7,806
Motor fuel	8,270	7,316
Inventories	$ 16,405	$ 15,122

Note 4. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Land	$ 284,445	$ 285,682
Buildings and site improvements	362,692	362,207
Leasehold improvements	10,740	10,155
Equipment	186,564	185,733
Construction in progress	4,407	1,797
Property and equipment, at cost	848,848	845,574
Accumulated depreciation and amortization	(184,466)	(164,574)
Property and equipment, net	$ 664,382	$ 681,000

Note 5. INTANGIBLE ASSETS

Intangible assets consisted of the following (in thousands):

	June 30, 2018			December 31, 2017		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Wholesale fuel supply contracts/rights	$ 127,955	$ (64,505)	$ 63,450	$ 127,955	$ (56,915)	$ 71,040
Trademarks	2,064	(1,041)	1,023	2,064	(863)	1,201
Covenant not to compete	4,581	(3,709)	872	4,581	(3,300)	1,281
Below market leases	11,177	(9,470)	1,707	11,401	(8,860)	2,541
Total intangible assets	$ 145,777	$ (78,725)	$ 67,052	$ 146,001	$ (69,938)	$ 76,063

Note 6. DEBT

Our balances for long-term debt and capital lease obligations are as follows (in thousands):

	June 30, 2018	December 31, 2017
$650 million revolving credit facility	$ 516,500	$ 506,000
Capital lease obligations	26,017	27,220
Note payable	736	765
Total debt and capital lease obligations	543,253	533,985
Current portion	2,948	2,916
Noncurrent portion	540,305	531,069
Deferred financing costs, net	1,921	1,922
Noncurrent portion, net of deferred financing costs	$ 538,384	$ 529,147

Our revolving credit facility is secured by substantially all of our assets. Letters of credit outstanding at June 30, 2018 and December 31, 2017 totaled $5.4 million and $6.7 million, respectively, which reduced availability under our credit facility. The amount of availability at June 30, 2018 under the revolving credit facility, after taking into account debt covenant restrictions, was $76.9 million. In connection with future acquisitions, the revolving credit facility requires, among other things, that we have, after giving effect to such acquisitions, at least $20.0 million in the aggregate of borrowing availability under the revolving credit facility and unrestricted cash on the balance sheet on the date of such acquisition.

Financial Covenants and Interest Rate

We are required to comply with certain financial covenants under the credit facility. We are required to maintain (i) a total leverage ratio (as defined in the revolving credit facility) for the most recently completed four fiscal quarters of less than or equal to 4.50 : 1.00, except for periods following a material acquisition, generally defined as an acquisition with a purchase price of at least $30.0 million and (ii) a consolidated interest coverage ratio (as defined in the revolving credit facility) of at least 2.75 : 1.00. The total leverage ratio shall not exceed 5.00 : 1.00 for the first four full fiscal quarters following the closing of a material acquisition. If we issued qualified senior notes (as defined in the revolving credit facility) in the aggregate principal amount of $175.0 million or greater, the ratio shall not exceed 5.50 : 1.00. If we issued qualified senior notes (as defined in the revolving credit facility) of $175.0 million or greater, we are also required to maintain a senior leverage ratio (as defined in the revolving credit facility) of less than or equal to 3.00 : 1.00. As of June 30, 2018, we were in compliance with these financial covenants.

At June 30, 2018, outstanding borrowings under the revolving credit facility bore interest at LIBOR plus a margin of 2.50%. Our borrowings had an effective interest rate of 4.55% as of June 30, 2018.

On April 25, 2018, the credit facility was amended to:

- Extend the maturity date from March 4, 2019 to April 25, 2020;
- Increase the capacity from $550 million to $650 million;
- Extend the period during which the permitted total leverage ratio (as defined in the revolving credit facility) is increased from 4.50 : 1.00 to 5.00 : 1.00 after the closing of a material acquisition (as defined in the revolving credit facility) from three quarters to four quarters; and
- Decrease the applicable margin and commitment fee (each as defined in the revolving credit facility), which vary based on our total leverage ratio, such that the applicable margin ranges from 1.50% to 2.75% for LIBOR rate loans (as defined in the revolving credit facility) and 0.50% to 1.75% for alternate base rate loans (as defined in the revolving credit facility), and the commitment fee ranges from 0.20% to 0.45%. In general, the applicable margin for LIBOR and alternate base rate loans was reduced by 0.5%.

Note 7. RELATED-PARTY TRANSACTIONS

Transactions with Circle K

Fuel Sales and Rental Income

We sell wholesale motor fuel under a master fuel distribution agreement to 47 Circle K retail sites and lease real property on 73 retail sites to Circle K under a master lease agreement, each having initial 10-year terms. The master fuel distribution agreement provides us with a fixed wholesale mark-up per gallon. The master lease agreement is a triple net lease.

Revenues from wholesale fuel sales and real property rental income from Circle K were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues from motor fuel sales to Circle K	$ 43,508	$ 33,854	$ 79,568	$ 64,234
Rental income from Circle K	4,198	4,280	8,395	8,561

Accounts receivable from Circle K for fuel amounted to $4.5 million and $3.9 million at June 30, 2018 and December 31, 2017, respectively.

CST Fuel Supply Equity Interests

CST Fuel Supply provides wholesale motor fuel distribution to the majority of CST's legacy U.S. retail sites at cost plus a fixed markup per gallon. We owned a 17.5% total interest in CST Fuel Supply at June 30, 2018 and 2017. We account for the income derived from our equity interest of CST Fuel Supply as "Income from CST Fuel Supply equity interests" on our statement of operations, which amounted to $3.7 million and $3.8 million for the three months ended June 30, 2018 and 2017 and $7.5 million and $7.4 million for the six months ended June 30, 2018 and 2017, respectively.

Purchase of Fuel from Circle K

We purchase the fuel supplied to 21 retail sites from CST Fuel Supply of which we own a 17.5% interest, and resell the wholesale motor fuel to independent dealers and sub-wholesalers. We purchased $5.4 million and $6.0 million of motor fuel from CST Fuel Supply for the three months ended June 30, 2018 and 2017 and $10.3 million and $11.7 million for the six months ended June 30, 2018 and 2017, respectively.

We also purchase the fuel supplied to 101 commission sites acquired in the Jet-Pep Assets acquisition from a terminal owned and operated by Circle K. We purchased $34.9 million and $65.8 million of motor fuel from Circle K for the three and six months ended June 30, 2018, respectively.

Circle K acquired Holiday on December 22, 2017. Prior to that acquisition, we were a franchisee of Holiday (Franchised Holiday Stores), purchased fuel from Holiday and paid a franchise fee to Holiday. As a result of Circle K's acquisition, we now purchase fuel from Circle K to supply our Franchised Holiday Stores. These fuel purchases amounted to $13.4 million and $24.5 million for the three and six months ended June 30, 2018. We also pay a franchise fee to Circle K, which amounted to $0.4 million and $0.5 million for the three and six months ended June 30, 2018.

In March and May 2018, as approved by the independent conflicts committee of our Board, we purchased the leasehold interest in three retail sites from Circle K for $0.5 million. We purchase the fuel supplied to these retail sites from Circle K, which amounted to $0.7 million for the three and six months ended June 30, 2018.

Effective February 1, 2018, Couche-Tard began renegotiating fuel carrier agreements, including our wholesale transportation agreements, with third party carriers. On May 4, 2018, the independent conflicts committee of our Board approved an amendment to the Amended Omnibus Agreement providing for the payment by us to an affiliate of Couche-Tard of a 2.57% commission based on the payments made by us on the renegotiated wholesale transportation contracts to compensate such affiliate of Couche-Tard for its services in connection with the renegotiations of our fuel carrier agreements with third party carriers, which resulted in overall reductions in transportation costs to us. This commission amounted to $0.1 million and $0.2 million for the three and six months ended June 30, 2018, respectively.

Amounts payable to Circle K related to these fuel purchases and freight commissions totaled $6.9 million and $7.0 million at June 30, 2018 and December 31, 2017, respectively.

Amended Omnibus Agreement and Management Fees

We incurred $2.9 million and $4.2 million for the three months ended June 30, 2018 and 2017, and $6.0 million and $8.6 million for the six months ended June 30, 2018 and 2017, respectively, including incentive compensation costs and non-cash stock-based compensation expense, under the Amended Omnibus Agreement, which are recorded as a component of operating expenses and general and administrative expenses in the statement of operations. The decrease was driven by personnel and salary reductions effective at the time of the Merger.

In addition, during the three and six months ended June 30, 2017, the Partnership recognized a $6.5 million charge for severance, benefit, and retention costs allocated by CST upon consummation of the Merger. Such costs are included in general and administrative expenses.

Amounts payable to Circle K related to expenses incurred by Circle K on our behalf in accordance with the Amended Omnibus Agreement, including the separation benefits discussed above, totaled $18.9 million and $18.3 million at June 30, 2018 and December 31, 2017, respectively.

Common Units Issued to Circle K as Consideration for Amounts Due Under the Amended Omnibus Agreement

As approved by the independent conflicts committee of the Board, the Partnership, Circle K mutually agreed to settle, from time to time, some or all of the amounts due under the terms of the Amended Omnibus Agreement in newly issued common units representing limited partner interests in the Partnership. As approved by the independent conflicts committee, the number of common units issued is based on the volume weighted average daily trading price of the common units for the 20 trading days prior to issuance. We issued the following common units to Circle K as consideration for amounts due under the terms of the Amended Omnibus Agreement:

Period	Date of Issuance	Number of Common Units Issued
Quarter ended December 31, 2017	March 1, 2018	136,882
Quarter ended March 31, 2018	May 21, 2018	155,236

IDR and Common Unit Distributions

We distributed $0.1 million and $1.1 million to Circle K related to its ownership of our IDRs and $3.8 million and $4.2 million related to its ownership of our common units during the three months ended June 30, 2018 and 2017, respectively. We distributed $1.3 million and $2.0 million to Circle K related to its ownership of our IDRs and $8.4 million and $8.3 million related to its ownership of our common units during the six months ended June 30, 2018 and 2017, respectively.

Wholesale Motor Fuel Sales and Real Estate Rentals

Revenues from motor fuel sales and rental income from DMS were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues from motor fuel sales to DMS	$ 73,375	$ 61,738	$ 132,296	$ 116,187
Rental income from DMS	3,405	4,758	7,690	9,733

Accounts receivable from DMS totaled $10.5 million and $9.3 million at June 30, 2018 and December 31, 2017, respectively.

During the second quarter of 2018, in connection with the transition of 43 sites in Florida from DMS to a third party multi-site operator of retail motor fuel stations, we accrued a $3.8 million contract termination payment expected to be paid in cash to DMS during the third quarter of 2018, which is included in accounts payable to related parties at June 30, 2018. This payment was approved by the independent conflicts committee of our Board. Additionally, we recorded a $2.2 million charge to write off deferred rent income related to our recapture of these sites from the master lease agreement with DMS. These charges are included in loss on dispositions and lease terminations, net in the statement of operations. See Note 1 for additional information on the agreements entered into with the third party multi-site operator.

Revenues from rental income from Topstar Enterprises were $0.1 million for the three and six months ended June 30, 2018 and $0.1 million and $0.2 million for the three and six months ended June 30, 2017, respectively.

CrossAmerica leases real estate from certain other entities affiliated with Joseph V. Topper, Jr., a member of the Board. Rent expense paid to these entities was $0.2 million and $0.5 million for the three and six months ended June 30, 2018 and $0.2 million and $0.4 million for the three and six months ended June 30, 2017, respectively.

Maintenance and Environmental Costs

Certain maintenance and environmental monitoring and remediation activities are performed by an entity affiliated with Joseph V. Topper, Jr., a member of the Board, as approved by the independent conflicts committee of the Board. We incurred charges with this related party of $0.2 million and $0.7 million for the three months ended June 30, 2018 and 2017 and $0.4 million and $0.8 million for the six months ended June 30, 2018 and 2017, respectively. Accounts payable to this related party amounted to $0.5 million and $0.2 million at June 30, 2018 and December 31, 2017, respectively.

Principal Executive Offices

Our principal executive offices are in Allentown, Pennsylvania. We sublease office space from Circle K that Circle K leases from an affiliate of John B. Reilly, III and Joseph V. Topper, Jr., members of our Board. The management fee charged by Circle K to us under the Amended Omnibus Agreement includes this rental expense, which amounted to $0.2 million and $0.4 million for the three and six months ended June 30, 2018 and $0.2 million and $0.3 million for the three and six months ended June 30, 2017, respectively.

Public Relations and Website Consulting Services

We have engaged a company affiliated with John B. Reilly, III, a member of the Board, for public relations and website consulting services. The cost of these services was insignificant for the three and six months ended June 30, 2018 and 2017.

Note 8. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

We have minimum volume purchase requirements under our fuel supply agreements with a purchase price at prevailing market rates for wholesale distribution. In the event we fail to purchase the required minimum volume for a given contract year, the underlying third party's exclusive remedies (depending on the magnitude of the failure) are either termination of the supply agreement and/or a financial penalty per gallon based on the volume shortfall for the given year. We did not incur any significant penalties in 2017 or 2018.

Litigation Matters

We are from time to time party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damages, environmental damages, employment-related claims and damages, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims and proceedings, we record a reserve when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In addition, we disclose matters for which management believes a material loss is at least reasonably possible. None of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on our consolidated financial position, results of operations or cash flows. In all instances, management has assessed the matter based on current information and made a judgment concerning its potential outcome, giving due consideration to the nature of the claim, the amount and nature of damages sought and the probability of success. Management's judgment may prove materially inaccurate, and such judgment is made subject to the known uncertainties of litigation.

Environmental Matters

We currently own or lease retail sites where refined petroleum products are being or have been handled. These retail sites and the refined petroleum products handled thereon may be subject to federal and state environmental laws and regulations. Under such laws and regulations, we could be required to remove or remediate containerized hazardous liquids or associated generated wastes (including wastes disposed of or abandoned by prior owners or operators), to remediate contaminated property arising from the release of liquids or wastes into the environment, including contaminated groundwater, or to implement best management practices to prevent future contamination.

We maintain insurance of various types with varying levels of coverage that is considered adequate under the circumstances to cover operations and properties. The insurance policies are subject to deductibles that are considered reasonable and not excessive. In addition, we have entered into indemnification and escrow agreements with various sellers in conjunction with several of their respective acquisitions, as further described below. Financial responsibility for environmental remediation is negotiated in connection with each acquisition transaction. In each case, an assessment is made of potential environmental liability exposure based on available information. Based on that assessment and relevant economic and risk factors, a determination is made whether to, and the extent to which we will assume liability for existing environmental conditions.

Environmental liabilities recorded on the balance sheet within accrued expenses and other current liabilities and other long-term liabilities totaled $3.6 million and $3.5 million at June 30, 2018 and December 31, 2017, respectively. Indemnification assets related to third-party escrow funds, state funds or insurance recorded on the balance sheet within other current assets and other noncurrent assets totaled $3.7 million and $3.4 million at June 30, 2018 and December 31, 2017, respectively. State funds represent probable state reimbursement amounts. Reimbursement will depend upon the continued maintenance and solvency of the state. Insurance coverage represents amounts deemed probable of reimbursement under insurance policies.

The estimates used in these reserves are based on all known facts at the time and an assessment of the ultimate remedial action outcomes. We will adjust loss accruals as further information becomes available or circumstances change. Among the many uncertainties that impact the estimates are the necessary regulatory approvals for, and potential modifications of remediation plans, the amount of data available upon initial assessment of the impact of soil or water contamination, changes in costs associated with environmental remediation services and equipment and the possibility of existing legal claims giving rise to additional claims.

Environmental liabilities related to the sites contributed to the Partnership in connection with our IPO have not been assigned to us, and are still the responsibility of the Predecessor Entity. Under the Amended Omnibus Agreement, the Predecessor Entity must indemnify us for any costs or expenses that it incurs for environmental liabilities and third-party claims, regardless of when a claim is made, that are based on environmental conditions in existence prior to the closing of the IPO for contributed sites. As such, these environmental liabilities and indemnification assets are recorded on the balance sheet of the Predecessor Entity rather than the balance sheet of the Partnership.

Note 9. FAIR VALUE MEASUREMENTS

General

We measure and report certain financial and non-financial assets and liabilities on a fair value basis. Fair value is 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 (exit price). U.S. GAAP specifies a three-level hierarchy that is used when measuring and disclosing fair value. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels.

> Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Active markets are considered to be those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
>
> Level 2—Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability. This category includes quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets.
>
> Level 3—Unobservable inputs are not corroborated by market data. This category is comprised of financial and non-financial assets and liabilities whose fair value is estimated based on internally developed models or methodologies using significant inputs that are generally less readily observable from objective sources.

Transfers into or out of any hierarchy level are recognized at the end of the reporting period in which the transfers occurred. There were no transfers between any levels in 2018 or 2017.

As further discussed in Note 10, we have accrued for unvested phantom units and vested and unvested profits interests as a liability and adjust that liability on a recurring basis based on the market price of our common units each balance sheet date. Such fair value measurements are deemed Level 1 measurements.

Financial Instruments

The fair value of our accounts receivable, notes receivable, and accounts payable approximated their carrying values as of June 30, 2018 and December 31, 2017 due to the short-term maturity of these instruments. The fair value of the revolving credit facility approximated its carrying values of $516.5 million as of June 30, 2018 and $506.0 million as of December 31, 2017, due to the frequency with which interest rates are reset and the consistency of the market spread.

Note 10. EQUITY-BASED COMPENSATION

Overview

We record equity-based compensation as a component of general and administrative expenses in the statements of operations. Equity-based compensation expense was $0.1 million and $0.8 million for the three months ended June 30, 2018 and 2017, and $0.2 million and $1.7 million for the six months ended June 30, 2018 and 2017, respectively.

Partnership Equity-Based Awards

Since we grant awards to employees of Circle K who provide services to us under the Amended Omnibus Agreement, and since the grants may be settled in cash, unvested phantom units and vested and unvested profits interests receive fair value variable accounting treatment. As such, they are measured at fair value at each balance sheet reporting date and the cumulative compensation cost recognized is classified as a liability, which is included in accrued expenses and other current liabilities on the consolidated balance sheet. The balance of the accrual is not significant at June 30, 2018 and $0.7 million at December 31, 2017.

CST Equity-Based Awards

In February 2017, CST granted approximately 47,000 equity-based awards in the form of time vested restricted stock units of CST to certain employees for services rendered on our behalf. Upon completion of the Merger, these awards converted to cash awards and remained subject to the same vesting terms and payment schedule of three annual tranches as those set forth in the original award agreement; provided that, upon completion of the Merger, such awards will vest in full upon an involuntary termination of employment without cause, or termination for “Good Reason”, or termination due to death, “Disability” or Retirement. The expense associated with these awards that was charged to us under the Amended Omnibus Agreement was $0.1 million and $0.2 million for the three and six months ended June 30, 2018, respectively. Unrecognized compensation expense associated with these awards amounted to $0.5 million and $0.7 million as of June 30, 2018 and December 31, 2017, respectively, which will be recognized over the vesting term through January 2020.

For the three and six months ended June 30, 2017, the expense associated with CST equity-based awards in the form of time vested restricted stock units of CST, stock options of CST and market share units of CST, which was charged to us under the Amended Omnibus Agreement, was $0.8 million and $1.5 million, respectively.

Note 11. INCOME TAXES

As a limited partnership, we are not subject to federal and state income taxes, however our corporate subsidiaries are subject to income taxes. Income tax attributable to our taxable income, which may differ significantly from income for financial statement purposes, is assessed at the individual limited partner unit holder level. We are subject to a statutory requirement that non-qualifying income, as defined by the Internal Revenue Code, cannot exceed 10% of total gross income for the calendar year. If non-qualifying income exceeds this statutory limit, we would be taxed as a corporation. The non-qualifying income did not exceed the statutory limit in any period presented.

Certain activities that generate non-qualifying income are conducted through LGWS. LGWS is a tax paying corporate subsidiary of ours that is subject to federal and state income taxes. Current and deferred income taxes are recognized on the earnings of LGWS. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates.

We recorded an income tax benefit of $2.7 million and an insignificant amount for the three months ended June 30, 2018 and 2017, and an income tax benefit of $2.4 million and $2.7 million for the six months ended June 30, 2018 and 2017, respectively, as a result of the income generated (or losses incurred) by our corporate subsidiaries. The effective tax rate differs from the combined federal and state statutory rate primarily because only LGWS is subject to income tax.

Note 12. NET INCOME PER LIMITED PARTNER UNIT

In addition to the common units, we have identified the IDRs as participating securities and compute income per unit using the two-class method under which any excess of distributions declared over net income shall be allocated to the partners based on their respective sharing of income as specified in the Partnership Agreement. Net income per unit applicable to limited partners is computed by dividing the limited partners’ interest in net income (loss), after deducting the IDRs, by the weighted-average number of outstanding common units.

The following tables provide a reconciliation of net income (loss) and weighted-average units used in computing basic and diluted net income (loss) per limited partner unit for the following periods (in thousands, except unit and per unit amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Numerator:				
Distributions paid[(a)]	$ 18,002	$ 20,826	$ 39,417	$ 41,360
Allocation of distributions in excess of net loss	(25,070)	(25,874)	(48,470)	(45,704)
Limited partners' interest in net loss - basic and diluted	$ (7,068)	$ (5,048)	$ (9,053)	$ (4,344)
Denominator:				
Weighted average limited partnership units outstanding - basic	34,336,386	33,798,905	34,247,232	33,694,116
Adjustment for phantom units[(b)]	—	—	—	—
Weighted average limited partnership units outstanding - diluted	34,336,386	33,798,905	34,247,232	33,694,116
Net loss per limited partnership unit - basic and diluted	$ (0.21)	$ (0.15)	$ (0.26)	$ (0.13)

(a) Distributions paid per unit were $0.5250 and $0.6175 during the three months ended June 30, 2018 and 2017, and $1.1525 and $1.23 during the six months ended June 30, 2018 and 2017, respectively.

(b) Excludes 9,711 and 10,327 potentially dilutive securities from the calculation of diluted earnings per common unit because to do so would be antidilutive for the three and six months ended June 30, 2018, respectively. Excludes 8,020 and 23,496 potentially dilutive securities from the calculation of diluted earnings per common unit because to do so would be antidilutive for the three and six months ended June 30, 2017, respectively.

Distributions

Distribution activity for 2018 was as follows:

Quarter Ended	Record Date	Payment Date	Cash Distribution (per unit)	Cash Distribution (in thousands)
December 31, 2017	February 5, 2018	February 12, 2018	$ 0.6275	$ 21,415
March 31, 2018	May 18, 2018	May 25, 2018	0.5250	18,002
June 30, 2018	August 6, 2018	August 13, 2018	0.5250	18,084

The amount of any distribution is subject to the discretion of the Board, which may modify or revoke our cash distribution policy at any time. Our Partnership Agreement does not require us to pay any distributions. As such, there can be no assurance we will continue to pay distributions in the future.

Note 13. SEGMENT REPORTING

We conduct our business in two segments: 1) the Wholesale segment, and 2) the Retail segment. The wholesale segment includes the wholesale distribution of motor fuel to lessee dealers, independent dealers, commission agents, DMS, Circle K and company operated retail sites. We have exclusive motor fuel distribution contracts with lessee dealers who lease the property from us. We also have exclusive distribution contracts with independent dealers to distribute motor fuel but do not collect rent from the independent dealers. Similar to lessee dealers, we have motor fuel distribution agreements with DMS and Circle K and collect rent from both. The Retail segment includes the sale of convenience merchandise items, the retail sale of motor fuel at company operated retail sites and the retail sale of motor fuel at retail sites operated by commission agents. A commission agent is a retail site where we retain title to the motor fuel inventory and sell it directly to our end user customers. At commission sites, we manage motor fuel inventory pricing and retain the gross profit on motor fuel sales, less a commission to the agent who operates the retail site. Similar to our Wholesale segment, we also generate revenues through leasing or subleasing real estate in our Retail segment.

As part of our business strategy, we will from time to time convert company owned retail sites from our Retail segment to lessee dealers in our Wholesale segment. As a result, we no longer generate revenues from the retail sale of motor fuel or merchandise at these stores subsequent to the date of conversion and we no longer incur retail operating expenses related to these retail sites. However, we continue to supply these retail sites with motor fuel on a wholesale basis pursuant to the fuel supply contract with the lessee dealer. Further, we continue to own/lease the property and earn rental income under lease/sublease agreements with the lessee dealers under triple net leases. The lessee dealer owns all motor fuel and convenience merchandise and retains all gross profit on such operating activities.

Unallocated items consist primarily of general and administrative expenses, depreciation, amortization and accretion expense, gains on sales of assets, net, and the elimination of the Retail segment's intersegment cost of revenues from motor fuel sales against the Wholesale segment's intersegment revenues from motor fuel sales. The profit in ending inventory generated by the intersegment motor fuel sales is also eliminated. Total assets by segment are not presented as management does not currently assess performance or allocate resources based on that data.

The following table reflects activity related to our reportable segments (in thousands):

	Wholesale	Retail	Unallocated	Consolidated
Three Months Ended June 30, 2018				
Revenues from fuel sales to external customers	$ 477,562	$ 147,494	$ —	$ 625,056
Intersegment revenues from fuel sales	117,117	—	(117,117)	—
Revenues from food and merchandise sales	—	26,134	—	26,134
Rent income	19,394	2,067	—	21,461
Other revenue	644	—	—	644
Total revenues	$ 614,717	$ 175,695	$ (117,117)	$ 673,295
Income from CST Fuel Supply equity interests	$ 3,740	$ —	$ —	$ 3,740
Operating income (loss)	$ 30,189	$ 1,898	$ (33,655)	$ (1,568)
Three Months Ended June 30, 2017				
Revenues from fuel sales to external customers	$ 383,519	$ 94,801	$ —	$ 478,320
Intersegment revenues from fuel sales	69,027	—	(69,027)	—
Revenues from food and merchandise sales	—	27,691	—	27,691
Rent income	20,361	1,644	—	22,005
Other revenue	773	—	—	773
Total revenues	$ 473,680	$ 124,136	$ (69,027)	$ 528,789
Income from CST Fuel Supply equity interests	$ 3,830	$ —	$ —	$ 3,830
Operating income (loss)	$ 27,678	$ 1,538	$ (26,498)	$ 2,718

	Wholesale	Retail	Unallocated	Consolidated
Six Months Ended June 30, 2018				
Revenues from fuel sales to external customers	$ 859,562	$ 274,811	$ —	$ 1,134,373
Intersegment revenues from fuel sales	215,510	—	(215,510)	—
Revenues from food and merchandise sales	—	48,720	—	48,720
Rent income	39,149	4,033	—	43,182
Other revenue	1,590	—	—	1,590
Total revenues	$ 1,115,811	$ 327,564	$ (215,510)	$ 1,227,865
Income from CST Fuel Supply equity interests	$ 7,545	$ —	$ —	$ 7,545
Operating income (loss)	$ 56,353	$ 3,247	$ (53,744)	$ 5,856
Six Months Ended June 30, 2017				
Revenues from fuel sales to external customers	$ 722,607	$ 179,004	$ —	$ 901,611
Intersegment revenues from fuel sales	130,643	—	(130,643)	—
Revenues from food and merchandise sales	—	51,711	—	51,711
Rent income	40,000	3,446	—	43,446
Other revenue	1,307	—	—	1,307
Total revenues	$ 894,557	$ 234,161	$ (130,643)	$ 998,075
Income from CST Fuel Supply equity interests	$ 7,433	$ —	$ —	7,433
Operating income (loss)	$ 53,330	$ 1,683	$ (46,715)	$ 8,298

Receivables relating to the revenue streams above are as follows:

	June 30, 2018	December 31, 2017
Receivables from fuel and merchandise sales	$ 44,633	$ 35,439
Receivables for rent and other lease-related charges	4,897	6,812
Total accounts receivable	$ 49,530	$ 42,251

Performance obligations are satisfied as fuel is delivered to the customer. Many of our contracts with our customers include minimum purchase volumes measured on a monthly basis, although such revenue is not material. Receivables from fuel are recognized on a per-gallon rate and are generally collected within 10 days of delivery.

Receivables from rent and other lease-related charges are generally collected at the beginning of the month.

Note 14. SUPPLEMENTAL CASH FLOW INFORMATION

In order to determine net cash provided by operating activities, net income is adjusted by, among other things, changes in assets and liabilities as follows (in thousands):

	Six Months Ended June 30,	
	2018	2017
Decrease (increase):		
Accounts receivable	$ (5,556)	$ 8,049
Accounts receivable from related parties	(1,946)	(132)
Inventories	(1,296)	929
Other current assets	721	698
Other assets	460	(2,004)
Increase (decrease):		
Accounts payable	7,314	1,219
Accounts payable to related parties	3,858	6,425
Motor fuel taxes payable	(254)	450
Accrued expenses and other current liabilities	(865)	813
Other long-term liabilities	(2,794)	(63)
Changes in operating assets and liabilities, net of acquisitions	$ (358)	$ 16,384

The above changes in operating assets and liabilities may differ from changes between amounts reflected in the applicable balance sheets for the respective periods due to acquisitions.

Supplemental disclosure of cash flow information (in thousands):

	Six Months Ended June 30,	
	2018	2017
Cash paid for interest	$ 15,376	$ 12,587
Cash paid for income taxes, net of refunds received	1,286	782

Supplemental schedule of non-cash investing and financing activities (in thousands):

	Six Months Ended June 30,	
	2018	2017
Amended Omnibus Agreement fees settled in our common units	$ 6,518	$ 7,718
Sale of property and equipment in Section 1031 like-kind exchange transactions	—	260
Issuance of capital lease obligations and recognition of asset retirement obligation related to Getty lease	—	740

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report includes forward-looking statements, including in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, credit ratings, distribution growth, potential growth opportunities, potential operating performance improvements, potential improvements in return on capital employed, the effects of competition and the effects of future legislation or regulations. You can identify our forward-looking statements by the words "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "guidance," "outlook," "effort," "target" and similar expressions. Such statements are based on our current plans and expectations, and involve risks and uncertainties that could potentially affect actual results. These forward-looking statements include, among other things, statements regarding:

- future retail and wholesale gross profits, including gasoline, diesel and convenience store merchandise gross profits;
- our anticipated level of capital investments, primarily through acquisitions, and the effect of these capital investments on our results of operations;
- anticipated trends in the demand for, and volumes sold of, gasoline and diesel in the regions where we operate;
- volatility in the equity and credit markets limiting access to capital markets;
- our ability to integrate acquired businesses and to transition retail sites to dealer operated sites;
- expectations regarding environmental, tax and other regulatory initiatives; and
- the effect of general economic and other conditions on our business.

In general, we based the forward-looking statements included in this quarterly report on our current expectations and estimates about our company and the industry in which we operate. We caution you that these statements are not guarantees of future performance and involve risks and uncertainties we cannot predict. We anticipate that subsequent events and market developments will cause our estimates to change. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecasted in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- Couche-Tard's business strategy and operations and Couche-Tard's conflicts of interest with us;
- availability of cash flow to pay the current quarterly distributions on our common units;
- the availability and cost of competing motor fuels;
- motor fuel price volatility or a reduction in demand for motor fuels;
- competition in the industries and geographical areas in which we operate;
- the consummation of financing, acquisition or disposition transactions and the effect thereof on our business;
- environmental compliance and remediation costs;
- our existing or future indebtedness and the related interest expense and our ability to comply with debt covenants;
- our liquidity, results of operations and financial condition;
- failure to comply with applicable tax and other regulations or governmental policies;
- future legislation and changes in regulations, governmental policies, immigration laws and restrictions or changes in enforcement or interpretations thereof;
- future regulations and actions that could expand the non-exempt status of employees under the Fair Labor Standards Act;
- future income tax legislation;
- changes in energy policy;
- increases in energy conservation efforts;

- technological advances;
- the impact of worldwide economic and political conditions;
- the impact of wars and acts of terrorism;
- weather conditions or catastrophic weather-related damage;
- earthquakes and other natural disasters;
- hazards and risks associated with transporting and storing motor fuel;
- unexpected environmental liabilities;
- the outcome of pending or future litigation; and
- our ability to comply with federal and state laws and regulations, including those related to environmental matters, the sale of alcohol, cigarettes and fresh foods, employment, and health benefits, including the Affordable Care Act, immigration and international trade.

You should consider the areas of risk described above, as well as those set forth herein and in the section entitled "Risk Factors" included in our Form 10-K, in connection with considering any forward-looking statements that may be made by us and our businesses generally. We cannot assure you that anticipated results or events reflected in the forward-looking statements will be achieved or will occur. The forward-looking statements included in this report are made as of the date of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following MD&A is intended to help the reader understand our results of operations and financial condition. This section is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes to these financial statements contained elsewhere in this report, and the MD&A section and the consolidated financial statements and accompanying notes to those financial statements in our Form 10-K. Our Form 10-K contains a discussion of other matters not included herein, such as disclosures regarding critical accounting policies and estimates and contractual obligations.

MD&A is organized as follows:

- **Merger**—This section provides information on the Merger.
- **Significant Factors Affecting Our Profitability**—This section describes the significant impact on our results of operations caused by crude oil commodity price volatility, seasonality and acquisition and financing activities.
- **Results of Operations**—This section provides an analysis of our results of operations, including the results of operations of our business segments, for the three and six months ended June 30, 2018 and 2017 and non-GAAP financial measures.
- **Liquidity and Capital Resources**—This section provides a discussion of our financial condition and cash flows. It also includes a discussion of our debt, capital requirements, other matters impacting our liquidity and capital resources and an outlook for our business.
- **New Accounting Policies**—This section describes new accounting pronouncements that we have already adopted, those that we are required to adopt in the future and those that became applicable in the current year as a result of new circumstances.
- **Critical Accounting Policies Involving Critical Accounting Estimates**—This section describes the accounting policies and estimates that we consider most important for our business and that require significant judgment.

Couche-Tard and CST Merger

On June 28, 2017, a wholly owned subsidiary of Circle K merged with and into CST, with CST surviving the Merger as an indirect, wholly owned subsidiary of Circle K. Circle K is a wholly owned subsidiary of Couche-Tard.

As a result of the Merger, Circle K indirectly owns all of the membership interests in the sole member of our General Partner, as well as a 21.7% limited partner interest in the Partnership and all of the outstanding IDRs of the Partnership. Circle K, through its indirect ownership interest in the sole member of our General Partner, has the ability to appoint all of the members of the Board and to control and manage the operations and activities of the Partnership.

Significant Factors Affecting our Profitability

The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit

Wholesale segment

The prices paid to our motor fuel suppliers for wholesale motor fuel (which affects our cost of sales) are highly correlated to the price of crude oil. The crude oil commodity markets are highly volatile, and the market prices of crude oil, and, correspondingly, the market prices of wholesale motor fuel, experience significant and rapid fluctuations. We receive a fixed mark-up per gallon on approximately 80% of gallons sold to our customers. The remaining gallons are primarily DTW priced contracts with our customers. These contracts provide for variable, market based pricing that results in motor fuel gross profit effects similar to retail motor fuel gross profits (as crude oil prices decline, motor fuel gross profit generally increases, as discussed in our Retail segment below). The increase in DTW gross profit results from the acquisition cost of wholesale motor fuel declining at a faster rate as compared to the rate retail motor fuel prices decline. Conversely, our DTW motor fuel gross profit declines when the cost of wholesale motor fuel increases at a faster rate as compared to the rate retail motor fuel prices increase.

CrossAmerica purchases motor fuel for our Jet-Pep Assets from Circle K at Circle K’s cost plus terminal and administration fees of $0.015 per gallon. Circle K’s cost to supply these sites includes price fluctuations associated with index-based motor fuel pricing for pipeline delivery and the generation and sale of RINs. We are exposed to more price risk with these motor fuel purchases from Circle K as compared to our other motor fuel purchases.

Regarding our supplier relationships, a majority of our total gallons purchased are subject to Terms Discounts. The dollar value of these Terms Discounts increases and decreases corresponding to motor fuel prices. Therefore, in periods of lower wholesale motor fuel prices, our gross profit is negatively affected and, in periods of higher wholesale motor fuel prices, our gross profit is positively affected (as it relates to these discounts).

Retail segment

We attempt to pass along wholesale motor fuel price changes to our retail customers through “at the pump” retail price changes; however, market conditions do not always allow us to do so immediately. The timing of any related increase or decrease in “at the pump” retail prices is affected by competitive conditions in each geographic market in which we operate. As such, the prices we charge our customers for motor fuel and the gross profit we receive on our motor fuel sales can increase or decrease significantly and rapidly over short periods of time.

Changes in our average motor fuel selling price per gallon and gross margin are directly related to the changes in crude oil and wholesale motor fuel prices over the same period. Variations in our reported revenues and cost of sales are, therefore, primarily related to the price of crude oil and wholesale motor fuel prices and generally not as a result of changes in motor fuel sales volumes, unless otherwise indicated and discussed below.

We typically experience lower retail motor fuel gross profits in periods when the wholesale cost of motor fuel increases, and higher retail motor fuel gross profits in periods when the wholesale cost of motor fuel declines rapidly.

Seasonality Effects on Volumes

Our business is subject to seasonality due to our wholesale and retail sites being located in certain geographic areas that are affected by seasonal weather and temperature trends and associated changes in retail customer activity during different seasons. Historically, sales volumes have been highest in the second and third quarters (during the summer months) and lowest during the winter months in the first and fourth quarters.

Impact of Inflation

Inflation affects our financial performance by increasing certain of our operating expenses and cost of goods sold. Operating expenses include labor costs, leases, and general and administrative expenses. While our Wholesale segment benefits from higher Terms Discounts as a result of higher fuel costs, inflation could negatively impact our Retail segment as a result of higher motor fuel, merchandise and operating costs. Although we have historically been able to pass on increased costs through price increases, there can be no assurance that we will be able to do so in the future.

Acquisition and Financing Activity

Our results of operations and financial condition are also impacted by our acquisition and financing activities as summarized below.

- On September 6, 2017, we sold two properties to an unaffiliated third party as a result of the FTC's required divestitures associated with the Merger for $6.7 million.
- On September 27, 2017, as approved by the independent conflicts committee of our Board, we sold 29 properties to DMR for $18.9 million. These sites were generally sites at which we did not supply fuel or represented vacant land.
- On November 28, 2017, we acquired the Jet-Pep Assets located in Alabama for approximately $75.6 million, including working capital.
- On April 25, 2018, we amended our credit facility as further discussed in "Liquidity and Capital Resources—Debt."
- In March and May 2018, we purchased the leasehold interest in three retail sites from Circle K for $0.5 million.

Execution of Master Fuel and Lease Agreements with a Third Party Multi-Site Operator

In June 2018, we executed master fuel supply and master lease agreements with a third party multi-site operator of retail motor fuel stations, to which we will transition 43 sites in Florida from DMS in the third and fourth quarters of 2018. The master fuel supply and master lease agreements have an initial 10-year term with four 5-year renewal options. During the second quarter of 2018, in connection with this transition, we accrued a $3.8 million contract termination payment expected to be paid in cash to DMS during the third quarter of 2018. This payment was approved by the independent conflicts committee of our Board. Additionally, we recorded a $2.2 million charge to write off deferred rent income related to our recapture of these sites from the master lease agreement with DMS. These charges are included in loss on dispositions and lease terminations, net in the statement of operations.

FTC-Required Divestitures

In November 2017, we and Circle K jointly acquired the Jet-Pep Assets and in December 2017, Circle K acquired Holiday. Since the FTC does not view us as an independent competitor of Circle K and, as a result of the agreements entered into in connection with these acquisitions, the FTC has issued orders requiring us to divest specific sites to FTC-approved third-party buyers. Accordingly, we divested two Jet-Pep sites to third party buyers in July 2018 and have entered into agreements with third-party buyers for the divestiture of the Upper Midwest Sites in connection with Circle K's acquisition of Holiday. However, closing on the divestiture of the Upper Midwest Sites is subject to FTC approval. Since this is a forced divestiture of assets for us, Circle K has agreed to compensate us with an amount to be determined representing the difference between the value of the Upper Midwest Sites and the proceeds of the sale to FTC approved third-party buyers. We anticipate Circle K's payment to us will be made once the FTC has approved the proposed third-party buyers. This payment will be accounted for as a transaction between entities under common control and thus recorded as a contribution to partners' capital. We currently anticipate FTC approval and the closing of the divestitures as well as the resulting payment by Circle K to occur in 2018.

Results of Operations

Consolidated Income Statement Analysis

Below is an analysis of our consolidated statements of operations and provides the primary reasons for significant increases and decreases in the various income statement line items from period to period. Our consolidated statements of operations are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Operating revenues	$ 673,295	$ 528,789	$ 1,227,865	$ 998,075
Costs of sales	629,323	487,167	1,143,942	919,007
Gross profit	43,972	41,622	83,923	79,068
Income from CST Fuel Supply equity interests	3,740	3,830	7,545	7,433
Operating expenses:				
Operating expenses	15,691	16,222	32,033	31,482
General and administrative expenses	4,810	11,920	9,530	17,737
Depreciation, amortization and accretion expense	21,932	14,278	37,432	28,626
Total operating expenses	42,433	42,420	78,995	77,845
Loss on dispositions and lease terminations, net	(6,847)	(314)	(6,617)	(358)
Operating (loss) income	(1,568)	2,718	5,856	8,298
Other income (expense), net	89	127	183	245
Interest expense	(8,157)	(6,795)	(16,209)	(13,497)
Loss before income taxes	(9,636)	(3,950)	(10,170)	(4,954)
Income tax (benefit) expense	(2,698)	49	(2,425)	(2,652)
Net loss	(6,938)	(3,999)	(7,745)	(2,302)
Less: net loss attributable to noncontrolling interests	(3)	(6)	(5)	(5)
Net loss attributable to limited partners	(6,935)	(3,993)	(7,740)	(2,297)
IDR distributions	(133)	(1,055)	(1,313)	(2,047)
Net loss available to limited partners	$ (7,068)	$ (5,048)	$ (9,053)	$ (4,344)

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017

Consolidated Results

Operating revenues increased $144.5 million or 27% while gross profit increased $2.4 million or 6%.

Operating revenues

Significant items impacting these results prior to the elimination of intercompany revenues were:

- A $141.0 million or 30% increase in our wholesale segment revenues primarily attributable to the increase in crude oil prices. The average daily spot price of WTI crude oil increased 42% to $68.07 per barrel for the second quarter of 2018, compared to $48.10 per barrel for the second quarter of 2017. The wholesale price of motor fuel is highly correlated to the price of crude oil. See “Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit.” In addition, volume increased 2%, driven primarily by the incremental volume from the November 2017 Jet-Pep Assets acquisition.
- A $51.6 million or 42% increase in our Retail segment revenues primarily attributable to an increase in volume driven by the November 2017 Jet-Pep Assets acquisition as well as an increase in crude oil prices. See “Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit.”

Intersegment revenues

We present the results of operations of our segments on a consistent basis with how our management views the business. Therefore, our segments are presented before intersegment eliminations (which consist of motor fuel sold by our Wholesale segment to our Retail segment). As a result, in order to reconcile to our consolidated change in operating revenues, a discussion of the change in intersegment revenues is included in our consolidated MD&A discussion.

Our intersegment revenues increased $48.1 million or 70% primarily attributable to the November 2017 Jet-Pep Assets acquisition and the increase in wholesale motor fuel prices discussed above.

Cost of sales

Cost of sales increased $142.2 million or 29% as a result of the increase in wholesale motor fuel prices and gallons sold of motor fuel as noted above. See “Results of Operations—Segment Results” for additional gross profit analyses.

Operating expenses

See “Results of Operations—Segment Results” for operating expenses analyses.

General and administrative expenses

General and administrative expenses decreased $7.1 million or 60% primarily attributable to a $6.4 million decrease in separation benefits. In the second quarter of 2017, we recorded a $6.5 million charge for separation benefits incurred in connection with the CST Merger. In addition, we incurred $0.4 million less in charges allocated under the Amended Omnibus Agreement for personnel and salary reductions and $0.7 million less in equity compensation expense as a result of fewer awards outstanding.

Depreciation, amortization and accretion expense

Depreciation, amortization and accretion expense increased $7.7 million due primarily to a $7.6 million impairment charge recorded in the second quarter of 2018 related to the FTC-required divestiture of the Upper Midwest Sites as a result of Circle K’s acquisition of Holiday as well as the incremental depreciation, amortization and accretion expense from the November 2017 Jet-Pep Assets acquisition.

Loss on dispositions and lease terminations, net

During the second quarter of 2018, in connection with the transition of 43 sites in Florida from DMS to a third party multi-site operator of retail motor fuel stations, we accrued a $3.8 million contract termination payment expected to be paid in cash to DMS during the third quarter of 2018. Additionally, we recorded a $2.2 million charge to write off deferred rent income related to our recapture of these sites from the master lease agreement with DMS.

Interest expense

Interest expense increased $1.4 million or 20% due to an increase in the average interest rate charged on our credit facility borrowings from 4.1% to 4.6% and a $63.6 million increase in the average balance outstanding primarily to fund the November 2017 Jet-Pep Assets acquisition.

Income tax expense

We recorded an income tax benefit of $2.7 million and an insignificant amount for the three months ended June 30, 2018 and 2017, respectively. The benefit recorded for the three months ended June 30, 2018 relates primarily to the losses incurred by our taxable subsidiaries.

IDR distributions

IDR distributions decreased $0.9 million or 87% as a result of the reduction in the distribution applicable to the second quarter of 2018 as compared with that applicable to the second quarter of 2017.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

Consolidated Results

Operating revenues increased $229.8 million or 23% while gross profit increased $4.9 million or 6%.

Operating revenues

Significant items impacting these results prior to the elimination of intercompany revenues were:

- A $221.3 million or 25% increase in our Wholesale segment revenues primarily attributable to the increase in crude oil prices. The average daily spot price of WTI crude oil increased 31% to $65.55 per barrel for the six months ended June 30, 2018, compared to $49.85 per barrel for the six months ended June 30, 2017. The wholesale price of motor fuel is highly correlated to the price of crude oil. See “Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit.” In addition, volume increased 3%, driven primarily by the incremental volume from the November 2017 Jet-Pep Assets acquisition.
- A $93.4 million or 40% increase in our Retail segment revenues primarily attributable to a 37% increase in volume driven by the November 2017 Jet-Pep Assets acquisition as well as an increase in crude oil prices. See “Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit.”

Intersegment revenues

We present the results of operations of our segments on a consistent basis with how our management views the business. Therefore, our segments are presented before intersegment eliminations (which consist of motor fuel sold by our Wholesale segment to our Retail segment). As a result, in order to reconcile to our consolidated change in operating revenues, a discussion of the change in intersegment revenues is included in our consolidated MD&A discussion.

Our intersegment revenues increased $84.9 million or 65% primarily attributable to the November 2017 Jet-Pep Assets acquisition and the increase in wholesale motor fuel prices discussed above.

Cost of sales

Cost of sales increased $224.9 million or 24% as a result of the increase in wholesale motor fuel prices and November 2017 Jet-Pep Assets acquisition. See “Results of Operations—Segment Results” for additional gross profit analyses.

Operating expenses

See “Results of Operations—Segment Results” for operating expenses analyses.

General and administrative expenses

General and administrative expenses decreased $8.2 million or 46% primarily attributable to a $6.1 million decrease in separation benefits. In the second quarter of 2017, we recorded a $6.5 million charge for separation benefits incurred in connection with the CST Merger. In addition, we incurred $1.4 million less in charges allocated under the Amended Omnibus Agreement for personnel and salary reductions and $1.5 million less in equity compensation expense as a result of fewer awards outstanding.

Depreciation, amortization and accretion expense

Depreciation, amortization and accretion expense increased $8.8 million primarily due to a $8.9 million impairment charge recorded on the two Jet-Pep and the Upper Midwest Sites required to be divested per FTC order as well as the incremental depreciation, amortization and accretion expense from the November 2017 Jet-Pep Assets acquisition.

Loss on dispositions and lease terminations, net

During the second quarter of 2018, in connection with the transition of 43 sites in Florida from DMS to a third party multi-site operator of retail motor fuel stations, we accrued a $3.8 million contract termination payment expected to be paid in cash to DMS during the third quarter of 2018. Additionally, we recorded a $2.2 million charge to write off deferred rent income related to our recapture of these sites from the master lease agreement with DMS.

Interest expense

Interest expense increased $2.7 million or 20% due to an increase in the average interest rate charged on our credit facility borrowings from 4.0% to 4.6% and a $64.9 million increase in the average balance outstanding primarily to fund the November 2017 Jet-Pep Assets acquisition.

Income tax expense

We recorded an income tax benefit of $2.4 million and $2.7 million for the six months ended June 30, 2018 and 2017, respectively. The benefits recorded for both periods relate primarily to losses incurred by our taxable subsidiaries.

IDR distributions

IDR distributions decreased $0.7 million or 36% as a result of the reduction in the distribution applicable to the six months ended June 30, 2018 as compared with that applicable to the same period of 2017.

Segment Results

We present the results of operations of our segments consistent with how our management views the business. Therefore, our segments are presented before intersegment eliminations (which consist of motor fuel sold by our Wholesale segment to our Retail segment). These comparisons are not necessarily indicative of future results.

Wholesale

The following table highlights the results of operations and certain operating metrics of our Wholesale segment. The narrative following these tables provides an analysis of the results of operations of that segment (thousands of dollars, except for the number of distribution sites and per gallon amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Gross profit:				
Motor fuel–third party	$ 9,491	$ 9,037	$ 17,124	$ 16,902
Motor fuel–intersegment and related party	8,447	5,854	15,114	11,335
Motor fuel gross profit	17,938	14,891	32,238	28,237
Rent and other	15,537	16,696	31,916	32,666
Total gross profit	33,475	31,587	64,154	60,903
Income from CST Fuel Supply equity interests[(a)]	3,740	3,830	7,545	7,433
Operating expenses	(7,026)	(7,739)	(15,346)	(15,006)
Adjusted EBITDA[(b)]	$ 30,189	$ 27,678	$ 56,353	$ 53,330
Motor fuel distribution sites (end of period):[(c)]				
Motor fuel–third party				
Independent dealers[(d)]	373	390	373	390
Lessee dealers[(e)]	452	434	452	434
Total motor fuel distribution–third party sites	825	824	825	824
Motor fuel–intersegment and related party				
DMS (related party)[(f)]	130	151	130	151
Circle K (related party)	43	43	43	43
Commission agents (Retail segment)[(g)]	176	82	176	82
Company operated retail sites (Retail segment)	71	71	71	71
Total motor fuel distribution–intersegment and related party sites	420	347	420	347
Motor fuel distribution sites (average during the period):				
Motor fuel-third party distribution	830	822	827	822
Motor fuel-intersegment and related party distribution	421	357	428	360
Total motor fuel distribution sites	1,251	1,179	1,255	1,182
Volume of gallons distributed (in thousands)				
Third party	169,637	169,914	318,896	321,594
Intersegment and related party	102,763	96,597	203,012	183,337
Total volume of gallons distributed	272,400	266,511	521,908	504,931
Wholesale margin per gallon	$ 0.066	$ 0.056	$ 0.062	$ 0.056

(a) Represents income from our equity interest in CST Fuel Supply.

(b) Please see the reconciliation of our segment's Adjusted EBITDA to consolidated net income (loss) under the heading "Results of Operations—Non-GAAP Financial Measures."

(c) In addition, as of June 30, 2018 and 2017, respectively, we distributed motor fuel to 13 and 14 sub-wholesalers who distributed to additional sites.

(d) The decrease in the independent dealer site count was primarily attributable to the termination or non-renewal of fuel supply contracts, a significant number of which were low margin.

(e) The increase in the lessee dealer site count was primarily attributable to converting sites operated by DMS and commission agents to lessee dealers.

(f) The decrease in the DMS site count was primarily attributable to converting DMS sites to lessee dealer sites.

(g) The increase in the commission site count was primarily attributable to the 101 commission sites acquired in the Jet-Pep Assets acquisition, partially offset by the conversion of commission sites to lessee dealer sites.

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017

The results were driven by:

Motor fuel gross profit

The $3.0 million or 20% increase in motor fuel gross profit was primarily due to a 2% increase in volume driven primarily by the November 2017 Jet-Pep Assets acquisition. In addition, we realized a higher margin per gallon primarily due to higher DTW margins as a result of the movements in crude prices throughout both periods and increased payment discounts and incentives due to the increase in motor fuel prices as a result of the increase in crude oil prices. The average daily spot price of WTI crude oil increased 42% to $68.07 per barrel for the second quarter of 2018, compared to $48.10 per barrel for the second quarter of 2017. See "Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit."

Rent and other gross profit

Rent and other gross profit decreased $1.2 million primarily as a result of a reduction in rental income from DMS at our sites in Florida and as a result of the September 2017 divestiture of 29 sites.

Operating expenses

Operating expenses decreased $0.7 million primarily as a result of lower real estate taxes, maintenance and environmental costs.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

The results were driven by:

Motor fuel gross profit

The $4.0 million or 14% increase in motor fuel gross profit was primarily due to a 3% increase in volume driven primarily by the November 2017 Jet-Pep Assets acquisition. In addition, we realized a higher margin per gallon primarily due to higher DTW margins as a result of the movements in crude prices throughout both periods and increased Terms Discounts and incentives due to the increase in motor fuel prices as a result of the increase in crude oil prices. The average daily spot price of WTI crude oil increased 31% to $65.55 per barrel for the six months ended June 30, 2018, compared to $49.85 per barrel for the six months ended June 30, 2017. See "Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit."

Rent and other gross profit

Rent and other gross profit decreased $0.8 million primarily as a result of a reduction in rental income from DMS at our sites in Florida and as a result of the September 2017 divestiture of 29 sites.

Retail

The following table highlights the results of operations and certain operating metrics of our Retail segment. The narrative following these tables provides an analysis of the results of operations of that segment (thousands of dollars, except for the number of retail sites and per gallon amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Gross profit:				
Motor fuel	$ 2,541	$ 2,076	$ 4,697	$ 3,239
Merchandise and services	6,434	6,789	12,176	12,550
Rent and other	1,588	1,156	3,061	2,370
Total gross profit	10,563	10,021	19,934	18,159
Operating expenses	(8,665)	(8,483)	(16,687)	(16,476)
Adjusted EBITDA[(a)]	$ 1,898	$ 1,538	$ 3,247	$ 1,683
Retail sites (end of period):				
Commission agents[(b)]	176	82	176	82
Company operated retail sites	71	72	71	72
Total system sites at the end of the period	247	154	247	154
Total system operating statistics:				
Average retail fuel sites during the period	248	163	249	166
Motor fuel sales (gallons per site per day)	2,402	2,734	2,349	2,573
Motor fuel gross profit per gallon, net of credit card fees and commissions	$ 0.047	$ 0.051	$ 0.044	$ 0.042
Commission agents statistics:				
Average retail fuel sites during the period	177	91	178	94
Motor fuel gross profit per gallon, net of credit card fees and commissions	$ 0.017	$ 0.010	$ 0.015	$ 0.011
Company operated retail site statistics:				
Average retail fuel sites during the period	71	72	71	72
Motor fuel gross profit per gallon, net of credit card fees	$ 0.109	$ 0.097	$ 0.105	$ 0.078
Merchandise and services gross profit percentage, net of credit card fees	24.6%	24.5%	25.0%	24.3%

(a) Please see the reconciliation of our segment's Adjusted EBITDA to consolidated net income under the heading "Results of Operations—Non-GAAP Financial Measures" below.

(b) The increase in the commission site count was primarily driven by the 101 sites acquired in the November 2017 Jet-Pep Assets acquisition, partially offset by the conversion of commission sites in the Retail segment to lessee dealer sites in the Wholesale segment.

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017

Gross profit increased $0.5 million or 5% while operating expenses increased $0.2 million or 2%.

These results were impacted by:

Gross profit

- Our motor fuel gross profit increased $0.5 million or 22% attributable to a 33% increase in volume driven primarily by the November 2017 Jet-Pep Assets acquisition. We realized a slightly lower margin per gallon as our lower retail fuel margins in our commission agent business comprise a larger percentage of our overall retail fuel margins in 2018 as compared to 2017, also due to the November 2017 Jet-Pep Assets acquisition. See "Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit."
- Our merchandise and services margin decreased $0.4 million primarily as a result of converting one company operated site in the Retail segment to a lessee dealer site in the Wholesale segment.
- Our rent and other gross profit increased $0.4 million primarily due to the November 2017 Jet-Pep Assets acquisition, partially offset by the conversion of commission sites in the Retail segment to lessee dealer sites in the Wholesale segment.

Operating expenses

Operating expenses increased $0.2 million as the incremental operating expenses from the Jet-Pep Assets acquisition were partially offset by the impact of converting company operated and commission sites in the Retail segment to lessee dealer sites in the Wholesale segment.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

Gross profit increased $1.8 million, while operating expenses increased $0.2 million.

These results were impacted by:

Gross profit

- Our motor fuel gross profit increased $1.5 million or 45% attributable to a 37% increase in volume driven primarily by the November 2017 Jet-Pep Assets acquisition. We realized a 6% increase in margin per gallon as the increase in our retail fuel margins at our company operated sites driven by the movement in crude oil prices throughout the two periods were partially offset by the lower retail fuel margins in our commission agent business comprising a larger percentage of our overall retail fuel margins in 2018 as compared to 2017, also due to the November 2017 Jet-Pep Assets acquisition. See "Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit."
- Our merchandise and services margin decreased $0.4 million primarily as a result of converting one company operated site in the Retail segment to a lessee dealer site in the Wholesale segment.
- Our rent and other gross profit increased $0.7 million primarily due to the November 2017 Jet-Pep Assets acquisition, partially offset by the conversion of commission sites in the Retail segment to lessee dealer sites in the Wholesale segment.

Operating expenses

Operating expenses increased $0.2 million as the incremental operating expenses from the Jet-Pep Assets acquisition were partially offset by the impact of converting company operated and commission sites in the Retail segment to lessee dealer sites in the Wholesale segment.

Non-GAAP Financial Measures

We use non-GAAP financial measures EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio. EBITDA represents net income available to us before deducting interest expense, income taxes, depreciation, amortization and accretion. Adjusted EBITDA represents EBITDA as further adjusted to exclude equity funded expenses related to incentive compensation and the Amended Omnibus Agreement, gains or losses on dispositions and lease terminations, certain acquisition related costs, such as legal and other professional fees and severance expenses associated with recently acquired companies, and certain other non-cash items arising from purchase accounting. Distributable Cash Flow represents Adjusted EBITDA less cash interest expense, sustaining capital expenditures and current income tax expense. Distribution Coverage Ratio is computed by dividing Distributable Cash Flow by the weighted average diluted common units and then dividing that result by the distributions paid per limited partner unit.

EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio are used as supplemental financial measures by management and by external users of our financial statements, such as investors and lenders. EBITDA and Adjusted EBITDA are used to assess our financial performance without regard to financing methods, capital structure or income taxes and the ability to incur and service debt and to fund capital expenditures. In addition, Adjusted EBITDA is used to assess the operating performance of our business on a consistent basis by excluding the impact of items which do not result directly from the wholesale distribution of motor fuel, the leasing of real property, or the day to day operations of our retail site activities. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio are also used to assess the ability to generate cash sufficient to make distributions to our unitholders.

We believe the presentation of EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio provides useful information to investors in assessing the financial condition and results of operations. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio should not be considered alternatives to net income or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio have important limitations as analytical tools because they exclude some but not all items that affect net income. Additionally, because EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio may be defined differently by other companies in our industry, our definitions may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

The following table presents reconciliations of EBITDA, Adjusted EBITDA, and Distributable Cash Flow to net income, the most directly comparable U.S. GAAP financial measure, for each of the periods indicated (in thousands, except for per unit amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss available to limited partners	$ (7,068)	$ (5,048)	$ (9,053)	$ (4,344)
Interest expense	8,157	6,795	16,209	13,497
Income tax (benefit) expense	(2,698)	49	(2,425)	(2,652)
Depreciation, amortization and accretion	21,932	14,278	37,432	28,626
EBITDA	20,323	16,074	42,163	35,127
Equity funded expenses related to incentive compensation and the Amended Omnibus Agreement (a)	130	4,144	3,473	8,310
Loss on dispositions and lease terminations, net (b)	6,847	314	6,617	358
Acquisition-related costs (c)	918	7,236	1,974	7,709
Adjusted EBITDA	28,218	27,768	54,227	51,504
Cash interest expense	(7,664)	(6,488)	(15,288)	(12,645)
Sustaining capital expenditures (d)	(637)	(358)	(1,427)	(722)
Current income tax benefit (expense)	38	239	(886)	(120)
Distributable Cash Flow	$ 19,955	$ 21,161	$ 36,626	$ 38,017
Weighted average diluted common units	34,346	33,807	34,258	33,718
Distributions paid per limited partner unit (e)	$ 0.5250	$ 0.6175	$ 1.1525	$ 1.2300
Distribution Coverage Ratio (f)	**1.11x**	**1.01x**	**0.93x**	**0.92x**

(a) As approved by the independent conflicts committee of the Board, the Partnership, CST and Circle K mutually agreed to settle certain amounts due under the terms of the Amended Omnibus Agreement in limited partner units of the Partnership.

(b) In June 2018, we executed master fuel supply and master lease agreements with a third party multi-site operator of retail motor fuel stations, to which we will transition 43 sites in Florida from DMS in the third and fourth quarters of 2018. The master fuel supply and master lease agreements have an initial 10-year term with four 5-year renewal options. During the second quarter of 2018, in connection with this transition, we accrued a $3.8 million contract termination payment expected to be paid in cash to DMS during the third quarter of 2018. Additionally, we recorded a $2.2 million charge to write off deferred rent income related to our recapture of these sites from the master lease agreement with DMS.

(c) Relates to certain acquisition related costs, such as legal and other professional fees, severance expenses and purchase accounting adjustments associated with recently acquired businesses.

(d) Under the Partnership Agreement, sustaining capital expenditures are capital expenditures made to maintain our long-term operating income or operating capacity. Examples of sustaining capital expenditures are those made to maintain existing contract volumes, including payments to renew existing distribution contracts, or to maintain our sites in conditions suitable to lease, such as parking lot or roof replacement/renovation, or to replace equipment required to operate the existing business.

(e) On July 13, 2018, the Board approved a quarterly distribution of $0.5250 per unit attributable to the second quarter of 2018. The distribution is payable on August 13, 2018 to all unitholders of record on August 6, 2018.

(f) The distribution coverage ratio is computed by dividing Distributable Cash Flow by the weighted average diluted common units and then dividing that result by the distributions paid per limited partner unit.

The following table reconciles our segment Adjusted EBITDA to Consolidated Adjusted EBITDA presented in the table above (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Adjusted EBITDA - Wholesale segment	$ 30,189	$ 27,678	$ 56,353	$ 53,330
Adjusted EBITDA - Retail segment	1,898	1,538	3,247	1,683
Adjusted EBITDA - Total segment	$ 32,087	$ 29,216	$ 59,600	$ 55,013
Reconciling items:				
Elimination of intersegment profit in ending inventory balance	(66)	14	(165)	6
General and administrative expenses	(4,810)	(11,920)	(9,530)	(17,737)
Other income (expense), net	89	127	183	245
Equity funded expenses related to incentive compensation and the Amended Omnibus Agreement	130	4,144	3,473	8,310
Acquisition-related costs	918	7,236	1,974	7,709
Net loss attributable to noncontrolling interests	3	6	5	5
IDR distributions	(133)	(1,055)	(1,313)	(2,047)
Consolidated Adjusted EBITDA	$ 28,218	$ 27,768	$ 54,227	$ 51,504

Liquidity and Capital Resources

Liquidity

Our principal liquidity requirements are to finance our operations, fund acquisitions, service our debt and pay distributions to our unitholders and IDR distributions. We expect our ongoing sources of liquidity to include cash generated by our operations and borrowings under the revolving credit facility and, if available to us on acceptable terms, issuances of equity and debt securities. We regularly evaluate alternate sources of capital, including sale-leaseback financing of real property with third parties, to support our liquidity requirements.

Our ability to meet our debt service obligations and other capital requirements, including capital expenditures, acquisitions, and partnership distributions, will depend on our future operating performance, which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. As a normal part of our business, depending on market conditions, we will, from time to time, consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause us to seek additional debt or equity financing in future periods.

We believe that we will have sufficient cash flow from operations, borrowing capacity under the revolving credit facility and access to capital markets and alternate sources of funding to meet our financial commitments, debt service obligations, contingencies, anticipated capital expenditures and partnership distributions. However, we are subject to business and operational risks that could adversely affect our cash flow. A material decrease in our cash flows would likely produce an adverse effect on our borrowing capacity as well as our ability to issue additional equity and/or debt securities and/or maintain or increase distributions to unitholders.

Cash Flows

The following table summarizes cash flow activity (in thousands):

	Six Months Ended June 30,	
	2018	2017
Net cash provided by operating activities	$ 37,229	$ 49,387
Net cash used in investing activities	(5,987)	(7,435)
Net cash used in financing activities	(32,664)	(39,873)

Operating Activities

Net cash provided by operating activities decreased $12.2 million for the six months ended June 30, 2018 compared to the same period in 2017, as the decrease in the change in operating assets and liabilities exceeded the incremental cash flow from the Jet-Pep Assets acquisition. Quarter over quarter operating cash flow was impacted, in part, by, higher net collections of receivables in the prior year period as a result of the timing of credit card settlements and pricing trends discussed elsewhere in this report. Additionally, we settled $3.3 million less in omnibus charges in common units for the six months ended June 30, 2018 as compared to the same period in 2017.

As is typical in our industry, our current liabilities exceed our current assets as a result of the longer settlement of real estate and motor fuel taxes as compared to the shorter settlement of receivables for fuel, rent and merchandise.

Investing Activities

Net cash used in investing activities included $6.3 million and $8.2 million of capital expenditures for the six months ended June 30, 2018 and 2017, respectively.

Financing Activities

For the six months ended June 30, 2018, we paid $40.7 million in distributions and had net borrowings on our credit facility of $10.5 million. For the six months ended June 30, 2017, we paid $43.5 million in distributions and had net borrowings on our credit facility of $5.0 million.

Distributions

Distribution activity for 2018 was as follows:

Quarter Ended	Record Date	Payment Date	Cash Distribution (per unit)	Cash Distribution (in thousands)
December 31, 2017	February 5, 2018	February 12, 2018	$ 0.6275	$ 21,415
March 31, 2018	May 18, 2018	May 25, 2018	0.5250	18,002
June 30, 2018	August 6, 2018	August 13, 2018	0.5250	18,084

The amount of any distribution is subject to the discretion of the Board, which may modify or revoke our cash distribution policy at any time. Our Partnership Agreement does not require us to pay any distributions. As such, there can be no assurance we will continue to pay distributions in the future.

In 2015, following the acquisition of our former General Partner in 2014, we began funding expenses related to the Amended Omnibus Agreement with issuance of common units, which in 2017 alone totaled 550,516 units. While this practice allowed the Partnership to maximize distributable cash flow and increase the equity position of its General Partner, the continued weakness in the MLP market and resulting elevated yield of our common units, has made this a very expensive source of funding for its management fees. Going forward, the Partnership anticipates funding such expenses primarily with cash from existing operations.

IDRs

During the six months ended June 30, 2018, we distributed $1.3 million to Circle K with respect to the IDRs.

Debt

As of June 30, 2018, our consolidated debt and capital lease obligations consisted of the following (in thousands):

$650 million revolving credit facility	$	516,500
Capital lease obligations		26,017
Note payable		736
Total debt and capital lease obligations		543,253
Current portion		2,948
Noncurrent portion		540,305
Deferred financing costs, net		1,921
Noncurrent portion, net of deferred financing costs	$	538,384

On April 25, 2018, the credit facility was amended to:

- Extend the maturity date from March 4, 2019 to April 25, 2020;
- Increase the capacity from $550 million to $650 million;
- Extend the period during which the permitted leverage ratio (as defined in the revolving credit facility) is increased from 4.50 : 1.00 to 5.00 : 1.00 after the closing of a material acquisition (as defined in the revolving credit facility) from three quarters to four quarters; and
- Decrease the applicable margin and commitment fee (each as defined in the revolving credit facility), which vary based on our total leverage ratio, such that the applicable margin ranges from 1.50% to 2.75% for LIBOR rate loans (as defined in the revolving credit facility) and 0.50% to 1.75% for alternate base rate loans (as defined in the revolving credit facility), and the commitment fee ranges from 0.20% to 0.45%. In general, the applicable margin for LIBOR and alternate base rate loans was reduced by 0.5%.

Our revolving credit facility is secured by substantially all of our assets. Our borrowings under the revolving credit facility had a weighted-average interest rate of 4.55% as of June 30, 2018 (LIBOR plus an applicable margin, which was 2.50% as of June 30, 2018). Letters of credit outstanding at June 30, 2018 totaled $5.4 million. The amount of availability under the revolving credit facility at August 2, 2018, after taking into consideration debt covenant restrictions, was $83.9 million. In connection with future acquisitions, the revolving credit facility requires, among other things, that we have, after giving effect to such acquisitions, at least $20 million in the aggregate of borrowing availability under the revolving credit facility and unrestricted cash on the balance sheet on the date of such acquisition. We are required to maintain a total leverage ratio (as defined in the revolving credit facility) for the most recently completed four fiscal quarters of less than or equal to 4.50 : 1.00, except for the first four full fiscal quarters following a material acquisition, generally defined as an acquisition with a purchase price of at least $30.0 million, during which period the permitted total leverage ratio is increased to 5.00 : 1.00, and a consolidated interest coverage ratio (as defined in the revolving credit facility) of greater than or equal to 2.75 : 1.00. The computation of our total leverage ratio allows for a pro forma application of the consolidated EBITDA (as defined in the revolving credit facility) of acquired entities. As of June 30, 2018, we were in compliance with these financial covenant ratios.

Capital Expenditures

We make investments to expand, upgrade and enhance existing assets. We categorize our capital requirements as either sustaining capital expenditures, growth capital expenditures or acquisition capital expenditures. Sustaining capital expenditures are those capital expenditures required to maintain our long-term operating income or operating capacity. Acquisition and growth capital expenditures are those capital expenditures that we expect will increase our operating income or operating capacity over the long term. We have the ability to fund our capital expenditures by additional borrowings under our revolving credit facility or, if available to us on acceptable terms, issuing additional equity, debt securities or other options, such as the sale of assets. With the significant decline in energy prices since 2014, access to the capital markets has tightened for the energy and MLP industries as a whole, which has impacted our cost of capital and our ability to raise equity and debt financing at favorable terms. Our ability to access the capital markets may have an impact on our ability to fund acquisitions. We may not be able to complete any offering of securities or other options on terms acceptable to us, if at all.

The following table outlines our consolidated capital expenditures and acquisitions for the six months ended June 30, 2018 and 2017 (in thousands):

	Six Months Ended June 30,	
	2018	2017
Sustaining capital	$ 1,427	$ 722
Growth	5,308	7,457
Total capital expenditures and acquisitions	$ 6,735	$ 8,179

Other Matters Impacting Liquidity and Capital Resources

Concentration of Customers

For the six months ended June 30, 2018, we distributed approximately 12% of our total wholesale distribution volumes to DMS and DMS accounted for approximately 18% of our rental income. For the six months ended June 30, 2018, we distributed 6% of our total wholesale distribution volume to Circle K retail sites that are not supplied by CST Fuel Supply and received 19% of our rental income from Circle K. For more information regarding transactions with DMS and Circle K, see Note 7 of the consolidated financial statements.

Outlook

As noted previously, the prices paid to our motor fuel suppliers for wholesale motor fuel (which affects our costs of sales) are highly correlated to the price of crude oil. The crude oil commodity markets are highly volatile, and the market prices of crude oil, and, correspondingly, the market prices of wholesale motor fuel, experience significant and rapid fluctuations, which affect our motor fuel gross profit. See “Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit” for additional information.

We expect our rent income to increase in 2018 based on our recent acquisitions and our expectation that we will continue to convert company operated retail sites to lessee dealers.

We expect our interest expense to increase in 2018 based on incremental borrowings to fund the November 2017 Jet-Pep acquisition and the increase in interest rates throughout 2017 and 2018. This impact is partially offset by the reduction in interest rates effective with the April 25, 2018 amendment of the credit facility.

We will continue to evaluate acquisitions on an opportunistic basis. Additionally, we will pursue acquisition targets that fit into our strategy. Whether we will be able to execute acquisitions will depend on market conditions, availability of suitable acquisition targets at attractive terms, acquisition related compliance with customary regulatory requirements, and our ability to finance such acquisitions on favorable terms and in compliance with our debt covenant restrictions.

As part of our business strategy with Circle K, we intend, when favorable market conditions exist and pending approval by the Board’s independent conflicts committee, our Board and the Couche-Tard Board, as applicable, to purchase assets from Circle K, which could include non-core retail convenience sites of Circle K with the intent to convert them to lessee dealer sites.

New Accounting Policies

See Note 1 of the financial statements.

Critical Accounting Policies Involving Critical Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Actual results could differ from those estimates.

There have been no material changes to the critical accounting policies described in our Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We purchase gasoline and diesel fuel from several suppliers at costs that are subject to market volatility. These purchases are generally made pursuant to contracts or at market prices established with the supplier. We do not currently engage in hedging activities for these purchases due to our pricing structure that allows us to generally pass on price changes to our customers and related parties.

Interest Rate Risk

As of June 30, 2018, we had $516.5 million outstanding on our revolving credit facility. Our outstanding borrowings bear interest at LIBOR plus an applicable margin, which was 2.50% at June 30, 2018. Our borrowings had a weighted-average interest rate at June 30, 2018 of 4.55%. A one percentage point change in our average rate would impact annual interest expense by approximately $5.2 million.

Commodity Price Risk

We have not historically hedged or managed our price risk with respect to our commodity inventories (gasoline and diesel fuel), as the time period between the purchases of our motor fuel inventory and the sales to our customers is very short.

CrossAmerica purchases motor fuel for our Jet-Pep Assets from Circle K at Circle K's cost plus terminal and administration fees of $0.015 per gallon. Circle K's cost to supply these sites includes price fluctuations associated with index-based motor fuel pricing for pipeline delivery and the generation and sale of RINs. Circle K has implemented a motor fuel price hedging program to mitigate the price risk during delivery; however, we are exposed to more price risk with these motor fuel purchases from Circle K as compared to our other motor fuel purchases.

Regarding our supplier relationships, a majority of our total gallons purchased are subject to Terms Discounts. We have not historically hedged or managed our price risk with respect to these Terms Discounts. Based on our current volumes, we estimate a $10 per barrel change in the price of crude oil would impact our annual wholesale motor fuel gross profit by approximately $2 million related to these Terms Discounts.

Foreign Currency Risk

Our operations are located in the U.S., and therefore we are not subject to foreign currency risk.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management has evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, and based on their evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of June 30, 2018.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) under the Exchange Act) that occurred during the three months ended June 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We hereby incorporate by reference into this Item our disclosures made in Part I, Item 1 of this quarterly report included in Note 8 of the consolidated financial statements.

ITEM 1A. RISK FACTORS

There were no material changes in risk factors for the company in the period covered by this report. See the risk factors disclosed in the section entitled "Risk Factors" in our Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

Management Fee Issuance

As discussed in Note 7 to Item 1 in Part I above, on May 21, 2018, CrossAmerica issued 155,236 common units to a subsidiary of Circle K as partial payment for the amounts incurred for the first quarter of 2018, under the terms of the Amended Omnibus Agreement. This issuance of common units was made in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended.

ITEM 6. EXHIBITS.

Exhibit No.	Description
10.1	Fifth Amendment to Third Amended and Restated Credit Agreement dated as of April 25, 2018 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on April 30, 2018)
10.2 *	Second Amendment to the Amended and Restated Omnibus Agreement effective February 1, 2018
10.3 *	Sixth Amendment to Third Amended and Restated Credit Agreement dated as of July 27, 2018
31.1 *	Certification of Principal Executive Officer of CrossAmerica GP LLC as required by Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2 *	Certification of Principal Financial Officer of CrossAmerica GP LLC as required by Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1*†	Certification of Principal Executive Officer of CrossAmerica GP LLC pursuant to 18 U.S.C. §1350
32.2*†	Certification of Principal Financial Officer of CrossAmerica GP LLC pursuant to 18 U.S.C. §1350
101.INS *	XBRL Instance Document
101.SCH *	XBRL Taxonomy Extension Schema Document
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB *	XBRL Taxonomy Extension Label Linkbase Document
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

† Not considered to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

SIGNATURE

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.

CROSSAMERICA PARTNERS LP

By: CROSSAMERICA GP LLC, its General Partner

By: /s/ Evan W. Smith

Evan W. Smith
Vice President—Finance and Chief Financial Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)

Date: August 6, 2018

Exhibit 10.2

SECOND AMENDMENT

TO THE

AMENDED AND RESTATED OMNIBUS AGREEMENT

This Second Amendment (the "***Amendment***") to the Amended and Restated Omnibus Agreement, effective as of October 1, 2014, as amended by the Amendment to Amended and Restated Omnibus Agreement effective January 1, 2016 (as so amended, the "***Omnibus Agreement*** "), is entered into effective as of February 1, 2018 (the "***Effective Date***"), and is by and among CrossAmerica Partners LP (formerly known as Lehigh Gas Partners LP), a Delaware limited partnership (the "***MLP***" or the "***Partnership***"), CrossAmerica GP LLC (formerly known as Lehigh Gas GP LLC), a Delaware limited liability company and the general partner of the MLP (the "***General Partner***"), Dunne Manning Inc. (formerly known as Lehigh Gas Corporation), a Delaware corporation ("***LGC***"), CST Services, LLC, a Delaware limited liability company ("***CST***"), and, for purposes of Article X of the Omnibus Agreement only, Dunne Manning Stores, LLC (formerly known as Lehigh Gas-Ohio, LLC), a Delaware limited liability company ("***LGO***"), and, for purposes of Section 2.5, Article X and Article XI of the Omnibus Agreement only, Joseph V. Topper, Jr. ("***Topper***"). The above-named entities are sometimes referred to in this Amendment each as a "***Party***" and collectively as the "***Parties***." Capitalized terms used and not otherwise defined in this Amendment shall have the respective meanings ascribed to such terms in Section 1.1 of the Omnibus Agreement.

RECITALS:

WHEREAS, the Parties are parties to the Omnibus Agreement;

WHEREAS, the Parties wish to amend certain provisions of the Omnibus Agreement as set forth below in accordance with **Section 12.6** of the Omnibus Agreement; and

WHEREAS, the independent conflicts committee of the board of directors of the General Partner has reviewed and approved the terms of this Amendment.

NOW, THEREFORE, in consideration of the premises and the covenants, conditions, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Exhibit A of the Omnibus Agreement is hereby amended and replaced in its entirety by the language set forth in **Annex A**.

2. Miscellaneous. The provisions of the Omnibus Agreement shall remain in full force and effect except as expressly amended and modified as set forth in this Amendment. This Amendment and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of Delaware without regard to any choice of law principles. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute but one and the same document. This Amendment shall superseded and replace all prior agreements and understandings, oral or written, between the Parties with respect to the items covered hereby.

IN WITNESS WHEREOF, the Parties have executed this Amendment on, and effective as of, the Effective Date.

CROSSAMERICA PARTNERS LP, a Delaware limited partnership

By: CrossAmerica GP LLC, its General Partner

By: /s/ Gerardo Valencia
Gerardo Valencia
President

CROSSAMERICA GP LLC, a Delaware limited liability company

By: /s/ Gerardo Valencia
Gerardo Valencia
President

DUNNE MANNING INC., a Delaware corporation

By: /s/ Joseph V. Topper Jr.
Joseph V. Topper, Jr.
Chief Executive Officer

CST SERVICES LLC, a Delaware limited liability company

By: /s/ Evan Smith
Name: Evan W. Smith
Title: Vice President Finance

FOR PURPOSES OF ARTICLE X

DUNNE MANNING STORES, LLC, a Delaware limited liability company

By: /s/ Charles Nifong
Charles Nifong
President

FOR PURPOSES OF SECTION 2.5, ARTICLE X, AND ARTICLE XI

/s/ Joseph V. Topper Jr.
Joseph V. Topper, Jr.

Signature Page to Amendment to the Amended and Restated Omnibus Agreement

ANNEX A

DESCRIPTION OF SERVICES

A. The following services will be provided by CST, or by its affiliates on CST's behalf:

Accounting; administrative; billing and invoicing; books and record keeping; budgeting, forecasting, and financial planning and analysis; management (including the management and oversight of the MLP's wholesale motor fuel distribution and real estate business); operations; payroll; contract administration; maintenance of internal controls; financial reporting, including SEC reporting and compliance; office space; purchasing and materials management; risk management and administration of insurance programs; information technology (includes hardware and software existing or acquired in future which title is retained by CST); in-house legal; compensation, benefits and human resources administration; cash management; corporate finance, treasury credit and debt administration; employee training; and miscellaneous administration and overhead expenses.

None of the above services shall be outsourced to an independent third party, unless:

- it is an out of pocket expense associated with being a public company; or
- CST believes in good faith that such services require a specialized level of expertise that CST is unable to provide without the assistance of an independent third-party.

Expenses incurred for such third-party services shall be reimbursed by the MLP.

B. The following services will also be provided by, or on behalf of, CST; *provided*, *however*, such services may be outsourced to an independent third party such services. Expenses incurred for such third-party services shall be reimbursed by the MLP.

Internal audit; Sarbanes-Oxley compliance; investor relations; legal; technical accounting consulting, employee health and safety; acquisition and divestiture services including professional, consultants and advisor expenses; tax matters - K-1 preparation, tax return compliance, and tax reporting; interest rate hedging and derivatives administration; marketing; property management; environmental compliance and remediation management oversight (with any Environmental Activity, including, remediation costs or expenses incurred in connection with environmental liabilities and third party claims, that are based on environmental conditions that first arise at Properties following the date hereof and any costs or expenses incurred in connection with environmental compliance, including, but not limited to, storage tank compliance and registration, as well as compliance monitoring and oversight expenses being the responsibility of the MLP); regulatory management; real estate administration; investor relations; government and public relations; and other services as required.

C. Lehigh Gas Wholesale LLC ("LGW"), a wholly owned subsidiary of the Partnership, is party to a Merchandising Services Agreement (the "Merchandising Services Agreement") with Circle K

Procurement and Brands Limited, an Irish limited company and an affiliate of the Partnership (“CKPB”), dated December 17, 2017, pursuant to which CKPB provides certain merchandising services to LGW, such as the inclusion of LGW’s wholesale transportation contracts in CKPB’s global contract renegotiations. In exchange for the significant savings realized and expected to be realized by CKPB on behalf of LGW, LGW has agreed to pay to CKPB a commission of 2.57% of the gross sales under LGW’s contracts that are included in CKPB’s merchandising services. For the avoidance of doubt, such commission is payable by LGW to CKPB in addition to the Management Fee payable by the Partnership under the Omnibus Agreement, as amended.

Exhibit 10.3

Execution Version

SIXTH AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS SIXTH AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of July 27, 2018, is by and among **CROSSAMERICA PARTNERS LP** (formerly known as Lehigh Gas Partners LP), a Delaware limited partnership (the "Partnership"), **LEHIGH GAS WHOLESALE SERVICES, INC.**, a Delaware corporation ("Services" and together with the Partnership, the "Borrowers"), the Material Domestic Subsidiaries of the Borrowers party hereto (collectively, the "Guarantors"), the Lenders (as defined below) party hereto and **CITIZENS BANK OF PENNSYLVANIA**, as administrative agent on behalf of the Lenders under the Credit Agreement (as hereinafter defined) (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

W I T N E S S E T H

WHEREAS, the Borrowers, the Guarantors, certain banks and financial institutions from time to time party thereto (the "Lenders") and the Administrative Agent are parties to that certain Third Amended and Restated Credit Agreement dated as of March 4, 2014 (as amended by that certain First Amendment to Third Amended and Restated Credit Agreement dated as of July 2, 2014, that certain Waiver, Second Amendment to Third Amended and Restated Credit Agreement and Joinder dated as of September 30, 2014, that certain Third Amendment to Third Amended and Restated Credit Agreement dated as of July 26, 2016, that certain Fourth Amendment to Third Amended and Restated Credit Agreement dated as of December 13, 2016, that certain Fifth Amendment to Third Amended and Restated Credit Agreement and Consent dated as of April 25, 2018 and as may be further amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement");

WHEREAS, the Credit Parties have requested that the Required Lenders amend certain provisions of the Credit Agreement; and

WHEREAS, the Required Lenders are willing to make such amendments to the Credit Agreement, in accordance with and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
AMENDMENT TO CREDIT AGREEMENT

1.1 **Amendment to Section 1.1.** The definition of "Consolidated EBITDA" is hereby amended and restated in its entirely as follows:

"Consolidated EBITDA" shall mean, as of any date of determination for the four (4) consecutive fiscal quarter period ending on such date, without duplication, (a) Consolidated Net Income for such period plus (b) the sum of the following to the extent deducted in calculating Consolidated Net Income for such period: (i) Consolidated Interest Expense for such period, (ii) tax expense (including, without limitation, any federal, state, local and foreign income and similar taxes) of the Credit Parties and their Subsidiaries for such period, (iii) depreciation and amortization expense of the Credit Parties and their Subsidiaries for such period, (iv) other non-cash charges (excluding reserves for future cash charges) of the Credit Parties and their Subsidiaries for such period, including non-cash charges for impairments, Equity Interest Compensation and distribution accretion charges, (v) transaction fees and expenses incurred in connection with negotiation, execution, and delivery of this Agreement (and any subsequent modification or amendment of this Agreement) in an aggregate amount not to exceed $6,000,000 in the aggregate, (vi) fees and expenses incurred in connection with any Permitted Acquisition or Disposition permitted pursuant to Section 6.4, regardless of whether such acquisition or Disposition closes; provided that the amount of such fees and expenses for such acquisition shall not exceed 10.0% of the total consideration paid (or proposed to be paid), (vii) expenses incurred in connection with the offering of Equity Interests in the Partnership or an offering of Qualified Senior Notes, in each case, only to the extent such expenses are reasonable and customary for such offerings, as approved by the Administrative Agent in its reasonable discretion, (viii) other extraordinary expenses not incurred in the ordinary course of business in an aggregate amount not to exceed $1,000,000 in any twelve (12) month period, (ix) early termination fees incurred in connection with the termination of leases in an aggregate amount not to exceed $3,800,000 for any four (4) consecutive fiscal quarter period starting with the four (4) consecutive fiscal quarter period ending June 30, 2018 and ending with the four (4) consecutive fiscal quarter period ending March 31, 2019, and (x) extraordinary losses minus (c) non-cash charges previously added back to Consolidated Net Income in determining Consolidated EBITDA to the extent such non-cash charges have become cash charges during such period minus (d) any other non-recurring, non-cash gains during such period (including, without limitation, (i) gains from the sale or exchange of assets and (ii) gains from early extinguishment of Indebtedness or Hedging Agreements of the Credit Parties and their Subsidiaries).

ARTICLE II
CONDITIONS TO EFFECTIVENESS

2.1 Closing Conditions. This Amendment shall become effective as of the day and year set forth above (the "Sixth Amendment Effective Date") upon satisfaction of the following conditions (in each case, in form and substance reasonably acceptable to the Administrative Agent):

(a) Executed Amendment. The Administrative Agent shall have received a copy of this Amendment duly executed by each of the Credit Parties, the Required Lenders and the Administrative Agent.

(b) Default. Both immediately before and immediately after giving effect to this Amendment, no Default or Event of Default shall exist.

(c) Fees, Expenses and Interest. The Administrative Agent shall have received from the Borrowers such fees and expenses that are payable in connection with the consummation of the transactions contemplated hereby and King & Spalding LLP shall have received from the Borrowers payment of all outstanding fees and expenses previously incurred and all fees and expenses incurred in connection with this Amendment for which invoices (including estimated expenses) have been presented to the Borrowers at least two (2) days before the Sixth Amendment Effective Date unless otherwise agreed by the Borrowers and the Administrative Agent.

(d)Miscellaneous. All other documents and legal matters in connection with the transactions contemplated by this Amendment shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

ARTICLE III
MISCELLANEOUS

3.1 Amended Terms. On and after the Sixth Amendment Effective Date, all references to the Credit Agreement in each of the Credit Documents shall hereafter mean the Credit Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms. This Amendment shall not (a) be construed as a waiver of any breach, Default or Event of Default, (b) affect the right of the Lenders to demand compliance by the Credit Parties with all terms and conditions of the Credit Documents, except as specifically modified by this Amendment, (c) be deemed a waiver of any transaction or future action on the part of the Credit Parties requiring the Lenders' or the Required Lenders' consent or approval under the Credit Documents, or (d) be deemed or construed to be a waiver or release of, or a limitation upon, the Administrative Agent's or the Lenders' exercise of any rights or remedies under the Credit Agreement or any other Credit Document, whether arising as a consequence of any Default or Event of Default which may now exist or otherwise, all such rights and remedies hereby being expressly reserved.

3.2 Representations and Warranties of Credit Parties. Each of the Credit Parties represents and warrants as follows:

(a) It has taken all necessary limited liability company, partnership or corporate action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Credit Party and constitutes such Credit Party's legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws

affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Credit Party of this Amendment.

(d) The representations and warranties set forth in Article III of the Credit Agreement are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof, except to the extent that any such representation and warranty specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date; provided that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof.

(e) Both immediately before and immediately after giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default or an Event of Default.

(f) The Security Documents continue to create a valid security interest in, and Lien upon, the Collateral, in favor of the Administrative Agent, for the benefit of the Secured Parties, which security interests and Liens are perfected in accordance with the terms of the Security Documents and prior to all Liens other than Permitted Liens.

(g) The Credit Party Obligations are not reduced or modified by this Amendment and are not subject to any offsets, defenses or counterclaims.

3.3 **Reaffirmation of Credit Party Obligations.** Each Credit Party hereby ratifies the Credit Agreement and all other Credit Documents to which it is a party and acknowledges and reaffirms (a) that it is bound by all terms of the Credit Agreement and all other Credit Documents applicable to it and (b) that it is responsible for the observance and full performance of its respective Credit Party Obligations.

3.4 **Credit Document.** This Amendment shall constitute a Credit Document under the terms of the Credit Agreement.

3.5 **Expenses.** The Borrowers agree to pay all reasonable costs and out-of-pocket expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Administrative Agent's legal counsel.

3.6 **Further Assurances.** The Credit Parties agree to promptly take such action, upon the reasonable request of the Administrative Agent, as is necessary to carry out the intent of this Amendment.

3.7 Entirety. This Amendment and the other Credit Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

3.8 Counterparts; Telecopy. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart to this Amendment by telecopy or other electronic means shall be effective as an original and shall constitute a representation that an original will be delivered.

3.9 No Actions, Claims, Etc. As of the date hereof, each of the Credit Parties hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against the Administrative Agent, the Lenders, or the Administrative Agent's or the Lenders' respective officers, employees, representatives, agents, counsel or directors arising from any action by such Persons, or failure of such Persons to act under the Credit Agreement or any other Credit Documents applicable to such Persons, on or prior to the date hereof.

3.10 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

3.11 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

3.12 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. The jurisdiction, service of process and waiver of jury trial provisions set forth in Sections 9.13 and 9.16 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed on the date first above written.

BORROWERS:

CROSS AMERICA PARTNERS LP,
a Delaware limited partnership

By: CrossAmerica GP LLC, its general partner

By: /s/ Evan Smith
Name: Evan Smith
Title: Vice President and Chief Financial Officer

LEHIGH GAS WHOLESALE SERVICES, INC., a Delaware corporation

By: /s/ Evan Smith
Name: Evan Smith
Title: Vice President, Chief Financial Officer and Treasurer

GUARANTORS: **LGP OPERATIONS LLC**,
a Delaware limited liability company
LEHIGH GAS WHOLESALE LLC,
a Delaware limited liability company
EXPRESS LANE, INC.,
a Florida corporation
LGP REALTY HOLDING GP LLC,
a Delaware limited liability company
MINNESOTA NICE HOLDINGS INC.,
a Delaware corporation
ERICKSON OIL PRODUCTS, INC.,
a Wisconsin corporation
FREEDOM VALU CENTERS, INC.,
a Wisconsin corporation
PETROLEUM MARKETERS INCORPORATED, a Virginia corporation
PM TERMINALS, INC.,
a Virginia corporation
PM PROPERTIES, INC.,
a Virginia corporation
STOP IN FOOD STORES, INC.,
a Virginia corporation
CAP OPERATIONS, INC.,
a Delaware corporation
NTI DROP DOWN ONE, LLC,
a Delaware limited liability company
NTI DROP DOWN TWO, LLC,
a Delaware limited liability company
NTI DROP DOWN THREE, LLC,
a Delaware limited liability company
M & J OPERATIONS, LLC,
a West Virginia limited liability company
CAP WEST VIRGINIA HOLDINGS, LLC,
a Delaware limited liability company

By: /s/ Evan Smith
Name: Evan Smith
Title: Vice President, Chief Financial Officer and Treasurer

LGP REALTY HOLDINGS LP,
a Delaware limited partnership
By: LGP Realty Holding GP LLC, its
general partner

By: /s/ Evan Smith
Name: Evan Smith
Title: Vice President, Chief Financial Officer and Treasurer

ADMINISTRATIVE AGENT:

CITIZENS BANK OF PENNSYLVANIA, as Lender, as Administrative Agent on behalf of the Lenders and as Swingline Lender

By: /s/ Dale R. Carr
Name: Dale R. Carr
Title: Senior Vice President

LENDER:

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ James A. Gelle
Name: James A. Gells
Title: Senior Vice President

LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Mark Holm
Name: Mark Holm
Title: Managing Director

LENDER:

ROYAL BANK OF CANADA,
as a Lender

By: /s/ Frederic Yale-Leduc
Name: Frederic Yale-Leduc
Title: Authorized Signatory

LENDER:

PEOPLE'S UNITED BANK,
as a Lender

By: /s/ James Riley
Name: James Riley
Title: Senior Vice President

LENDER:

RAYMOND JAMES BANK, N.A.,
as a Lender

By: /s/ Scott G. Axelrod
Name: Scott G. Axelrod
Title: Senior Vice President

LENDER:

BARCLAYS BANK PLC,
as a Lender

By: /s/ Jake Lam
Name: Jake Lam
Title: Assistant Vice President

LENDER:

CAPITAL ONE, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Patrick McCarthy
Name: Patrick McCarthy
Title: Senior Vice President

LENDER:

FIFTH THIRD BANK,
as a Lender

By: /s/ James Holacka
Name: James Holacka
Title: Director-VP

LENDER:

FIRST TENNESSEE BANK, N.A., as a Lender

By: /s/ Wayne L. Mediamolle, II
Name: Wayne L. Mediamolle, II
Title: Senior Vice President

LENDER:

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ Brendan Korb
Name: Brendan Korb
Title: Vice President

LENDER:

MUFG BANK, LTD., as a Lender

By: /s/ George Sloecklein
Name: George Sloecklein
Title: Managing Director

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Gerardo Valencia, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CrossAmerica Partners LP;

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 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 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.

5. The registrant's other certifying officer 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: August 6, 2018

/s/ Gerardo Valencia

Gerardo Valencia
President and Chief Executive Officer
CrossAmerica GP LLC
(as General Partner of CrossAmerica Partners LP)

Exhibit 31.2

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Evan W. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CrossAmerica Partners LP;

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 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 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.

5. The registrant's other certifying officer 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: August 6, 2018

/s/ Evan W. Smith

Evan W. Smith
Vice President Finance and Chief Financial Officer
CrossAmerica GP LLC
(as General Partner of CrossAmerica Partners LP)

Exhibit 32.1

CERTIFICATION PURSUANT TO

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

In connection with this Quarterly Report on Form 10-Q of CrossAmerica Partners LP (the “Partnership”) for the quarter ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gerardo Valencia, President and Chief Executive Officer of CrossAmerica GP LLC, the General Partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) 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 Partnership.

Date: August 6, 2018

/s/ Gerardo Valencia

Gerardo Valencia
President and Chief Executive Officer
CrossAmerica GP LLC
(as General Partner of CrossAmerica Partners LP)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1964, as amended.

A signed original of this written statement required by Section 906 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.

Exhibit 32.2

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

In connection with this Quarterly Report on Form 10-Q of CrossAmerica Partners LP (the “Partnership”) for the quarter ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Evan W. Smith, Vice President Finance and Chief Financial Officer of CrossAmerica GP LLC, the General Partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) 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 Partnership.

Date: August 6, 2018

/s/ Evan W. Smith

Evan W. Smith
Vice President Finance and Chief Financial Officer
CrossAmerica GP LLC
(as General Partner of CrossAmerica Partners LP)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1964, as amended.

A signed original of this written statement required by Section 906 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.