



YOU REIT WHAT YOU SOW

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STORE

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CAPITAL



One of the largest and fastest growing net lease REITs in the nation, just went public on November 18, 2014, selling 31,625,000 shares of common stock on the New York Stock Exchange under the symbol “STOR.” /// STORE is a creative acronym for Single Tenant Operational Real Estate. Scottsdale-based and founded in May 2011, the REIT primarily provides sale-leasebacks capital solutions to middle market companies. The six seasoned executives who played a part in its inception are Christopher Volk, Morton Fleischer, Catherine Long, Mary Fedewa, Michael Bennett and Michael Zieg. Their combined experience in high-end investment, accounting, legal and real estate has

led STORE Capital to acquire investments in more than 850 property locations — and counting. /// “We started STORE to fill a need for efficient, long-term real estate capital. We then attracted prominent institutional investors to help us fulfill that need and create a market-leading platform,” says Chris Volk, President and CEO. /// Altogether, the principals of STORE have supplied more than \$12 billion in real estate mortgage and lease solutions to customers in 46 states, more than any other leadership team in existence. STORE Capital continues this commitment to value-adding solutions. In just four years of its existence, it has accumulated its majority of clients as big-name chain restaurants, department stores and movie theaters. Some of its satisfied clients include Applebee’s, The Compass School, Ashley Furniture, MedCare, MaxFitness and U.S. Auto Parts — just to name a few of the 200 customers they represent. The target market of STORE Properties is divided in three main sectors: service, retail and industrial. /// Today, the team continues to partner with real estate intensive business owners, with the common goals to free up capital, create wealth and find innovative lease financing solutions. To STORE Capital, it is all about the client — not just the property.



← Christopher Volk, President and CEO of STORE Capital, showcases his photography around the office.





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ith more than 30 years of experience in real estate finance, Chris Volk is an industry leader who has empowered STORE Capital to become a preferred provider of net lease financing solutions for Middle Market companies. As mentioned, the REIT prides itself on knowing it's doing its best to match the clients' needs. /// "Most companies [like us] are all about the real estate – what corner it's located on,

how much they paid for it, etc. – we own a lot of real estate but we tend to want to talk about our customers," says Volk. "At the end of the day, the fact that we own all this real estate is a byproduct of helping customers." /// The senior leadership team has been investing in single-tenant real estate for more than three decades. STORE Capital is the third addition to the partners' resume of REITs. Prior to its inception, Fleischer and Volk had completed the largest U.S. real estate limited partnership rollup taken public on the NYSE in 1994: Franchise Finance Corporation of America (FFCA). /// **FFCA & Spirit Finance REITs.** Back in the 1980s, Fleischer was the first to introduce capital by way of sale-leaseback transactions and this highly benefited the fast-growth chain-restaurant industry. During this venture, they created the nation's first investment-grade real estate debt program that was designed to finance net lease investments. /// From his strong background as a financial analyst and a lender in commercial banking in Atlanta, Volk met one of his future partners, Mort Fleischer of FFCA. FFCA specialized in sale leasebacks for properties such as hotels, truck stops, etc. Volk soon became the president and a member of its board of directors and helped to direct its IPO in 1994. FFCA ran publicly into 2001 until being sold to GE Capital, which is located near STORE Capital today. /// Then, the partners founded Spirit Finance Corporation, another REIT focused predominately on sale leasebacks and mostly profit-centered properties. Officially started in December 2003, Spirit Finance was private for a year before going public on the NYSE in December 2004. When it was eventually sold in 2007, Spirit Finance had approximately \$1.6 billion in equity capitalization. /// **Third Time's... Another Charm!** Fast-forward to 2011, Volk strategically made the decision to team up with Oaktree Capital Management, who manages \$90 billion in assets out of Los Angeles. Oaktree got its start in investing in distressed debt. "They understood us very well," says Volk. He married Oaktree with the Arizona State Retirement System and raised \$500 million for STORE Capital. /// Initially, the company consisted of five people who had worked together for a long time and had a small office upstairs of the building in which STORE Capital is located today. STORE Capital opened its doors in May 2011 and has already grown to more than \$2.5 billion in assets. /// The majority of its startup capital came from Oaktree and Arizona State Retirement System, Teacher Retirement System of Texas, Illinois Teachers



Retirement System and other pension funds. For its third round of capital, they decided to follow in the footsteps of the two previous REITs: Go public. In doing so, they raised in excess of \$575 million. /// As his third time being instrumental in a REIT's IPO, Volk says, "Becoming public is part of the journey; the idea is to make our capital more efficient because it will create value for shareholders and potentially for our customers, too." /// What's interesting to note is that STORE Capital has a larger valuation on the NYSE than the values of the two prior companies that they had sold. It currently has \$2.4 billion in equity alone. /// "We're honored to do it. I think the gratifying aspect of being a public company is that you have a company that's worthy of being a public company," says

Volk. He also says, the bar to take a company public today is quite high. /// "We've spent a great deal of time developing a state-of-the-art IT system where we can virtually be 'paperless,' and have had the luxury of incubating this company for the past 3.5 years before going public," says Volk. /// STORE Capital is made up of 50 in-house employees, with additional functions being outsourced including, legal, IT design and administrative (rent-collection, monitoring of properties and data collection). The company uses the law firm, Kutak Rock in Denver, with which Fleischer and Volk has

had a relationship with since 1979. /// "Our ability to outsource is another way we're efficient because it turns a large fixed-cost into a smaller, variable cost which is good for the shareholders," says Volk. /// Out of the office, Volk enjoys spending time with his family, fly fishing, writing, collecting antiques, serving on nonprofit boards and traveling to locations like Sedona and Yosemite, Calif. to practice photography and display his own art around the STORE Capital office. ●

STORE CAPITAL'S KEY COMPETENCIES:

- 1 CLIENTS' NEEDS
- 2 ANALYZING RISK
- 3 CREATING CONTRACTS
- 4 MONITORING PORTFOLIOS
- 5 FINANCIAL REPORTING & TREASURY