



Mountainside Fitness,
Phoenix



Chris Volk



Mary Fedewa

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- Chris Volk, President & CEO

All the REIT Things

Since their initial public offering in November of 2014, STORE Capital has far exceeded Wall Street’s expectations of growth, financial strength and market share. The stock, which priced on the New York Stock Exchange (NYSE: STOR) at \$18.50, now has appreciated to over \$31.00 as of August 1. III “We have been incredibly busy on the acquisition front. The market is there and we have struck gold,” says President and CEO Chris Volk. III Single Tenant Operational Real Estate, better known as STORE, is running on all cylinders with a year-to-date return of over 30 percent and the largest increase of dividend payouts (eight percent) as compared with real estate investment trusts of their caliber over the past year. III “We have guidance of \$1 billion of

new investments, net of any sales, for the year with a balance sheet of nearly \$4.6 billion in assets,” he says. III As of June 30, the REIT holds investments in over 1,500 property locations. The company’s financials are equally impressive as indicated in their most recent 10-Q filing. It reflects revenues of just over \$177 million for the first half of 2016 and net income of over \$55 million for the same period.

START Born five years ago by combining the talents of founders, Volk and Fedewa and industry experts Morton Fleischer, Catherine Long, Michael Bennett and Michael Zieg, STORE has capitalized on market customers that are seeking opportunities beyond traditional commercial real estate ownership. III

Mary Fedewa is the Executive Vice President of Acquisitions and the newest member of STORE’s Board of Directors. “We are filling a need and providing superior solutions for our customers, which are middle-market and larger companies,” says Fedewa. “We show our customers that it is a better option to lease their real estate than own it and we offer tailored solutions that can increase the return on equity in their business.” III With an asset portfolio consisting predominantly of service businesses, STORE brings a unique offering to the marketplace. “Customers have choices of who their landlord is or whether they want to own instead,” Volk says. “Our customers understand the value we create for them not only through lowering their cost of capital, but by giving them superior flexibility.”

BUSINESS PHILOSOPHY

Key to the company's rapid growth posture is a commitment to a value proposition based on the tenant first. "We are focused on being a customer-centric company," Fedewa says. "For us, differentiating STORE in the marketplace is all about trying to do more for the customer. When our customers win, we win." **///** Volk takes that position and extends it further by identifying the key driver of the firm's philosophy. "The success of most real estate investment companies is dependent on the quality of the real estate," he says. "Our success though, has always been based on how well our tenants do. If we can do things that help our tenants succeed, we become a landlord of choice."

BUSINESS MODEL

Of the many ways in which STORE delivers on their commitment to customers, a priority is harnessing growth opportunity. "Take the example of a customer who wants to add square footage to a location in order to capitalize on customer demand. If they do not own the real estate, and their landlord refuses to assist with the property expansion, they really have no financing option. Instead, the tenant has to come out of pocket with their own cash, endure lower equity returns and may forego the expansion as a result. Our mindset has always been to be solutions-oriented in order to raise the values of the tenants we serve," Volk says. "At STORE, we have always believed that our real estate capital solutions should help to create wealth and opportunity for our tenants and not limit them." **///** The availability of innovative solutions for STORE's customers comes from the company's own capabilities to uniquely structure their funding sources. "Our Master Funding Solutions were originally made possible because of our Master Funding Trust. This is our conduit, which provides us flexibility in our financing and borrowing, so that we can do all of these things for our customers, including tax advantage solutions, development capital, location substitution rights, renovate-to-suit and other solutions," Fedewa says.



Sunrise Preschool, Phoenix

CUSTOMER ENGAGEMENT

Across a diverse range of well-known businesses in the service (about 70 percent), retail (about 17 percent) and industrial (about 13 percent) space including restaurants, movie theaters, health clubs, early childhood education centers and furniture stores, STORE relies on its adaptability and custom solutions to promote brand loyalty. **///** Much of the REIT's competitive advantage rests in their financial offering as a strategic alternative to a banking arrangement. "Fixed-rate loans for long-term financing are difficult to get with banks," Volk says. "We think of a net lease not as a product but a solution, which provides affordable capital, maximization of equity, and keeps cash flow high while having low payments." **///** Fedewa adds that Master Funding Solutions is written into the lease language, so that customers can have access to opportunities down the line; the majority of its customers have 15-year leases. STORE's customers appear to like what they see; approximately a third of the company's investment activity results from repeat customers.



Main Event, Tempe

NEXT STEPS

One of the ongoing challenges as well as opportunities for STORE is identifying the right client mix – customers who will remain competitive and grow in a rapidly evolving technology-driven economy. **///** "We want to have tenants in spaces that are not as easily disrupted by changes in distribution, keeping them relevant for the long-term," Volk says. **///** Because of the STORE approach to building their brand through a client-centric experience as opposed to a real estate driven approach, the leadership team must understand the intricacies of each client's business. **///** "This is precisely why next year during the Phoenix Waste Management Open, we are launching our Inside Track Forum," Volk says. The event, which customers are invited to attend, aims to provide an education platform for executives to learn more about the trends impacting their businesses. **///** "We will have presenters from inside and outside academia providing ideas on how they can make their

business better over the next 12-24 months," he says. "The Forum will provide information on social media, supply chain analysis and technology, while also addressing key points such as access to capital, markets and business valuation." **///** It is clear that STORE's commitment to its customers and business operation is a fundamental element in the growth trajectory of the corporate brand. As for the leadership team, they want to further embed their model into the REIT investing landscape. **///** "We have only scratched the surface. We are striving to make bigger inroads into the market," Volk says. "The market is almost \$2.5 trillion and we are \$4.6 billion, so there is a huge opportunity." Fedewa agrees, "We are as customer-centric as they come, and we are all about providing our customers with the real estate financing tools that can allow them to be richer." **///** For STORE shareholders, that is a blueprint for long-term return on investment. ■