

[Diversified REIT W. P. Carey's New CEO Poised to Lead](#)

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By Diane Rusignola

W. P. Carey's Jason Fox on company vision and culture.

Many investors will remember March 9, 2009, the day the S&P bottomed out, as a dark day. But with a long-term outlook, that historic day was the perfect time to buy at the bottom—which is exactly what Jason Fox did when he spearheaded the acquisition of The New York Times headquarters for **W. P. Carey (NYSE: WPC)**.

Fox, who was serving as executive director of the firm's investment team at the time, remembers it as a stressful but exciting time. "Think back to 2009 when the bottom was falling out of financial services, vacancies were spiking in New York City office given all the layoffs, [and] print media was declining by double digits," he said. "We couldn't find any lenders that wanted to take the headline risk on the deal, so we wrote the \$225 million check. We had a lot of conviction in our decision to make the investment at a time when no one else did, and it has turned out to be one of the best deals we have ever done." [W. P. Carey, which was not a REIT in 2009, completed the transaction with two of its public, non-listed REIT affiliates.]

Fox joined W. P. Carey in 2002 and held various senior roles before being named CEO in January 2018.

Fox's path to W. P. Carey was not exactly linear. Long before entering the world of New York finance, he was crisscrossing the country following his passions. After a collegiate soccer career at Notre Dame, Fox moved to Connecticut to teach math and physics, and later to San Francisco to resume playing soccer. His first job as an analyst at a boutique M&A advisory consulting firm was only intended to help pay the bills, but it sparked his interest in the business world and ultimately led Fox to Harvard Business School, where he first learned about W. P. Carey.

Fox recently spoke with REIT magazine about the evolution he has helped guide for W. P. Carey, from investment firm to net lease REIT.

What do you see as your greatest accomplishment in your first year as CEO?

The completion of our merger with CPA@:17, one of our managed funds, was a major accomplishment in my first year—not just for me, but for the entire company. It was a critical step in W. P. Carey's evolution to a pure-play net lease REIT, and a great example of what we can accomplish when there is a clear vision and culture of teamwork. Thanks to the dedication of all of our employees, we were able to seamlessly close the transaction, and ahead of schedule.

Where is W. P. Carey's business currently focused?

Since the merger, we've been focused on growing our balance sheet through transactions that are accretive to both earnings and NAV. One of the benefits of a diversified model, is that we can allocate capital to where we see the best risk-return opportunities— whether that's by property type, tenant industry or geography.

In today's competitive market, we tend to do more sale-leasebacks where we are able to address the complexity of the initial structuring with a simplified transaction that meets our investment criteria. As a result, we're often able to buy properties at a yield in excess of the market. More specifically, we're focused on industrial properties where a sale-leaseback of a company's owned real estate is generally significant relative to its total enterprise value.

How is the company positioned to continue to grow the portfolio size and quality?

First and foremost, we are focused on growing shareholder value and increasing earnings per share. We do so by investing in the right assets and funding them at an attractive cost of capital, which we believe will ultimately grow the size and quality of our portfolio.

In addition, our diversified investment strategy provides us access to a wider and deeper pool of opportunities enabling us to secure superior risk/return values for our investors, while our proactive asset management approach enables us to pursue value-add opportunities with existing tenants.

You have an interesting career path that led you to W. P. Carey. How does a high school teacher end up as the CEO of a REIT?

My story is a bit unique in that I started my career as a high school teacher at The Hotchkiss School in northwestern Connecticut where I taught math and physics. I was inspired to teach by a number of my family members who had careers in academia, including my father.

After two years of teaching, I moved to the West Coast and started working at a consulting and M&A advisory firm. There I had the opportunity to work on a number of projects and became intrigued by the finance industry, which led me to apply to and attend Harvard Business School.

It wasn't until I met Bill Carey, our late founder, at a Harvard recruiting event that I first heard about W. P. Carey. I liked the idea of working in a small entrepreneurial culture with the resources of a well-capitalized public company and where I was able to learn different aspects of the business and grow alongside the company. After joining in 2002, I was fortunate to learn the business and our investment strategy from the ground up. I think having spent my career investing in real estate and having led some of our most significant transactions, including our acquisition of The New York Times headquarters building, has been a significant benefit to me in my current role.

Since becoming a REIT in 2012, how has the company evolved?

W. P. Carey's REIT conversion in 2012 was the start of our evolution into a pure-play net lease REIT with a simpler business model and more valuable earnings. Since then, we've focused on three key areas: simplifying our business to focus exclusively on net lease investing for our owned portfolio; improving operational efficiencies; and building a strong and flexible balance sheet.

We've not only simplified our business, but we've become a more valuable company with improved earnings quality, enhanced diversification, and increased size and scale. We have a stronger, more flexible balance sheet with investment grade ratings and access to multiple forms of capital. Today, we are better positioned to lower our cost of capital and continue driving long-term earnings growth.

What do you think sets W. P. Carey apart from other net lease REITs?

Our diversification strategy continues to be a distinguishing characteristic of our investment approach, and I firmly believe in its benefits for the net lease asset class. Net lease is a unique structure in that it can be consistently applied to multiple property types, industries, and geographies. Our diversified approach not only helps insulate the portfolio from disruptions in any one area of the market, but also expands our opportunity set and enables us to direct our investments to the most attractive risk-reward opportunities.

Retail is a great example of the benefits of our diversification. We maintain an underweight exposure to retail in part driven by the threat from e-commerce. Retail assets represent less than 20% of our ABR, the majority of which are in Europe where there is significantly lower square foot per capita, higher barriers to development and where we are able to focus on sectors that we view as more insulated from e-commerce disruption like do-it-yourself and auto dealerships.

How has W. P. Carey's international presence grown over the years?

W. P. Carey established its European presence 20 years ago when we opened our London office in 1999 and subsequently our Amsterdam office in 2008. Since then, we've grown our presence and reputation in the European markets, which has afforded us access to virtually all opportunities, including off-market opportunities in which corporate or institutional sellers are seeking a discreet, efficient, reliable partner with whom they can negotiate a transaction that meets their needs. Having a strong local team of experts who understand the regional markets and submarkets—as well as the local laws and tax regulations—continues to be a critical part of effectively sourcing and structuring deals.

How would you characterize net lease REIT fundamentals today?

In 2019, I believe capital markets could become more volatile amidst political and market uncertainty. However, that volatility could benefit REITs, net lease REITs in particular, if capital sources are seeking stability and more secure cash flows. In recent years, we have taken steps to strengthen our balance sheet and create flexibility, which positions us favorably if there is dislocation that leads to more investment opportunities.

What's the best advice you've received in your career?

Our founder, Bill Carey, always said that in order to build a successful business, you have to build a successful team first. As CEO, this couldn't resonate with me more. It's not about knowing everything; it's about assembling the right team, valuing their insights, and empowering them to accomplish our larger company goals.

Who have been some of your mentors?

My transition from education to corporate America was not a typical career path, and I am fortunate to have had several mentors along the way who have helped guide me to where I am today. I met Greg Mennis at Spectrem Group in San Francisco when I was new to the business world and he took me under his wing at a pivotal time in my career.

More recently, my predecessor, Mark DeCesaris, played a key role in my transition to CEO. He not only did a lot for the company during his tenure, but he provided me with invaluable advice and showed me what it meant to be a leader and how to make hard decisions.

What are W. P Carey's goals for the next five to 10 years?

In addition to continue growing the quality and size of the company, an important aspect of my role as CEO is sharing our story with investors. While I believe we have made a lot of progress in recent years, I still think there is potential to further refine our story and value proposition. Net lease is emerging as a more significant asset class and W. P. Carey has only recently become active in REIT capital markets, despite our more than 45-year history as a net lease investor. So, I hope to be able to redefine certain assumptions that exist about net lease REITs and help the market better understand why a company such as ours, with a large, diverse portfolio, is the best way to invest in net lease real estate.

Soccer has been an important part of your life. What parallels do you see in succeeding at that sport and being an effective real estate CEO?

There are a number of parallels between success on the field and in the office. As captain of my college soccer team, I learned several fundamental leadership skills that I rely on every day as CEO. Be it in business or in sports, no success is ever achieved alone. It's always a team effort and so surrounding yourself with the right colleagues or players is key. Communication is also critical. Success starts with a clear goal, strategy and defined roles. I'm fortunate to not only have had the opportunity to develop my skills and learn the power of teamwork and self-discipline early on, but also to have had fun doing it.

UP CLOSE SECTION

Name

Jason E. Fox

Education

BS in civil engineering and environmental science from the University of Notre Dame; MBA from Harvard Business School

Favorite Activity

Spending time with my three children

Hobbies

Soccer, skiing, other outdoor activities, and live music

Currently Reading

The Talent Code, by Daniel Coyle; and Harry Potter and the Chamber of Secrets, which I'm reading with my 7-year-old

Favorite Films

The Shawshank Redemption,
The Usual Suspects, and The Godfather

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