



## Acquisitions and Dispositions

| FIRST QUARTER 2016 ACQUISITIONS   |               |                |           |                                      |  |                                    |
|---|---------------|----------------|-----------|--------------------------------------|--|------------------------------------|
| Location (CBSA) <sup>(1)</sup>  | Date Acquired | Square Feet    | Buildings | Purchase Price (\$MM) <sup>(2)</sup> | Weighted Average Lease Term (Years) <sup>(3)</sup> | Capitalization Rate <sup>(3)</sup> |
| Portland-South Portland, ME   | 2/9/2016      | 265,126        | 2         | \$12.5                               | 5.0  |                                    |
| Cincinnati, OH-KY-IN  | 2/16/2016     | 206,448        | 1         | 5.3                                  | 2.8  |                                    |
| Knoxville, TN   | 2/29/2016     | 130,560        | 1         | 4.5                                  | 4.9  |                                    |
| Cincinnati, OH-KY-IN  | 3/28/2016     | 108,620        | 1         | 5.6                                  | 3.5  |                                    |
| <b>Total/Weighted Average</b>   |               | <b>710,754</b> | <b>5</b>  | <b>\$27.9</b>                        | <b>4.2</b>   | <b>8.5%</b>                        |
| (1) Core based statistical area   |               |                |           |                                      |  |                                    |
| (2) Excludes property acquisition costs   |               |                |           |                                      |  |                                    |
| (3) Portland, ME building is under re-development and currently unoccupied. The Weighted Average Lease Term and Capitalization Rate calculations includes a lease that starts July, 2016. |               |                |           |                                      |  |                                    |

| 2016 ACQUISITION ACTIVITY & PIPELINE DETAIL   |                  |           |                                      |                                     |                     |
|---|------------------|-----------|--------------------------------------|-------------------------------------|---------------------|
|   | Square Feet      | Buildings | Purchase Price (\$MM) <sup>(1)</sup> | Weighted Average Lease Term (Years) | Capitalization Rate |
| Q1 Closed Acquisitions  | 710,754          | 5         | \$27.9                               | 4.2                                 | 8.5%                |
| As of April 4, 2016 <sup>(2)</sup>  |                  |           |                                      |                                     |                     |
| Subsequent to Quarter-End Acquisitions  | NA               | NA        | NA                                   |                                     |                     |
| Under Contract  | 783,272          | 2         | \$33.7                               |                                     |                     |
| Non-Binding Letter of Intent ("LOI")  | 1,311,380        | 6         | 57.3                                 |                                     |                     |
| <b>Total Closed Subsequent to Quarter End, Under Contract &amp; LOI</b>   | <b>2,094,652</b> | <b>8</b>  | <b>\$91.0</b>                        |                                     |                     |
| Pipeline of Potential Acquisitions  | 33.6 million     | 156       | \$1.6 billion                        |                                     |                     |
| (1) Excludes property acquisition costs   |                  |           |                                      |                                     |                     |
| (2) The purchase and sale agreements for the properties under contract are subject to satisfaction of closing conditions, and the properties under Letter of Intent require the negotiation and execution of definitive purchase and sale agreements. There can be no assurance that any of the properties under contract or Letter of Intent will be acquired on the terms anticipated or at all |                  |           |                                      |                                     |                     |

During the three months ended March 31, 2016, the Company sold four buildings consisting of approximately 1.2 million square feet for \$32.8 million.

## Leasing

For the three months ended March 31, 2016, the Company executed 16 leases for approximately 2.0 million square feet. The chart below details the leasing activity for the quarter:

| FIRST QUARTER 2016 LEASING ACTIVITY           |                  |                         |                  |                          |                            |                    |                  |                  |
|---|------------------|-------------------------|------------------|--------------------------|----------------------------|--------------------|------------------|------------------|
| Lease Type                                    | Square Feet      | W.A. Lease Term (Years) | Base Rent \$/PSF | Lease Commissions \$/PSF | Tenant Improvements \$/PSF | Total Costs \$/PSF | Cash Rent Change | GAAP Rent Change |
| New Leases                                    | 172,680          | 7.0                     | \$4.46           | \$2.12                   | \$0.00                     | \$2.12             | N/A              | N/A              |
| Renewal Leases                                | 1,533,041        | 5.5                     | 4.74             | 0.41                     | 0.54                       | 0.95               | (0.4)%           | 4.1%             |
| <b>Total / Weighted Avg New &amp; Renewal</b> | <b>1,705,721</b> | <b>5.7</b>              | <b>\$4.71</b>    | <b>\$0.59</b>            | <b>\$0.49</b>              | <b>\$1.08</b>      | <b>(0.4)%</b>    | <b>4.1%</b>      |
| Temporary Leases                              | 315,620          |                         |                  |                          |                            |                    |                  |                  |
| <b>Total Leasing Activity</b>                 | <b>2,021,341</b> |                         |                  |                          |                            |                    |                  |                  |

The Company experienced 42.4% Retention for leases expiring in the quarter. This Retention Rate was impacted by one lease for 375,785 square feet, which the Company relet with no downtime. The chart below details the Retention activity for the quarter:

| 2016 RETENTION                  |                         |                         |                         |                |                  |                  |
|---------------------------------|-------------------------|-------------------------|-------------------------|----------------|------------------|------------------|
| Quarter                         | Expiring Square Footage | Retained Square Footage | W.A. Lease Term (Years) | Retention Rate | Cash Rent Change | GAAP Rent Change |
| Q1 <sup>(1)</sup>               | 1,251,975               | 530,485                 | 3.2                     | 42.4%          | 3.1%             | 6.1%             |
| <b>Total / Weighted Average</b> | <b>1,251,975</b>        | <b>530,485</b>          | <b>3.2</b>              | <b>42.4%</b>   | <b>3.1%</b>      | <b>6.1%</b>      |

(1) Excludes one lease in which the lease entity changed with a continuation of operations within the facility.

The Company's Occupancy Rate for the first quarter was 94.8%.

## **Non-GAAP Financial Measures and Other Definitions**

**Capitalization Rate:** We define Capitalization Rate as the estimated weighted average cash capitalization rate, calculated by dividing (i) the Company's estimate of year one net operating income from the applicable property's operations stabilized for occupancy (post-lease-up for vacant properties), which does not include termination income, miscellaneous other income, capital expenditure, general and administrative costs, reserves, tenant improvements and leasing commissions, credit loss, or vacancy loss, by (ii) the purchase price, as defined by GAAP plus estimated First Generation Capital Expenditures. These capitalization rate estimates are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors that are beyond our control, including those risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2015.

**First Generation Capital Expenditure:** Recurring and non-recurring capital expenditures identified at the time of acquisition and underwritten to occur in the first twelve months.

**GAAP:** U.S. generally accepted accounting principles.

**GAAP Rent Change:** GAAP basis rent is a ratio of the change in base rent (including straight-line rent adjustments as required by GAAP) of the comparable lease. Prior to the third quarter of 2015, GAAP rent change did not include the deferred rent associated with early lease renewals. The Company changed the definition of GAAP Rent Change to include the deferred rent associated with early lease renewals effective the third quarter of 2015 for the current and prior periods presented. The definition change is not considered significant.

**Occupancy Rate:** The percentage of total leasable square footage for which the lease term has commenced as of the close of the reporting period.

**Pipeline:** The pipeline is a point in time measure that includes all of the transactions under consideration by the Company's acquisitions group that have passed the initial screening process. The pipeline also includes transactions under contract and transactions with non-binding LOIs.

**Renewal Lease:** We define a Renewal Lease as a lease signed by an existing tenant to extend the term for twelve months or more, including (i) a renewal of the same space as the current lease at lease expiration, (ii) a renewal of only a portion of the current space at lease expiration and (iii) an early renewal or workout, which ultimately does extend the original term for twelve months or more, but the renewal term commences before the lease expiration of their current lease.

**Retention:** We define Retention as the percentage determined by taking Renewal Lease square footage commencing in the period divided by square feet of leases expiring in the period. Neither the Renewal Leases nor leases expiring include Temporary Leases or License Agreements.

**Temporary Leases/License Agreements:** We define a Temporary Lease or a License Agreement as any lease that is signed for an initial term of less than twelve months; this includes short-term new leases and short-term renewal leases.

## **About STAG Industrial, Inc.**

STAG Industrial, Inc. is a real estate investment trust (REIT) focused on the acquisition and operation of single-tenant, industrial properties throughout the United States. The Company's portfolio consists of 292 properties in 38 states with approximately 54.3 million rentable square feet.

For additional information, please visit the Company's website at [www.stagindustrial.com](http://www.stagindustrial.com).

### **Forward-Looking Statements**

*This press release, together with other statements and information publicly disseminated by the Company, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, are generally identifiable by use of the words "believe," "will," "expect," "intend," "anticipate," "estimate," "should," "project" or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond the Company's control and which could materially affect actual results, performances or achievements. Factors that may cause actual results to differ materially from current expectations include, but are not limited to, the risk factors discussed in the Company's annual report on Form 10-K for the year ended December 31, 2015 as updated by the Company's quarterly reports on Form 10-Q. Accordingly, there is no assurance that the Company's expectations will be realized. Except as otherwise required by the federal securities laws, the Company disclaims any obligation or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.*

Source: STAG Industrial, Inc.

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