STAG INDUSTRIAL

SUPPLEMENTAL INFORMATION

UNAUDITED FOURTH QUARTER 2017

STAG INDUSTRIAL

Forward-Looking Statements

This supplemental information package 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. STAG Industrial, Inc. (STAG) 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 STAG'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 STAG'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 STAG's most recent Annual Report on Form 10-K for the year ended December 31, 2017, as updated by the Company's subsequent reports filed with the Securities and Exchange Commission. Accordingly, there is no assurance that STAG's expectations will be realized. Except as otherwise required by the federal securities laws, STAG 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 STAG's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Defined Terms, Including Non-GAAP Measurements

Please refer to the Definitions section near the end of these materials for definitions of capitalized terms used herein, including, among others, Annualized Base Rental Revenue, Capitalization Rate and Retention, as well as non-GAAP financial measures, such as Adjusted EBITDA, Cash NOI, Core FFO and AFFO. These materials provide reconciliations of non-GAAP financial measures to net income (loss) in accordance with GAAP. None of the non-GAAP financial measures is intended as an alternative to net income (loss) in accordance with GAAP as a measure of the Company's financial performance.

TABLE OF CONTENTS

OVERVIEW

Snapshot (December 31, 2017)	
Square Feet	70.2 million
Number of Buildings / States	356 / 37
Portfolio Occupancy	95.3%
Weighted Average Lease Term	4.8 years
Weighted Average Rent	$4.09/sf
Equity Market Capitalization	$2,763 million
Enterprise Value	$4,088 million
Net Debt to Run Rate Adjusted EBITDA	4.9x
Fixed Charge Coverage Ratio	4.3x
Monthly Dividend (annualized)	$0.117500 ($1.41)
Dividend Yield	5.2% [1]

(1) Based on the December 31, 2017 monthly dividend of $0.117500 annualized per common share and closing stock price as of December 31, 2017 of $27.33.


West Columbia, SC


Waukegan, IL

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)	December 31, 2017	December 31, 2016
Assets		
Rental Property:		
Land	$ 321,560	$ 272,162
Buildings and improvements, net of accumulated depreciation of $249,057 and $187,413, respectively	1,932,764	1,550,141
Deferred leasing intangibles, net of accumulated amortization of $280,642 and $237,456, respectively	313,253	294,533
Total rental property, net	2,567,577	2,116,836
Cash and cash equivalents	24,562	12,192
Restricted cash	3,567	9,613
Tenant accounts receivable, net	33,602	25,223
Prepaid expenses and other assets	25,364	20,821
Interest rate swaps	6,079	1,471
Assets held for sale, net	19,916	—
Total assets	**$ 2,680,667**	**$ 2,186,156**
Liabilities and Equity		
Liabilities:		
Unsecured credit facility	$ 271,000	$ 28,000
Unsecured term loans, net	446,265	446,608
Unsecured notes, net	398,234	397,966
Mortgage notes, net	58,282	163,565
Accounts payable, accrued expenses and other liabilities	43,216	35,389
Interest rate swaps	1,217	2,438
Tenant prepaid rent and security deposits	19,045	15,195
Dividends and distributions payable	11,880	9,728
Deferred leasing intangibles, net of accumulated amortization of $13,555 and $10,450, respectively	21,221	20,341
Total liabilities	**$ 1,270,360**	**$ 1,119,230**
Equity:		
Preferred stock, par value $0.01 per share, 15,000,000 shares authorized,		
Series B, 2,800,000 shares (liquidation preference of $25.00 per share) issued and outstanding at December 31, 2017 and December 31, 2016	70,000	70,000
Series C, 3,000,000 shares (liquidation preference of $25.00 per share) issued and outstanding at December 31, 2017 and December 31, 2016	75,000	75,000
Common stock, par value $0.01 per share, 150,000,000 shares authorized, 97,012,543 and 80,352,304 shares issued and outstanding at December 31, 2017 and December 31, 2016, respectively	970	804
Additional paid-in capital	1,725,825	1,293,706
Common stock dividends in excess of earnings	(516,691)	(410,978)
Accumulated other comprehensive income (loss)	3,936	(1,496)
Total stockholders' equity	1,359,040	1,027,036
Noncontrolling interest	51,267	39,890
Total equity	**1,410,307**	**1,066,926**
Total liabilities and equity	**$ 2,680,667**	**$ 2,186,156**

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended December 31,		Year ended December 31,	
(in thousands, except share data)	2017	2016	2017	2016
Revenue				
Rental income	$ 69,210	$ 56,166	$ 255,831	$ 212,741
Tenant recoveries	12,053	10,300	45,005	37,107
Other income	7	68	251	395
Total revenue	81,270	66,534	301,087	250,243
Expenses				
Property	15,389	13,232	57,701	48,904
General and administrative	8,259	7,022	33,349	33,395
Property acquisition costs	702	1,454	5,386	4,567
Depreciation and amortization	40,595	33,719	150,881	125,444
Loss on impairments	1,879	5,614	1,879	16,845
Gain on involuntary conversion	(655)	—	(325)	—
Other expenses	284	292	1,786	1,149
Total expenses	66,453	61,333	250,657	230,304
Other income (expense)				
Interest income	2	2	12	10
Interest expense	(10,912)	(11,082)	(42,469)	(42,923)
Loss on extinguishment of debt	—	(1,288)	(15)	(3,261)
Gain on the sales of rental property, net	5,017	40,234	24,242	61,823
Total other income (expense)	(5,893)	27,866	(18,230)	15,649
Net income	**$ 8,924**	**$ 33,067**	**$ 32,200**	**$ 35,588**
Less: income attributable to noncontrolling interest after preferred stock dividends	267	1,376	941	1,069
Net income attributable to STAG Industrial, Inc.	**$ 8,657**	**$ 31,691**	**$ 31,259**	**$ 34,519**
Less: preferred stock dividends	2,449	2,983	9,794	13,897
Less: amount allocated to participating securities	84	100	334	384
Net income attributable to common stockholders	**$ 6,124**	**$ 28,608**	**$ 21,131**	**$ 20,238**
Weighted average common shares outstanding — basic	95,192,218	75,558,806	89,537,714	70,637,185
Weighted average common shares outstanding — diluted	95,764,261	75,865,780	90,003,559	70,852,548
Net income per share — basic and diluted				
Net income per share attributable to common stockholders — basic	$ 0.06	$ 0.38	$ 0.24	$ 0.29
Net income per share attributable to common stockholders — diluted	$ 0.06	$ 0.38	$ 0.23	$ 0.29

NET OPERATING INCOME (NOI) & CASH NOI

(in thousands)	Three months ended December 31, 2017	Three months ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
Net income	$ 8,924	$ 33,067	$ 32,200	$ 35,588
Asset management fee income	—	(44)	(52)	(210)
General and administrative	8,259	7,022	33,349	33,395
Property acquisition costs	702	1,454	5,386	4,567
Depreciation and amortization	40,595	33,719	150,881	125,444
Interest income	(2)	(2)	(12)	(10)
Interest expense	10,912	11,082	42,469	42,923
Loss on impairments	1,879	5,614	1,879	16,845
Gain on involuntary conversion	(655)	—	(325)	—
Loss on extinguishment of debt	—	1,288	15	3,261
Other expenses	284	292	1,097	1,149
Loss on incentive fee	—	—	689	—
Gain on the sales of rental property, net	(5,017)	(40,234)	(24,242)	(61,823)
Net operating income	**$ 65,881**	**$ 53,258**	**$ 243,334**	**$ 201,129**
Net operating income	$ 65,881	$ 53,258	$ 243,334	$ 201,129
Straight-line rent adjustments, net	(2,313)	(470)	(6,691)	(2,555)
Straight-line termination income adjustments, net	(308)	857	(786)	678
Intangible amortization in rental income, net	710	1,462	4,583	6,213
Cash net operating income	**$ 63,970**	**$ 55,107**	**$ 240,440**	**$ 205,465**
Cash net operating income	$ 63,970			
Cash NOI from acquisitions' and dispositions' timing	829			
Cash termination income	(157)			
Run Rate Cash NOI	**$ 64,642**			

FUNDS FROM OPERATIONS (FFO) & CORE FFO

(in thousands, except share data)	Three months ended December 31, 2017	2016	Year ended December 31, 2017	2016
Net income	**$ 8,924**	**$ 33,067**	**$ 32,200**	**$ 35,588**
Rental property depreciation and amortization	40,522	33,645	150,591	125,182
Loss on impairments	1,879	5,614	1,879	16,845
Gain on the sales of rental property, net	(5,017)	(40,234)	(24,242)	(61,823)
Funds from operations	**$ 46,308**	**$ 32,092**	**$ 160,428**	**$ 115,792**
Preferred stock dividends	(2,449)	(2,983)	(9,794)	(13,897)
Other expenses	—	(100)	—	(384)
Funds from operations attributable to common stockholders and unit holders	**$ 43,859**	**$ 29,009**	**$ 150,634**	**$ 101,511**
Funds from operations attributable to common stockholders and unit holders	**$ 43,859**	**$ 29,009**	**$ 150,634**	**$ 101,511**
Intangible amortization in rental income, net	710	1,462	4,583	6,213
Termination income	(465)	(72)	(1,527)	(271)
Property acquisition costs	702	1,454	5,386	4,567
Loss on extinguishment of debt	—	1,288	15	3,261
Severance costs	—	—	—	3,063
Gain on involuntary conversion	(655)	—	(325)	—
Loss on incentive fee	—	—	689	—
Gain on swap ineffectiveness	(102)	—	(190)	—
Core funds from operations	**$ 44,049**	**$ 33,141**	**$ 159,265**	**$ 118,344**
Weighted average common shares, participating securities, performance units and other units				
Weighted average common shares outstanding	95,192,218	75,558,806	89,537,714	70,637,185
Weighted average participating securities outstanding	237,207	152,990	237,896	184,115
Weighted average units outstanding	4,111,270	3,633,881	3,934,290	3,675,144
Weighted average common shares, participating securities, and other units - basic	**99,540,695**	**79,345,677**	**93,709,900**	**74,496,444**
Weighted average performance units and outperformance plan	121,803	88,759	225,862	102,680
Dilutive common share equivalents	572,043	306,974	465,845	215,363
Weighted average common shares, participating securities, performance and other units - diluted	**100,234,541**	**79,741,410**	**94,401,607**	**74,814,487**
Core funds from operations per share / unit - basic	**$ 0.44**	**$ 0.42**	**$ 1.70**	**$ 1.59**
Core funds from operations per share / unit - diluted	**$ 0.44**	**$ 0.42**	**$ 1.69**	**$ 1.58**

ADJUSTED EBITDA & ADJUSTED FUNDS FROM OPERATIONS (AFFO)

(in thousands)	Three months ended December 31, 2017	Three months ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
Net income	$ 8,924	$ 33,067	$ 32,200	$ 35,588
Intangible amortization in rental income, net	710	1,462	4,583	6,213
Straight-line rent adjustments, net	(2,312)	(470)	(6,689)	(2,496)
Non-cash compensation expense	2,388	2,036	9,547	8,164
Termination income	(465)	(72)	(1,527)	(271)
Property acquisition costs	702	1,454	5,386	4,567
Depreciation and amortization	40,595	33,719	150,881	125,444
Interest income	(2)	(2)	(12)	(10)
Interest expense	10,912	11,082	42,469	42,923
Severance costs	—	—	—	3,063
Loss on impairments	1,879	5,614	1,879	16,845
Gain on involuntary conversion	(655)	—	(325)	—
Loss on extinguishment of debt	—	1,288	15	3,261
Loss on incentive fee	—	—	689	—
Gain on the sales of rental property, net	$ (5,017)	$ (40,234)	$ (24,242)	$ (61,823)
Adjusted EBITDA	**$ 57,659**	**$ 48,944**	**$ 214,854**	**$ 181,468**
Adjusted EBITDA	$ 57,659			
Adjusted EBITDA from acquisitions' and dispositions' timing	829			
Run Rate Adjusted EBITDA	**$ 58,488**			
Core funds from operations	$ 44,049	$ 33,141	$ 159,265	$ 118,344
Non-rental property depreciation and amortization	73	74	290	262
Straight-line rent adjustments, net	(2,312)	(470)	(6,689)	(2,496)
Recurring capital expenditures	(1,735)	(1,117)	(3,264)	(2,176)
Renewal lease commissions and tenant improvements	(457)	(175)	(4,554)	(2,021)
Non-cash portion of interest expense	534	424	2,087	1,632
Non-cash compensation expense	2,388	2,036	9,547	8,164
Adjusted funds from operations [(1)]	**$ 42,540**	**$ 33,913**	**$ 156,682**	**$ 121,709**

(1) Excludes Non-Recurring Capital Expenditures of approximately $3,512, $16,072, $6,141 and $13,361 and new leasing commissions and tenant improvements of approximately $1,333, $4,952, $890 and $1,975 for the three months and year ended December 31, 2017 and December 31, 2016, respectively.

ACQUISITIONS

FOURTH QUARTER 2017 ACQUISITIONS						
Location (CBSA)	Date Acquired	Square Feet	Buildings	Purchase Price ($000)	Weighted Average Lease Term (Years)	Capitalization Rate
Omaha-Council Bluffs, NE-IA	10/23/2017	90,000	1	$6,600	10.0	
Columbus, OH	11/2/2017	237,500	1	8,717	9.5	
Greenville-Anderson-Mauldin, SC	11/22/2017	264,385	1	18,200	9.6	
Columbia, SC	11/29/2017	200,000	1	10,000	6.3	
Phoenix-Mesa-Scottsdale, AZ	12/11/2017	186,643	1	16,500	12.0	
El Paso, TX	12/18/2017	498,382	2	16,850	3.3	
Houston-The Woodlands-Sugar Land, TX	12/18/2017	68,300	1	8,100	9.5	
Providence-Warwick, RI-MA	12/27/2017	86,000	1	8,125	9.9	
Madison, WI	12/28/2017	283,000	2	14,300	5.2	
Total / weighted average		**1,914,210**	**11**	**$107,392**	**7.3**	**7.3%**

2017 ACQUISITIONS					
Quarter	Square Feet	Buildings	Purchase Price ($000)	Weighted Average Lease Term (Years)	Capitalization Rate
Q1	2,334,622	11	$99,786	6.2	8.2%
Q2	4,573,794	21	285,607	9.1	7.2%
Q3	2,295,030	10	119,726	5.9	7.5%
Q4	1,914,210	11	107,392	7.3	7.3%
Total / weighted average	**11,117,656**	**53**	**$612,511**	**7.5**	**7.4%**

DISPOSITIONS

FOURTH QUARTER 2017 DISPOSITIONS				
Location (CBSA)	**Date Disposed**	**Square Feet**	**Buildings**	**Gross Proceeds ($000s)**
Indianapolis-Carmel-Anderson, IN	12/21/2017	703,496	1	
Holland, MI	12/28/2017	177,062	1	
Total		**880,558**	**2**	**$22,055**

2017 DISPOSITIONS			
Quarter	**Square Feet**	**Buildings**	**Gross Proceeds ($000s)**
Q1	113,379	1	$4,100
Q2	134,900	3	6,500
Q3	791,064	5	34,742
Q4	880,558	2	22,055
Total	**1,919,901**	**11**	**$67,397**

SAME STORE NOI

(in thousands, except building count data and square footage)	Three months ended December 31, 2017	2016	Change	% Change	Year ended December 31, 2017	2016	Change	% Change
Operating Portfolio								
Same Store square footage	52,112,405				46,420,770			
Same Store buildings	259				237			
% of total	74.2%				66.1%			
Occupancy Rate at quarter end	96.1%	96.4%		(0.3)%	95.6%	96.0%		(0.4)%
Average Occupancy Rate	95.8%	96.7%		(0.9)%	95.4%	95.9%		(0.5)%
Total Same Store GAAP revenue [(1) (2)]	$58,601	$58,236	$365		$207,077	$204,451	$2,626	
Total Same Store GAAP expenses	(10,734)	(10,581)	(153)		(39,269)	(36,630)	(2,639)	
Same Store GAAP NOI	**$47,867**	**$47,655**	**$212**	**0.4%**	**$167,808**	**$167,821**	**($13)**	**—%**
Total Same Store cash revenue [(2)]	58,654	58,709	(55)		208,979	206,577	2,402	
Total Same Store cash expenses	(10,728)	(10,575)	(153)		(39,245)	(36,605)	(2,640)	
Same Store Cash NOI	**$47,926**	**$48,134**	**($208)**	**(0.4%)**	**$169,734**	**$169,972**	**($238)**	**(0.1%)**
Flex/Office Portfolio								
Same Store Cash NOI	$1,139	$1,133	$6	0.5%	$4,948	$4,930	$18	0.4%

(1) Excludes straight line termination income of approximately $273, $681, $(858) and $(858) for three and twelve months ended December 31, 2017 and December 31, 2016 respectively.
(2) Excludes cash termination income of approximately $65, $649, $928 and $928 for three and twelve months ended December 31, 2017 and December 31, 2016 respectively.

CAPITAL EXPENDITURES

(in thousands)	CAPITAL EXPENDITURES, TENANT IMPROVEMENTS, AND LEASE COMMISSIONS SUMMARY			
	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Renewal tenant improvements and lease commissions	$440	$174	$4,365	$1,930
New tenant improvements and lease commissions	1,333	891	4,763	1,893
Total tenant improvements (TIs) and lease commissions (LCs)	**$1,773**	**$1,065**	**$9,128**	**$3,823**
Recurring Capital Expenditures	$1,724	$1,099	$3,234	$2,037
Non-Recurring Capital Expenditures	2,851	5,970	15,214	12,769
Total Recurring and Non-Recurring Capital Expenditures	**$4,575**	**$7,069**	**$18,448**	**$14,806**
Total Operating Portfolio capital expenditures, TIs and LCs	**$6,348**	**$8,134**	**$27,576**	**$18,629**
Acquisition Capital Expenditures	**$3,577**	**$1,976**	**$13,618**	**$8,891**
Building expansions and redevelopment	**$2,618**	**$1,423**	**$12,274**	**$7,425**
Capital expenditures paid by tenant	**$992**	**$171**	**$5,493**	**$1,175**
Flex/office capital expenditures	**$689**	**$19**	**$1,264**	**$321**
Total capital expenditures, building expansions, TIs, and LCs	**$14,224**	**$11,723**	**$60,225**	**$36,441**

RECONCILIATION OF CAPITAL EXPENDITURES TO STATEMENT OF CASH FLOWS				
Additions to building and other capital improvements per cash flow statement	$18,251	$9,782	$45,790	$30,485
Change in additions of land and building and improvements included in accounts payable, accrued expenses and other liabilities per cash flow statement	(5,916)	1,047	7,309	2,648
New and renewal lease commissions	1,889	894	7,126	3,308
Total capital expenditures, building expansions, TIs, and LCs	**$14,224**	**$11,723**	**$60,225**	**$36,441**

STAG INDUSTRIAL

PORTFOLIO CHARACTERISTICS

BUILDING TYPE AS OF DECEMBER 31, 2017						
		Square Footage			Annualized Base Rental Revenue	
Building Type	# of Buildings	Amount	%	Occupancy Rate	Amount ($000s)	%
Warehouse	287	62,658,089	89.3%	95.3%	$239,034	87.3%
Light manufacturing	52	5,711,856	8.1%	100.0%	24,001	8.8%
Total Operating Portfolio / weighted average	**339**	**68,369,945**	**97.4%**	**95.7%**	**$263,035**	**96.1%**
Redevelopment/Held for Sale	3	903,192	1.3%	91.5%	3,438	1.3%
Flex / office	14	923,361	1.3%	70.0%	7,086	2.6%
Total portfolio / weighted average	**356**	**70,196,498**	**100.0%**	**95.3%**	**$273,559**	**100.0%**

OPERATING PORTFOLIO BUILDINGS BY LOCATION AS OF DECEMBER 31, 2017						
		Square Footage			Annualized Base Rental Revenue	
Location Classification	# of Buildings	Amount	%	Occupancy Rate	Amount ($000s)	%
Primary (greater than 200 million net rentable square feet)	141	28,156,801	41.2%	93.7%	$111,637	42.4%
Secondary (25 million to 200 million net rentable square feet)	171	34,783,710	50.9%	97.4%	131,227	49.9%
Tertiary (less than 25 million net rentable square feet)	27	5,429,434	7.9%	95.5%	20,171	7.7%
Total Operating Portfolio / weighted average	**339**	**68,369,945**	**100.0%**	**95.7%**	**$263,035**	**100.0%**

PORTFOLIO OCCUPANCY BRIDGE

PORTFOLIO SQUARE FOOTAGE CHANGES	Three Months Ended December 31, 2017		Twelve Months Ended December 31, 2017	
Total square feet beginning of period	**69,148,152**		**60,878,204**	
Acquisitions	1,914,210		11,117,656	
Dispositions	(880,558)		(1,919,901)	
Building expansions	30,000		180,000	
Remeasurements / other	(15,306)		(59,461)	
Total square feet end of period	**70,196,498**		**70,196,498**	
OCCUPANCY CHANGES				
Occupied square feet beginning of period (Occupancy Rate)	**65,405,877**	**(94.6%)**	**57,623,688**	**(94.7%)**
Expirations:				
Expiring square footage	(1,228,294)		(5,482,494)	
Lease terminations	(92,000)		(397,000)	
Total expirations	**(1,320,294)**		**(5,879,494)**	
Leases commencing:				
Renewal leases	647,724		3,237,823	
New leases	911,850		2,220,271	
Expansion leases	30,000		180,000	
Redevelopment net lease activity	230,805		230,805	
Temporary net lease activity	108,840		(166,335)	
Flex/Office net lease activity	—		15,000	
Total leasing activity	**1,929,219**		**5,717,564**	
Occupied acquired square feet	1,758,391		10,552,249	
Occupied disposed square feet	(844,396)		(1,085,210)	
Total occupancy activity from acquisitions & dispositions	**913,995**		**9,467,039**	
Occupied square feet at December 31, 2017 (Occupancy Rate)	**66,928,797**	**(95.3%)**	**66,928,797**	**(95.3%)**

STAG INDUSTRIAL

LEASING & RETENTION STATISTICS

FOURTH QUARTER 2017 OPERATING PORTFOLIO LEASING ACTIVITY									
Lease Type	Square Feet	W.A. Lease Term (Years)	Cash Base Rent $/SF	GAAP Base Rent $/SF	Lease Commissions $/SF	Tenant Improvement $/SF	Total Costs $/SF	Cash Rent Change	GAAP Rent Change
New leases	1,265,025	4.8	$3.90	$4.24	$0.86	$0.28	$1.14	4.7%	13.4%
Renewal Leases	1,101,882	5.2	4.10	4.31	0.36	0.46	0.82	0.7%	11.3%
Total / weighted average new & renewal	**2,366,907**	**5.0**	**$3.99**	**$4.27**	**$0.62**	**$0.37**	**$0.99**	**2.3%**	**12.2%**

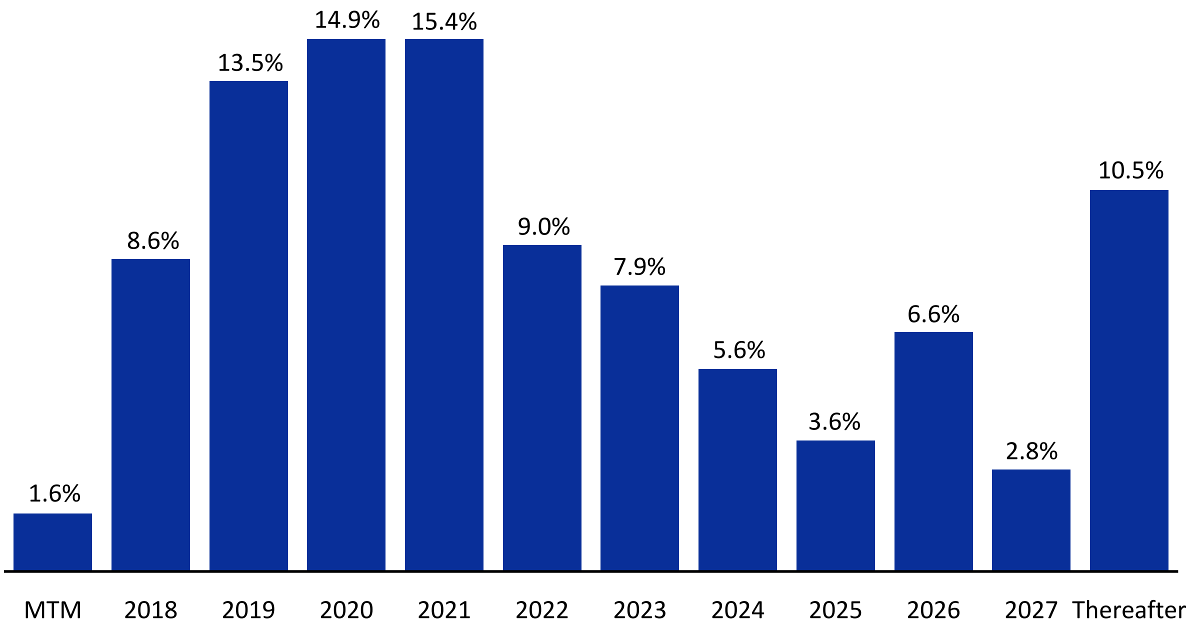
2017 OPERATING PORTFOLIO LEASING ACTIVITY									
Lease Type	Square Feet	W.A. Lease Term (Years)	Cash Base Rent $/SF	GAAP Base Rent $/SF	Lease Commissions $/SF	Tenant Improvement $/SF	Total Costs $/SF	Cash Rent Change	GAAP Rent Change
New leases	2,554,246	4.5	$4.04	$4.29	$1.00	$0.46	$1.46	4.5%	10.6%
Renewal Leases	8,644,161	5.3	3.89	4.04	0.37	0.29	0.66	2.5%	10.9%
Total / weighted average new & renewal	**11,198,407**	**5.2**	**$3.92**	**$4.10**	**$0.51**	**$0.33**	**$0.84**	**2.9%**	**10.8%**

Note: The tables above represents leases signed during the quarter and does not reflect leases commencing during the quarter.

2017 OPERATING PORTFOLIO RETENTION						
Quarter	Expiring Square Footage	Retained Square Footage	W.A. Lease Term (Years)	Retention	Cash Rent Change	GAAP Rent Change
Q1	1,185,453	607,608	3.4	51.3%	13.4%	23.6%
Q2	1,804,836	1,085,796	6.0	60.2%	(1.3)%	2.2%
Q3	1,263,911	896,695	4.0	70.9%	8.5%	15.3%
Q4	1,228,294	647,724	5.0	52.7%	(0.7)%	7.6%
Total / weighted average	**5,482,494**	**3,237,823**	**4.8**	**59.1%**	**4.4%**	**11.1%**

LEASE EXPIRATION SCHEDULE

LEASE EXPIRATION SCHEDULE AS OF DECEMBER 31, 2017					
Lease Expiration Year	Number of Leases Expiring	Total Rentable SF	% of Occupied SF	Annualized Base Rental Revenue ($000s)	% of Total Annualized Base Rental Revenue
Available	N/A	3,267,701	N/A	N/A	N/A
MTM	10	1,279,284	1.9%	$4,433	1.6%
2018	41	5,665,228	8.5%	23,537	8.6%
2019	52	9,298,500	13.9%	36,853	13.5%
2020	48	9,598,197	14.3%	40,721	14.9%
2021	62	10,234,381	15.3%	42,251	15.4%
2022	46	5,757,530	8.6%	24,585	9.0%
2023	29	5,870,859	8.8%	21,547	7.9%
2024	20	3,854,240	5.8%	15,278	5.6%
2025	14	2,397,342	3.6%	9,894	3.6%
2026	21	4,704,170	7.0%	18,037	6.6%
2027	10	1,768,969	2.6%	7,722	2.8%
Thereafter	30	6,500,097	9.7%	28,701	10.5%
Total / weighted average	**383**	**70,196,498**	**100.0%**	**$273,559**	**100.0%**



NEXT FOUR QUARTERS LEASE EXPIRATION				
Lease Expiration Quarter	Total Rentable SF	% of Occupied SF	Annualized Base Rental Revenue ($000s)	% of Total Annualized Base Rental Revenue
Q1-18	1,467,317	2.2%	$4,937	1.8%
Q2-18	893,377	1.3%	3,636	1.3%
Q3-18	1,325,326	2.0%	5,389	2.0%
Q4-18	1,979,208	3.0%	9,575	3.5%
Total	5,665,228	8.5%	$23,537	8.6%

TENANT PROFILE

TENANT PROFILE	
	December 31, 2017
Profile	
Number of tenants	312
Average tenant size (square feet)	214,515
Average Annualized Base Rental Revenue per square foot	$4.09
Average Annualized Base Rental Revenue per tenant ($000s)	$877
Credit [(1)]	
Tenants publicly rated	56.0%
Tenants rated investment grade	26.8%
Tenant revenue > $100 million	86.4%
Tenant revenue > $1 billion	60.6%

(1) Based on annualized base rent and the inclusion of tenants, guarantors, and / or non-guarantor parents.

PORTFOLIO DIVERSIFICATION

GEOGRAPHIC DIVERSIFICATION December 31, 2017		
#	Market[1]	ABR %
1	Philadelphia, PA	9.9%
2	Chicago, IL	8.8%
3	Greenville/Spartanburg, SC	4.7%
4	Charlotte, NC	4.2%
5	Milwaukee/Madison, WI	3.8%
6	Cincinnati/Dayton, OH	3.5%
7	Detroit, MI	3.2%
8	El Paso, TX	2.7%
9	West Michigan, MI	2.6%
10	Westchester/So Connecticut, CT/NY	2.4%
	Top 10 Markets	**45.8%**
	Top 11-20 Markets	**18.5%**
	Total Top 20 Markets	**64.3%**

TENANT DIVERSIFICATION December 31, 2017		
#	Tenant[2]	ABR %
1	General Services Administration	2.6%
2	XPO Logistics	1.9%
3	Deckers Outdoor	1.6%
4	TriMas Corporation	1.4%
5	Solo Cup	1.4%
6	DHL	1.1%
7	FedEx	1.0%
8	Generation Brands	1.0%
9	Carolina Beverage Group	1.0%
10	American Tire Distributors Inc	0.9%
	Top 10 Tenants	**13.9%**
	Top 11-20 Tenants	**7.7%**
	Total Top 20 Tenants	**21.6%**

INDUSTRY DIVERSIFICATION December 31, 2017		
#	Industry	ABR %
1	Automotive	13.8%
2	Air Freight & Logistics	12.5%
3	Ind Equip, Component & Metals	11.0%
4	Containers & Packaging	9.8%
5	Food & Beverages	9.3%
6	Retail	6.7%
7	Business Services	5.6%
8	Personal Products	5.1%
9	Household Durables	4.9%
10	Building Materials	4.6%
	Top 10 Industries	**83.3%**
	Top 11-20 Industries	**16.7%**
	Total Industries	**100.0%**

(1) As defined by CoStar.
(2) Based on annualized base rent and the inclusion of tenants, guarantors, and / or non-guarantor parents.

STAG INDUSTRIAL

CAPITAL STRUCTURE & DIVIDENDS

CAPITAL STRUCTURE	
	As of December 31, 2017
Common shares, participating securities, performance units and other units	
Common shares outstanding	96,775,336
Participating securities outstanding	237,207
Units outstanding	4,096,687
Common shares, participating securities, and other units - basic	101,109,230
Performance units and outperformance plan	693,846
Common shares, participating securities, performance and other units - diluted	101,803,076
Enterprise Value as of December 31, 2017 (in millions)	
Equity Market Capitalization	$2,763
Debt (principal balance)	1,180
Preferred equity	145
Enterprise Value	$4,088

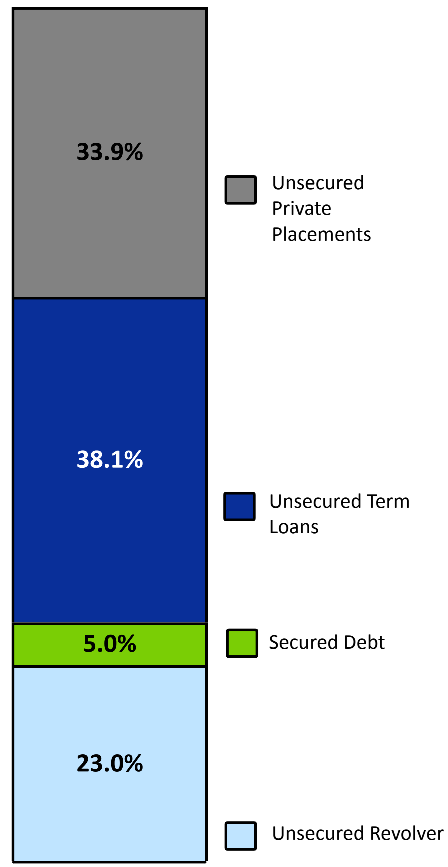
COMMON DIVIDEND INFORMATION	
	December 31, 2017
Dividend declared per common share (quarterly) [1]	$0.3525
Dividend yield (at quarter end)	5.2%
AFFO dividend payout ratio	83.9%

(1) Sum of quarter's monthly declared dividends.

DEBT SUMMARY

AS OF DECEMBER 31, 2017 (in millions)				
Category	**Committed**	**Principal Balance**	**Interest Rate[(1)(2)]**	**Current Maturity[(2)]**
Unsecured debt:				
Unsecured Credit Facility [(3)]	$450.0	$271.0	L + 1.15%	12/18/2019
Unsecured Term Loan C [(3)]	150.0	150.0	L + 1.30%	9/29/2020
Unsecured Term Loan B [(3)]	150.0	150.0	L + 1.30%	3/21/2021
Unsecured Term Loan A [(3)]	150.0	150.0	L + 1.30%	3/31/2022
Unsecured Term Loan D [(3)]	150.0	—	L + 1.30%	1/4/2023
Series F Unsecured Notes	100.0	100.0	3.98%	1/5/2023
Series A Unsecured Notes	50.0	50.0	4.98%	10/1/2024
Series D Unsecured Notes	100.0	100.0	4.32%	2/20/2025
Series B Unsecured Notes	50.0	50.0	4.98%	7/1/2026
Series C Unsecured Notes	80.0	80.0	4.42%	12/30/2026
Series E Unsecured Notes	20.0	20.0	4.42%	2/20/2027
Total / weighted average unsecured [(4)]	**$1,450.0**	**$1,121.0**	**3.48%**	**4.4 years**
Secured debt:				
Wells Fargo Bank, National Association CMBS Loan		55.0	4.31%	12/1/2022
Thrivent Financial for Lutherans		3.9	4.78%	12/15/2023
Total / weighted average secured		**$58.9**	**4.34%**	**5.0 years**
Total / weighted average		**$1,179.9**	**3.53%**	**4.4 years**
Add: fair market value premiums		0.1		
Less: total unamortized deferred financing fees and debt issuance costs		(6.1)		
Total book value		**$1,173.9**		

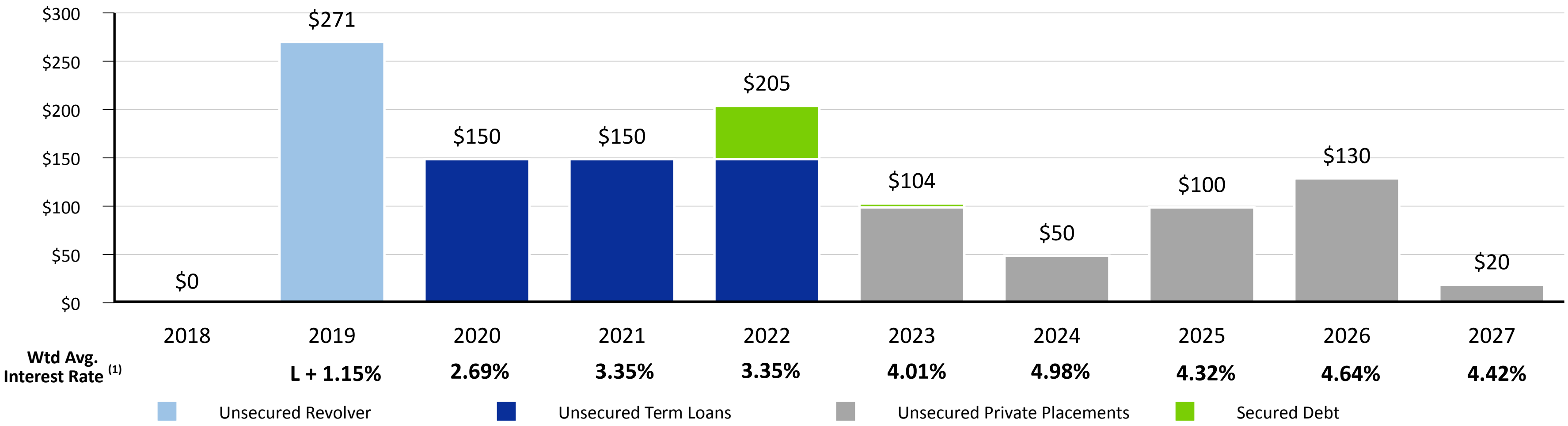
PRINCIPAL BALANCE



(1) Current interest rate as of December 31, 2017. At December 31, 2017 the one-month LIBOR was 1.564250%. The current interest rates presented in the table above are not adjusted to include the amortization of deferred financing fees or debt issuance costs incurred in obtaining debt or the unamortized fair market value premiums.
(2) The weighted average interest rate and weighted average debt maturity is calculated based on the principal balance outstanding as of December 31, 2017.
(3) The interest rate on these unsecured facilities represents the interest rate as of December 31, 2017 based on the Company's Consolidated Leverage Level as defined in the respective loan agreements.
(4) The weighted average interest rate was calculated using the current swapped notional amount of $600 million of debt, and excludes any fair market value premiums or discounts and also excludes the amortization of deferred financing fees and debt issuance costs incurred in obtaining debt. As of December 31, 2017, one-month LIBOR for Unsecured Term Loan A, B, C and D is swapped to a fixed rate of 1.70%, 2.05%, 1.39% and 1.85%, respectively.

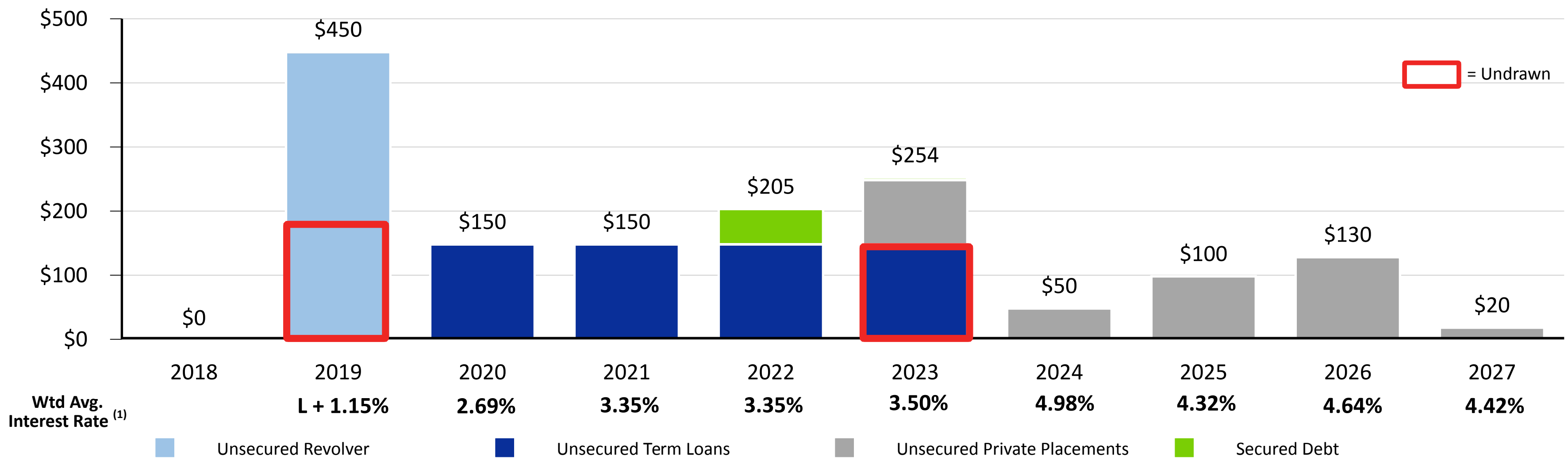
DEBT MATURITY SCHEDULE

(in millions) PRINCIPAL BALANCE AS OF DECEMBER 31, 2017



Note: The above balances do not reflect future scheduled principal amortization payments.

(in millions) FULLY COMMITTED AS OF DECEMBER 31, 2017



Note: The above balances do not reflect future scheduled principal amortization payments.

(1) The weighted average interest rate for unsecured debt was calculated using the current swapped notional amount of $600 million of debt, and excludes any fair market value premiums or discounts and also excludes the amortization of deferred financing fees and debt issuance costs incurred in obtaining debt. As of December 31 2017, one-month LIBOR for Unsecured Term Loan A, B, C and D is swapped to a fixed rate of 1.70%, 2.05%, 1.39% and 1.85%, respectively.

DEBT METRICS & COVENANTS

DEBT METRICS	
	December 31, 2017
Net debt / Adjusted EBITDA ratio	5.0x
Net debt / Run Rate Adjusted EBITDA ratio	4.9x
Interest coverage ratio	5.5x
Net debt / total Real Estate Cost Basis (at quarter end)	37.4%
Total debt / total Enterprise Value (at quarter end)	28.9%
Liquidity	$347.7 million

UNSECURED DEBT COVENANTS[1]		
	Covenant	**December 31, 2017**
Consolidated leverage ratio	< 60%	34.0%
Secured leverage ratio	< 40%	1.7%
Unencumbered leverage ratio	< 60%	34.4%
Interest coverage ratio	> 1.5x	5.5x
Unsecured interest coverage ratio	> 1.75x	6.3x
Fixed charge coverage ratio	> 1.5x	4.3x

(1) Calculations as stipulated in the respective unsecured debt agreements. Please refer to the agreements for definitions and calculation detail.

GUIDANCE

2018 GUIDANCE		
	Current Guidance	
	Low	High
Acquisition volume	$500.0 million	$700.0 million
Acquisition Capitalization Rate	6.75%	7.25%
Disposition volume	$100.0 million	$200.0 million
Same Store Cash NOI Change	0%	0.5%
Retention	70%	80%
Net debt to Run Rate Adjusted EBITDA	5.0x	6.0x
General & administrative expense	$35.0 million	$36.0 million

NON-GAAP FINANCIAL MEASURES & OTHER DEFINITIONS

Acquisition Capital Expenditures: We define Acquisition Capital Expenditures as Recurring and Non-Recurring Capital Expenditures identified at the time of acquisition and underwritten to occur in the first 12 months. Acquisition Capital Expenditures also include new lease commissions and tenant improvements for space that was not occupied under the Company's ownership.

Adjusted Earnings before Interest, Taxes, Depreciation, and Amortization (Adjusted EBITDA): We define Adjusted EBITDA as net income (loss) (computed in accordance with GAAP) before interest, tax, depreciation and amortization, property acquisition costs, gain on the sales of rental property, termination income, straight-line rent adjustments, non-cash compensation, intangible amortization in rental income, loss on impairments, gain on involuntary conversion, loss on extinguishment of debt, loss on incentive fee, and other non-recurring items.

We define Annualized Adjusted EBITDA as Adjusted EBITDA multiplied by four.

We define Run Rate Adjusted EBITDA as Adjusted EBITDA plus incremental Adjusted EBITDA adjusted for a full period of acquisitions and dispositions. Run Rate Adjusted EBITDA does not reflect the Company's historical results and does not predict future results, which may be substantially different.

Adjusted EBITDA and Run Rate Adjusted EBITDA should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, and we believe that to understand our performance further, Adjusted EBITDA and Run Rate Adjusted EBITDA should be compared with our reported net income or net loss in accordance with GAAP, as presented in our consolidated financial statements. We believe that Adjusted EBITDA and Run Rate Adjusted EBITDA are helpful to investors as supplemental measures of the operating performance of a real estate company because they are direct measures of the actual operating results of our properties. We also use these measures in ratios to compare our performance to that of our industry peers.

Annualized Base Rental Revenue: We define Annualized Base Rental Revenue as the monthly base cash rent for the applicable property or properties (which is different from rent calculated in accordance with GAAP for purposes of our financial statements), multiplied by 12. If a tenant is in a free rent period the annualized rent is calculated based on the first contractual monthly base rent amount multiplied by 12.

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 Cash NOI 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 expenditures, general and administrative costs, reserves, tenant improvements and leasing commissions, credit loss, or vacancy loss, by (ii) the purchase price plus estimated Acquisition 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, 2017.

Comparable Lease: We define a Comparable Lease as a lease with a similar lease structure as compared to the previous in-place lease, excluding new leases for space that was not occupied under our ownership, leases on space with downtime in excess of two years, leases with materially different lease structures, leases associated with known vacates at the time of acquisition, and leases with credit-related modifications.

NON-GAAP FINANCIAL MEASURES & OTHER DEFINITIONS

Core Based Statistical Area (CBSA): We define Core Based Statistical Area ("CBSA") as a U.S. geographic area defined by the Office of Management and Budget that consists of one or more counties (or equivalents) anchored by an urban center of at least 10,000 people plus adjacent counties that are socioeconomically tied to the urban center by commuting.

Enterprise Value: We define Enterprise Value as Equity Market Capitalization plus the liquidation value of our preferred stock plus the amounts outstanding under our unsecured credit facility, unsecured term loans, unsecured notes, and mortgage notes.

Equity Market Capitalization: We define Equity Market Capitalization as the period ended closing stock price multiplied by common shares, participating securities, and other units outstanding at quarter end.

Fixed Charge Coverage Ratio: We define the Fixed Charge Coverage Ratio as Adjusted EBITDA divided by cash interest expense, preferred dividends paid and principal payments.

Funds from Operations (FFO), Core FFO, and Adjusted FFO (AFFO): We define FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, impairment write-downs of depreciable real estate, real estate related depreciation and amortization (excluding amortization of deferred financing costs and fair market value of debt adjustment) and after adjustments for unconsolidated partnerships and joint ventures. Core FFO and AFFO exclude property acquisition costs, lease termination income, intangible amortization in rental income, loss on extinguishment of debt, gain on involuntary conversion, gain (loss) on swap ineffectiveness, loss on incentive fee, and non-recurring other expenses. AFFO also excludes non-rental property depreciation and amortization, straight-line rent adjustments, non-cash portion of interest expense, non-cash compensation expense and deducts Recurring Capital Expenditures and lease renewal commissions and tenant improvements.

None of FFO, Core FFO or AFFO should be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, and we believe that to understand our performance further, these measurements should be compared with our reported net income or net loss in accordance with GAAP, as presented in our consolidated financial statements. We use FFO as a supplemental performance measure because it is a widely recognized measure of the performance of REITs. FFO may be used by investors as a basis to compare our operating performance with that of other REITs. We and investors may use Core FFO and AFFO similarly as FFO.

However, because FFO, Core FFO and AFFO exclude, among other items, depreciation and amortization and capture neither the changes in the value of our buildings that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our buildings, all of which have real economic effects and could materially impact our results from operations, the utility of these measures as measures of our performance is limited. In addition, other REITs may not calculate FFO in accordance with the NAREIT definition as we do, and, accordingly, our FFO may not be comparable to such other REITs' FFO. Similarly, our calculations of Core FFO and AFFO may not be comparable to similarly titled measures disclosed by other REITs.

GAAP: U.S. generally accepted accounting principles.

NON-GAAP FINANCIAL MEASURES & OTHER DEFINITIONS

GAAP Rent Change: We define GAAP Rent Change as the percentage change in the average base rent over the contractual lease term (excluding above/below market lease amortization) of the Comparable Lease.

Interest Coverage Ratio: We define the Interest Coverage Ratio as Adjusted EBITDA divided by interest expense less the non-cash portion of interest expense.

Liquidity: We define Liquidity as the amount of aggregate undrawn nominal commitments the Company could immediately borrow under the Company's unsecured debt instruments, consistent with the financial covenants, plus unrestricted cash balances.

Location Classification: We define primary markets as the markets which each have approximately 200 million or more in net rentable square footage. We define secondary industrial markets as the markets which each have net rentable square footage ranging from approximately 25 million to approximately 200 million. We define tertiary markets as markets with less than 25 million square feet of net rentable square footage.

Net Operating income (NOI), Cash NOI, and Run Rate Cash NOI: We define NOI as rental income, including reimbursements, less property expenses and real estate taxes, which excludes depreciation, amortization, loss on impairments, general and administrative expenses, interest expense, interest income, corporate sub-lease rental income, asset management fee income, property acquisition costs, gain on involuntary conversion, loss on extinguishment of debt, gain on sales of rental property, loss on incentive fee, and other expenses.

We define Cash NOI as NOI less straight-line rent adjustments and less intangible amortization in rental income.

We define Run Rate Cash NOI as Cash NOI plus Cash NOI adjusted for a full period of acquisitions and dispositions, less cash termination income. Run Rate Cash NOI does not reflect the Company's historical results and does not predict future results, which may be substantially different.

We consider NOI, Cash NOI and Run Rate Cash NOI to be appropriate supplemental performance measures to net income because we believe they help us and investors understand the core operations of our buildings. None of these measures should be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, and we believe that to understand our performance further, these measurements should be compared with our reported net income or net loss in accordance with GAAP, as presented in our consolidated financial statements. Further, our calculations of NOI, Cash NOI and Run Rate NOI may not be comparable to similarly titled measures disclosed by other REITs.

Non-Recurring Capital Expenditures: We define Non-Recurring Capital Expenditures as capital items for upgrades or items that previously did not exist at a building or capital items which have a longer useful life, such as roof replacements. Non-Recurring Capital Expenditures funded by parties other than the Company are excluded.

Occupancy Rate: We define Occupancy Rate as the percentage of total leasable square footage for which either revenue recognition has commenced in accordance with GAAP or the lease term has commenced as of the close of the reporting period, whichever occurs earlier.

Operating Portfolio: We define the Operating Portfolio as including all warehouse and light manufacturing assets and excluding non-core flex/office assets and assets under redevelopment or classified as held for sale. The Operating Portfolio also excludes billboard, parking lot and cellular tower leases.

Pipeline: We define Pipeline as 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.

NON-GAAP FINANCIAL MEASURES & OTHER DEFINITIONS

Real Estate Cost Basis: We define Real Estate Cost Basis as the book value of rental property and deferred leasing intangibles, exclusive of the related accumulated depreciation and amortization.

Recurring Capital Expenditures: We define Recurring Capital Expenditures as capital items required to sustain existing systems and capital items which generally have a shorter useful life. Recurring Capital Expenditures funded by parties other than the Company are excluded.

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.

Retention: We define Retention as the percentage determined by taking Renewal Lease square footage commencing in the period divided by square footage of leases expiring in the period. Neither the Renewal Leases nor leases expiring include Temporary Leases or License Agreements. Retention excludes leases associated with known vacates at the time of acquisition, leases with credit-related modifications, early terminations or assets classified as held for sale.

Same Store: We define Same Store properties as properties that were fully operating for the entirety of the comparative periods presented. Same Store properties exclude properties acquired after the first day in the earliest comparable period presented, properties that were disposed at any time or held for sale during the comparative periods, and properties that underwent redevelopment at any time during the comparative periods.

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.

Weighted Average Lease Term: We define Weighted Average Lease Term as the contractual lease term in years as of the lease start date weighted by square footage. Weighted Average Lease Term related to acquired assets reflects the remaining lease term in years as of the acquisition date weighted by square footage.

STAG INDUSTRIAL

STAG INDUSTRIAL ANNOUNCES FOURTH QUARTER AND FULL YEAR 2017 RESULTS

Boston, MA — February 15, 2018 - STAG Industrial, Inc. (the "Company") (NYSE:STAG), a real estate investment trust focused on the acquisition and operation of single-tenant, industrial properties throughout the United States, today announced its financial and operating results for the fourth quarter of 2017.

"The fourth quarter was another successful quarter for STAG and a great way to close 2017," said Ben Butcher, Chief Executive Officer of the Company. "Continued strength in the industrial sector, record acquisition volume, robust portfolio operating metrics, and a defensively positioned balance sheet sets STAG up well for another strong year ahead."

Fourth Quarter and Full Year 2017 Highlights

- Reported $0.06 of net income per basic and diluted share for the fourth quarter of 2017, as compared to $0.38 of net income per basic and diluted share for the fourth quarter of 2016. Reported $6.1 million of net income attributable to common stockholders for the fourth quarter of 2017 compared to net income attributable to common stockholders of $28.6 million for the fourth quarter of 2016. For the year ended 2017, net income attributable to common stockholders was $21.1 million as compared to net income of $20.2 million in 2016.
- Achieved $0.44 of Core FFO per diluted share for the fourth quarter of 2017, an increase of 4.8% compared to the fourth quarter of 2016 of $0.42. Generated Core FFO of $44.0 million compared to $33.1 million for the fourth quarter of 2016, an increase of 32.9%. For the year ended December 31, 2017, Core FFO increased 34.6% in the aggregate compared to the same period last year and Core FFO per diluted share increased 7.0% compared to the same period last year.
- Generated Cash NOI of $64.0 million for the fourth quarter of 2017, an increase of 16.1% compared to the fourth quarter of 2016 of $55.1 million. For the year ended December 31, 2017, Cash NOI increased 17.0% in the aggregate compared to the same period last year.
- Acquired 11 buildings in the fourth quarter of 2017, consisting of 1.9 million square feet, for $107.4 million with a weighted average Capitalization Rate of 7.3%.
- Sold two buildings in the fourth quarter of 2017, consisting of 880,558 square feet for $22.1 million.
- Achieved an Occupancy Rate of 95.3% on the total portfolio and 95.7% on the Operating Portfolio as of December 31, 2017.
- Executed Operating Portfolio leases for 2.4 million square feet for the fourth quarter of 2017, resulting in a cash rent change and GAAP Rent Change of 2.3% and 12.2%, respectively.
- Experienced 52.7% Retention, resulting in a cash rent change and GAAP Rent Change of (0.7)% and 7.6%, respectively. For the year ended December 31, 2017, experienced 59.1% Retention, resulting in a cash rent change and GAAP Rent Change of 4.4% and 11.1% respectively.
- Raised gross proceeds of $87.9 million of equity through the Company's at-the-market offering ("ATM") program for the fourth quarter of 2017.

Please refer to the Non-GAAP Financial Measures and Other Definitions section at the end of this release for definitions of capitalized terms used in this release.

The Company will host a conference call tomorrow, February 16, 2018 at 10:00 a.m. (Eastern Time), to discuss the quarter's results and provide information about acquisitions, operations, capital markets and corporate activities. Details of the call can be found at the end of this release.

Key Financial Measures

FOURTH QUARTER 2017 KEY FINANCIAL MEASURES

	Three months ended December 31,			Year ended December 31,		
	2017	2016	% Change	2017	2016	% Change
(in $000s, except per share data)						
Net income attributable to common stockholders	$6,124	$28,608	*(78.6)%*	$21,131	$20,238	4.4%
Net income per share — basic	*$0.06*	*$0.38*	*(84.2)%*	*$0.24*	*$0.29*	*(17.2)%*
Net income per share — diluted	*$0.06*	*$0.38*	*(84.2)%*	*$0.23*	*$0.29*	*(20.7)%*
Cash NOI	$63,970	$55,107	*16.1 %*	$240,440	$205,465	*17.0%*
Adjusted EBITDA	$57,659	$48,944	*17.8 %*	$214,854	$181,468	*18.4%*
Core FFO	$44,049	$33,141	*32.9 %*	$159,265	$118,344	*34.6%*
Core FFO per share / unit — basic	*$0.44*	*$0.42*	*4.8 %*	*$1.70*	*$1.59*	*6.9%*
Core FFO per share / unit — diluted	*$0.44*	*$0.42*	*4.8 %*	*$1.69*	*$1.58*	*7.0%*
AFFO	$42,540	$33,913	25.4 %	$156,682	$121,709	28.7%

Definitions of the above mentioned non-GAAP financial measures, together with reconciliations to net income (loss) in accordance with GAAP, appear at the end of this release. Please also see the Company's supplemental information package for additional disclosure.

Acquisition and Disposition Activity

For the three months ended December 31, 2017, the Company acquired 11 buildings for $107.4 million with an Occupancy Rate of 92% upon acquisition. The chart below details the acquisition activity for the quarter:

FOURTH QUARTER 2017 ACQUISITION ACTIVITY

Location (CBSA)	Date Acquired	Square Feet	Buildings	Purchase Price ($000s)	W.A. Lease Term (Years)	Capitalization Rate
Omaha-Council Bluffs, NE-IA	10/23/2017	90,000	1	$6,600	10.0	
Columbus, OH	11/2/2017	237,500	1	8,717	9.5	
Greenville-Anderson-Mauldin, SC	11/22/2017	264,385	1	18,200	9.6	
Columbia, SC	11/29/2017	200,000	1	10,000	6.3	
Phoenix-Mesa-Scottsdale, AZ	12/11/2017	186,643	1	16,500	12.0	
El Paso, TX	12/18/2017	498,382	2	16,850	3.3	
Houston-The Woodlands-Sugar Land, TX	12/18/2017	68,300	1	8,100	9.5	
Providence-Warwick, RI-MA	12/27/2017	86,000	1	8,125	9.9	
Madison, WI	12/28/2017	283,000	2	14,300	5.2	
Total / weighted average		**1,914,210**	**11**	**$107,392**	**7.3**	**7.3%**

The chart below details the 2017 acquisition activity and Pipeline through February 15, 2018:

2017 ACQUISITION ACTIVITY AND PIPELINE DETAIL

	Square Feet	Buildings	Purchase Price ($000s)	W.A. Lease Term (Years)	Capitalization Rate
Q1	2,334,622	11	$99,786	6.2	8.2%
Q2	4,573,794	21	285,607	9.1	7.2%
Q3	2,295,030	10	119,726	5.9	7.5%
Q4	1,914,210	11	107,392	7.3	7.3%
2017 closed acquisitions	**11,117,656**	**53**	**$612,511**	**7.5**	**7.4%**
As of February 15, 2018					
Subsequent to quarter-end acquisitions	**599,334**	**3**	**$42,219**		
Pipeline	**32.4 million**	**144**	**$1.9 billion**		

The chart below details the disposition activity for the twelve months ended December 31, 2017:

2017 DISPOSITION ACTIVITY

	Square Feet	Buildings	Sale Price ($000s)
Q1	113,379	1	$4,100
Q2	134,900	3	6,500
Q3	791,064	5	34,742
Q4	880,558	2	22,055
Total	**1,919,901**	**11**	**$67,397**

Subsequent to quarter end and through February 15, 2018, the Company sold one building consisting of 491,025 square feet for $31.9 million.

Operating Portfolio Leasing Activity

The chart below details the leasing activity for leases signed during the quarter:

FOURTH QUARTER 2017 LEASING ACTIVITY

Lease Type	Square Feet	W.A. Lease Term (Years)	Cash Base Rent $/SF	GAAP Base Rent $/SF	Lease Commissions $/SF	Tenant Improvements $/SF	Total Costs $/SF	Cash Rent Change	GAAP Rent Change
New leases	1,265,025	4.8	$3.90	$4.24	$0.86	$0.28	$1.14	4.7%	13.4%
Renewal Leases	1,101,882	5.2	4.10	4.31	0.36	0.46	0.82	0.7%	11.3%
Total / weighted average	**2,366,907**	**5.0**	**$3.99**	**$4.27**	**$0.62**	**$0.37**	**$0.99**	**2.3%**	**12.2%**

The chart below details the leasing activity for leases signed during the twelve months ended December 31, 2017:

2017 LEASING ACTIVITY

Lease Type	Square Feet	W.A. Lease Term (Years)	Cash Base Rent $/SF	GAAP Base Rent $/SF	Lease Commissions $/SF	Tenant Improvements $/SF	Total Costs $/SF	Cash Rent Change	GAAP Rent Change
New leases	2,554,246	4.5	$4.04	$4.29	$1.00	$0.46	$1.46	4.5%	10.6%
Renewal Leases	8,644,161	5.3	3.89	4.04	0.37	0.29	0.66	2.5%	10.9%
Total / weighted average	**11,198,407**	**5.2**	**$3.92**	**$4.10**	**$0.51**	**$0.33**	**$0.84**	**2.9%**	**10.8%**

The chart below details the Retention activity for the twelve months ended December 31, 2017:

2017 RETENTION

	Expiring Square Footage	Retained Square Footage	W.A. Lease Term (Years)	Retention	Cash Rent Change	GAAP Rent Change
Q1	1,185,453	607,608	3.4	51.3%	13.4%	23.6%
Q2	1,804,836	1,085,796	6.0	60.2%	(1.3)%	2.2%
Q3	1,263,911	896,695	4.0	70.9%	8.5%	15.3%
Q4	1,228,294	647,724	5.0	52.7%	(0.7)%	7.6%
Total / weighted average	**5,482,494**	**3,237,823**	**4.8**	**59.1%**	**4.4%**	**11.1%**

Liquidity and Capital Market Activity

As of December 31, 2017, the Company had Liquidity of $348 million and net debt to annualized Adjusted Run Rate EBITDA was 4.9x.

The chart below details the ATM program activity for the twelve months ended December 31, 2017:

2017 ATM ACTIVITY

	Shares Issued	Price per Share (W.A.)	Gross Proceeds ($000s)	Net Proceeds ($000s)
Q1	2,843,907	$24.10	$68,543	$67,602
Q2	7,912,636	$26.01	205,842	203,327
Q3	2,409,453	$27.08	65,239	64,424
Q4	3,096,379	$28.39	87,918	86,819
Total / weighted average	**16,262,375**	**$26.29**	**$427,542**	**$422,172**

Subsequent to quarter end, on February 14, 2018, the Company's Board of Directors declared the following first quarter preferred stock dividends:

FIRST QUARTER 2018 PREFERRED DIVIDENDS DECLARED

Series	Record Date	Payment Date	Quarterly Dividend
Series B - 6.625% Cumulative Redeemable Preferred Stock (NYSE: STAG Pr B)	March 15, 2018	April 2, 2018	$0.4140625
Series C - 6.875% Cumulative Redeemable Preferred Stock (NYSE: STAG Pr C)	March 15, 2018	April 2, 2018	$0.4296875

The Company's dividend policy is set by the Board of Directors, which considers, among other factors, REIT distribution requirements and recurring, distributable, cash income.

Conference Call

The Company will host a conference call tomorrow, Friday, February 16, at 10:00 a.m. (Eastern Time) to discuss the quarter's results. The call can be accessed live over the phone toll-free by dialing (877) 407-4018, or for international callers, (201) 689-8471. A replay will be available shortly after the call and can be accessed by dialing (844) 512-2921, or for international callers, (412) 317-6671. The passcode for the replay is 13675090.

Interested parties may also listen to a simultaneous webcast of the conference call by visiting the Investor Relations section of the Company's website at www.stagindustrial.com, or by clicking on the following link:

http://ir.stagindustrial.com/QuarterlyResults

Supplemental Schedule

The Company has provided a supplemental information package to provide additional disclosure and financial information on its website (www.stagindustrial.com) under the “Quarterly Results” tab in the Investor Relations section.

Additional information is also available on the Company’s website at www.stagindustrial.com.

CONSOLIDATED BALANCE SHEETS
STAG Industrial, Inc.
(unaudited, in thousands, except share data)

	December 31, 2017	December 31, 2016
Assets		
Rental Property:		
Land	$ 321,560	$ 272,162
Buildings and improvements, net of accumulated depreciation of $249,057 and $187,413, respectively	1,932,764	1,550,141
Deferred leasing intangibles, net of accumulated amortization of $280,642 and $237,456, respectively	313,253	294,533
Total rental property, net	2,567,577	2,116,836
Cash and cash equivalents	24,562	12,192
Restricted cash	3,567	9,613
Tenant accounts receivable, net	33,602	25,223
Prepaid expenses and other assets	25,364	20,821
Interest rate swaps	6,079	1,471
Assets held for sale, net	19,916	—
Total assets	**$ 2,680,667**	**$ 2,186,156**
Liabilities and Equity		
Liabilities:		
Unsecured credit facility	$ 271,000	$ 28,000
Unsecured term loans, net	446,265	446,608
Unsecured notes, net	398,234	397,966
Mortgage notes, net	58,282	163,565
Accounts payable, accrued expenses and other liabilities	43,216	35,389
Interest rate swaps	1,217	2,438
Tenant prepaid rent and security deposits	19,045	15,195
Dividends and distributions payable	11,880	9,728
Deferred leasing intangibles, net of accumulated amortization of $13,555 and $10,450, respectively	21,221	20,341
Total liabilities	**1,270,360**	**1,119,230**
Equity:		
Preferred stock, par value $0.01 per share, 15,000,000 shares authorized,		
Series B, 2,800,000 shares (liquidation preference of $25.00 per share) issued and outstanding at December 31, 2017 and December 31, 2016	70,000	70,000
Series C, 3,000,000 shares (liquidation preference of $25.00 per share) issued and outstanding at December 31, 2017 and December 31, 2016	75,000	75,000
Common stock, par value $0.01 per share, 150,000,000 shares authorized, 97,012,543 and 80,352,304 shares issued and outstanding at December 31, 2017 and December 31, 2016, respectively	970	804
Additional paid-in capital	1,725,825	1,293,706
Common stock dividends in excess of earnings	(516,691)	(410,978)
Accumulated other comprehensive income (loss)	3,936	(1,496)
Total stockholders' equity	1,359,040	1,027,036
Noncontrolling interest	51,267	39,890
Total equity	**1,410,307**	**1,066,926**
Total liabilities and equity	**$ 2,680,667**	**$ 2,186,156**

CONSOLIDATED STATEMENTS OF OPERATIONS
STAG Industrial, Inc.
(unaudited, in thousands, except share data)

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
Revenue				
Rental income	$ 69,210	$ 56,166	$ 255,831	$ 212,741
Tenant recoveries	12,053	10,300	45,005	37,107
Other income	7	68	251	395
Total revenue	81,270	66,534	301,087	250,243
Expenses				
Property	15,389	13,232	57,701	48,904
General and administrative	8,259	7,022	33,349	33,395
Property acquisition costs	702	1,454	5,386	4,567
Depreciation and amortization	40,595	33,719	150,881	125,444
Loss on impairments	1,879	5,614	1,879	16,845
Gain on involuntary conversion	(655)	—	(325)	—
Other expenses	284	292	1,786	1,149
Total expenses	66,453	61,333	250,657	230,304
Other income (expense)				
Interest income	2	2	12	10
Interest expense	(10,912)	(11,082)	(42,469)	(42,923)
Loss on extinguishment of debt	—	(1,288)	(15)	(3,261)
Gain on the sales of rental property, net	5,017	40,234	24,242	61,823
Total other income (expense)	(5,893)	27,866	(18,230)	15,649
Net income	**$ 8,924**	**$ 33,067**	**$ 32,200**	**$ 35,588**
Less: income attributable to noncontrolling interest after preferred stock dividends	267	1,376	941	1,069
Net income attributable to STAG Industrial, Inc.	**$ 8,657**	**$ 31,691**	**$ 31,259**	**$ 34,519**
Less: preferred stock dividends	2,449	2,983	9,794	13,897
Less: amount allocated to participating securities	84	100	334	384
Net income attributable to common stockholders	**$ 6,124**	**$ 28,608**	**$ 21,131**	**$ 20,238**
Weighted average common shares outstanding — basic	95,192,218	75,558,806	89,537,714	70,637,185
Weighted average common shares outstanding — diluted	95,764,261	75,865,780	90,003,559	70,852,548
Net income per share — basic and diluted				
Net income per share attributable to common stockholders — basic	$ 0.06	$ 0.38	$ 0.24	$ 0.29
Net income per share attributable to common stockholders — diluted	$ 0.06	$ 0.38	$ 0.23	$ 0.29

RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES
STAG Industrial, Inc.
(unaudited, in thousands)

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
NET OPERATING INCOME RECONCILIATION				
Net income	**$ 8,924**	**$ 33,067**	**$ 32,200**	**$ 35,588**
Asset management fee income	—	(44)	(52)	(210)
General and administrative	8,259	7,022	33,349	33,395
Property acquisition costs	702	1,454	5,386	4,567
Depreciation and amortization	40,595	33,719	150,881	125,444
Interest income	(2)	(2)	(12)	(10)
Interest expense	10,912	11,082	42,469	42,923
Loss on impairments	1,879	5,614	1,879	16,845
Gain on involuntary conversion	(655)	—	(325)	—
Loss on extinguishment of debt	—	1,288	15	3,261
Other expenses	284	292	1,097	1,149
Loss on incentive fee	—	—	689	—
Gain on the sales of rental property, net	(5,017)	(40,234)	(24,242)	(61,823)
Net operating income	**$ 65,881**	**$ 53,258**	**$ 243,334**	**$ 201,129**
Net operating income	$ 65,881	$ 53,258	$ 243,334	$ 201,129
Straight-line rent adjustments, net	(2,313)	(470)	(6,691)	(2,555)
Straight-line termination income adjustments, net	(308)	857	(786)	678
Intangible amortization in rental income, net	710	1,462	4,583	6,213
Cash net operating income	**$ 63,970**	**$ 55,107**	**$ 240,440**	**$ 205,465**
Cash net operating income	$ 63,970			
Cash NOI from acquisitions' and dispositions' timing	829			
Cash termination income	(157)			
Run Rate Cash NOI	**$ 64,642**			
ADJUSTED EBITDA RECONCILIATION				
Net income	**$ 8,924**	**$ 33,067**	**$ 32,200**	**$ 35,588**
Intangible amortization in rental income, net	710	1,462	4,583	6,213
Straight-line rent adjustments, net	(2,312)	(470)	(6,689)	(2,496)
Non-cash compensation expense	2,388	2,036	9,547	8,164
Termination income	(465)	(72)	(1,527)	(271)
Property acquisition costs	702	1,454	5,386	4,567
Depreciation and amortization	40,595	33,719	150,881	125,444
Interest income	(2)	(2)	(12)	(10)
Interest expense	10,912	11,082	42,469	42,923
Severance costs	—	—	—	3,063
Loss on impairments	1,879	5,614	1,879	16,845
Gain on involuntary conversion	(655)	—	(325)	—
Loss on extinguishment of debt	—	1,288	15	3,261
Loss on incentive fee	—	—	689	—
Gain on the sales of rental property, net	(5,017)	(40,234)	(24,242)	(61,823)
Adjusted EBITDA	**$ 57,659**	**$ 48,944**	**$ 214,854**	**$ 181,468**
Adjusted EBITDA	$ 57,659			
Adjusted EBITDA from acquisitions' and dispositions' timing	829			
Run Rate Adjusted EBITDA	**$ 58,488**			

RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES
STAG Industrial, Inc.
(unaudited, in thousands, except share data)

	Three months ended December 31,		Year ended December 31,	
	2017	**2016**	**2017**	**2016**
CORE FUNDS FROM OPERATIONS RECONCILIATION				
Net income	**$ 8,924**	**$ 33,067**	**$ 32,200**	**$ 35,588**
Rental property depreciation and amortization	40,522	33,645	150,591	125,182
Loss on impairments	1,879	5,614	1,879	16,845
Gain on the sales of rental property, net	(5,017)	(40,234)	(24,242)	(61,823)
Funds from operations	**$ 46,308**	**$ 32,092**	**$ 160,428**	**$ 115,792**
Preferred stock dividends	(2,449)	(2,983)	(9,794)	(13,897)
Other expenses	—	(100)	—	(384)
Funds from operations attributable to common stockholders and unit holders	**$ 43,859**	**$ 29,009**	**$ 150,634**	**$ 101,511**
Funds from operations attributable to common stockholders and unit holders	$ 43,859	$ 29,009	$ 150,634	$ 101,511
Intangible amortization in rental income, net	710	1,462	4,583	6,213
Termination income	(465)	(72)	(1,527)	(271)
Property acquisition costs	702	1,454	5,386	4,567
Loss on extinguishment of debt	—	1,288	15	3,261
Severance costs	—	—	—	3,063
Gain on involuntary conversion	(655)	—	(325)	—
Loss on incentive fee	—	—	689	—
Gain on swap ineffectiveness	(102)	—	(190)	—
Core funds from operations	**$ 44,049**	**$ 33,141**	**$ 159,265**	**$ 118,344**
Weighted average common shares, participating securities, performance units and other units				
Weighted average common shares outstanding	95,192,218	75,558,806	89,537,714	70,637,185
Weighted average participating securities outstanding	237,207	152,990	237,896	184,115
Weighted average units outstanding	4,111,270	3,633,881	3,934,290	3,675,144
Weighted average common shares, participating securities, and other units - basic	**99,540,695**	**79,345,677**	**93,709,900**	**74,496,444**
Weighted average performance units and outperformance plan	121,803	88,759	225,862	102,680
Dilutive common share equivalents	572,043	306,974	465,845	215,363
Weighted average common shares, participating securities, performance and other units - diluted	**100,234,541**	**79,741,410**	**94,401,607**	**74,814,487**
Core funds from operations per share / unit - basic	**$ 0.44**	**$ 0.42**	**$ 1.70**	**$ 1.59**
Core funds from operations per share / unit - diluted	**$ 0.44**	**$ 0.42**	**$ 1.69**	**$ 1.58**
ADJUSTED FUNDS FROM OPERATIONS RECONCILIATION				
Core funds from operations	$ 44,049	$ 33,141	$ 159,265	$ 118,344
Non-rental property depreciation and amortization	73	74	290	262
Straight-line rent adjustments, net	(2,312)	(470)	(6,689)	(2,496)
Recurring capital expenditures	(1,735)	(1,117)	(3,264)	(2,176)
Renewal lease commissions and tenant improvements	(457)	(175)	(4,554)	(2,021)
Non-cash portion of interest expense	534	424	2,087	1,632
Non-cash compensation expense	2,388	2,036	9,547	8,164
Adjusted funds from operations (1)	**$ 42,540**	**$ 33,913**	**$ 156,682**	**$ 121,709**

(1) Excludes Non-Recurring Capital Expenditures of approximately $3,512, $16,072, $6,141 and $13,361 and new leasing commissions and tenant improvements of approximately $1,333, $4,952, $890 and $1,975 for the three months and year ended December 31, 2017 and December 31, 2016, respectively.

Non-GAAP Financial Measures and Other Definitions

Acquisition Capital Expenditures: We define Acquisition Capital Expenditures as Recurring and Non-Recurring Capital Expenditures identified at the time of acquisition and underwritten to occur in the first 12 months. Acquisition Capital Expenditures also include new lease commissions and tenant improvements for space that was not occupied under the Company's ownership.

Adjusted Earnings before Interest, Taxes, Depreciation, and Amortization (Adjusted EBITDA), and Run Rate Adjusted EBITDA: We define Adjusted EBITDA as net income (loss) (computed in accordance with GAAP) before interest, tax, depreciation and amortization, property acquisition costs, gain on the sales of rental property, termination income, straight-line rent adjustments, non-cash compensation, intangible amortization in rental income, loss on impairments, gain on involuntary conversion, loss on extinguishment of debt, loss on incentive fee, and other non-recurring items.

We define Run Rate Adjusted EBITDA as Adjusted EBITDA plus incremental Adjusted EBITDA adjusted for a full period of acquisitions and dispositions. Run Rate Adjusted EBITDA does not reflect the Company's historical results and does not predict future results, which may be substantially different.

Adjusted EBITDA and Run Rate Adjusted EBITDA should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, and we believe that to understand our performance further, Adjusted EBITDA and Run Rate Adjusted EBITDA should be compared with our reported net income or net loss in accordance with GAAP, as presented in our consolidated financial statements. We believe that Adjusted EBITDA and Run Rate Adjusted EBITDA are helpful to investors as supplemental measures of the operating performance of a real estate company because they are direct measures of the actual operating results of our properties. We also use these measures in ratios to compare our performance to that of our industry peers.

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 Cash NOI 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 expenditures, general and administrative costs, reserves, tenant improvements and leasing commissions, credit loss, or vacancy loss, by (ii) the purchase price plus estimated Acquisition 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, 2017.

Comparable Lease: We define a Comparable Lease as a lease with a similar lease structure as compared to the previous in-place lease, excluding new leases for space that was not occupied under our ownership, leases on space with downtime in excess of two years, leases with materially different lease structures, leases associated with known vacates at the time of acquisition, and leases with credit-related modifications**.**

Core Based Statistical Area (CBSA): We define Core Based Statistical Area ("CBSA") as a U.S. geographic area defined by the Office of Management and Budget that consists of one or more counties (or equivalents) anchored by an urban center of at least 10,000 people plus adjacent counties that are socioeconomically tied to the urban center by commuting.

Funds from Operations (FFO), Core FFO, and Adjusted FFO (AFFO): We define FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, impairment write-downs of depreciable real estate, real estate related depreciation and amortization (excluding amortization of deferred financing costs and fair market value of debt adjustment) and after adjustments for unconsolidated partnerships and joint ventures. Core FFO and AFFO exclude property acquisition costs, lease termination income, intangible amortization in rental income, loss on extinguishment of debt, gain on involuntary conversion, gain (loss) on swap ineffectiveness, loss on incentive fee, and non-recurring other expenses. AFFO also excludes non-rental property depreciation and amortization, straight-line rent adjustments, non-cash portion of interest expense, non-cash compensation expense and deducts Recurring Capital Expenditures and lease renewal commissions and tenant improvements.

None of FFO, Core FFO or AFFO should be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, and we believe that to understand our performance further, these measurements should be compared with our reported net income or net loss in accordance with GAAP, as presented in our consolidated financial statements. We use FFO as a supplemental performance measure because it is a widely recognized measure of the performance of REITs. FFO may be used by investors as a basis to compare our operating performance with that of other REITs. We and investors may use Core FFO and AFFO similarly as FFO.

However, because FFO, Core FFO and AFFO exclude, among other items, depreciation and amortization and capture neither the changes in the value of our buildings that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our buildings, all of which have real economic effects and could materially impact our results from operations, the utility of these measures as measures of our performance is limited. In addition, other REITs may not calculate FFO in accordance with the NAREIT definition as we do, and, accordingly, our FFO may not be comparable to such other REITs' FFO. Similarly, our calculations of Core FFO and AFFO may not be comparable to similarly titled measures disclosed by other REITs.

GAAP: U.S. generally accepted accounting principles.

GAAP Rent Change: We define GAAP Rent Change as the percentage change in the average base rent over the contractual lease term (excluding above/below market lease amortization) of the Comparable Lease.

Liquidity: We define Liquidity as the amount of aggregate undrawn nominal commitments the Company could immediately borrow under the Company's unsecured debt instruments, consistent with the financial covenants, plus unrestricted cash balances.

Net operating income (NOI), Cash NOI, and Run Rate Cash NOI: We define NOI as rental income, including reimbursements, less property expenses and real estate taxes, which excludes depreciation, amortization, loss on impairments, general and administrative expenses, interest expense, interest income, corporate sub-lease rental income, asset management fee income, property acquisition costs, gain on involuntary conversion, loss on extinguishment of debt, gain on sales of rental property, loss on incentive fee, and other expenses.

We define Cash NOI as NOI less straight-line rent adjustments and less intangible amortization in rental income.

We define Run Rate Cash NOI as Cash NOI plus Cash NOI adjusted for a full period of acquisitions and dispositions, less cash termination income. Run Rate Cash NOI does not reflect the Company's historical results and does not predict future results, which may be substantially different.

We consider NOI, Cash NOI and Run Rate Cash NOI to be appropriate supplemental performance measures to net income because we believe they help us and investors understand the core operations of our buildings. None of these measures should be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, and we believe that to understand our performance further, these measurements should be compared with our reported net income or net loss in accordance with GAAP, as presented in our consolidated financial statements. Further, our calculations of NOI, Cash NOI and Run Rate NOI may not be comparable to similarly titled measures disclosed by other REITs.

Non-Recurring Capital Expenditures: We define Non-Recurring Capital Expenditures as capital items for upgrades or items that previously did not exist at a building or capital items which have a longer useful life, such as roof replacements. Non-Recurring Capital Expenditures funded by parties other than the Company are excluded.

Occupancy Rate: We define Occupancy Rate as the percentage of total leasable square footage for which either revenue recognition has commenced in accordance with GAAP or the lease term has commenced as of the close of the reporting period, whichever occurs earlier.

Operating Portfolio: We define the Operating Portfolio as including all warehouse and light manufacturing assets and excluding non-core flex/office assets and assets under redevelopment or classified as held for sale. The Operating Portfolio also excludes billboard, parking lot and cellular tower leases.

Pipeline: We define Pipeline as 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.

Recurring Capital Expenditures: We define Recurring Capital Expenditures as capital items required to sustain existing systems and capital items which generally have a shorter useful life. Recurring Capital Expenditures funded by parties other than the Company are excluded.

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.

Retention: We define Retention as the percentage determined by taking Renewal Lease square footage commencing in the period divided by square footage of leases expiring in the period. Neither the Renewal Leases nor leases expiring include Temporary Leases or License Agreements. Retention excludes leases associated with known vacates at the time of acquisition, leases with credit-related modifications, early terminations or assets classified as held for sale.

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.

Weighted Average Lease Term: We define Weighted Average Lease Term as the contractual lease term in years as of the lease start date weighted by square footage. Weighted Average Lease Term related to acquired assets reflects the remaining lease term in years as of the acquisition date weighted by square footage.