



**2020 – COVID 19 UPDATE**

# FORWARD-LOOKING STATEMENTS & DEFINITIONS

## Forward-Looking Statements

This presentation 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, 2019, 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.

## Preliminary Estimates of First Quarter 2020 Information

The information set forth herein is preliminary and subject to completion, including the completion of customary financial statement closing and review procedures for the quarter ended March 31, 2020. You should not place undue reliance on such preliminary estimates because they may prove to be materially inaccurate. The preliminary estimates of select financial and operating data as of and for the quarter ended March 31, 2020, included herein have not been reviewed or examined by our independent auditors, and are subject to revision upon completion of our internal closing process and normal review and as we prepare our consolidated financial statements as of and for the quarter ended March 31, 2020, including all disclosures required by generally accepted accounting principles in the United States ("GAAP"). While we believe that such preliminary estimates are based on reasonable assumptions, actual results may vary, and such variations may be material. Factors that could cause our preliminary information and estimates to differ from the indications presented herein include, but are not limited to: (i) adjustments in the calculation of, or application of accounting principles for, our financial condition and results as of and for the quarter ended March 31, 2020, (ii) discovery of new information that affects the methodologies underlying these disclosures, (iii) errors not discovered because we have not completed our closing process or normal review, and (iv) accounting changes required by GAAP.

## 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 EBITDAre, Cash NOI, and Core FFO. 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.

Additional information is also available on the Company's website at [www.stagindustrial.com](http://www.stagindustrial.com)

# GENERAL

## STAG Industrial

is an owner and operator  
of industrial real estate



Historically strong balance sheet with low leverage and approximately \$755 million in liquidity<sup>1</sup>



Portfolio well-diversified with a healthy tenant credit profile

1. Reflects estimated liquidity at March 31, 2020  
2. As of December 31, 2019

Widely diversified portfolio across geography, tenancy, industry, and lease maturity

Investment grade balance sheet with low leverage and high liquidity

Portfolio consists of 91.4 million square feet across 450 assets<sup>2</sup>

Portfolio spans 38 states concentrated in primary and secondary markets<sup>2</sup>

Platform well-positioned to capitalize on potential opportunities once the current crisis dissipates

# ACQUISITION & DISPOSITION

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- ✓ Have paused acquisition process going forward as market volatility remains elevated
- ✓ Q1 2020 disposition volume of approximately \$101 million

**Capital allocation restraint demonstrated in Q1 2020 acquisition and disposition activity**

- ✓ Acquired 1.6 million square feet across nine buildings for \$120 million
- ✓ Sold three buildings for \$101 million
- ✓ Cash Capitalization Rate equal to 6.6%
- ✓ Straight-Line Capitalization Rate equal to 7.2%
- ✓ Weighted average lease term equal to 7.4 years

# LEASING ACTIVITY

- ✓ Continue to see normal level of leasing activity but expect longer transaction timeframes
- ✓ Elevated tenant demand from logistics, retailer, food products, and pharmaceuticals industries
- ✓ 19 prospects in the market looking at approximately 2.5 million SF of our current vacancy

## Portfolio strength reflected in Q1 2020 results with material leasing activity in March 2020

LEASING ACTIVITY	Q1 2020 (COMMENCED)	MARCH 2020 ONLY (EXECUTED)
Square feet leased	1.6 million	763 thousand
Cash Rent Change	+ 2.5%	+ 7.9%
Straight-Line Rent Change	+ 9.6%	+ 19.6%
Weighted average lease term	4.2 years	5.6 years
Retention	86%	NA

# RENT RELIEF & TENANT WATCHLIST

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## RENT RELIEF

- ✓ Less than 5% of tenants have requested rent relief, equal to approximately 1% of ABR – ongoing discussions to understand financial situation and impact
- ✓ Rent relief generally temporary and expected to be a short-term deferral of base rent that is paid back over time
- ✓ Tenants requesting rent relief are generally smaller companies with limited financial strength

## TENANT WATCHLIST

- ✓ Current tenant watchlist includes one tenant who would account for 15bps of the 50bps reflected in current credit loss guidance if they defaulted today
- ✓ Continuous evaluation of tenant credit with respect to COVID-19 and related stimulus packages

# BALANCE SHEET & LIQUIDITY AT MARCH 31, 2020

<b>ESTIMATED LIQUIDITY</b>	
Cash on balance sheet	\$330.5 million
Forward equity proceeds	\$136.4 million
Unused 1031 proceeds	\$13.5 million
<b>ESTIMATED LIQUIDITY EXCLUDING UNDRAWN REVOLVER BALANCE</b>	<b>\$480.4 million</b>
Undrawn revolver balance	\$275.0 million
<b>TOTAL ESTIMATED LIQUIDITY</b>	<b>\$755.4 million</b>

## Excluding forward equity proceeds

- ✓ Estimated Net Debt to Run Rate Adjusted EBITDAre in mid 4.0x's

## Including forward equity proceeds

- ✓ Estimated Net Debt to Run Rate Adjusted EBITDAre in low 4.0x's

# 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. Acquisition Capital Expenditures also include new lease commissions and tenant improvements for space that was not occupied under the Company's ownership.

**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.

**Cash Capitalization Rate:** We define Cash Capitalization Rate as calculated by dividing (i) the Company's estimate of year one cash net operating income from the applicable property's operations stabilized for occupancy (post-lease-up for vacant properties), which does not include termination income, solar income, miscellaneous other income, capital expenditures, general and administrative costs, reserves, tenant improvements and leasing commissions, credit loss, or vacancy loss, by (ii) the GAAP 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, 2019.

**Cash Rent Change:** We define Cash Rent Change as the percentage change in the base rent of the lease commenced during the period compared to the base rent of the Comparable Lease for assets included in the Operating Portfolio. The calculation compares the first base rent payment due after the lease commencement date compared to the base rent of the last monthly payment due prior to the termination of the lease, excluding holdover rent. Rent under gross or similar type leases are converted to a net rent based on an estimate of the applicable recoverable expenses.

**Earnings before Interest, Taxes, Depreciation, and Amortization for Real Estate (EBITDAre), Adjusted EBITDAre, Annualized Adjusted EBITDAre, and Run Rate Adjusted EBITDAre:** We define EBITDAre in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). EBITDAre represents net income (loss) (computed in accordance with GAAP) before interest expense, tax, depreciation and amortization, gains or losses on the sale of rental property, and loss on impairments. Adjusted EBITDAre further excludes transaction costs, termination income, solar income, straight-line rent adjustments, non-cash compensation, amortization of above and below market leases, net, gain (loss) on involuntary conversion, loss on extinguishment of debt, and other non-recurring items.

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

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

EBITDAre, Adjusted EBITDAre, and Run Rate Adjusted EBITDAre 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, EBITDAre, Adjusted EBITDAre, and Run Rate Adjusted EBITDAre 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 EBITDAre, Adjusted EBITDAre, and Run Rate Adjusted EBITDAre 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.



# NON-GAAP FINANCIAL MEASURES & OTHER DEFINITIONS

**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 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, which excludes depreciation, amortization, loss on impairments, general and administrative expenses, interest expense, interest income, transaction costs, gain (loss) on involuntary conversion, loss on extinguishment of debt, gain on sales of rental property, and other expenses.

We define Cash NOI as NOI less straight-line rent adjustments and less amortization of above and below market leases, net.

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 and solar 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.

**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 for assets included in the Operating Portfolio.

**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.