



2020 – SUMMER

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.

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

THOUGHTFUL APPROACH TO INDUSTRIAL REAL ESTATE

STAG Industrial

is an owner and operator
of industrial real estate



Only pure-play industrial
REIT active across the
entire domestic industrial
real estate market



Designed to create and
enhance value

Platform able to address a large opportunity in an attractive
asset class

Relative value investment strategy driven by a robust
quantitative process

Scalable operating platform focused on cash flow maximization

Ability to add additional value at the asset level

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

Investment grade balance sheet with low leverage and
high liquidity

SIGNIFICANT TRANSFORMATION SINCE IPO



Portfolio strengthened and diversified



Investment grade balance sheet achieved

PORTFOLIO TRANSFORMATION	IPO ¹	Q2 2020
Square feet (millions)	14.2	91.8
Properties	93	457
Primary and secondary markets (% ABR)	70.5%	94.1%
Flex / Office (% ABR)	21.1%	0.7%
BALANCE SHEET STRENGTHENED	IPO	Q2 2020
Equity market capitalization (millions)	\$290	\$4,472
Net debt to run rate adjusted / EBITDA	5.9x	4.3x
Debt / total capitalization	46.8%	26.1%
% secured debt	100.0%	3.3%

STAG HAS GROWN INTO ONE OF THE LARGEST OWNERS AND OPERATORS OF U.S. INDUSTRIAL REAL ESTATE

1. Reflects data as of Q2 2011

BUILDING BLOCKS OF GROWTH

	HISTORICAL TREND	2020 GUIDANCE – COVID	NORMALIZED EXPECTATIONS OVER NEXT FIVE YEARS	NOTES - COVID
Internal Growth	Average cash same store NOI growth of ~1.0% over past five years	Cash same store NOI growth of 0.0% - 1.0% <ul style="list-style-type: none"> Credit loss guidance of 100 - 150 bps <ul style="list-style-type: none"> Includes initial credit loss guidance of 50 bps and an incremental credit loss range of 50 – 100 bps related to COVID Retention range of 60 – 70% ~55 bps impact for free rent in Hampstead building 	Cash same store NOI growth of 2.0% - 3.0%	Increased credit loss guidance
External Growth	Average acquisition volume of ~\$675 million over past five years	Acquisition volume range of \$300 million to \$600 million <ul style="list-style-type: none"> Stabilized range of \$300 million to \$600 million No Value-Add acquisitions Disposition range of \$100 to \$150 million 	Acquisition volume range of \$800 million to \$1 billion <ul style="list-style-type: none"> Disposition range of \$100 to \$200 million 	Paused acquisition activity in March and expect an active 2H 2020
G&A	G&A as a % of NOI has averaged ~14% over past five years	G&A range of \$39 to \$41 million	G&A as a % of NOI equal to 10%	Updated to reflect decrease in corporate travel and pause in hiring due to 1H 2020 slowdown in acquisition process
Capital Expenditures	Average capital expenditure per average SF equal to \$0.31 over past three years	Capital expenditure per average SF range of \$0.27 to \$0.31 <ul style="list-style-type: none"> Includes unique capital spend associated with long term lease to investment grade logistics tenant 	Capital expenditure per average SF range of \$0.25 - \$0.27	
Capitalization	Reduction in leverage since 2015 with net debt to run rate adjusted EBITDA reduced from 5.6x in 2015 to 4.3x as of Q2 2020 Cash available for distribution payout ratio equal to 92% in 2019	Net debt to run rate adjusted EBITDA of 4.50x to 5.25x <ul style="list-style-type: none"> Operate leverage at low end of range in 2020 	Maintain leverage level consistent with current investment grade ratings Cash available for distribution payout ratio consistent with industrial peers	Leverage at lower average level compared to 2019

+ Portfolio premium created as a result of granular asset acquisition strategy

+ Additional value created at the asset level through value-add projects and built-to-suit take-out acquisitions

+ Additional value created at the asset level through expansions and developments

CLEAR PATH TO STRONG CORE FFO GROWTH

OPERATIONAL EXPERTISE FOCUSED ON MAXIMIZING CASH FLOW

- ✓ Regional asset management supported by local brokers on all new and renewal leasing transactions
- ✓ Customer Solutions Group with corporate and portfolio wide context to execute on opportunities within portfolio
- ✓ Capital Projects Group oversees all physical requirements of the portfolio, including ESG initiatives
- ✓ Leverage leasing and project management expertise to create additional value at the asset level through various opportunities

Operational expertise allows STAG to pursue and acquire value-add opportunities

- ✓ Vacancy
- ✓ Known move-outs
- ✓ Short lease durations
- ✓ Redevelopment
- ✓ Building expansions

MULTI-FACETED APPROACH TO CREATING VALUE

CASE STUDIES: VALUE ADDED THROUGH OPERATIONS



Uncertain Tenancy - Lansing, MI

- ✓ Acquired building in May 2011 subject to a ten-year lease
- ✓ Negotiated early lease termination and executed new lease to investment grade rated e-commerce tenant
- ✓ New ten-year lease with 23% increase over previous rent and negotiated termination fee with original tenant
- ✓ Exit cap rate ~345bps below stabilized acquisition cap rate¹



Acquired Vacancy – Taunton, MA

- ✓ Acquired vacant building in February 2019 and signed 18-month known-vacate lease in April 2019
- ✓ Signed a new 10-year lease with a large investment grade rated e-commerce tenant and terminated short term lease in April 2020
- ✓ Outperformed underwritten stabilized yield by 130bps while securing long term credit tenancy with no downtime
- ✓ Exit cap rate ~280bps below stabilized acquisition cap rate¹



Below Market Lease - Bedford Heights, OH

- ✓ Less than two years of remaining lease term and below market rental rate at March 2017 acquisition
- ✓ Renewed tenant for five years with 90% increase over expiring rent with 2.75% annual rent escalators
- ✓ Exit cap rate ~120 bps below stabilized acquisition cap rate¹



Acquired Vacancy - Waukegan, IL

- ✓ Vacant at April 2017 acquisition
- ✓ Executed new lease within seven months of ownership
- ✓ New 74-month lease with 2.5% annual rent escalators
- ✓ Sold asset in December 2018 at cap rate ~350 bps below stabilized acquisition cap rate



Expansion & Extension – Houston, TX

- ✓ Tenant had two years of lease term remaining on a 223,599 SF standalone building at November 2016 and required an additional 61,200 SF in order to extend the lease
- ✓ Signed a lease amendment for a 10-year extension of the original 223,599 SF with 3.0% annual increases
- ✓ Expansion scheduled to deliver in Q1 2021
- ✓ Exit cap rate ~200 bps below stabilized acquisition cap rate¹



Below Market Lease – Waco, TX

- ✓ 66,400 SF standalone building with secured, outside storage subject to a ground lease at April 2008 Acquisition
- ✓ Renewed tenant for five years with 3.0% annual increases
- ✓ Exit cap rate ~150 bps below stabilized acquisition cap rate¹

ABILITY TO CREATE VALUE THROUGH LEASING AND REDEVELOPMENT

1. Acquisition cap rate compared to third party real estate brokerage estimate of current exit cap rate

VALUE CREATION THROUGH DEVELOPMENT

Property

8 Campus Drive

Location

Burlington, NJ
Exit 6A of NJ Turnpike

Opportunity

Acquired 500,000 SF building with
25 acres of excess land in 2015

PROJECTED RETURNS

Development Plan

- ✓ Subdivided the excess 25 acres for the development project
- ✓ Full Class A building specifications with an independent access drive to enhance ingress / egress
- ✓ Construction began in April 2019 and the building was completed May 11, 2020
- ✓ Signed a long-term lease with a large investment grade rated e-commerce tenant in July 2020, which will commence in August

110% + Profit Margin

\$20 + MILLION Nominal Profit

10.0% Stabilized Yield



DEMONSTRATION OF PORTFOLIO PREMIUM

PORTFOLIO DISPOSITIONS	2016 PORTFOLIO	2018 PORTFOLIO
CHARACTERISTICS		
Number of buildings	6	7
Square feet	1.6 million	1.8 million
Average building size	261,593 SF	250,494 SF
WA lease term	4.2 years	6.5 years
RETURN PROFILE		
Acquisition cost	\$63 million	\$84 million
Disposition proceeds	\$81 million	\$114 million
Gain	\$18 million	\$30 million
Absolute price return	29%	36%
Unlevered IRR	15%	15%
CAPITALIZATION PROFILE		
Individual acquisition cap rate	9.2%	8.0%
Portfolio disposition cap rate	6.9%	6.2%
Cap rate compression	2.3%	1.8%

2016 PORTFOLIO



2018 PORTFOLIO



- ✓ Portfolios were aggregated on a granular basis
- ✓ Assets are representative of the overall Operating Portfolio
- ✓ Value created through the aggregation of individual assets
- ✓ Accretive redeployment of proceeds into opportunity set

INDIVIDUAL ASSET AGGREGATION INTO PORTFOLIOS CREATES VALUE

INDUSTRIAL REAL ESTATE OFFERS ATTRACTIVE OPPORTUNITY

Large and highly fragmented asset class

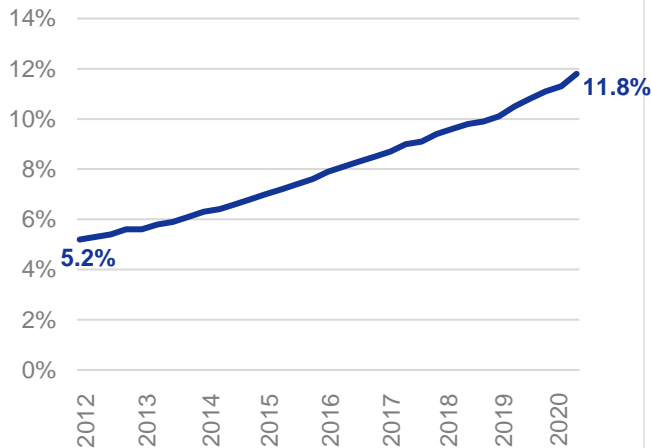
The 20 largest owners of U.S. industrial real estate own less than 15% of the industrial stock¹

Stable cash flow due to high tenant retention and low capital expenditure requirement²

GDP growth and personal consumption drive industrial demand

E-commerce and supply chain reconfiguration providing secular demand drivers

E-COMMERCE AS A % OF RETAIL SALES (U.S)



RETAIL INVENTORY TO SALES RATIO (U.S)



43%
of STAG's
portfolio handles
e-commerce activity³

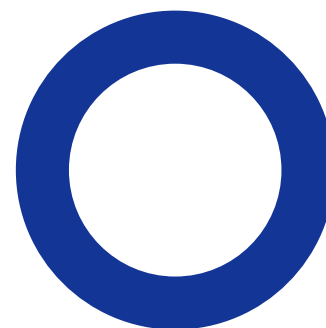
E-COMMERCE DRIVES INCREMENTAL INDUSTRIAL DEMAND

1. Source: Wall Street research
2. Source: CBRE-EA Industrial Outlook
3. 2019 tenant survey

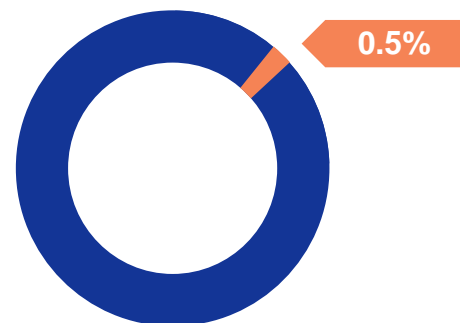
BROAD BASED OPPORTUNITY SET

LARGE TARGET MARKET

- ✓ U.S. industrial market is more than \$1 trillion in total size¹
- ✓ STAG's opportunity set spans the top 60+ markets in the U.S.
- ✓ Relative value investment strategy across all fungible industrial markets enhances value creation



\$1 Trillion Total Industrial Market¹



STAG's Share of Target Asset Universe is 0.5%²

LONG RUNWAY FOR CONTINUED EXTERNAL GROWTH

1. Per CoStar, RCA and STAG management's estimates using publicly available data
2. Real Estate Cost Basis at Q2 2020 divided by total industrial market value

PROCESS DRIVEN APPROACH TO ADDRESS ATTRACTIVE OPPORTUNITY

ACQUISITION PIPELINE



1. As of July 28, 2020

- ✓ Value created via granular approach to acquisitions across a broad opportunity set – relative value investment strategy employed with portfolio premium value created upon acquisition
- ✓ Perceived risk of single-tenant assets frequently creates relative value acquisition opportunities
- ✓ Benefit from a network of 3,000+ real estate brokers developed over time who value STAG's institutional transactional certainty
- ✓ Platform constructed to rationally evaluate thousands of opportunities – quantitative approach allows for wide opportunity set and the platform as constructed is difficult to replicate
- ✓ Leverage data analytics to identify markets and potential acquisition opportunities

2019 Acquisition Activity

1,250+
transactions pass
initial triage for
investment
consideration

295
transactions
underwritten

61
transactions
closed

5%
of transactions
considered were
acquired

21%
of transactions
underwritten were
acquired

EMPHASIS ON DIVERSIFICATION

ATTENTION TO DIVERSIFICATION
REDUCES RISK AND ENHANCES VALUE

PORTFOLIO WIDELY DIVERSIFIED ACROSS
GEOGRAPHY, TENANT, INDUSTRY, LEASE
TERM



Portfolio spans
60+ markets



Largest market exposure is
less than 9% of ABR



Portfolio includes
exposure to 45+ industries



Largest tenant is less than
3% of ABR



Less than 30% of leases
expire through 2022

Note: Information presented as of Q2 2020

SOPHISTICATED AND DIVERSE TENANT BASE

- ✓ In-depth tenant credit analysis and ongoing credit monitoring
- ✓ Dedicated credit analysis team of five professionals (three CFA charter holders)
- ✓ Focus on single-tenant industrial real estate results in larger and thus more sophisticated tenants

54% of tenants publicly rated

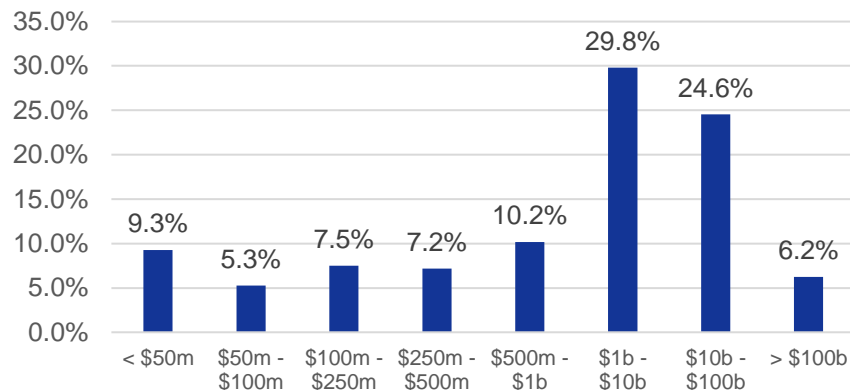
86% of tenants have revenue > \$100 million

61% of tenants have revenue > \$1 billion

TOP TENANT < 3% OF ABR

TOP 20 TENANTS < 20% OF ABR

TENANT REVENUE EXPOSURE BY ABR



Top 10 Tenants

Amazon	2.5%
General Services Administration	1.8%
XPO Logistics, Inc.	1.3%
TriMas Corporation	1.0%
Solo Cup	1.0%
DS Smith	0.9%
American Tire Distributors Inc	0.9%
Ford Motor Company	0.8%
Hachette Book Group, Inc.	0.8%
Packaging Corp of America	0.8%
Total	11.8%

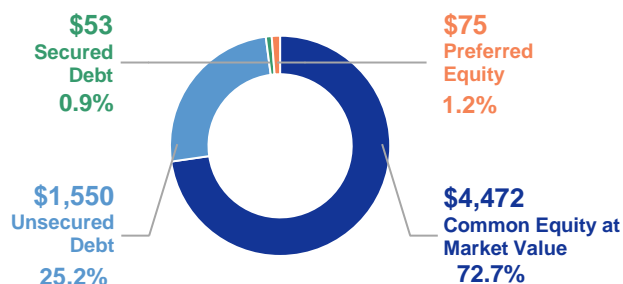
Note: Based on annualized base rental revenue and the inclusion of tenants, guarantors, and / or non-guarantor parents

BALANCE SHEET DISCIPLINE

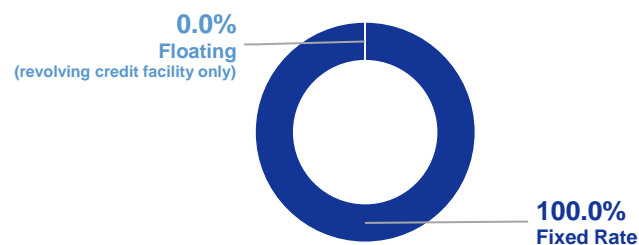
CONSERVATIVE BALANCE SHEET POSITIONED TO SUPPORT GROWTH

Conservative Capitalization

(in \$ millions)

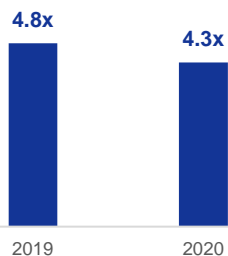


Fixed Rate Borrower

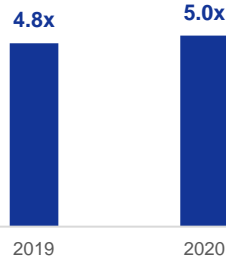


Low Leverage

Net Debt to Run Rate Adj. EBITDA

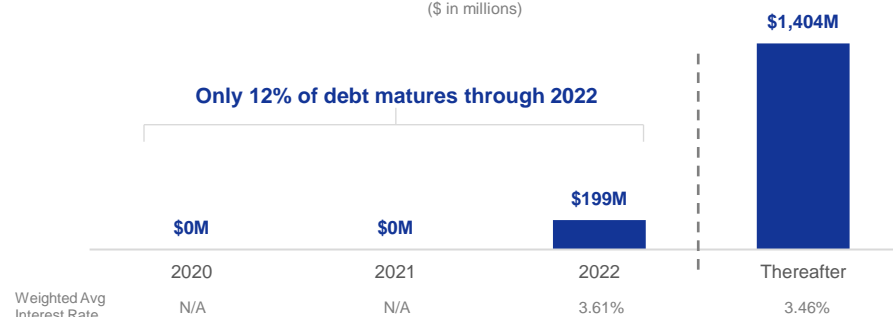


Fixed Charge Coverage



Balanced Debt Maturity Ladder ¹

(\$ in millions)



Note: Information presented as of Q2 2020

1. Weighted Avg Interest Rate and debt notional reflect outstanding revolving credit facility balance as of August 3, 2020. Assumes exercise of all extension options at the Company's discretion, subject to certain conditions.

COMPELLING VALUATION



Growing Income

Internal growth with long history of success managing portfolio
External growth with large opportunity set and robust investment pipeline
Established built-to-suit takeout partner to developers nationwide



Value Creation

Attractive asset class that is difficult to aggregate
Granular investment approach to identify relative value
Aggregation creates portfolio premium
Value add opportunities at asset level

- Reposition under-leased assets
- Redevelopment
- Development



Low Risk

Widely diversified portfolio across geography, tenancy, industry, lease maturity
Investment grade balance sheet with low leverage and high level of liquidity

FFO MULTIPLE¹

17.7x
STAG

30.8x
Peer Average²

IMPLIED CAP RATE¹

5.7%
STAG

4.0%
Peer Average²

ATTRACTIVE VALUATION COMPARED TO INDUSTRIAL REIT PEERS

1. Information presented as of August 4, 2020 (closing share price as of August 3, 2020); FFO multiple incorporates published 2020 SNL Consensus FFO; implied cap rate per Wall Street research
2. Peers consist of DRE, EGP, FR, PLD, TRNO, REXR

ESG - ENVIRONMENTAL

GREEN LEASE LEADERS AWARD RECIPIENT

Recognizes forward-thinking companies that utilize energy efficient and sustainable leases

- ✓ Gold level awarded in 2020
- ✓ STAG form lease includes environmentally friendly provisions with an emphasis on energy efficiency to promote sustainability

REFLECTIVE ROOFING

Reflect sunlight to reduce warehouse temperature and decrease energy usage

- ✓ Converted 20% of the roof systems in portfolio from non-reflective to reflective since 2015
- ✓ 45%+ rooftops will benefit from reflective roofing by the end of 2020

SOLAR PANEL INSTALLATION

Leverage rooftop square footage to create clean energy

- ✓ Three installations totaling 6.5 MW completed
- ✓ Four installations underway totaling 4.0 MW
- ✓ Five installations scheduled to commence totaling 14 MW
- ✓ Identified 15 opportunities totaling 28 MW that will commence in 2021+

LED LIGHTING CONVERSION

More efficient lighting system reduces energy usage

- ✓ Fluorescent or LED lighting systems in 90%+ of portfolio
- ✓ By the end of 2020, will have converted more than 12.7M of less efficient lighting systems with LED since 2016
- ✓ Actively pursuing additional opportunities for upgrade across portfolio

CONTINUOUSLY PROMOTE SOUND ENVIRONMENTAL OCCUPANCY AND OWNERSHIP

ESG - SOCIAL AND GOVERNANCE

SOCIAL RESPONSIBILITY

- ✓ Focus on efforts supporting children, young adults, equality, and social justice
- ✓ Support provided through donations and significant volunteering
- ✓ Currently supporting various local efforts to get safely through Covid-19
- ✓ ISS QualityScore Social rating of 3 (1 = best / 10 = worst)

Our Charitable Action Committee is a proud supporter of Boston-based nonprofit organizations



GOVERNANCE

- ✓ Diverse board with lead independent director
- ✓ Shareholder friendly bylaws including majority voting and shareholder ability to amend bylaws
- ✓ Alignment of management compensation with total shareholder return
- ✓ Stock ownership guidelines for executives and directors
- ✓ ISS QualityScore Governance rating of 3 (1 = best / 10 = worst)

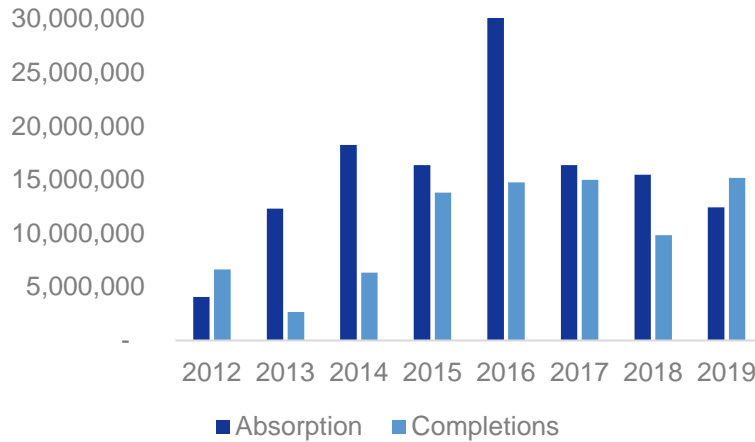
APPENDIX

PHILADELPHIA

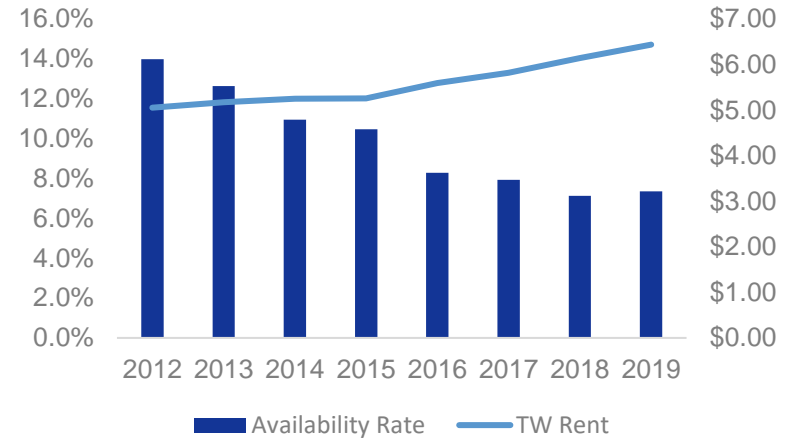
MARKET #1

8.7% ABR

PHILADELPHIA SUPPLY AND DEMAND



PHILADELPHIA AVAILABILITY AND RENT GROWTH



DEMAND



Strategic location

Near major interstates; Can reach 40% of U.S. population within one day



Skilled labor

Increasingly transitioning from blue collar manufacturing to white collar business services

Large base of skilled labor continues to attract manufacturers



Growth potential

Changing consumer trends including e-commerce and expectations of faster delivery speeds favor strategic locations

SUPPLY



Increasing development

Development exploded beginning in 2015, reaching its peak with 10.2 MSF delivered in 2017 in Metro Philadelphia



Growth potential

Land availability, infrastructure to handle additional square footage

Note: TW Rent is CBRE EA's effective rent index

PHILADELPHIA

MARKET #1

8.7% ABR

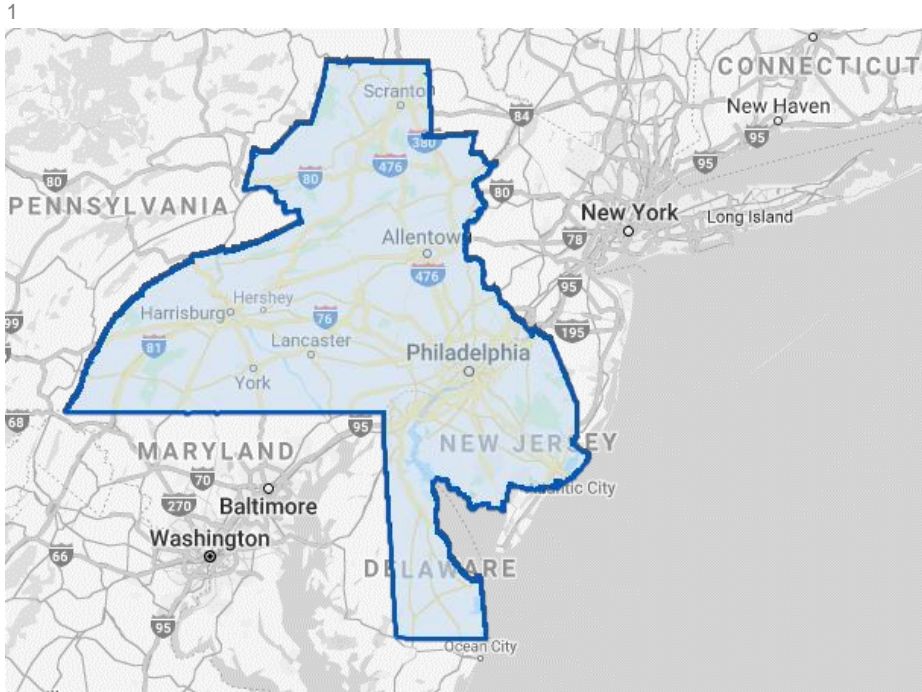
STRATEGIC LOCATION



Region encompasses Philadelphia Metro and Central PA/Lehigh Valley



Central to East Coast population centers and truck routes servicing them



Tenant Activity in Recent Years



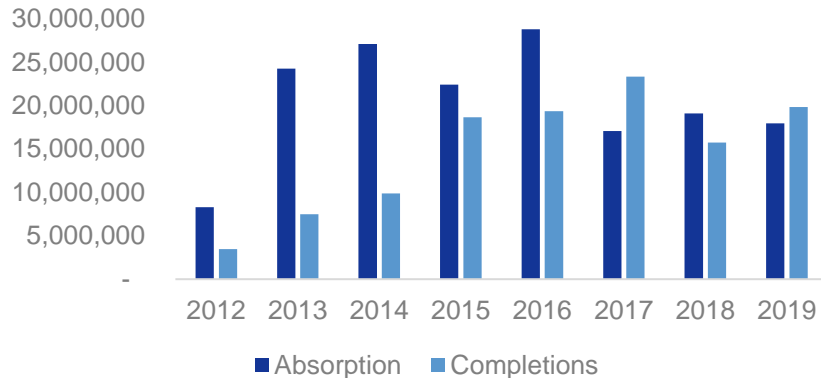
1. Map outline based on Costar Research market boundaries

CHICAGO

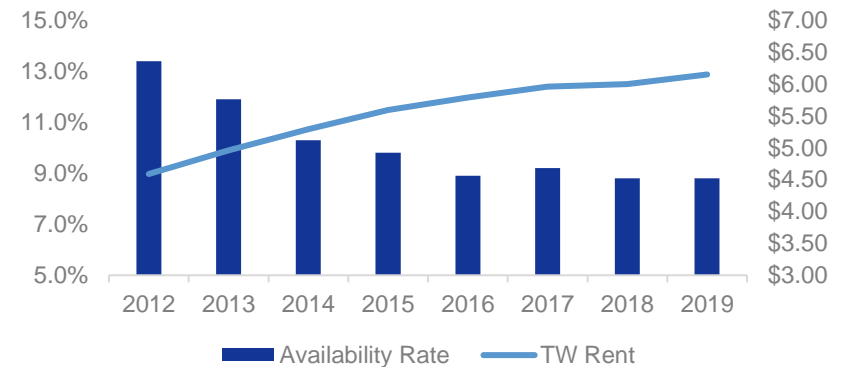
MARKET #2

7.0% ABR

CHICAGO SUPPLY AND DEMAND



CHICAGO AVAILABILITY AND RENT GROWTH



DEMAND



Large Population/Strong Prime Age Segment

9.5 million residents; Strong prime age worker segment with 34.5% of population in prime working age range (national average = 33%)



Strategic Location/Nation's Premier Freight Hub

Largest inland port in the U.S., 18 regional intermodal terminals and 6 Class I Railroads; 25% of all freight trains and 50% of all intermodal trains pass through Metropolitan Chicago



Fiscal Situation

This has been and will continue to be a concern in some areas (Cook County), however the corresponding shifts in tenant demand as led to a boom in tenant activity in the Southern Wisconsin suburbs and other Chicago area counties



Tenant Diversity

Diverse industrial tenant base: transportation logistics, manufacturing, food, life sciences, paper/printing

Note: TW Rent is CBRE EA's effective rent index

SUPPLY



Concentrated Development

Much of the development this cycle has been concentrated in the I-55 Corridor (Joliet) as well as Southern Wisconsin (Kenosha)



Institutional Comfort

Broad base of developers interested and active over a long period of time; Strategic location, proximity to major transportation corridors, and massive population reached in a 1 hour and 1-day drive gives comfort to long-term importance as a logistics hub

CHICAGO

MARKET #2

7.0% ABR

RECENT TENANT ACTIVITY

 **FRESENIUS**

DIAGEO

SAMSUNG

Crate&Barrel

 **Expeditors®**

 **wayfair®**



CHICAGO IS THE NATION'S PREMIER FREIGHT HUB

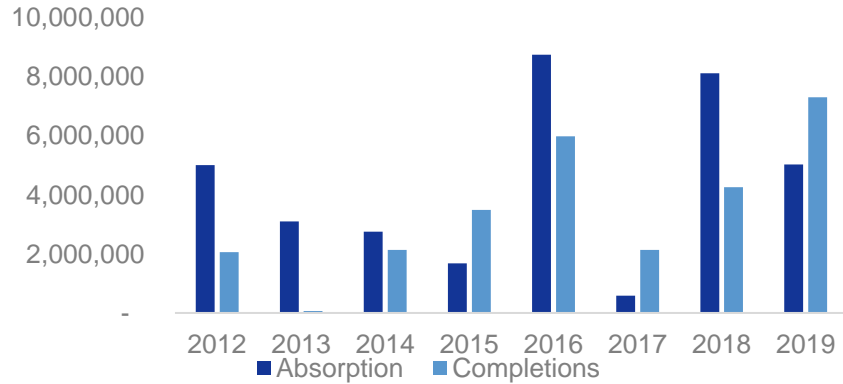


GREENVILLE/SPARTANBURG

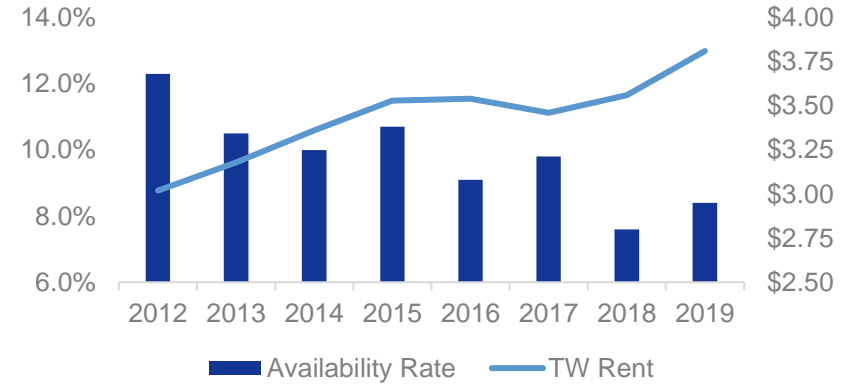
MARKET #3

5.8% ABR

GREENVILLE SUPPLY AND DEMAND



GREENVILLE AVAILABILITY AND RENT GROWTH



DEMAND



Strategic location

Near rapidly growing southeast population centers and key infrastructure



Economic resources

Large non-unionized labor force; government committed to infrastructure investment



Growth potential

Population and economic growth above national average; growing importance of east coast ports

SUPPLY



Increasing awareness and acceptance

By developers and institutional investors



Limited availability of ready land

Limited number of entitled sites with access to key infrastructure



Favorable development mix

Has historically favored BTS, currently seeing increase in spec development as the market realizes its strong potential

Note: TW Rent is CBRE EA's effective rent index

GREENVILLE/SPARTANBURG

MARKET #3

5.8% ABR

BMW has invested \$10 billion in its Spartanburg plant since 1994. Products include all new X6 announced in July 2019



Inland port at Greer has significantly outperformed expectations with record volume in May 2019 of more than 204 thousand TEUs handled



Strategically located on I-85 with direct 1 day or less access to the entire Southeast region



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 Available for Distribution: Cash Available for Distribution represents Core FFO, excluding non-rental property depreciation and amortization, straight-line rent adjustments, non-cash portion of interest expense, non-cash compensation expense, and deducts capital expenditures reimbursed by tenants, recurring and non-recurring capital expenditures, and leasing commissions and tenant improvements.

Cash Available for Distribution 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, these measurements should be compared with our reported net income or net loss in accordance with GAAP, as presented in our consolidated financial statements.

Cash Available for Distribution excludes, among other items, depreciation and amortization and capture neither the changes in the value of our buildings that result from use or market conditions 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, our calculation of Cash Available for Distribution may not be comparable to similarly titled measures disclosed by other REITs.

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, interest and other income, 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, revenue associated with one-time tenant reimbursements of capital expenditures, straight-line rent adjustments, non-cash compensation expense, amortization of above and below market leases, net, gain (loss) on involuntary conversion, loss on extinguishment of debt, and other non-recurring items.

NON-GAAP FINANCIAL MEASURES & OTHER DEFINITIONS

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.

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

Funds from Operations (FFO) and Core FFO: 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, gains (losses) from sales of land, 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 excludes transaction costs, amortization of above and below market leases, net, loss on extinguishment of debt, gain (loss) on involuntary conversion, gain (loss) on swap ineffectiveness, and non-recurring other expenses.

None of FFO or Core FFO 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 similarly as FFO.

However, because FFO and Core FFO 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 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 calculation of Core FFO may not be comparable to similarly titled measures disclosed by other REITs.

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 220 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 27 million to approximately 220 million. We define tertiary markets as markets with less than 27 million square feet of net rentable square footage.

NON-GAAP FINANCIAL MEASURES & OTHER DEFINITIONS

Market: We define Market as the market defined by CoStar based on the building address. If the building is located outside of a CoStar defined market, the city and state is reflected.

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, solar income and revenue associated with one-time tenant reimbursements of capital expenditures. 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 or capital expenditures reimbursed by tenants in lump sum and Acquisition Capital Expenditures 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 all warehouse and light manufacturing assets that were acquired stabilized or have achieved Stabilization. The Operating Portfolio excludes non-core flex/office assets, assets contained in the Value Add Portfolio, and assets classified as held for sale.

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.

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.

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Renewal Lease: We define a Renewal Lease as a lease signed by an existing tenant to extend the term for 12 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, or (iii) an early renewal or workout, which ultimately does extend the original term for 12 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 for assets included in the Operating Portfolio.

Same Store: We define Same Store properties as properties that were in the Operating Portfolio for the entirety of the comparative periods presented. Same Store GAAP NOI and Same Store Cash NOI exclude termination fees, solar income, and revenue associated with one-time tenant reimbursements of capital expenditures.

Stabilization: We define Stabilization for assets under development or redevelopment to occur as the earlier of achieving 90% occupancy or 12 months after completion. Stabilization for assets that were acquired and immediately added to the Value Add Portfolio occurs under the following:

- if acquired with less than 75% occupancy as of the acquisition date, Stabilization will occur upon the earlier of achieving 90% occupancy or 12 months from the acquisition date;
- if acquired and will be less than 75% occupied due to known move-outs within two years of the acquisition date, Stabilization will occur upon the earlier of achieving 90% occupancy after the known move-outs have occurred or 12 months after the known move-outs have occurred.

Value Add Portfolio: We define the Value Add Portfolio as properties that meet any of the following criteria:

- less than 75% occupied as of the acquisition date;
- will be less than 75% occupied due to known move-outs within two years of the acquisition date;
- out of service with significant physical renovation of the asset;
- development.

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.