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STAG Industrial, Inc. (STAG)

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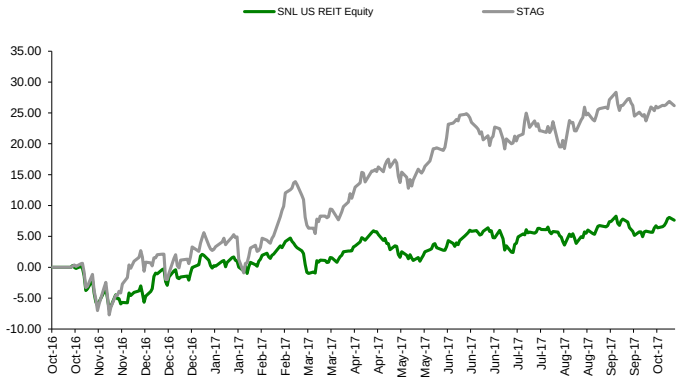
Boston, MA 02110
http://www.stagindustrial.com
(617) 574-4777

Credit Ratings	Rating	Date	Direction	Watch
S&P	--	--	--	--
Moody's*	--	--	--	--
Fitch	--	--	--	--

*Senior Unsecured Rating

Current Market Information as of 10/16/2017			Closing Price ($):	28.02
Shares Outstanding (Shares)	92,233,063	Price Target	$	30.00
52 week High - Low ($)	28.95 - 21.21	Price/ FFO (x)		19.5
Average Daily Volume (Shares)	264,061	Price/ LTM FFO (x)		18.7
Market Value ($M)	2,584.4	Price/ Trailing-four-quarter EPS (x		NM
Total Capitalization ($M)	3,967.4	Prem./Disc to NAV (%)		6.3
Total Enterprise Value ($M)	3,959.7	TEV/ Recurring EBITDA (x)		NA
10 Year T Note (%)	2.30	Implied Return		7%

Total Return



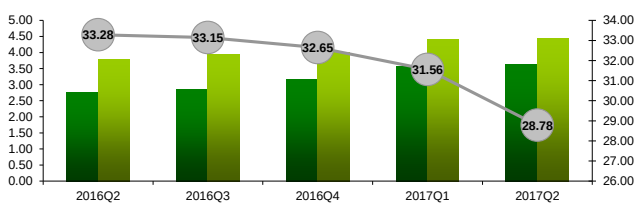
Insider Alignment as of 03/06/2017			
Title	**Name**	**Insider shares (Voting)**	**%**
Chairman, President & CEO	Benjamin S. Butcher	739,807	0.90
Executive VP & COO	Stephen C. Mecke	273,258	0.33
Executive Vice President and Director of Real Esta	David G. King	181,404	0.22
Total Shares Held by Insiders		**1,639,170**	**1.90**

Note: If multiple insiders share controlling interest in a group of shares, they may both show ownership of those shares in insider ownership data.

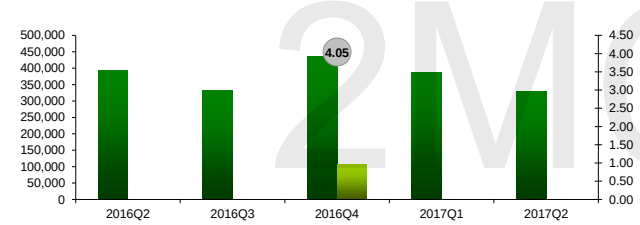
Institutional Ownership			
Owner	**Shares**	**%**	**As of**
Vanguard Group Inc.	13,381,991	14.51	06/30/2017
BlackRock Inc.	7,973,293	8.64	06/30/2017
Nuveen Investments Inc.	3,658,661	3.97	06/30/2017
Massachusetts Financial Services Co.	3,350,223	3.63	06/30/2017
CenterSquare Investment Management Inc.	3,146,486	3.41	06/30/2017
Total - 285 Institutions	**78,570,406**	**85.15**	

Current Dividend Information		% Change		
Dividend ($)	0.3525	– 0.00	Mst Rct Dividend Anncd Date	08/01/2017
Annual Dividend Rate ($)	1.4100	▲ 2.55	Mst Rct Ex-Dividend Date	12/28/2017
LTM Dividends Anncd ($)	1.4050		Most Recent Div Pay Date	01/16/2018
Current Dividend Yield (%)	5.03			
LTM Dividend Payout Ratio (%)	501.79			

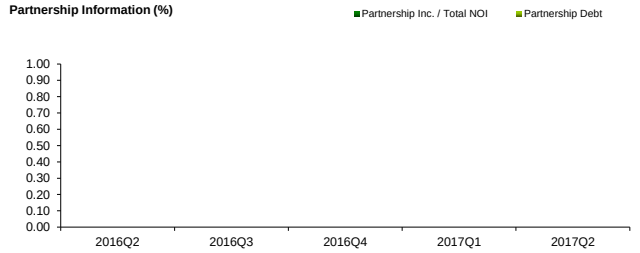
Leverage Ratios



Liquidity ($000)



Partnership Information (%)



Leverage Analysis	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2
Capitalization ($M)					
Implied Market Cap	1,711.7	1,865.1	2,004.8	2,176.6	2,638.5
Total Mezzanine Level Items	0.0	0.0	0.0	0.0	0.0
Total Preferred Equity	214.0	214.0	145.0	145.0	145.0
Noncontrolling Interest	0.0	0.0	0.0	0.0	0.0
Total Debt	956.7	1,024.8	1,036.1	1,067.3	1,121.7
Pref. OP-FASB 150/Fin 46 Adj.	0.0	0.0	0.0	0.0	0.0
Total Capitalization	**2,882.4**	**3,103.9**	**3,185.9**	**3,388.8**	**3,905.2**
(-) Cash & Cash Equivalents	8.0	12.3	12.2	7.1	7.7
Total Enterprise Value	**2,874.4**	**3,091.6**	**3,173.7**	**3,381.8**	**3,897.5**
Leverage Ratios (%)					
Debt/ Total Cap	33.19	33.02	32.52	31.49	28.72
Debt / TEV	33.28	33.15	32.65	31.56	28.78
Debt and Preferred/ TEV	40.73	40.07	37.22	35.85	32.50
Total Debt/ Gross Properties	43.10	42.96	40.92	40.60	38.68
Debt/ RE Value	34.14	33.95	33.35	32.21	29.34
Fixed charge Coverage Ratio (x)	2.74	2.85	3.16	3.57	3.62
Interest Coverage Ratio (x)	3.79	3.94	4.01	4.41	4.45
Debt/ EBITDA (x)	7.56	5.88	3.31	5.65	5.68
Debt/Assets	50.28	50.03	47.40	47.41	44.75
NOI/ Debt	20.24	19.97	20.55	21.04	20.86

Liquidity Analysis ($000)	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2
Cash and Equivalents	8,005	12,273	12,192	7,082	7,676
Revolving Credit Facilities	450,000	450,000	450,000	450,000	450,000
Revolving Credit Facilities Drawn	64,000	129,000	28,000	71,000	130,000
Liquid Assets	394,005	333,273	434,192	386,082	327,676
Debt Due this Fiscal Year	NA	NA	18,737	NA	NA
Debt Due during Next Fiscal Year	NA	NA	88,578	NA	NA
Debt Due this Fiscal Year, Incl. JV	NA	NA	NA	NA	NA
Debt Due during Next Fiscal Year, Incl. JV	NA	NA	NA	NA	NA
Debt due in 2 years	NA	NA	107,315	NA	NA
Liquidity Ratio (x)	NA	NA	4.05	NA	NA

Profitability Analysis (%)	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2
Implied Capitalization Rate	7.82	7.56	7.25	7.06	6.87
Rental NOI/ Avg Gross Pptys	8.79	8.89	8.66	8.70	8.46
Operating NOI/ Avg Gross Pptys	0.00	0.00	0.00	0.00	0.00
Total RE NOI/ Avg Gross Pptys	8.79	8.89	8.66	8.70	8.46
Partnership Income/ Total Revenue	NA	NA	NA	NA	NA

Partnership Information (%)	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2
Partnership Inc. / Total NOI	0.00	0.00	0.00	0.00	0.00
Partnership Revenue/ Revenue	0.00	0.00	0.00	0.00	0.00
Partnership Debt	0.00	0.00	0.00	0.00	0.00
Partnership Income/ Avg Partnerships	NA	NA	NA	NA	NA

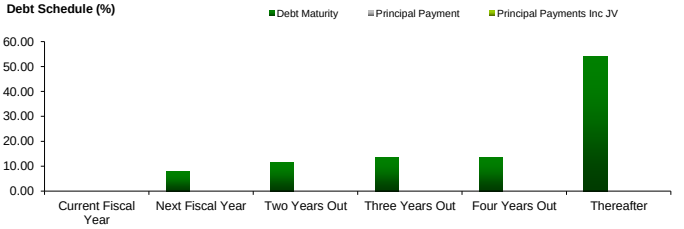
Debt Analysis (%)	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2
Tax-exempt Debt/ Debt	0.00	0.00	0.00	0.00	0.00
Secured Debt/ Debt	20.69	19.60	15.79	14.19	13.07
Short-term Debt/ Debt	NA	NA	1.81	NA	NA
Long-term Debt/ Debt	NA	NA	98.19	NA	NA
Variable-rate Debt/ Debt	6.69	12.59	2.70	6.65	11.59
Fixed-rate Debt/ Debt	93.31	87.41	97.30	93.35	88.41
Hedged Debt/ Debt	31.04	28.98	43.10	41.86	39.85
Convertible Debt/ Debt	0.00	0.00	0.00	0.00	0.00
Credit Lines Drawn/ Available	14.22	28.67	6.22	15.78	28.89

Same Store Analysis	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2
Same Store NOI Change (%)	0.60	3.40	2.80	-1.10	-0.30
Same Store Rev % Chg (%)	0.90	2.15	3.53	-0.02	0.92
Same Store Exp % Chg (%)	2.20	-3.85	6.78	4.94	6.76
Same-store REVPAR ($)	NA	NA	NA	NA	NA
Same-store ADR ($)	NA	NA	NA	NA	NA
Same Store Occupancy (%)	95.80	95.90	95.80	95.50	94.80

Debt Maturity Schedules for the Period 2017Q2

	Debt Maturity		Principal Payment		Principal Payments Inc JV	
	($000)	(%)	($000)	(%)	($000)	(%)
Total Debt	1,121,696		1,121,696		1,121,696	
Current Fiscal Year	0	0.00	NA	NA	NA	NA
Avg Int Rate (%)	NA		NA		NA	
Next Fiscal Year	87,555	7.81	NA	NA	NA	NA
Avg Int Rate (%)	6.07		NA		NA	
Two Years Out	130,000	11.59	NA	NA	NA	NA
Avg Int Rate (%)	2.37		NA		NA	
Three Years Out	150,000	13.37	NA	NA	NA	NA
Avg Int Rate (%)	2.69		NA		NA	
Four Years Out	150,000	13.37	NA	NA	NA	NA
Avg Int Rate (%)	2.38		NA		NA	
Thereafter	607,839	54.19	NA	NA	NA	NA
Avg Int Rate (%)	NA		NA		NA	

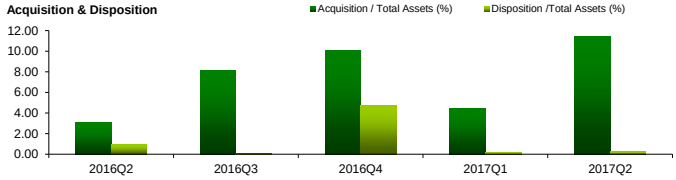
Debt Schedule (%)

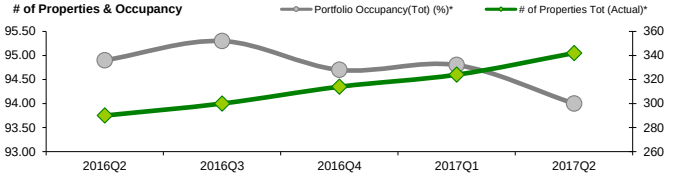


Property Analysis

Property Financials	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2
# of Properties Tot (Actual)*	290	300	314	324	342
Portfolio Occupancy(Tot) (%)*	94.9	95.3	94.7	94.8	94.0
Total Acquisitions ($000)	58,203	166,000	219,713	99,787	285,606
Total Dispositions ($000)	17,800	800	103,300	4,100	6,500
Development Pipeline ($000)	NA	NA	NA	NA	NA
Development Cost Incurred ($000	NA	NA	NA	NA	NA
Net Property Investment ($000)	1,822,420	1,963,592	2,107,538	2,175,747	2,425,069
Gross Leasable Area (sq. ft.)	55,025,346	58,581,111	60,878,204	63,249,447	67,675,564
Acquisition / Total Assets (%)	3.06	8.10	10.05	4.43	11.39
Disposition /Total Assets (%)	0.94	0.04	4.73	0.18	0.26

* If total value is filed as NA for all periods by the company, it will give the individual portfolio level information.





Top 10 Markets*

Name	% of NOI	% of Rev.	% Change SS	Occupancy %
Other	NA	55.5	NA	NA
Philadelphia	NA	9.5	NA	NA
Chicago	NA	9.0	NA	NA
Greenville	NA	4.5	NA	NA
Milwaukee	NA	3.7	NA	NA
Cincinnati	NA	3.6	NA	NA
Charlotte	NA	3.5	NA	NA
Detroit	NA	3.1	NA	NA
West Michigan	NA	2.8	NA	NA
Westchester	NA	2.5	NA	NA

*Based on reported market exposure. SS here stands for Same Store

Top 10 Most Recent Acquisitions

Property Name	Portfolio Acq. Yes/No?	Acq. Date	Owned %	Price ($000)[1]	Size (Owned Sq. Ft.)[3]
Romulus	No	06/30/2017	100.00	19,351	303,760
Houston V	No	06/29/2017	100.00	25,000	232,800
Lebanon	No	06/29/2017	100.00	7,950	211,358
Maple Grove	No	06/29/2017	100.00	10,031	108,628
Rockwall	No	06/28/2017	100.00	28,600	389,546
Wallingford	No	06/27/2017	100.00	8,200	105,000
Batavia	No	06/26/2017	100.00	5,900	102,500
Clinton II	No	06/16/2017	100.00	23,650	297,200
Laredo	No	06/13/2017	100.00	13,500	206,810
Rock Hill II	No	06/08/2017	100.00	6,675	275,000

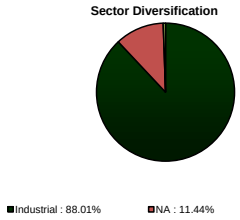
[1] If the transaction is a portfolio acquisition than the price will be a portfolio Acq. Price.

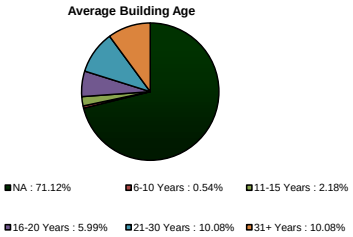
Top 10 Most Recent Dispositions

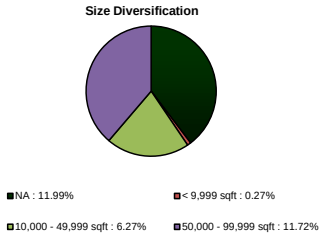
Property Name	Portfolio Dis. Yes/No?	Dis. Date	Owned %	Price ($000)[2]	Size (Owned Sq. Ft.)[3]
Catoosa	No	05/31/2017	100.00	NA	100,100
Loveton Circle 15	No	04/06/2017	100.00	NA	34,800
North Sandra Street 2111	No	01/24/2017	100.00	4,100	113,379
Mount Prospect	No	12/20/2016	100.00	5,800	87,380
Keystone Drive 405	No	12/13/2016	100.00	9,300	148,065
East Main Street Extention 947	No	12/08/2016	100.00	5,200	96,680
South Byrkit Street 400	No	12/07/2016	100.00	NA	308,884
Atlanta Industrial Parkway NW 3755	Yes	11/14/2016	100.00	81,000	407,981
Display Drive 3700	Yes	11/14/2016	100.00	81,000	465,323
East Park Drive NE 2175	Yes	11/14/2016	100.00	81,000	226,256

[2] If the transaction is a portfolio sales than the price will be a portfolio disposition Price.

Property Charts

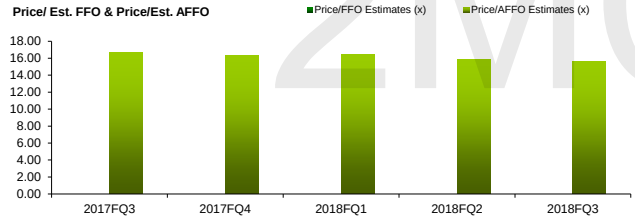


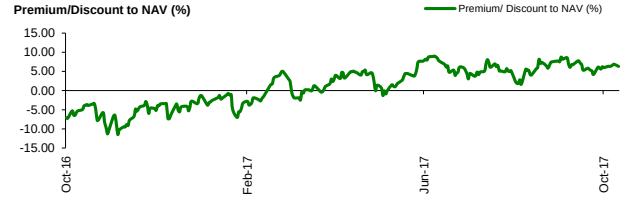




NA = Not Available

Estimates Data





Estimates Information	2017FQ3	2017FQ4	2018FQ1	2018FQ2	2018FQ3
FFO Estimates					
FactSet Mean FFO Estimate ($)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet High FFO Estimate ($)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet Low FFO Estimate ($)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet No. of FFO Estimates (Actual)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
Closing Price ($)	28.02	28.02	28.02	28.02	28.02
Price/FFO Estimates (x)	NA	NA	NA	NA	NA
AFFO Estimates					
SNL Mean AFFO Estimate ($)	0.42	0.43	0.43	0.44	0.45
SNL High AFFO Estimate ($)	0.44	0.45	0.45	0.46	0.47
SNL Low AFFO Estimate ($)	0.35	0.36	0.35	0.37	0.38
SNL No. of AFFO Estimates (Actual)	7	7	6	6	6
Price/AFFO Estimates (x)	16.68	16.35	16.42	15.86	15.57
EBITDA Estimates					
FactSet Mean EBITDA Estimate ($000)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet High EBITDA Estimate ($000)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet Low EBITDA Estimate ($000)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
FactSet No. of EBITDA Estimates (Actual)	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT	DEFUNCT
Shares Outstanding (Shares)	92,233,063	92,233,063	92,233,063	92,233,063	92,233,063
Total Enterprise Value ($M)	3,959.7	3,959.7	3,959.7	3,959.7	3,959.7
Price/ Est. EBITDA per Share (x)	NA	NA	NA	NA	NA
Current TEV/ Est. EBITDA (x)	NA	NA	NA	NA	NA

NAV	Consensus Estimate	Median	High	Low	Std Dev
NAV per Share ($)	26.36	26.19	32.18	23.25	2.83
Price/ NAV	1.06	1.07	0.87	1.21	
Premium/Discount to NAV (%)	6.30	6.99	-12.93	20.52	
Number of NAV per Share Estimates (actual)	8				

Commentary:

STAG has been a consistent performer and earned a reputation as a well-run REIT. It started with an unproven business model and was viewed as risky. Now, it is considered to be one of the best industrial REITs and it has made significant money for many people in its run up from low double digits to around $28. With a vastly expanded property portfolio, STAG is well diversified. Talk has shifted from STAG's risk to STAG's valuation with some saying it is getting expensive. As a value investor, I too am leery of valuations after such a large increase in market price, but in this case I think STAG sill has a bit of runway. While not as cheap as it used to be it is still among the cheapest in the industrial sector. I would not mind trimming it at these prices if a strong replacement opportunity comes along, but I am in no hurry to exit STAG.

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