CEO CFO

STAG INDUSTRIAL®

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Offering an Unusual Combination of Both Income and Growth, STAG Industries, Inc. is Well Differentiated in the Industrial REIT Space

Financial
REIT - Industrial
(STAG-NASDAQ)

STAG Industrial, Inc.

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Benjamin S. Butcher
Chairman, President and CEO

BIO:
Benjamin S. Butcher serves as our Chief Executive Officer, President and Chairman of the Board of Directors. Mr. Butcher has overseen growth of STAG Capital Partners, LLC and its affiliates over the last seven years, serving as a member of their Board of Managers and Management Committees from 2003 to 2011. From 1999 to 2003, Mr. Butcher was engaged as a private equity investor in real estate and technology. From 1997 to 1998, Mr. Butcher served as a Director at Credit Suisse First Boston, where he sourced and executed transactions for the Principal Transactions Group (real estate debt and equity). From 1993 to 1997, he served as a Director at Nomura Asset Capital, where he focused on marketing and business development for its commercial mortgage-backed securities group. Mr. Butcher received his Bachelor of Arts degree from Bowdoin College and his Master of Business Administration degree from the Tuck School of Business at Dartmouth.

Company Profile:
STAG Industrial, Inc. is a self-administered and self-managed full-service real estate company focused on the acquisition, ownership and management of single-tenant industrial properties throughout the United States. STAG's portfolio consists of 106 properties in 28 states with approximately 17.4 million rentable square feet.

About STAG Industrial, Inc.
STAG Industrial, Inc. is a self-administered and self-managed full-service real estate company focused on the acquisition, ownership and management of single tenant industrial properties throughout the United States.

We target the acquisition of individual Class B, single tenant industrial properties predominantly in secondary markets throughout the United States with purchase prices above $5 million that are critical to the tenants' businesses. Where appropriate risk adjusted returns present themselves, we also may acquire assets in both primary and tertiary markets.

Our properties include warehouse/distribution, manufacturing and flex/office buildings.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Butcher, what is the overall focus at STAG?
Mr. Butcher: STAG is a company focused on the acquisition of single tenant industrial assets. We find the best opportunities for our shareholders and investors within class B assets located predominantly in secondary markets throughout the US. We are focused on the cash flow generating capacity of the assets that we purchase.

CEOCFO: Why does STAG like that particular asset class?
Mr. Butcher: The combination of very high tenant retention, good initial yield and low capital expenditures tends to make the asset class among the best performing with regards to risk-adjusted cash flow.

CEOCFO: Why is it better for companies not to own their own property?
Mr. Butcher: The principal reason would be that the return on investment in real estate frequently is less than the return on capital that is invested in their core business. Therefore, instead of buying real estate, they invest in equipment, systems and employees, which will likely have a higher return than real estate does.

CEOCFO: What is the geographic footprint for you?
Mr. Butcher: The REIT assets are located in 27 states, predominantly Midwest, southeast and northeast, which is where the predominant popu-

lation of the US is. About 74% of the US population is located east of the Mississippi.

CEOCFO: Does STAG have a particular mix in mind when you look at properties and what do you look for when you acquire a property?
Mr. Butcher: When we acquire a property, what we look for is its ability to generate cash flow, not just tomorrow, but going forward for the long-term life of the asset. Warehouse is the dominant asset type in our portfolio at about 75% or so of our total square footage. We have some manufacturing, maybe 15% or 20% of our square footage. Flex, which we no longer include in our acquisition activity, is the remaining 5% or 10%.

CEOCFO: How often does STAG decide turn over property?
Mr. Butcher: We are not a big seller of assets. We buy assets that we think will produce cash flow for our shareholders for a long period of time. The most likely case where we would sell an asset is to a user that wants to purchase as opposed to leasing. That will generally allow us to get economic returns that are commensurate with leasing it for the benefit of our shareholders.

CEOCFO: How does STAG ensure that properties are well maintained?
Mr. Butcher: We do physical inspections of our properties on a regular basis. At the time we buy a property, we develop a multi-year capital plan for the asset for the next 3,5, and 10 years. We use third-party consultants and property condition reports to assist us in developing that capital plan.

CEOCFO: When does STAG look to add new properties?
Mr. Butcher: We are constantly adding. In the 2.5 quarters that we were a public company in 2011, we increased our asset base approximately 25%. We have given soft guidance to the Street that we will add another 25% to our asset base in 2012. On our earnings call last week we described our acquisition activity for the 4th Quarter and what we have done so far in 2012. We are well on track to meet our soft guidance to the Street.

CEOCFO: Is it a particularly good time to acquire given the economic situation of the country?
Mr. Butcher: With the generally improving economy, albeit somewhat muted recovery, you will see that most of the public reporting industrial companies reporting good leasing activity, as have we. That being said, there is still a lot of risk aversion out there, so for a company that approaches risk on a considered basis, such as STAG, this is a very good time to buy.

CEOCFO: You have been public for a relatively short period of time, what are the strengths of your team?
Mr. Butcher: STAG has been around as a company since 2003 and we bought our first assets in 2004. All the senior managers have been with STAG for at least five years; most six or seven years and all have long real estate experience. The top five employees average something like 23 years of real estate experience and with the exception of myself, all have significant public company experience prior to coming to STAG. We came to the market at our IPO as a fully fleshed-out company. We have, since inception, continued to execute on the same investment thesis.

We offer a very unusual combination of both income and growth. As I mentioned, the dividend yield is currently at 8% and last year our asset base grew 25%. We have given soft guidance of growing another 25% this year. We are trading at very conservative metrics relative to what some people would deem our peers to be, so it offers a compelling combination of growth and income.
- Benjamin S. Butcher

CEOCFO: Would you tell us about your dividend?
Mr. Butcher: We have very high tenant retention and low capital expenditures, so our capital needs on an ongoing basis are both low and predictable. Because of that, it is our intent to pay out something in the order of 90% of AFFO in dividends. We currently have a strong dividend of approximately 8%. The dividend on our preferred stock is 9%.

CEOCFO: Has the investment community been paying attention?
Mr. Butcher: We are still a small company and a new company, so the amount of attention paid to us is growing over time. It is not the same as if we had been around for a few years, had more of a track record or were a bigger company. However, people are starting to appreciate the ability of our company and investment strategy to generate solid and sustainable dividends.

CEOCFO: Do you do much investor outreach?
Mr. Butcher: We are constantly talking to investors and we are always looking to do a better job with this effort.

CEOCFO: Why should investors pick STAG out of the crowd?
Mr. Butcher: We offer a very unusual combination of both income and growth. As I mentioned, the dividend yield is currently at 8% and last year our asset base grew 25%. We have given soft guidance of growing another 25% this year. We are trading at very conservative metrics relative to what some people would deem our peers to be, so it offers a compelling combination of growth and income.

CEOCFO: Final thoughts, what should people remember most about STAG?
Mr. Butcher: We have a differentiated investment thesis and are not exactly like other company's in the industrial REIT space. This differentiated investment thesis should serve our shareholders well going forward.