The following presentations, together with other statements and information publicly disseminated by STAG Industrial, Inc. (the “Company”), 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. The Company 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 the Company’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 the Company’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 the Company’s Annual Report on Form 10-K for the year ended December 31, 2014, as updated by the Company’s subsequent reports filed with the Securities and Exchange Commission. Accordingly, there is no assurance that the Company’s expectations will be realized. Except as otherwise required by the federal securities laws, the Company disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.
<table>
<thead>
<tr>
<th>Section Description</th>
<th>Presenter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. INTRODUCTION</td>
<td>Geoffrey G. Jervis - EVP/Chief Financial Officer</td>
<td>1</td>
</tr>
<tr>
<td>II. INVESTMENT THESIS</td>
<td>Benjamin S. Butcher – Founder/Chief Executive Officer &amp; President</td>
<td>4</td>
</tr>
<tr>
<td>III. ORIGINATION PLATFORM</td>
<td>Stephen C. Mecke – EVP/Chief Operating Officer</td>
<td>14</td>
</tr>
<tr>
<td>IV. UNDERWRITING – MARKETS &amp; BUILDINGS</td>
<td>David G. King – EVP/Director of Real Estate Operations</td>
<td>23</td>
</tr>
<tr>
<td>V. UNDERWRITING – TENANTS</td>
<td>Kurt N. Flionis – Vice President, Credit</td>
<td>33</td>
</tr>
<tr>
<td>VI. RISK ASSESSMENT MODEL</td>
<td>Rowan McFeely – Vice President, Underwriting</td>
<td>41</td>
</tr>
<tr>
<td>VII. CORPORATE PERSPECTIVE</td>
<td>Geoffrey G. Jervis – EVP/Chief Financial Officer</td>
<td>63</td>
</tr>
<tr>
<td>VIII. Q&amp;A</td>
<td></td>
<td>67</td>
</tr>
</tbody>
</table>
INVESTMENT THESIS

Benjamin S. Butcher
Founder/Chief Executive Officer & President
HISTORY OF THE INVESTMENT THESIS

- Probabilistic assessment of RE risk and a focus on cash flow were influential in developing the STAG thesis.

- Single tenant net lease mortgage transactions were largely confined to the CTL arena.

- The ‘binary risk’ associated with transactions that did not meet CTL standards appeared to cause inefficient pricing.

- Portfolios of non-CTL asset mortgages were viewed favorably by rating agencies.

An Opportunity Worth Further Investigation – an Identified Market Inefficiency
FOCUS – SINGLE TENANT INDUSTRIAL

- **Attractive Characteristics of the US Industrial Market**
  - Large - $750 billion to a trillion dollar market (approximately half single tenant) but with “bite-sized” assets
  - Non-homogenous assets – relatively low correlation among individual transactions
  - Fragmented ownership – many small, independent owners
  - Predictable cash flow – high tenant retention and low capex

- **Persisting Opportunity**
  - The investor reaction to binary risk was likely to persist – it was real risk when looking at a single asset!
  - Ample and consistent supply of available transactions – small owner’s decisions to sell are not highly correlated
  - Limited investor demand for a significant portion of these assets - rampant use of rigid decision rules by competitors

The Identified Opportunity was Large and Likely to Persist
“CASH FLOW ISN’T EVERYTHING, IT’S THE ONLY THING”

- Virtually all the factors that will influence future cash flow derived from owning a RE asset are subject to analysis
- These factors must be analyzed together – they are interdependent
- The world is not ‘black and white’, it is shades of grey. No room for rigid decision rules!

The STAG Model – Probabilistic Assessment
- Our approach to estimating future cash flow has been streamlined and systemized into our proprietary risk assessment model
- This allows us to look at potential investments on a homogenous basis (risk neutral cash flows)

The Art of RE Underwriting = The Probability and Impact of Exposure to the Market
Exposure to Market

Current Tenancy

Vacancy Can Occur From:
- Credit Default
- Non-Retention
- Termination Option
- Etc.

Underwritten Market Parameters are Introduced Monthly
Building assumed to be well located, modern structure subject to projected market dynamics

- Roof replaced in Year 15
- BB Credit Tenant

Many “Net Lease” Investors Only Have a Bid for Lease Terms of 12+ Years
MISPRICED ASSETS?

- Buildings assumed to be the same on all parameters except term, square footage, and initial cap rate
- Roof replaced in Year 15
- BB Credit Tenant

### Free Cash Flow

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Cash Flow $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100,000</td>
</tr>
<tr>
<td>2</td>
<td>110,000</td>
</tr>
<tr>
<td>3</td>
<td>120,000</td>
</tr>
<tr>
<td>4</td>
<td>130,000</td>
</tr>
<tr>
<td>5</td>
<td>140,000</td>
</tr>
<tr>
<td>6</td>
<td>150,000</td>
</tr>
<tr>
<td>7</td>
<td>160,000</td>
</tr>
<tr>
<td>8</td>
<td>170,000</td>
</tr>
<tr>
<td>9</td>
<td>180,000</td>
</tr>
<tr>
<td>10</td>
<td>190,000</td>
</tr>
<tr>
<td>11</td>
<td>200,000</td>
</tr>
<tr>
<td>12</td>
<td>210,000</td>
</tr>
<tr>
<td>13</td>
<td>220,000</td>
</tr>
<tr>
<td>14</td>
<td>230,000</td>
</tr>
<tr>
<td>15</td>
<td>240,000</td>
</tr>
<tr>
<td>16</td>
<td>250,000</td>
</tr>
<tr>
<td>17</td>
<td>260,000</td>
</tr>
<tr>
<td>18</td>
<td>270,000</td>
</tr>
<tr>
<td>19</td>
<td>280,000</td>
</tr>
<tr>
<td>20</td>
<td>290,000</td>
</tr>
</tbody>
</table>

### Assets Data

<table>
<thead>
<tr>
<th></th>
<th>BB 7yr</th>
<th>BB 12yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Rent</td>
<td>$3.00</td>
<td>$3.00</td>
</tr>
<tr>
<td>Market Rent</td>
<td>$3.00</td>
<td>$3.00</td>
</tr>
<tr>
<td>Contractual Yearly Rent Increases</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Cap Rate</td>
<td>8.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>SF</td>
<td>133,200</td>
<td>100,000</td>
</tr>
</tbody>
</table>
Rigid Decision Rules Do Not Optimize Returns!

CUMULATIVE CASH FLOWS

Cumulative Free Cash Flow

Free Cash Flow $ vs. Year

BB Credit Tenant - 7yr Lease
BB Credit Tenant - 12 Yr Lease
DIVERSIFICATION AND SIMULATION

- Individual binary risk assets have high potential volatility in cash flow
- Like a multi-tenant industrial park, a portfolio of single tenant industrial assets reduces that risk
- Single asset risk/volatility assessed “Monte Carlo” simulation
- Portfolio diversification maintained to significantly reduce portfolio risk/volatility

By Maintaining Low Correlation in Our Portfolio, We Ensure that the Acquired Relative Value is Realized
STAG EVOLUTION

- Started in 2003 – A model idea scratched on the back of an envelope
- Focus continues to be on probabilistic risk assessment and the generation of cash flow
- The STAG team is expert in:
  - Sourcing transactions
  - Determining model inputs
  - Closing transactions
  - Operating our portfolio
- Our efficient process allows us to cast a “wide net” across the potential investment universe
- Our iterative triage of transactions provides the proper/optimal allocation of resources
- Sophisticated, proprietary risk assessment model allows us to be agnostic on parameters such as market, building, and tenant

Our Proprietary Risk Assessment Model is a Superior Tool for Identifying Relative Value
ORIGINATION PLATFORM

Stephen C. Mecke
EVP/Chief Operating Officer
DEAL PROCESS FLOW CHART

1. TRANSACTION SOURCED
2. MODEL
3. INPUT VALIDATION
4. OFFER PRICE & TERMS NEGOTIATED
5. DUE DILIGENCE
6. CLOSING & ASSET TRANSITION
7. INVESTMENT COMMITTEE APPROVAL
INVESTMENT COMMITTEE

Investment Committee With Over 100 Years Of Combined Experience
ORIGINATION PLATFORM

- CHIEF OPERATING OFFICER
  - DATA + INFORMATION TECHNOLOGY
  - ACQUISITIONS
  - UNDERWRITING
  - DUE DILIGENCE

- SHARED FINANCIAL ANALYST & INTERN POOLS
POSITIONED FOR GROWTH

<table>
<thead>
<tr>
<th>Acquisitions Team</th>
<th>Years with STAG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Chase</td>
<td>12 Years</td>
</tr>
<tr>
<td>Brad Sweeney</td>
<td>11 Years</td>
</tr>
<tr>
<td>Ryan Delaney</td>
<td>11 Years</td>
</tr>
<tr>
<td>Jeff Harper</td>
<td>4 Years</td>
</tr>
<tr>
<td>Scott Miller</td>
<td>2 Years</td>
</tr>
<tr>
<td>Jean Murphy</td>
<td>1 Year</td>
</tr>
<tr>
<td>Brian Morris</td>
<td>1 Year</td>
</tr>
</tbody>
</table>
DEAL SOURCES

REAL ESTATE BROKERS
- Database of over 9,000 industrial brokers
- 12 year history building relationships
- Pocket Listings – Goal of being the first & last call

PROPERTY OWNERS
- Since inception, STAG has closed over 325 transactions with a wide variety of owners (private & institutional) across the country
- Multiple repeat business and referral transactions
- UPREIT technology attracting direct contact by owners

FINANCIAL INTERMEDIARIES
- Continuous conversations with investment bankers & business intermediaries regarding potential portfolio and M&A opportunities
- Direct contact with private equity groups in an effort to identify portfolio companies that may benefit from a sale leaseback
- Targeting family wealth advisors with clients who own real estate and may benefit from an UPREIT transaction

Established Institutional Reputation
GROWTH OF THE PIPELINE

56% CAGR
2014 ACTIVITY

SELECTIVITY

1,000+ CONSIDERED

350 UNDERWRITTEN

DISCIPLINE

200 OFFERS MADE

43 CLOSED

Acquired $429 Million of Properties in 2014
UNDERWRITING – MARKETS & BUILDINGS

David G. King
EVP/Director of Real Estate Operations
UNDERWRITING – MARKETS & BUILDINGS

1. TRANSACTION SOURCED
2. MODEL
3. INPUT VALIDATION (Highlighted)
4. OFFER PRICE & TERMS NEGOTIATED
5. DUE DILIGENCE
6. CLOSING & ASSET TRANSITION

FLOW CHART:
UNDERWRITING – MARKETS & BUILDINGS

- Transaction Sourced
- Model
- Input Validation
- Offer Price & Terms Negotiated
- Due Diligence
- Closing & Asset Transition
THREE PILLARS OF UNDERWRITING

Healthy Tension Creates a System of Checks & Balances
ASSET MANAGEMENT PLATFORM

EVP/DIRECTOR OF REAL ESTATE OPERATIONS

ASSET MANAGEMENT & LEASING

ENGINEERING & CONSTRUCTION

DISPOSITIONS

SHARED FINANCIAL ANALYST & INTERN POOLS
UNDERWRITING – TWO APPROACHES BY TWO TEAMS

- Market Driven
- Quantitative

- Asset Driven
- Qualitative

TOP DOWN

- Market Rent
- Downtime
- Market Rent Growth
- Tenant Improvements
- Leasing Commissions
- Building Attributes
- Additional Capital

BOTTOM UP

MARKET

BUILDING

INPUTS

Two Independent Teams Vetting Data to Arrive at Optimal Model Inputs
MARKET – TOP DOWN APPROACH

MARKET LEVEL
- Brokerage House
- CoStar
- RCA

Themes/Trends/Averages
Supply & Demand/Absorption
Overall Health of Market

Low Correlation

SUBMARKET LEVEL
- Brokerage – Unpublished
- Pending Development
- Pending Vacancy
- Demand Drivers

Comparison of Submarkets
Deal Velocity/Absorption
What is our Real Competition?

Moderate Correlation

LOCAL LEVEL
- Brokerage & Primary Research
- Comps/”Rent Roll” in Park
- Internal Comp Database

Inventory – “What Is There?”
Comps –“What’s Happened?”

High Correlation

Baseline Market for the Asset
BUILDING – BOTTOM UP APPROACH

BUILDING
- Interior – Column Spacing, Clear Height, Building Depth, Mezzanine
- Exterior – Access, Court Depth, Trailer Parking, Door Ratio
- Expansion Potential
- Aesthetics

SITE LOCATION
- Transportation Network
- Labor Pool
- Fit in Tenant’s Supply Chain
- Local Business Climate

RETENTION/RELEASING
- “Next Tenant” Concerns
- Market Sweet Spot
- Anticipated Capital Costs

Acquire Fungible Real Estate That Will be Competitive for the Foreseeable Future
ASSET SPECIFIC CAPITAL

PASS / FAIL
- Unfixable
- Unquantifiable

PRIMARY
- Roof & Structure
- Parking Lot / Site Conditions
- Mechanical Systems

SECONDARY
- Demising
- Lighting
- Sprinkler
- Power

Walk Away
Maintaining Competitiveness, Fixing Deficiencies
Iterative Process is Continually Refined – Creates Constant Feedback Loop
UNDERWRITING – TENANTS

Kurt N. Flionis
Vice President, Credit
THREE PILLARS OF UNDERWRITING

MARKET

BUILDING

TENANT

Healthy Tension Creates a System of Checks & Balances
Best possible assessment of the creditworthiness of prospective and existing tenants in order to help make intelligent investment, leasing, and capital decisions. This is achieved by continuously improving our knowledge on credit risk through the collection of third party and internal data, research, analysis, and experience and effectively communicating across the organization.

“Only when the tide goes out do you learn who has been swimming naked.”
- Warren Buffett
Differenieted Approach to Credit

- In-depth management calls and discussions with third-party references
- Every single tenant is assigned a credit rating and every rating is evaluated at least on a quarterly basis
- Internal database with over 1,800 historical credit underwritings
- Proprietary Risk Assessment Model credit inputs

> THE INPUTS: Internal Credit Rating (Probability of Default), Prob. of Reorganization vs. Liquidation, and Prob. of Affirm vs. Reject
TENANT RISK ASSESSMENT FACTORS

TENANT, GUARANTOR, AND NON-GUARANTOR PARENT

RATING FACTORS
- Market position/scale
- Industry/Competition
- Concentrations
- Management/Ownership
- Operating Risks
- Financials
  - Margins
  - Cash Flow
  - Leverage, Coverage, Liquidity
- Covenants
- Payment History

REORG / LIQUIDATION
- Asset Size
- Revenue Size
- Industry
- Ownership
- Competitive Position

AFFIRM / REJECT
- Primary/Secondary Facility
  - Credit Research
  - Property Site Tour
  - Real Estate Interview

CONFIDENCE FACTORS
- Access to information both in quantity and quality
- Financial Statements
- Management Calls (Q&A)
- Organizational Entity Chart
- Third Party References
  - Rating Agencies
  - Lenders
  - Equity Research

PROPRIETARY DATA & EXPERIENCE
MULTI-STAGE RESEARCH, REVIEW, AND REFINEMENT PROCESS

INITIAL INPUTS
- Public and Seller Available Info

INTERIM INPUTS
- Deeper dive on Public and Private Information

FINAL INPUTS
- Access to all available private and public info
- Tenant Interview
“Diligence is the mother of good-fortune,” – Miguel de Cervantes

Credit Loss of Less than 0.3% Since IPO
TENANT ASSESSMENT KEY TAKEAWAYS

- Differentiated Approach to Credit
  - Highly vetted, probabilistic inputs
  - In-depth management calls and discussions with third-party references
  - Extensive database of historical credit underwritings

- Process vs. Outcome
  - Long-Term vs. Short-term
RISK ASSESSMENT MODEL

Rowan McFeely
Vice President, Underwriting
RISK ASSESSMENT MODEL

- TRANSACTION SOURCED
- MODEL
- INPUT VALIDATION
- OFFER PRICE & TERMS NEGOTIATED
- DUE DILIGENCE
- CLOSING & ASSET TRANSITION
RISK ASSESSMENT MODEL

TRANSACTION SOURCED

MODEL

INPUT VALIDATION

OFFER PRICE & TERMS NEGOTIATED

DUE DILIGENCE

CLOSING & ASSET TRANSITION
UNDERWRITING GROUP STRUCTURE

CONTINUOUS IMPROVEMENT

PEOPLE
- EVP/CHIEF OPERATING OFFICER
- VP, UNDERWRITING
- DEDICATED SENIOR FINANCIAL ANALYSTS
- SHARED FINANCIAL ANALYST & INTERN POOLS

SYSTEMS
- CASH FLOW MODEL
  - 3 Pillars of Value
  - 20-year Horizon
  - Probability Based
  - IRR Focus

PROCESSES
- PLAYBOOK
  - Repeated Process
  - Imbedded QC
  - Expert Advice Available for Outliers

POSITIONED FOR GROWTH
THE THREE PILLARS OF UNDERWRITING

MARKET

BUILDING

TENANT
MODEL INPUTS

MARKET
- 5 Inputs

BUILDING
- 26 Inputs

TENANT / LEASE
- 21 Inputs

GENERAL
- 10 Inputs

OUTPUTS & SENSITIVITY TABLES
SAMPLE INDUSTRIAL CASH FLOW MODEL

THE MODEL IS USED TO ASSESS THE LONG-TERM CASH FLOW POTENTIAL OF AN ASSET

|                      | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Gross Potential Revenue | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     |
| Collection Loss/Vacancy | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    |
| Vacant Operating Expenses | (X)   | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    |
| Net Operating Income   | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     |
| Leasing Costs         | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    |
| Capital Investment    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    | (X)    |
| Unlevered Free Cash Flow | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     | $X     |
PROBABILISTIC ASSESSMENT OF RISK – IMPERATIVE IN AN UNCERTAIN WORLD

\[ E(r) = \sum_{s=1}^{S} p(s)r(s) \]

\( E(r) = \text{expected return} \)

\( p(s) = \text{probability of scenario} \)

\( r(s) = \text{return of scenario} \)
"PROBABILISTIC" CREDIT APPROACH

TENANT

PERFORMS

DEFAULT

REORGANIZATION

AFFIRM

REJECT

LIQUIDATION

EXPOSURE TO MARKET

EXPOSURE TO MARKET
THE “SUITE” EFFECT OF CREDIT DEFAULT PROBABILITY

MONTH 0

ORIGINAL SUITE

Probability of Vacancy

NEW SUITE

Probability of Vacancy

MONTH 1

ORIGINAL SUITE

Probability of Vacancy

NEW SUITE

MONTH 2

ORIGINAL SUITE

NEW SUITE

NEW SUITE

NEW SUITE
STANDARD TRANSACTION – EXPONENTIAL “SUITE” EFFECT

Individual Suites’ Cash Flows Aggregated to Produce Property-Level Cash Flows
<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Potential Revenue</th>
<th>Collection Loss/Vacancy</th>
<th>Vacant Operating Expenses</th>
<th>Leasing Costs</th>
<th>Capital Investment</th>
<th>Net Operating Income</th>
<th>Unlevered Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>786,182</td>
<td>(9,659)</td>
<td>(4,629)</td>
<td>(2,552)</td>
<td>(73,521)</td>
<td>771,894</td>
<td>695,821</td>
</tr>
<tr>
<td>2</td>
<td>797,431</td>
<td>(24,495)</td>
<td>(11,687)</td>
<td>(12,620)</td>
<td>(23,570)</td>
<td>761,248</td>
<td>725,059</td>
</tr>
<tr>
<td>3</td>
<td>809,012</td>
<td>(34,915)</td>
<td>(15,380)</td>
<td>(18,581)</td>
<td>(23,629)</td>
<td>761,336</td>
<td>719,126</td>
</tr>
<tr>
<td>4</td>
<td>821,846</td>
<td>(36,245)</td>
<td>(16,594)</td>
<td>(19,658)</td>
<td>(23,694)</td>
<td>783,514</td>
<td>726,671</td>
</tr>
<tr>
<td>5</td>
<td>835,465</td>
<td>(54,568)</td>
<td>(16,706)</td>
<td>(24,525)</td>
<td>(23,759)</td>
<td>540,333</td>
<td>740,097</td>
</tr>
<tr>
<td>6</td>
<td>841,058</td>
<td>(27,385)</td>
<td>(97,264)</td>
<td>(26,679)</td>
<td>(23,864)</td>
<td>776,920</td>
<td>726,302</td>
</tr>
<tr>
<td>7</td>
<td>857,479</td>
<td>(26,892)</td>
<td>(25,990)</td>
<td>(11,020)</td>
<td>(23,939)</td>
<td>830,996</td>
<td>795,963</td>
</tr>
<tr>
<td>8</td>
<td>885,117</td>
<td>(25,872)</td>
<td>(13,029)</td>
<td>(9,850)</td>
<td>(24,013)</td>
<td>845,443</td>
<td>270,945</td>
</tr>
<tr>
<td>9</td>
<td>898,799</td>
<td>(144,882)</td>
<td>(12,782)</td>
<td>(9,461)</td>
<td>(808,713)</td>
<td>860,647</td>
<td>720,026</td>
</tr>
<tr>
<td>10</td>
<td>910,487</td>
<td>(152,711)</td>
<td>(12,281)</td>
<td>(107,585)</td>
<td>(24,159)</td>
<td>696,754</td>
<td>26,880</td>
</tr>
<tr>
<td>11</td>
<td>923,884</td>
<td>(17,888)</td>
<td>(68,851)</td>
<td>(167,327)</td>
<td>(24,275)</td>
<td>907,604</td>
<td>827,026</td>
</tr>
<tr>
<td>12</td>
<td>933,890</td>
<td>(18,281)</td>
<td>(72,540)</td>
<td>(9,340)</td>
<td>(24,349)</td>
<td>919,857</td>
<td>564,884</td>
</tr>
<tr>
<td>13</td>
<td>946,661</td>
<td>(20,437)</td>
<td>(8,517)</td>
<td>(9,117)</td>
<td>(24,426)</td>
<td>929,561</td>
<td>506,956</td>
</tr>
<tr>
<td>14</td>
<td>959,763</td>
<td>(111,908)</td>
<td>(8,723)</td>
<td>(9,500)</td>
<td>(24,505)</td>
<td>917,604</td>
<td>873,838</td>
</tr>
<tr>
<td>15</td>
<td>967,572</td>
<td>(147,425)</td>
<td>(9,765)</td>
<td>(82,643)</td>
<td>(24,585)</td>
<td>928,056</td>
<td>886,235</td>
</tr>
<tr>
<td>16</td>
<td>981,239</td>
<td>(17,897)</td>
<td>(70,928)</td>
<td>(149,406)</td>
<td>(24,716)</td>
<td>928,902</td>
<td>584,496</td>
</tr>
<tr>
<td>17</td>
<td>989,463</td>
<td>(17,960)</td>
<td>(8,664)</td>
<td>(9,428)</td>
<td>(24,798)</td>
<td>975,204</td>
<td>928,593</td>
</tr>
<tr>
<td>18</td>
<td>1,001,872</td>
<td>(14,059)</td>
<td>(8,707)</td>
<td>(8,665)</td>
<td>(24,881)</td>
<td>993,748</td>
<td>941,576</td>
</tr>
<tr>
<td>19</td>
<td>$1,014,632</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
BREAKDOWN OF FREE CASH FLOW – GROSS POTENTIAL REVENUE

Investment Horizon - Years

$ Amount

Gross Potential Revenue
BREAKDOWN OF FREE CASH FLOW – LEASING COSTS

![Graph showing breakdown of free cash flow with categories for Investment Horizon, Gross Potential Revenue, Collection Loss/Vacancy, Leasing Costs (incl. Default Legal Fees), and Operating Expenses (Vacancy Only).]
BREAKDOWN OF FREE CASH FLOW – CAPITAL EXPENDITURES

Investment Horizon - Years

$ Amount

- Gross Potential Revenue
- Leasing Costs (incl. Default Legal Fees)
- Collection Loss/Vacancy
- Operating Expenses (Vacancy Only)
- Capital Costs
BREAKDOWN OF FREE CASH FLOW

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
</tr>
<tr>
<td>$200,000</td>
</tr>
<tr>
<td>$400,000</td>
</tr>
<tr>
<td>$600,000</td>
</tr>
<tr>
<td>$800,000</td>
</tr>
<tr>
<td>$1,000,000</td>
</tr>
<tr>
<td>$1,200,000</td>
</tr>
</tbody>
</table>

Investment Horizon - Years

$Amount

Unlevered Free Cash Flow
BREAKDOWN OF FREE CASH FLOW – PLUS THE PORTFOLIO EFFECT

PORTFOLIO EFFECT

Investment Horizon - Years

Single Deal - Unlevered Free Cash Flow

2014 Portfolio - Unlevered Free Cash Flow

Single Tenant Example

2014 Acquisitions - Portfolio
SIMULATION ANALYSIS: 1000 ITERATIONS

Validation of Resulting IRR
RISK ASSESSMENT MODEL TAKEAWAYS

- **People, Systems, & Processes**
  - Constant improvement
  - Positioned for growth

- **Probabilistic Assessment of Risk**
  - Focus on cash flows from properties
  - Agnostic on underwriting parameters
CORPORATE PERSPECTIVE

Geoffrey G. Jervis
EVP/Chief Financial Officer
ATTRACTIVE INDIVIDUAL ASSET RETURNS

10 Year IRR: 8% Unlevered, 10%+ Levered
20 Year IRR: 8% Unlevered, 10%+ Levered

Single Tenant Example

Free Cash Flow ($)

Investment Horizon - Years

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

$0 $200,000 $400,000 $600,000 $800,000 $1,000,000 $1,200,000

Free Cash Flow
PORTFOLIO CONSTRUCTION IS VALUE ADD

Diversification From Portfolio Construction Leads to Dramatically Different Risk Profile While Maintaining Returns
## THE POWER OF ACQUISITIONS

### Incremental Acquisitions are Highly Accretive

#### Typical Transaction

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ Invested</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Unlevered IRR</td>
<td>8.00%</td>
</tr>
</tbody>
</table>

#### Capitalization

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Cap %</td>
<td>60.00%</td>
</tr>
<tr>
<td>Debt Cap %</td>
<td>40.00%</td>
</tr>
<tr>
<td>Cost of Debt</td>
<td>4.00%</td>
</tr>
<tr>
<td>Additional G&amp;A</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

#### Income Statement

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOI</td>
<td>$800,000</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>10,000</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$790,000</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>160,000</td>
</tr>
<tr>
<td>FFO</td>
<td>$630,000</td>
</tr>
<tr>
<td>ROE</td>
<td>10.50%</td>
</tr>
</tbody>
</table>

#### Accretion Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Share Price</td>
<td>$21.50</td>
</tr>
<tr>
<td>New Shares</td>
<td>279,070</td>
</tr>
<tr>
<td>FFO</td>
<td>$630,000</td>
</tr>
<tr>
<td>FFO/New Share</td>
<td>$2.26</td>
</tr>
</tbody>
</table>

---

**Incremental Acquisitions are Highly Accretive**