

STAG Industrial, Inc.
Form 10-Q
November 01, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number 1-34907

STAG INDUSTRIAL, INC.
(Exact name of registrant as specified in its charter)

Maryland 27-3099608
(State or other jurisdiction (IRS Employer
of incorporation or organization) Identification No.)

One Federal Street, 23rd Floor 02110
Boston, Massachusetts
(Address of principal executive offices) (Zip Code)

(617) 574-4777
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common and preferred stock as of the latest practicable date.

Class	Outstanding at October 31, 2018
Common Stock (\$0.01 par value)	108,893,286
6.875% Series C Cumulative Redeemable Preferred Stock (\$0.01 par value)	3,000,000

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Part I. Financial Information

Item 1. Financial Statements

STAG Industrial, Inc.

Consolidated Balance Sheets

(unaudited, in thousands, except share data)

	September 30, 2018	December 31, 2017
Assets		
Rental Property:		
Land	\$ 355,590	\$ 321,560
Buildings and improvements, net of accumulated depreciation of \$301,787 and \$249,057, respectively	2,202,755	1,932,764
Deferred leasing intangibles, net of accumulated amortization of \$237,892 and \$280,642, respectively	327,734	313,253
Total rental property, net	2,886,079	2,567,577
Cash and cash equivalents	6,024	24,562
Restricted cash	5,231	3,567
Tenant accounts receivable, net	39,170	33,602
Prepaid expenses and other assets	35,122	25,364
Interest rate swaps	17,649	6,079
Assets held for sale, net	—	19,916
Total assets	\$ 2,989,275	\$ 2,680,667
Liabilities and Equity		
Liabilities:		
Unsecured credit facility	\$ 95,000	\$ 271,000
Unsecured term loans, net	596,085	446,265
Unsecured notes, net	572,389	398,234
Mortgage notes, net	56,993	58,282
Accounts payable, accrued expenses and other liabilities	53,445	43,216
Interest rate swaps	—	1,217
Tenant prepaid rent and security deposits	19,328	19,045
Dividends and distributions payable	14,530	11,880
Deferred leasing intangibles, net of accumulated amortization of \$13,043 and \$13,555, respectively	20,708	21,221
Total liabilities	1,428,478	1,270,360
Commitments and contingencies (Note 10)		
Equity:		
Preferred stock, par value \$0.01 per share, 15,000,000 shares authorized, Series B, -0- and 2,800,000 shares (liquidation preference of \$25.00 per share) issued and outstanding at September 30, 2018 and December 31, 2017, respectively	—	70,000
Series C, 3,000,000 shares (liquidation preference of \$25.00 per share) issued and outstanding at September 30, 2018 and December 31, 2017	75,000	75,000
Common stock, par value \$0.01 per share, 150,000,000 shares authorized, 107,825,791 and 97,012,543 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	1,078	970
Additional paid-in capital	2,003,983	1,725,825
Cumulative dividends in excess of earnings	(589,785) (516,691)
Accumulated other comprehensive income	16,485	3,936

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Total stockholders' equity	1,506,761	1,359,040
Noncontrolling interest	54,036	51,267
Total equity	1,560,797	1,410,307
Total liabilities and equity	\$ 2,989,275	\$ 2,680,667

The accompanying notes are an integral part of these consolidated financial statements.

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STAG Industrial, Inc.

Consolidated Statements of Operations

(unaudited, in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Revenue				
Rental income	\$75,159	\$65,673	\$217,227	\$186,621
Tenant recoveries	13,518	12,366	39,443	32,952
Other income	269	105	1,033	244
Total revenue	88,946	78,144	257,703	219,817
Expenses				