

**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 March 31, 2016

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

(State or other jurisdiction
of incorporation or organization)

27-3099608

(IRS Employer
Identification No.)

**One Federal Street, 23rd Floor
Boston, Massachusetts**

(Address of principal executive offices)

02110

(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 ☐

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 or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Check one:

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

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 April 29, 2016
Common Stock (\$0.01 par value)	68,186,375
9.0 % Series A Cumulative Redeemable Preferred Stock (\$0.01 par value)	2,760,000
6.625 % Series B Cumulative Redeemable Preferred Stock (\$0.01 par value)	2,800,000
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)

	March 31, 2016	December 31, 2015
Assets		
Rental Property:		
Land	\$ 229,288	\$ 228,919
Buildings and improvements, net of accumulated depreciation of \$160,820 and \$150,395, respectively	1,328,602	1,332,298
Deferred leasing intangibles, net of accumulated amortization of \$209,898 and \$200,758, respectively	263,867	276,272
Total rental property, net	1,821,757	1,837,489
Cash and cash equivalents	15,469	12,011
Restricted cash	8,403	8,395
Tenant accounts receivable, net	22,425	21,478
Prepaid expenses and other assets	26,896	23,888
Interest rate swaps	—	1,867
Assets held for sale, net	2,996	—
Total assets	\$ 1,897,946	\$ 1,905,128
Liabilities and Equity		
Liabilities:		
Unsecured credit facility	\$ 6,000	\$ 56,000
Unsecured term loans	299,779	299,769
Unsecured notes	399,384	399,366
Mortgage notes	214,727	230,937
Accounts payable, accrued expenses and other liabilities	28,139	25,662
Interest rate swaps	13,732	3,766
Tenant prepaid rent and security deposits	13,318	14,628
Dividends and distributions payable	8,527	8,234
Deferred leasing intangibles, net of accumulated amortization of \$8,514 and \$8,536, respectively	10,830	11,387
Total liabilities	994,436	1,049,749
Commitments and contingencies (Note 10)		
Equity:		
Preferred stock, par value \$0.01 per share, 15,000,000 shares authorized,		
Series A, 2,760,000 shares (liquidation preference of \$25.00 per share) issued and outstanding at March 31, 2016 and December 31, 2015	69,000	69,000
Series B, 2,800,000 shares (liquidation preference of \$25.00 per share) issued and outstanding at March 31, 2016 and December 31, 2015	70,000	70,000
Series C, 3,000,000 shares (liquidation preference of \$25.00 per share) issued and outstanding at March 31, 2016 and no shares issued and outstanding at December 31, 2015	75,000	—
Common stock, par value \$0.01 per share, 150,000,000 shares authorized, 68,182,802 and 68,077,333 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	682	681
Additional paid-in capital	1,016,764	1,017,394
Common stock dividends in excess of earnings	(349,881)	(334,623)
Accumulated other comprehensive loss	(13,567)	(2,350)
Total stockholders' equity	867,998	820,102
Noncontrolling interest	35,512	35,277
Total equity	903,510	855,379
Total liabilities and equity	\$ 1,897,946	\$ 1,905,128

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

STAG Industrial, Inc.
Consolidated Statements of Operations
(unaudited, in thousands, except share data)

	Three months ended March 31,	
	2016	2015
Revenue		
Rental income	\$ 51,349	\$ 43,249
Tenant recoveries	9,442	7,587
Other income	81	153
Total revenue	60,872	50,989
Expenses		
Property	12,655	10,246
General and administrative	11,019	7,530
Property acquisition costs	552	318
Depreciation and amortization	30,280	26,129
Other expenses	260	186
Total expenses	54,766	44,409
Other income (expense)		
Interest income	3	3
Interest expense	(10,847)	(8,010)
Loss on extinguishment of debt	(1,134)	—
Gain on the sales of rental property	17,673	—
Total other income (expense)	5,695	(8,007)
Net income (loss) from continuing operations	\$ 11,801	\$ (1,427)
Net income (loss)	\$ 11,801	\$ (1,427)
Less: income (loss) attributable to noncontrolling interest after preferred stock dividends	455	(198)
Net income (loss) attributable to STAG Industrial, Inc.	\$ 11,346	\$ (1,229)
Less: preferred stock dividends	2,912	2,712
Less: amount allocated to participating securities	100	101
Net income (loss) attributable to common stockholders	\$ 8,334	\$ (4,042)
Weighted average common shares outstanding — basic	67,889,217	64,286,213
Weighted average common shares outstanding — diluted	67,964,559	64,286,213
Income (loss) per share — basic and diluted		
Income (loss) from continuing operations attributable to common stockholders - basic	\$ 0.12	\$ (0.06)
Income (loss) from continuing operations attributable to common stockholders - diluted	\$ 0.12	\$ (0.06)

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

STAG Industrial, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(unaudited, in thousands)

	Three months ended March 31,	
	2016	2015
Net income (loss)	\$ 11,801	\$ (1,427)
Other comprehensive loss:		
Loss on interest rate swaps	(11,823)	(4,005)
Other comprehensive loss	(11,823)	(4,005)
Comprehensive loss	(22)	(5,432)
Net (income) loss attributable to noncontrolling interest after preferred stock dividends	(455)	198
Other comprehensive loss attributable to noncontrolling interest	606	192
Comprehensive income (loss) attributable to STAG Industrial, Inc.	\$ 129	\$ (5,042)

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

STAG Industrial, Inc.
Consolidated Statements of Equity
(unaudited, in thousands, except share data)

	Preferred Stock	Common Stock		Additional Paid-in Capital	Common Stock Dividends in excess of Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest - Unit holders in Operating Partnership	Total Equity
		Shares	Amount						
Three Months Ended March 31, 2016									
Balance, December 31, 2015	\$ 139,000	68,077,333	\$ 681	\$1,017,394	\$(334,623)	\$ (2,350)	\$ 820,102	\$ 35,277	\$ 855,379
Proceeds from sale of series C preferred stock	75,000	—	—	—	—	—	75,000	—	75,000
Offering costs	—	—	—	(2,590)	—	—	(2,590)	—	(2,590)
Issuance of restricted stock, net	—	100,737	1	(1)	—	—	—	—	—
Issuance of common stock	—	4,732	—	—	—	—	—	—	—
Dividends and distributions, net	(2,912)	—	—	—	(23,692)	—	(26,604)	(1,284)	(27,888)
Non-cash compensation	—	—	—	841	—	—	841	2,790	3,631
Rebalancing of noncontrolling interest	—	—	—	1,120	—	—	1,120	(1,120)	—
Other comprehensive loss	—	—	—	—	—	(11,217)	(11,217)	(606)	(11,823)
Net income	2,912	—	—	—	8,434	—	11,346	455	11,801
Balance, March 31, 2016	\$ 214,000	68,182,802	\$ 682	\$1,016,764	\$(349,881)	\$ (13,567)	\$ 867,998	\$ 35,512	\$ 903,510
Three Months Ended March 31, 2015									
Balance, December 31, 2014	\$ 139,000	64,434,852	\$ 644	\$ 928,242	\$(203,241)	\$ (489)	\$ 864,156	\$ 27,368	\$ 891,524
Proceeds from sale of common stock	—	417,115	4	10,129	—	—	10,133	—	10,133
Offering costs	—	—	—	(202)	—	—	(202)	—	(202)
Issuance of restricted stock, net	—	92,119	1	(1)	—	—	—	—	—
Issuance of common stock	—	3,298	—	—	—	—	—	—	—
Dividends and distributions, net	(2,712)	—	—	—	(21,824)	—	(24,536)	(1,120)	(25,656)
Non-cash compensation	—	—	—	710	—	—	710	1,137	1,847
Redemption of common units for cash	—	—	—	—	—	—	—	(64)	(64)
Issuance of units	—	—	—	—	—	—	—	21,902	21,902
Rebalancing of noncontrolling interest	—	—	—	10,589	—	—	10,589	(10,589)	—
Other comprehensive loss	—	—	—	—	—	(3,813)	(3,813)	(192)	(4,005)
Net loss	2,712	—	—	—	(3,941)	—	(1,229)	(198)	(1,427)
Balance, March 31, 2015	\$ 139,000	64,947,384	\$ 649	\$ 949,467	\$(229,006)	\$ (4,302)	\$ 855,808	\$ 38,244	\$ 894,052

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

STAG Industrial, Inc .
Consolidated Statements of Cash Flows
(unaudited, in thousands)

	Three months ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net income (loss)	\$ 11,801	\$ (1,427)
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	30,280	26,129
Non-cash portion of interest expense	379	299
Intangible amortization in rental income, net	1,666	2,065
Straight-line rent adjustments, net	(424)	(1,293)
Dividends on forfeited equity compensation	2	—
Loss on extinguishment of debt	4	—
Gain on sales of rental property	(17,673)	—
Non-cash compensation expense	3,605	1,847
Change in assets and liabilities:		
Tenant accounts receivable, net	(461)	(468)
Restricted cash	(46)	(162)
Prepaid expenses and other assets	(4,280)	(3,096)
Accounts payable, accrued expenses and other liabilities	519	(2,242)
Tenant prepaid rent and security deposits	(1,285)	164
Total adjustments	12,286	23,243
Net cash provided by operating activities	24,087	21,816
Cash flows from investing activities:		
Acquisitions of land and buildings and improvements	(21,256)	(48,621)
Additions of land and building and improvements	(3,668)	(2,644)
Proceeds from sales of rental property, net	31,890	—
Restricted cash	38	(165)
Acquisition deposits, net	167	(480)
Acquisitions of deferred leasing intangibles	(6,571)	(14,795)
Net cash provided by (used in) investing activities	600	(66,705)
Cash flows from financing activities:		
Proceeds from sale of series C preferred stock	75,000	—
Redemption of common units for cash	—	(64)
Proceeds from unsecured credit facility	54,000	62,000
Repayment of unsecured credit facility	(104,000)	(120,000)
Proceeds from unsecured notes	—	120,000
Repayment of mortgage notes	(16,128)	(12,942)
Payment of loan fees and costs	(57)	(930)
Dividends and distributions	(27,597)	(25,314)
Proceeds from sales of common stock	—	10,133
Offering costs	(2,447)	(184)
Net cash provided by (used in) financing activities	(21,229)	32,699
Increase (decrease) in cash and cash equivalents	3,458	(12,190)
Cash and cash equivalents—beginning of period	12,011	23,878
Cash and cash equivalents—end of period	\$ 15,469	\$ 11,688
Supplemental disclosure:		
Cash paid for interest, net of capitalized interest	\$ 8,721	\$ 6,990
Supplemental schedule of non-cash investing and financing activities		
Issuance of units for acquisitions of land and building and improvements and deferred leasing intangibles	\$ —	\$ 21,902
Acquisitions of land and buildings and improvements	\$ (39)	\$ (25,936)
Acquisitions of deferred leasing intangibles	\$ (16)	\$ (7,731)
Change in additions of land and building and improvements included in accounts payable, accrued expenses, and other liabilities	\$ (1,761)	\$ 1,747

Additions to building and improvements from non-cash compensation expense	\$ (9)	\$ —
Assumption of mortgage note	\$ —	\$ 11,765
Change in loan fees and costs and offering costs included in accounts payable, accrued expenses, and other liabilities	\$ (80)	\$ (22)
Dividends and distributions declared but not paid	\$ 8,527	\$ 7,696

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

STAG Industrial, Inc.
Notes to Consolidated Financial Statements
(unaudited)

1. Organization and Description of Business

STAG Industrial, Inc. (the “Company”) is an industrial real estate operating company focused on the acquisition and operation of single-tenant, industrial properties throughout the United States. The Company was formed as a Maryland corporation and has elected to be treated and intends to continue to qualify as a real estate investment trust (“REIT”) under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”). The Company is structured as an umbrella partnership REIT, commonly called an UPREIT, and owns substantially all of its assets and conducts substantially all of its business through its operating partnership, STAG Industrial Operating Partnership, L.P., a Delaware limited partnership (the “Operating Partnership”). As of March 31, 2016 and December 31, 2015, the Company owned a 94.8% and 95.1%, respectively, common equity interest in the Operating Partnership. The Company, through its wholly owned subsidiary, is the sole general partner of the Operating Partnership. As used herein, the “Company” refers to STAG Industrial, Inc. and its consolidated subsidiaries and partnerships, including the Operating Partnership, except where context otherwise requires.

As of March 31, 2016, the Company owned 292 buildings in 38 states with approximately 54.3 million rentable square feet, consisting of 224 warehouse/distribution buildings, 47 light manufacturing buildings and 21 flex/office buildings. The Company’s buildings were approximately 94.8% leased to 260 tenants as of March 31, 2016.

2. Summary of Significant Accounting Policies

Interim Financial Information

The accompanying interim financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and with the instructions to Form 10-Q and Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, the accompanying interim financial statements include all adjustments, consisting of normal recurring items, necessary for their fair presentation in conformity with GAAP. Interim results are not necessarily indicative of results for a full year. The year-end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company’s consolidated financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Basis of Presentation

The Company’s consolidated financial statements include the accounts of the Company, the Operating Partnership and their subsidiaries. Interests in the Operating Partnership not owned by the Company are referred to as “Noncontrolling Common Units.” These Noncontrolling Common Units are held by other limited partners in the form of common units (“Other Common Units”) and long term incentive plan units (“LTIP units”) issued pursuant to the STAG Industrial, Inc. 2011 Equity Incentive Plan, as amended (the “2011 Plan”). All significant intercompany balances and transactions have been eliminated in the consolidation of entities. The financial statements of the Company are presented on a consolidated basis for all periods presented.

Reclassifications and New Accounting Pronouncements

Certain prior year amounts have been reclassified to conform to the current year presentation.

In March of 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-09, *Stock Compensation (Topic 718)*, which addresses certain aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, forfeitures, and classification on the statement of cash flow. This standard is effective for fiscal years beginning after December 15, 2016, and interim periods within those years, with early adoption permitted. The Company has elected to early adopt this standard effective January 1, 2016. As a result, the Company’s policy is to recognize forfeitures in the period which they occur, whereas the former guidance required the Company to estimate expected forfeitures. The adoption of this standard did not have a material effect on the consolidated financial statements.

In February of 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required

to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU 2016-02 is expected to impact the Company's consolidated financial statements as the Company has certain operating and land lease arrangements for which it is the lessee. Topic 842 supersedes the previous leases standard, Topic 840, *Leases*. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. The Company is currently in the process of evaluating the impact the adoption of ASU 2016-02 will have on the Company's financial position or results of operations.

In April of 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs (Subtopic 835-30)*. ASU 2015-03 requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. In August of 2015, the FASB issued ASU 2015-15, *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements (Subtopic 835-30)*, which clarified that debt issuance costs related to line-of-credit arrangements may be presented as an asset and amortized over the term of the line-of-credit arrangement regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company adopted this standard effective January 1, 2016. As a result, debt issuance costs related to the debt liabilities that are not line-of-credit arrangements are included as a direct deduction from the related debt liability and those related to line-of-credit arrangements continue to be included as an asset within prepaid expenses and other assets on the accompanying Consolidated Balance Sheets. The effects of this standard were applied retrospectively to all prior periods presented. The effect of the change in accounting principle was the reduction of unsecured term loans by approximately \$0.2 million, unsecured notes by approximately \$0.6 million, and mortgage notes by approximately \$0.2 million and a corresponding reduction of prepaid expenses and other assets by approximately \$1.1 million as of December 31, 2015.

In February of 2015, the FASB issued ASU 2015-02, *Amendments to Consolidation Analysis (Topic 810)*, which amends the current consolidation model. On January 1, 2016, the Company adopted this standard, modifying the analysis it must perform to determine whether it should consolidate certain types of legal entities. The guidance does not amend the existing disclosure requirements for variable interest entities or voting interest model entities. The guidance, however, modified the requirements to qualify under the voting interest model. Under the revised guidance, the Operating Partnership will be a variable interest entity of the Company. As the Operating Partnership is already consolidated in the financial statements of the Company, the identification of this entity as a variable interest entity had no impact on the consolidated financial statements of the Company. There were no other legal entities qualifying under the scope of the revised guidance that were consolidated as a result of the adoption. In addition, there were no voting interest entities under prior existing guidance determined to be variable interest entities under the revised guidance.

In January of 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)*. The amendments in ASU 2016-01 address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The standard primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. ASU 2016-01 is effective for the annual periods beginning after December 31, 2017 and for annual periods and interim periods within those years. Early adoption is permitted for all financial statements of fiscal years and interim periods that have not yet been issued. The adoption of ASU 2016-01 is not expected to materially impact the Company's consolidated financial statements.

In August of 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 requires management to evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern, and to provide certain disclosures when it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. ASU 2014-15 is effective for the annual period ending December 31, 2016 and for annual periods and interim periods thereafter with early adoption permitted. The adoption of ASU 2014-15 is not expected to materially impact the Company's consolidated financial statements.

In May of 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 is a comprehensive new revenue recognition model requiring a company to recognize revenue to depict the transfer of goods or services to a customer at an amount reflecting the consideration it expects to receive in exchange for those goods or services. Revenue from a lease contract with a tenant is not within the scope of this revenue standard. In adopting ASU 2014-09, companies may use either a full retrospective or a modified retrospective approach. Additionally, this guidance requires improved disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for the first interim period within annual reporting periods beginning after December 15, 2017. Early adoption is permitted for the first interim period within annual reporting periods beginning after December 15, 2016. The Company is currently in the process of evaluating the impact the adoption of ASU 2014-09 will have on the Company's financial position or results of operations.

Rental Property

The Company capitalizes costs directly and indirectly related to the development, pre-development, redevelopment or improvement of rental property. Real estate taxes, compensation costs of development personnel, insurance, interest, and other directly related costs during construction periods are capitalized as incurred and depreciated commencing with the date the property is substantially completed. Such costs begin to be capitalized to the development projects from the point the Company is undergoing the necessary activities to get the development ready for its intended use and cease when the development projects are substantially completed and held available for occupancy. Interest is capitalized based on actual capital expenditures from the period when development or redevelopment commences until the asset is ready for its intended use, at the weighted average borrowing rate of the Company's unsecured indebtedness during the period.

Tenant Accounts Receivable, net

Tenant accounts receivable, net on the accompanying Consolidated Balance Sheets includes both tenant accounts receivable, net and accrued rental income, net. The Company provides an allowance for doubtful accounts against the portion of tenant accounts receivable that is estimated to be uncollectible. As of March 31, 2016 and December 31, 2015, the Company had an allowance for doubtful accounts of approximately \$0.1 million and \$0.1 million, respectively.

The Company accrues rental income earned, but not yet receivable, in accordance with GAAP. As of March 31, 2016 and December 31, 2015, the Company had accrued rental income of approximately \$16.6 million and \$16.1 million, respectively. The Company maintains an allowance for estimated losses that may result from those revenues. As of March 31, 2016 and December 31, 2015, the Company had an allowance on accrued rental income of \$0 and \$0, respectively.

As of March 31, 2016 and December 31, 2015, the Company had approximately \$6.1 million and \$6.1 million, respectively, of total lease security deposits available in the form of existing letters of credit, which are not reflected on the accompanying Consolidated Balance Sheets. As of March 31, 2016 and December 31, 2015, the Company had approximately \$4.2 million and \$4.1 million, respectively, of lease security deposits available in cash, which are included in cash and cash equivalents on the accompanying Consolidated Balance Sheets, and approximately \$0.4 million and \$0.4 million, respectively, of lease security deposits available in cash, which are included in restricted cash on the accompanying Consolidated Balance Sheets. These funds may be used to settle tenant accounts receivables in the event of a default under the related lease. As of March 31, 2016 and December 31, 2015, the Company's total liability associated with these lease security deposits was approximately \$4.6 million and \$4.5 million, respectively, and is included in tenant prepaid rent and security deposits on the accompanying Consolidated Balance Sheets.

Related Parties

As of March 31, 2016 and December 31, 2015, the Company had approximately \$0.1 million and \$0.1 million, respectively, of amounts due from related parties, which are included in prepaid expenses and other assets on the accompanying Consolidated Balance Sheets.

Revenue Recognition

Tenant Recoveries

By the terms of their leases, certain tenants are obligated to pay directly the costs of their properties' insurance, real estate taxes, ground lease payments, and certain other expenses, and these costs are not reflected on the Company's consolidated financial statements. The Company does not recognize recovery revenue related to leases where the tenant has assumed the cost for real estate taxes, insurance, ground lease payments and certain other expenses. To the extent any tenant responsible for these costs under its respective lease defaults on its lease or it is deemed probable that the tenant will fail to pay for such costs, the Company will record a liability for such obligation. The Company estimates that real estate taxes, which are the responsibility of these certain tenants, were approximately \$2.6 million and \$2.5 million for the three months ended March 31, 2016 and March 31, 2015, respectively. These amounts would have been the maximum expense of the Company had the tenants not met their contractual obligations for these periods.

Termination Income

On October 20, 2015, the tenant at the Dayton, OH property exercised its early lease termination option per the terms of the lease agreement. The option provided that the tenant's lease terminate effective October 31, 2016 and required the tenant to pay a termination fee of approximately \$0.2 million. The termination fee is being recognized on a straight-line basis from October 20,

2015 through the relinquishment of the space on October 31, 2016 and approximately \$54,000 is included in rental income on the accompanying Consolidated Statements of Operations for the three months ended March 31, 2016 .

Taxes

Federal Income Taxes

The Company elected to be taxed as a REIT under the Code commencing with its taxable year ended December 31, 2011 and intends to continue to qualify as a REIT. The Company is generally not subject to corporate level income tax on the earnings distributed currently to its stockholders that it derives from its REIT qualifying activities. As a REIT, the Company is required to distribute at least 90% of its REIT taxable income to its stockholders and meet the various other requirements imposed by the Code relating to such matters as operating results, asset holdings, distribution levels and diversity of stock ownership.

The Company will not be required to make distributions with respect to income derived from the activities conducted through subsidiaries that the Company elects to treat as taxable REIT subsidiaries (“TRS”) for federal income tax purposes, nor will it have to comply with income, assets, or ownership restrictions inside of the TRS. Certain activities that the Company undertakes must or should be conducted by a TRS, such as performing non-customary services for its tenants and holding assets that it cannot hold directly. A TRS is subject to federal and state income taxes. The Company's TRS recognized a net loss of \$11,000 and \$0 , during the three months ended March 31, 2016 and March 31, 2015 , respectively, which has been included on the accompanying Consolidated Statements of Operations.

State and Local Income, Excise, and Franchise Tax

The Company and certain of its subsidiaries are subject to certain state and local income, excise and franchise taxes. Taxes in the amount of \$0.2 million and \$0.2 million have been recorded in other expenses on the accompanying Consolidated Statements of Operations for the three months ended March 31, 2016 and March 31, 2015 , respectively.

Uncertain Tax Positions

Tax benefits of uncertain tax positions are recognized only if it is more likely than not that the tax position will be sustained based solely on its technical merits, with the taxing authority having full knowledge of all relevant information. The measurement of a tax benefit for an uncertain tax position that meets the “more likely than not” threshold is based on a cumulative probability model under which the largest amount of tax benefit recognized is the amount with a greater than 50% likelihood of being realized upon ultimate settlement with the taxing authority having full knowledge of all the relevant information. As of March 31, 2016 and December 31, 2015 , there were no liabilities for uncertain tax positions.

Concentrations of Credit Risk

Concentrations of credit risk relevant to the Company may arise when a number of financing arrangements, including revolving credit facilities or derivatives, are entered into with the same lenders or counterparties, and have similar economic features that would cause their inability to meet contractual obligations. The Company mitigates the concentration of credit risk as it relates to financing arrangements by entering into loan syndications with multiple, reputable financial institutions and diversifying its debt counterparties. The Company also reduces exposure by diversifying its derivatives across multiple counterparties who meet established credit and capital guidelines.

Concentration of credit risk may also arise when the Company enters into leases with multiple tenants concentrated in the same industry, or into a significant lease or multiple leases with a single tenant, or tenants are located in the same geographic region, or have similar economic features that would cause their inability to meet contractual obligations, including those to the Company, to be similarly affected. The Company regularly monitors its tenant base to assess potential concentrations of credit risk through financial statement review, tenant management calls, and press releases. Management believes the current credit risk portfolio is reasonably well diversified and does not contain any unusual concentration of credit risk.

3. Real Estate

The following table summarizes the components of rental property as of March 31, 2016 and December 31, 2015 .

Rental property (in thousands)	March 31, 2016	December 31, 2015
Land	\$ 229,288	\$ 228,919
Buildings, net of accumulated depreciation of \$110,783 and \$104,297, respectively	1,227,133	1,232,360
Tenant improvements, net of accumulated depreciation of \$27,262 and \$26,283, respectively	21,902	23,586
Building and land improvements, net of accumulated depreciation of \$22,775 and \$19,815, respectively	74,635	74,694
Construction in progress	4,932	1,658
Deferred leasing intangibles, net of accumulated amortization of \$209,898 and \$200,758, respectively	263,867	276,272
Total rental property, net	\$ 1,821,757	\$ 1,837,489

Acquisitions

The following tables summarize the acquisitions of the Company during the three months ended March 31, 2016 .

Location of property	Square Feet	Buildings	Purchase Price (in thousands)
Biddeford, ME	265,126	2	\$ 12,452
Fairfield, OH	206,448	1	5,330
Mascot, TN	130,560	1	4,500
Erlanger, KY	108,620	1	5,600
Three months ended March 31, 2016	710,754	5	\$ 27,882

The following table summarizes the allocation of the consideration paid at the date of acquisition during the three months ended March 31, 2016 for the acquired assets and liabilities in connection with the acquisitions identified in the table above.

Acquired assets and liabilities	Purchase price (in thousands)	Weighted average amortization period (years) of intangibles at acquisition
Land	\$ 3,236	N/A
Buildings	15,879	N/A
Tenant improvements	138	N/A
Building and land improvements	2,042	N/A
Deferred leasing intangibles - In-place leases	3,990	4.5
Deferred leasing intangibles - Tenant relationships	2,541	7.4
Deferred leasing intangibles - Above market leases	245	3.9
Deferred leasing intangibles - Below market leases	(189)	5.2
Total purchase price	\$ 27,882	

The table below sets forth the results of operations for the properties acquired during the three months ended March 31, 2016 , included in the Company's Consolidated Statements of Operations from the date of acquisition.

Results of operations (in thousands)	Three months ended March 31, 2016
Revenue	\$ 127
Property acquisition costs	\$ 521
Net income	\$ 576

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The following tables set forth pro forma information for the three months ended March 31, 2016 and March 31, 2015, respectively. The below pro forma information does not purport to represent what the actual results of operations of the Company would have been had the acquisitions outlined above occurred on the first day of the applicable reporting period, nor do they purport to predict the results of operations of future periods. The pro forma information has not been adjusted for property sales.

Pro Forma (in thousands) ⁽¹⁾	Three months ended March 31, 2016	
Total revenue	\$	61,309
Net income	\$	12,954 ⁽²⁾
Net income attributable to common stockholders	\$	9,428

Pro Forma (in thousands) ⁽³⁾	Three months ended March 31, 2015	
Total revenue	\$	53,112
Net loss	\$	2,300 ⁽²⁾
Net loss attributable to common stockholders	\$	4,873

(1) The unaudited pro forma information for the three months ended March 31, 2016 is presented as if the properties acquired during the three months ended March 31, 2016 had occurred at January 1, 2015, the beginning of the reporting period prior to acquisition.

(2) The net income for the three months ended March 31, 2016 excludes approximately \$0.5 million of property acquisition costs related to the acquisition of buildings that closed during the three months ended March 31, 2016, and the net loss for the three months ended March 31, 2015 was adjusted to include these acquisition costs. Net loss for the three months ended March 31, 2015 excludes approximately \$0.2 million of property acquisition costs related to the acquisition of buildings that closed during the three months ended March 31, 2015.

(3) The unaudited pro forma information for the three months ended March 31, 2015 is presented as if the properties acquired during the three months ended March 31, 2016 and the properties acquired during the three months ended March 31, 2015 had occurred at January 1, 2015 and January 1, 2014, respectively, the beginning of the reporting period prior to acquisition.

Dispositions

The following table summarizes the dispositions of the Company during the three months ended March 31, 2016 (in thousands, except for square feet and building count). All of the dispositions were accounted for under the full accrual method.

Location of property	Square Feet	Buildings	Carrying Value	Sales Price	Net Proceeds	Gain on Sale
Wichita, KS ⁽¹⁾	44,760	1				
Gresham, OR ⁽²⁾	420,690	1				
Canton, OH ⁽³⁾	398,000	1				
Orangeburg, SC ⁽⁴⁾	319,000	1				
Three months ended March 31, 2016	1,182,450	4	\$ 14,217	\$ 32,800	\$ 31,890	\$ 17,673

- (1) The building contributed approximately \$0 and \$0 to total revenue and approximately \$34,000 (exclusive of the gain on sale of rental property and loss on extinguishment of debt) and \$26,000 of net loss to the net income (loss) of the Company during the three months ended March 31, 2016 and March 31, 2015, respectively.
- (2) The building contributed approximately \$0.3 million and \$0.4 million to total revenue and approximately (\$8,000) (exclusive of the gain on sale of rental property and loss on extinguishment of debt) and \$39,000 to net income (loss) of the Company during the three months ended March 31, 2016 and March 31, 2015, respectively.
- (3) The building contributed approximately \$0.3 million and \$0.5 million to total revenue and approximately \$0.1 million (exclusive of the gain on the sale of rental property) and (\$17,000) to net income (loss) of the Company during the three months ended March 31, 2016 and March 31, 2015, respectively.
- (4) The building contributed approximately \$0.2 million and \$0.3 million to total revenue and approximately \$0.2 million (exclusive of the gain on sale of rental property) and \$0.1 million to net income (loss) of the Company during the three months ended March 31, 2016 and March 31, 2015, respectively.

As of March 31, 2016, the related land, building and improvements, net, and deferred leasing intangibles, net, for two properties located in Kansas City, KS and Parsons, KS were classified as assets held for sale on the accompanying Consolidated Balance Sheets. In April 2016, the Company completed the sale of these properties.

Deferred Leasing Intangibles

The following table summarizes the deferred leasing intangibles on the accompanying Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015.

Deferred Leasing Intangibles (in thousands)	March 31, 2016			December 31, 2015		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Above market leases	\$ 68,850	\$ (32,879)	\$ 35,971	\$ 69,815	\$ (31,554)	\$ 38,261
Other intangible lease assets	404,915	(177,019)	227,896	407,215	(169,204)	238,011
Total deferred leasing intangible assets	\$ 473,765	\$ (209,898)	\$ 263,867	\$ 477,030	\$ (200,758)	\$ 276,272
Below market leases	\$ 19,344	\$ (8,514)	\$ 10,830	\$ 19,923	\$ (8,536)	\$ 11,387
Total deferred leasing intangible liabilities	\$ 19,344	\$ (8,514)	\$ 10,830	\$ 19,923	\$ (8,536)	\$ 11,387

The following table sets forth the amortization expense and the net decrease to rental revenue for the amortization of deferred leasing intangibles during the three months ended March 31, 2016 and March 31, 2015.

Deferred Leasing Intangibles Amortization (in thousands)	Three months ended March 31,	
	2016	2015
Net decrease to rental revenue related to above and below market lease amortization	\$ 1,666	\$ 2,064
Amortization expense related to other intangible lease assets	\$ 15,913	\$ 14,275

The following table sets forth the amortization of deferred leasing intangibles over the next five years as of March 31, 2016.

Year	Amortization Expense Related to Other Intangible Lease Assets (in thousands)	Net Decrease to Rental Revenue Related to Above and Below Market Lease Amortization (in thousands)
Remainder of 2016	\$ 44,659	\$ 4,695
2017	\$ 50,687	\$ 4,796
2018	\$ 40,003	\$ 3,557
2019	\$ 29,529	\$ 3,242
2020	\$ 22,463	\$ 3,078

4. Debt

The following table sets forth a summary of the Company's outstanding indebtedness, including borrowings under the Company's unsecured credit facility, unsecured term loans, unsecured notes and mortgage notes as of March 31, 2016 and December 31, 2015 .

Loan	Principal outstanding as of March 31, 2016 (in thousands)	Principal outstanding as of December 31, 2015 (in thousands)	Interest Rate ⁽¹⁾	Current Maturity	Prepayment Terms ⁽²⁾
Unsecured credit facility:					
Unsecured Credit Facility ⁽³⁾	\$ 6,000	\$ 56,000	L + 1.20%	Dec-18-2019	i
Total unsecured credit facility	6,000	56,000			
Unsecured term loans:					
Unsecured Term Loan C ⁽⁴⁾	—	—	L + 1.35%	Sep-29-2020	i
Unsecured Term Loan B	150,000	150,000	L + 1.75%	Mar-21-2021	ii
Unsecured Term Loan A	150,000	150,000	L + 1.80%	Mar-31-2022	ii
Total unsecured term loans	300,000	300,000			
Less: Total unamortized debt issuance costs	221	231			
Total carrying value unsecured term loans	299,779	299,769			
Unsecured notes:					
Series F Unsecured Notes	100,000	100,000	3.98%	Jan-05-2023	ii
Series A Unsecured Notes	50,000	50,000	4.98%	Oct-1-2024	ii
Series D Unsecured Notes	100,000	100,000	4.32%	Feb-20-2025	ii
Series B Unsecured Notes	50,000	50,000	4.98%	Jul-1-2026	ii
Series C Unsecured Notes	80,000	80,000	4.42%	Dec-30-2026	ii
Series E Unsecured Notes	20,000	20,000	4.42%	Feb-20-2027	ii
Total unsecured notes	400,000	400,000			
Less: Total unamortized debt issuance costs	616	634			
Total carrying value unsecured notes	399,384	399,366			
Mortgage notes (secured debt):					
Sun Life Assurance Company of Canada (U.S.)	—	3,229	6.05%	Jun-1-2016	iii
Webster Bank, National Association	5,471	5,513	4.22%	Aug-4-2016	iii
National Life Insurance Company	4,732	4,775	5.75%	Aug-10-2016	iii
Union Fidelity Life Insurance Co.	5,663	5,754	5.81%	Apr-30-2017	iv
Principal Life Insurance Company	5,632	5,676	5.73%	May-05-2017	iii
Webster Bank, National Association	2,923	2,945	3.66%	May-29-2017	iii
Webster Bank, National Association	3,148	3,172	3.64%	May-31-2017	iii
Wells Fargo, National Association	4,097	4,115	5.90%	Aug-1-2017	v
Connecticut General Life Insurance Company-1 Facility	56,942	57,171	6.50%	Feb-1-2018	vi
Connecticut General Life Insurance Company-2 Facility	47,345	58,085	5.75%	Feb-1-2018	vi
Connecticut General Life Insurance Company-3 Facility	16,338	16,401	5.88%	Feb-1-2018	vi
Wells Fargo Bank, National Association CMBS Loan	62,315	63,897	4.31%	Dec-1-2022	vii
Total mortgage notes	214,606	230,733			
Add: Total unamortized fair market value premiums	325	447			
Less: Total unamortized debt issuance costs	204	243			
Total carrying value mortgage notes	214,727	230,937			
Total / weighted average interest rate ⁽⁵⁾	\$ 919,890	\$ 986,072	4.24%		

- (1) Current interest rate as of March 31, 2016 . At March 31, 2016 , the one-month LIBOR ("L") was 0.43725% . The current interest rate is not adjusted to include the amortization of deferred financing fees or debt issuance costs incurred in obtaining debt or the unamortized fair market value premiums. The spread over the applicable rate for the Company's unsecured credit facility and unsecured term loans is based on the Company's consolidated leverage ratio, as defined in the respective loan agreements.
- (2) Prepayment terms consist of (i) pre-payable with no penalty; (ii) pre-payable with penalty; (iii) pre-payable without penalty three months prior to the maturity date; (iv) pre-payable without penalty two months prior to the maturity date; (v) pre-payable without penalty three months prior to the maturity date, however can be defeased; (vi) pre-payable without penalty six months prior to the maturity date; and (vii) pre-payable without penalty three months prior to the maturity date, however can be defeased beginning January 1, 2016.
- (3) The capacity of the unsecured credit facility is \$450.0 million .
- (4) Capacity of \$150.0 million , in which the Company has until September 29, 2016 to draw the full amount.
- (5) The weighted average interest rate was calculated using the fixed interest rate swapped on the current notional amount of \$300.0 million of debt, and is not adjusted to include the amortization of deferred financing fees or debt issuance costs incurred in obtaining debt or the unamortized fair market value premiums.

The aggregate undrawn nominal commitments on the combined unsecured credit facility and unsecured term loans as of March 31, 2016 was approximately \$594.0 million . The Company's actual borrowing capacity at any given point in time may be less and is

restricted to a maximum amount based on the Company's unencumbered assets. Total accrued interest for the Company's indebtedness was \$5.5 million and \$3.8 million as of March 31, 2016 and December 31, 2015, respectively, and is included in accounts payable, accrued expenses and other liabilities on the accompanying Consolidated Balance Sheets.

Deferred financing fees, net of accumulated amortization included in prepaid expenses and other assets on the accompanying Consolidated Balance Sheets were approximately \$8.4 million and \$8.9 million as of March 31, 2016 and December 31, 2015, respectively. Debt issuance costs, net of accumulated amortization included as a direct deduction from the related debt liability on the accompanying Consolidated Balance Sheets were approximately \$1.0 million and \$1.1 million as of March 31, 2016 and December 31, 2015, respectively. For the three months ended March 31, 2016 and March 31, 2015, amortization of deferred financing fees and debt issuance costs included in interest expense was approximately \$0.5 million and \$0.3 million, respectively.

On March 17, 2016, the mortgage note held with Connecticut General Life Insurance Company (Facility 2) was partially paid in the amount of approximately \$10.5 million in connection with the sale of the Gresham, OR property which had served as partial collateral for the mortgage note. The prepayment fees and associated unamortized deferred financing fees and debt issuance costs of approximately \$0.9 million were written off to loss on extinguishment of debt in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2016.

On March 3, 2016, the mortgage note held with Wells Fargo, National Association (CMBS loan) was partially defeased in the amount of approximately \$1.2 million in connection with the sale of the Wichita, KS property which had served as partial collateral for the mortgage note. The associated defeasance fees and unamortized deferred financing fees and debt issuance costs of approximately \$0.2 million were written off to loss on extinguishment of debt in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2016.

On March 1, 2016 the mortgage note held with Sun Life Assurance Company of Canada (U.S.), in which the property located in Gahanna, OH served as collateral for the mortgage note, was paid in full. The associated unamortized deferred financing fees, debt issuance costs, and fair value market premium were written off as a net gain of approximately \$17,000 and is included in loss on extinguishment of debt in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2016.

Financial Covenant Considerations

The Company's ability to borrow under the unsecured credit facility and the unsecured term loans are subject to its ongoing compliance with a number of financial and other covenants. The Company's unsecured notes and mortgage notes also contain covenants. The Company was in compliance with all such applicable restrictions and financial covenants as of March 31, 2016 and December 31, 2015. In the event of a default under the unsecured credit facility or the unsecured term loans, the Company's dividend distributions are limited to the minimum amount necessary for the Company to maintain its status as a REIT.

Fair Value of Debt

The fair value of the Company's debt was determined by discounting the future cash flows using the current rates at which loans would be made to borrowers with similar credit ratings for loans with similar remaining maturities, similar terms, and similar loan-to-value ratios. The discount rates ranged from approximately 1.74% to 4.19% and 1.58% to 4.82% at March 31, 2016 and December 31, 2015, respectively, and were applied to each individual debt instrument. The applicable fair value guidance establishes a three tier value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The fair value of the Company's debt is based on Level 3 inputs. The following table presents the aggregate principal outstanding of the Company's debt and the corresponding estimate of fair value as of March 31, 2016 and December 31, 2015 (in thousands).

	March 31, 2016		December 31, 2015	
	Principal Outstanding	Fair Value	Principal Outstanding	Fair Value
Unsecured credit facility	\$ 6,000	\$ 5,978	\$ 56,000	\$ 56,000
Unsecured term loans	300,000	304,923	300,000	303,457
Unsecured notes	400,000	409,980	400,000	392,054
Mortgage notes	214,606	220,597	230,733	237,327
Total principal amount	920,606	\$ 941,478	986,733	\$ 988,838
Add: Total unamortized fair market value premiums	325		447	
Less: Total unamortized debt issuance costs	1,041		1,108	
Total carrying value	\$ 919,890		\$ 986,072	

5. Use of Derivative Financial Instruments

Risk Management Objective of Using Derivatives

The Company's use of derivative instruments is limited to the utilization of interest rate swaps to manage interest rate risk exposure on existing and future liabilities and not for speculative purposes. The principal objective of such arrangements is to minimize the risks and related costs associated with the Company's operating and financial structure.

The following table details the Company's outstanding interest rate swaps as of March 31, 2016 .

Interest Rate Derivative Counterparty	Trade Date	Effective Date	Notional Amount (in thousands)	Fair Value (in thousands)	Pay Fixed Interest Rate	Receive Variable Interest Rate	Maturity Date
PNC Bank, N.A.	Sep-14-2012	Oct-10-2012	\$ 10,000	\$ (25)	0.7945%	One-month L	Sep-10-2017
Bank of America, N.A.	Sep-14-2012	Oct-10-2012	\$ 10,000	\$ (25)	0.7945%	One-month L	Sep-10-2017
UBS AG	Sep-14-2012	Oct-10-2012	\$ 10,000	\$ (25)	0.7945%	One-month L	Sep-10-2017
Royal Bank of Canada	Sep-14-2012	Oct-10-2012	\$ 10,000	\$ (25)	0.7945%	One-month L	Sep-10-2017
RJ Capital Services, Inc.	Sep-14-2012	Oct-10-2012	\$ 10,000	\$ (26)	0.7975%	One-month L	Sep-10-2017
Bank of America, N.A.	Sep-20-2012	Oct-10-2012	\$ 25,000	\$ (48)	0.7525%	One-month L	Sep-10-2017
RJ Capital Services, Inc.	Sep-24-2012	Oct-10-2012	\$ 25,000	\$ (39)	0.7270%	One-month L	Sep-10-2017
Regions Bank	Mar-01-2013	Mar-01-2013	\$ 25,000	\$ (411)	1.3300%	One-month L	Feb-14-2020
Capital One, N.A.	Jun-13-2013	Jul-01-2013	\$ 50,000	\$ (1,480)	1.6810%	One-month L	Feb-14-2020
Capital One, N.A.	Jun-13-2013	Aug-01-2013	\$ 25,000	\$ (761)	1.7030%	One-month L	Feb-14-2020
Regions Bank	Sep-30-2013	Feb-03-2014	\$ 25,000	\$ (1,037)	1.9925%	One-month L	Feb-14-2020
The Toronto-Dominion Bank	Oct-14-2015	Sep-29-2016	\$ 25,000	\$ (329)	1.3830%	One-month L	Sep-29-2020
PNC Bank, N.A.	Oct-14-2015	Sep-29-2016	\$ 50,000	\$ (674)	1.3906%	One-month L	Sep-29-2020
Regions Bank	Oct-14-2015	Sep-29-2016	\$ 35,000	\$ (475)	1.3858%	One-month L	Sep-29-2020
U.S. Bank, N.A.	Oct-14-2015	Sep-29-2016	\$ 25,000	\$ (339)	1.3950%	One-month L	Sep-29-2020
Capital One, N.A.	Oct-14-2015	Sep-29-2016	\$ 15,000	\$ (205)	1.3950%	One-month L	Sep-29-2020
Royal Bank of Canada	Jan-08-2015	Mar-20-2015	\$ 25,000	\$ (809)	1.7090%	One-month L	Mar-21-2021
The Toronto-Dominion Bank	Jan-08-2015	Mar-20-2015	\$ 25,000	\$ (805)	1.7105%	One-month L	Mar-21-2021
The Toronto-Dominion Bank	Jan-08-2015	Sep-10-2017	\$ 100,000	\$ (3,346)	2.2255%	One-month L	Mar-21-2021
Wells Fargo Bank, N.A.	Jan-08-2015	Mar-20-2015	\$ 25,000	\$ (944)	1.8280%	One-month L	Mar-31-2022
The Toronto-Dominion Bank	Jan-08-2015	Feb-14-2020	\$ 25,000	\$ (359)	2.4535%	One-month L	Mar-31-2022
Regions Bank	Jan-08-2015	Feb-14-2020	\$ 50,000	\$ (756)	2.4750%	One-month L	Mar-31-2022
Capital One, N.A.	Jan-08-2015	Feb-14-2020	\$ 50,000	\$ (789)	2.5300%	One-month L	Mar-31-2022

The fair value of the interest rate swaps outstanding as of March 31, 2016 and December 31, 2015 was as follows:

Balance Sheet Line Item (in thousands)	Notional Amount March 31, 2016	Fair Value March 31, 2016	Notional Amount December 31, 2015	Fair Value December 31, 2015
Interest rate swaps-Asset	\$ —	\$ —	\$ 275,000	\$ 1,867
Interest rate swaps-Liability	\$ 675,000	\$ (13,732)	\$ 400,000	\$ (3,766)

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate swaps are to add stability to interest expense and to manage its exposure to interest rate movements. The Company uses interest rate swaps to fix the rate of its long term variable rate debt. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and qualified as cash flow hedges is recorded in accumulated other comprehensive loss and will be reclassified to interest expense in the period that the hedged forecasted transaction affects earnings on the Company's variable rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings into interest expense. During the three months ended March 31, 2016 and March 31, 2015 , the Company did not record any hedge ineffectiveness related to the hedged derivatives. The Company estimates that approximately \$3.1 million will be reclassified from accumulated other comprehensive loss as an increase to interest expense over the next 12 months.

The table below details the location in the financial statements of the gain or loss recognized on interest rate swaps designated as cash flow hedges for the three months ended March 31, 2016 and March 31, 2015, (in thousands).

	Three Months Ended March 31,	
	2016	2015
Amount of loss recognized in accumulated other comprehensive income (loss) on interest rate swaps (effective portion)	\$ 12,568	\$ 4,671
Amount of loss reclassified from accumulated other comprehensive income (loss) into income as interest expense (effective portion)	\$ 745	\$ 666
Amount of gain (loss) recognized in interest expense (ineffective portion and amount excluded from effectiveness testing)	\$ —	\$ —

Credit-risk-related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision where the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness.

As of March 31, 2016, the fair values of all of the Company's 23 interest rate swaps were in a liability position of approximately \$14.6 million, excluding any adjustment for nonperformance risk related to these agreements. The adjustment for nonperformance risk included in the fair value of the Company's net liability position was approximately \$0.9 million as of March 31, 2016. Accrued interest expense for the Company's interest rate swaps was approximately \$0.1 million as of March 31, 2016 and is included in accounts payable, accrued expenses and other liabilities on the accompanying Consolidated Balance Sheets. As of March 31, 2016, the Company has not posted any collateral related to these agreements. If the Company had breached any of its provisions at March 31, 2016, it could have been required to settle its obligations under the agreement of the interest rate swaps in a liability position at its termination value of approximately \$14.8 million.

Fair Value of Interest Rate Swaps

The Company's valuation of the interest rate swaps is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs including interest rate curves. The fair values of interest rate swaps are determined by using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of March 31, 2016 and December 31, 2015, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

The following sets forth the Company's financial instruments that are accounted for at fair value on a recurring basis as of March 31, 2016 and December 31, 2015 .

Balance Sheet Line Item (in thousands)	Fair Value March 31, 2016	Fair Value Measurements as of March 31, 2016 Using		
		Level 1	Level 2	Level 3
Interest rate swaps-Asset	\$ —	\$ —	\$ —	\$ —
Interest rate swaps-Liability	\$ (13,732)	\$ —	\$ (13,732)	\$ —

Balance Sheet Line Item (in thousands)	Fair Value December 31, 2015	Fair Value Measurements as of December 31, 2015 Using		
		Level 1	Level 2	Level 3
Interest rate swaps-Asset	\$ 1,867	\$ —	\$ 1,867	\$ —
Interest rate swaps-Liability	\$ (3,766)	\$ —	\$ (3,766)	\$ —

6. Equity

Preferred Stock

Pursuant to its charter, the Company is authorized to issue 15,000,000 shares of preferred stock, par value \$0.01 per share.

The table below sets forth the Company's outstanding preferred stock issuances as of March 31, 2016 .

Preferred Stock Issuances	Issuance Date	Number of Shares	Price and Liquidation Value per share	Interest Rate
Series A Preferred Stock	November 2, 2011	2,760,000	\$ 25.00	9.000%
Series B Preferred Stock	April 16, 2013	2,800,000	\$ 25.00	6.625%
Series C Preferred Stock	March 17, 2016	3,000,000	\$ 25.00	6.875%

Dividends on the Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock (collectively, the "Preferred Stock Issuances") are payable quarterly in arrears on or about the last day of March, June, September, and December of each year. Dividends for the Series C Preferred Stock will accrue and be cumulative from and including March 17, 2016 to the first payment date on June 30, 2016. The Preferred Stock Issuances rank on parity and rank senior to the Company's common stock with respect to dividend rights and rights upon the liquidation, dissolution or winding up of the Company. The Preferred Stock Issuances have no stated maturity date and are not subject to mandatory redemption or any sinking fund. Generally, the Company is not permitted to redeem the Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock prior to November 2, 2016, April 16, 2018, and March 17, 2021, respectively, except in limited circumstances relating to the Company's ability to qualify as a REIT and in certain other circumstances related to a change of control.

The tables below set forth the dividends attributable to the Preferred Stock Issuance s during the three months ended March 31, 2016 and the year ended December 31, 2015 :

Quarter Ended 2016	Declaration Date	Series A Preferred Stock Per Share	Series B Preferred Stock Per Share	Payment Date
March 31	February 22, 2016	\$ 0.5625	\$ 0.4140625	March 31, 2016
Total		\$ 0.5625	\$ 0.4140625	

Quarter Ended 2015	Declaration Date	Series A Preferred Stock Per Share	Series B Preferred Stock Per Share	Payment Date
December 31	October 22, 2015	\$ 0.5625	\$ 0.4140625	December 31, 2015
September 30	July 21, 2015	0.5625	0.4140625	September 30, 2015
June 30	May 4, 2015	0.5625	0.4140625	June 30, 2015
March 31	February 20, 2015	0.5625	0.4140625	March 31, 2015
Total		\$ 2.2500	\$ 1.6562500	

On May 2, 2016, the Company's board of directors declared the Series A Preferred Stock and Series B Preferred Stock dividend for the quarter ending June 30, 2016 at a quarterly rate of \$0.5625 per share and \$0.4140625 per share, respectively. On May 2, 2016, the Company's board of directors declared the Series C Preferred Stock dividend for the period from the issuance date of March 17, 2016 through June 30, 2016 at a rate of \$0.49653 per share.

Common Stock

The following sets forth the Company's at-the market ("ATM") common stock offering program as of March 31, 2016. Once the ATM offering program is associated with the Company's most recent shelf registration statement, the Company may from time to time sell its common stock through sales agents under the program.

ATM Stock Offering Program (in thousands)	Date	Maximum Aggregate Offering Price	Aggregate Common Stock Available as of March 31, 2016
2014 \$200 million ATM	September 10, 2014	\$ 200,000	\$ 107,380

The table below sets forth the activity for the ATM common stock offering programs during the year ended December 31, 2015 (in thousands, except share data). There was no activity for the ATM common stock offering programs during three months ended March 31, 2016.

ATM Stock Offering Program	Year ended December 31, 2015				
	Shares Sold	Weighted Average Price Per Share	Gross Proceeds	Sales Agents' Fee	Net Proceeds
2014 \$200 million ATM	2,661,403	\$ 21.63	\$ 57,571	\$ 864	\$ 56,707
2014 \$150 million ATM	795,000	\$ 21.79	17,321	260	17,061
Total/weighted average	3,456,403	\$ 21.67	\$ 74,892	\$ 1,124	\$ 73,768

Dividends

The table below sets forth the dividends attributable to the common stock during the three months ended March 31, 2016 and the year ended December 31, 2015.

Month Ended 2016	Declaration Date	Record Date	Per Share	Payment Date
June 30	February 22, 2016	June 30, 2016	\$ 0.115833	July 15, 2016
May 31	February 22, 2016	May 31, 2016	0.115833	June 15, 2016
April 30	February 22, 2016	April 29, 2016	0.115833	May 16, 2016
March 31	October 22, 2015	March 31, 2016	0.115833	April 15, 2016
February 29	October 22, 2015	February 29, 2016	0.115833	March 15, 2016
January 31	October 22, 2015	January 29, 2016	0.115833	February 16, 2016
Total			\$ 0.694998	

Month Ended 2015	Declaration Date	Record Date	Per Share	Payment Date
December 31	July 21, 2015	December 31, 2015	\$ 0.1150	January 15, 2016
November 30	July 21, 2015	November 30, 2015	0.1150	December 15, 2015
October 31	July 21, 2015	October 30, 2015	0.1150	November 16, 2015
September 30	May 4, 2015	September 30, 2015	0.1150	October 15, 2015
August 31	May 4, 2015	August 31, 2015	0.1150	September 15, 2015
July 31	May 4, 2015	July 31, 2015	0.1150	August 17, 2015
June 30	February 20, 2015	June 30, 2015	0.1125	July 15, 2015
May 31	February 20, 2015	May 29, 2015	0.1125	June 15, 2015
April 30	February 20, 2015	April 30, 2015	0.1125	May 15, 2015
March 31	October 30, 2014	March 31, 2015	0.1125	April 15, 2015
February 28	October 30, 2014	February 27, 2015	0.1125	March 16, 2015
January 31	October 30, 2014	January 31, 2015	0.1125	February 17, 2015
Total			\$ 1.3650	

On May 2, 2016, the Company's board of directors declared the common stock dividend for the months ending July 31, 2016, August 31, 2016 and September 30, 2016 at a monthly rate of \$0.115833 per share of common stock.

Restricted Stock-Based Compensation

Pursuant to the 2011 Plan, the Company grants restricted shares of common stock to certain employees of the Company. The restricted shares of common stock are subject to time-based vesting. Restricted shares of common stock granted on January 8, 2016, subject to the recipient's continued employment, will vest in four equal installments on January 1 of each year. Holders of restricted shares of common stock have voting rights and rights to receive dividends. Restricted shares of common stock may not be sold, assigned, transferred, pledged or otherwise disposed of and are subject to a risk of forfeiture prior to the expiration of the applicable vesting period. The following table summarizes activity related to the Company's unvested restricted shares of common stock for the three months ended March 31, 2016 and the year ended December 31, 2015.

Unvested restricted shares of common stock	Shares
Balance at December 31, 2014	263,916
Granted	94,290 ⁽¹⁾
Vested	(72,185)
Forfeited	(14,906)
Balance at December 31, 2015	271,115
Granted	101,289 ⁽²⁾
Vested	(84,336)
Forfeited	(552)
Balance at March 31, 2016	287,516

(1) The grant date fair value per share was \$26.17.

(2) The grant date fair value per share was \$17.98.

The unrecognized compensation expense associated with the Company's restricted shares of common stock at March 31, 2016 was approximately \$4.9 million and is expected to be recognized over a weighted average period of approximately 2.7 years.

The following table summarizes the fair value at vesting date for the restricted shares of common stock vested during the three months ended March 31, 2016 and March 31, 2015.

	Three months ended March 31,	
	2016	2015
Vested restricted shares of common stock	84,336	57,528
Fair value of vested restricted shares of common stock (in thousands)	\$ 1,522	\$ 1,425

7. Noncontrolling Interest

The Company is structured as an UPREIT, and owns substantially all of its assets and conducts substantially all of its business through its Operating Partnership. The Company's consolidated financial statements include the accounts of the Company, the Operating Partnership and their subsidiaries. Noncontrolling interest in the Company consists of LTIP units and Other Common Units in the Operating Partnership that are not owned by the Company. The table below summarizes the activity for noncontrolling interest in the Company for the three months ended March 31, 2016 and the year ended December 31, 2015.

	LTIP Units	Other Common Units	Total Noncontrolling Common Units	Noncontrolling Interest
Balance at December 31, 2014	1,307,036	1,124,813	2,431,849	3.6%
Granted/Issued	323,069	864,283	1,187,352	N/A
Forfeitures	—	—	—	N/A
Conversions from LTIP units to Other Common Units	(20,000)	20,000	—	N/A
Redemptions from Other Common Units to common stock	—	(90,824)	(90,824)	N/A
Redemption of Other Common Units for cash	—	(2,400)	(2,400)	N/A
Balance at December 31, 2015	1,610,105	1,915,872	3,525,977	4.9%
Granted/Issued	176,396	—	176,396	N/A
Forfeitures	—	—	—	N/A
Balance at March 31, 2016	1,786,501	1,915,872	3,702,373	5.2%

The Company adjusts the carrying value of noncontrolling interest to reflect its share of the book value of the Operating Partnership when there has been a change in the Company's ownership of the Operating Partnership. Such adjustments are recorded to additional paid-in capital as a rebalancing of noncontrolling interest on the accompanying Consolidated Statements of Equity.

LTIP Units

LTIP units are granted to certain executive officers and senior employees of the Company as part of their compensation, and to independent directors for their service. LTIP units are valued by reference to the value of the Company's common stock and are subject to such conditions and restrictions as the compensation committee of the board of directors may determine, including continued employment or service, computation of financial metrics and achievement of pre-established performance goals and objectives. LTIP units granted on January 6, 2016 to independent directors, subject to the recipient's continued service, will vest on January 1, 2017. LTIP units granted on January 8, 2016 to certain senior executive officers and senior employees, subject to the recipient's continued employment, will vest quarterly over four years, with the first vesting date being March 31, 2016. LTIP units granted on February 22, 2016 to certain senior executive officers, subject to the recipient's continued employment, will vest quarterly over four years, with the first vesting date being March 31, 2016. Vested LTIP units can be converted to Other Common Units on a one-for-one basis once a material equity transaction has occurred that results in the accretion of the member's capital account to the economic equivalent of an Other Common Unit. All LTIP units, whether vested or not, will receive the same monthly per unit distributions as Other Common Units, which equal per share dividends on common stock.

The LTIP units issued under the 2011 Plan were valued using the Monte Carlo lattice binomial option-pricing model at the grant date. The fair value of the LTIP units are based on Level 3 inputs and are non-recurring fair value measurements. The table below sets forth the assumptions used in valuing such LTIP units for the three months ended March 31, 2016.

Grant date	Assumptions		
	February 22, 2016	January 8, 2016	January 6, 2016
Expected term (years)	10	10	10
Expected volatility	22.0%	22.0%	22.0%
Expected dividend yield	6.0%	6.0%	6.0%
Risk-free interest rate	1.01%	1.28%	1.36%
Fair value of LTIP units at issuance (in thousands)	\$ 277	\$ 2,254	\$ 390
LTIP units at issuance	18,386	135,546	22,464
Fair value unit price per LTIP unit at issuance	\$ 15.07	\$ 16.63	\$ 17.36

On January 25, 2016, the Company and Geoffrey G. Jervis, the Company's Chief Financial Officer, Executive Vice President and Treasurer, agreed that Mr. Jervis's employment with the Company would terminate effective February 25, 2016. Pursuant to the terms and conditions of the executive employment agreement and LTIP Unit agreements between the Company and Mr. Jervis, and the Company's 2015 Outperformance Program ("OPP"), Mr. Jervis received a lump sum cash payment, the continuation of certain insurance benefits, immediate vesting of outstanding LTIP units, and eligibility to receive a pro-rated award payment under the OPP. Accordingly, the Company accelerated the expense recognition of Mr. Jervis' unvested LTIP units in the amount of approximately \$1.6 million, which is included in general and administrative expenses for the three months ended March 31, 2016 on the accompanying Consolidated Statements of Operations. Additionally, the unrecognized compensation expense associated with Mr. Jervis' participation in the OPP after February 25, 2016 will not be recognized. The Company also incurred approximately \$1.5 million related to the lump sum cash payment and continuation of certain insurance benefits, which is included in general and administrative expenses for the three months ended March 31, 2016 on the accompanying Consolidated Statements of Operations.

The following table summarizes activity related to the Company's unvested LTIP units for the three months ended March 31, 2016 and the year ended December 31, 2015.

Unvested LTIP units	LTIP Units
Balance at December 31, 2014	448,887
Granted	323,069
Vested	(237,046)
Forfeited	—
Balance at December 31, 2015	534,910
Granted	176,396
Vested	(170,277)
Forfeited	—
Balance at March 31, 2016	541,029

The unrecognized compensation expense associated with the Company's LTIP units at March 31, 2016 was approximately \$9.9 million and is expected to be recognized over a weighted average period of approximately 3.0 years.

The following table summarizes the fair value at vesting date for the LTIP units vested during the three months ended March 31, 2016 and March 31, 2015 .

	Three months ended March 31,	
	2016	2015
Vested LTIP units	170,277	51,420
Fair value of vested LTIP units (in thousands)	\$ 3,089	\$ 1,209

Other Common Units

Other Common Units and shares of the Company's common stock have essentially the same economic characteristics in that Other Common Units directly, and shares of the Company's common stock indirectly, through the Company's interest in the Operating Partnership, share equally in the total net income or loss distributions of the Operating Partnership. Subject to certain restrictions, investors who own Other Common Units have the right to cause the Operating Partnership to redeem any or all of their Other Common Units for cash equal to the then-current value of one share of the Company's common stock, or, at the Company's election, shares of common stock on a one-for-one basis. The value of a share of common stock is calculated as the average common stock closing price on the NYSE for the 10 trading days immediately preceding the redemption notice date. Each Other Common Unit will receive the same monthly distribution as a share of common stock.

8. Equity Incentive Plan

On March 8, 2016, the Company granted performance units, approved by the compensation committee of the board of directors, under the 2011 Plan to provide certain key employees of the Company with incentives designed to align those key employees' interests more closely with those of the shareholders.

The ultimate value of the performance units depends on the Company's total stockholder return ("TSR") over a three -year period commencing January 1, 2016 and ending on December 31, 2018 (the "measuring period"). At the end of the three -year measuring period, the performance units convert into shares of common stock at a rate depending on the Company's TSR over the measuring period as compared to three different benchmarks and on the absolute amount of the Company's TSR. A recipient of performance units may receive as few as zero shares or as many as 250% of the number of target units, plus deemed dividends. The target amount of the performance units is nominally allocated as: i) 25% to the Company's TSR compared to the TSR of an industry peer group; ii) 25% to the Company's TSR compared to the TSR of a size-based peer group; and iii) 50% to the Company's TSR compared to the TSR of the companies in the MSCI US REIT index.

No dividends are paid to the recipient during the measuring period. At the end of the measuring period, if the Company's TSR is such that the recipient earns shares of common stock ("Award Shares"), the recipient will receive additional common stock relating to dividends deemed to have been paid and reinvested on the Award Shares. The Company, in the discretion of the compensation committee of the board of directors, may pay the cash value of the deemed dividends instead of issuing additional shares. The number of Award Shares is determined at the end of the measuring period, and one-half of the Award Shares and all dividend shares vest immediately. The other one-half of the Award Shares will be restricted (subject to forfeiture) and vest one year after the end of the measuring period.

The fair value of the performance units at the date of grant was \$2.6 million , as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a weighted average volatility factor of 23.0% , a weighted average risk-free interest rate of 1.0849% , and a weighted average expected dividend yield of 6.0% . The performance unit equity compensation expense is recognized into earnings on a straight-line basis from the grant date over the respective vesting periods.

The unrecognized compensation expense associated with the OPP at March 31, 2016 was approximately \$0.8 million and is expected to be recognized over a weighted average period of approximately 1.8 years . The unrecognized compensation expense associated with the performance units at March 31, 2016 was approximately \$2.6 million and is expected to be recognized over a weighted average period of approximately 3.2 years .

Non-cash Compensation Expense

The following table summarizes the amount recorded in general and administrative expenses in the accompanying Consolidated Statements of Operations for the amortization of restricted shares of common stock, LTIP units, the OPP, performance units, and the Company's board of directors' compensation.

Non-cash compensation expense (in thousands)	Three months ended March 31,	
	2016	2015
Restricted stock	\$ 558	\$ 492
LTIP units	2,795 ⁽¹⁾	1,137
Outperformance program	119	131
Performance units	53	—
Board of directors compensation ⁽²⁾	80	87
Total non-cash compensation expense	\$ 3,605	\$ 1,847

(1) Inclusive of approximately of \$1.6 million non-cash compensation expense during the three months ended March 31, 2016 associated with the severance cost of an executive officer as discussed Note 7.

(2) All of the Company's independent directors elected to receive shares of common stock in lieu of cash for their service during the three months ended March 31, 2016 and March 31, 2015 . The number of shares of common stock granted is calculated based on the trailing 10 days average common stock price ending on the third business day preceding the grant date.

9. Earnings Per Share

The Company uses the two-class method of computing earnings per common share, which is an earnings allocation formula that determines earnings per share for common stock and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. A participating security is defined by GAAP as an unvested stock-based payment award containing non-forfeitable rights to dividends and must be included in the computation of earnings per share pursuant to the two-class method. Unvested restricted stock awards are considered participating securities as these stock-based awards contain non-forfeitable rights to dividends, unless and until a forfeiture occurs. During the three months ended March 31, 2016 and March 31, 2015 , there were 285,458 and 290,280 , respectively, unvested shares of restricted stock on a weighted average basis that were considered participating securities. During the three months ended March 31, 2016 , there were 43,529 and 31,813 of unvested shares of restricted stock and performance units, respectively, on a weighted average basis that were dilutive. There were no dilutive shares during the three months ended March 31, 2015 .

The following tables set forth the computation of basic and diluted earnings per common share for the three months ended March 31, 2016 and March 31, 2015 .

Earnings per share (in thousands, except share data)	Three months ended March 31, 2016	
Numerator		
Net income	\$	11,801
Less: preferred stock dividends		2,912
Less: amount allocated to participating securities		100
Less: income attributable to noncontrolling interest after preferred stock dividends		455
Net income attributable to common stockholders	\$	8,334
Denominator		
Weighted average common shares outstanding — basic		67,889,217
Weighted average common shares outstanding — diluted		67,964,559
Income per share — basic and diluted		
Income from continuing operations attributable to common stockholders - basic	\$	0.12
Income from continuing operations attributable to common stockholders - diluted	\$	0.12
Earnings per share (in thousands, except share data)	Three months ended March 31, 2015	
Numerator		
Net loss	\$	(1,427)
Less: preferred stock dividends		2,712
Less: amount allocated to participating securities		101
Less: loss attributable to noncontrolling interest after preferred stock dividends		(198)
Net loss attributable to common stockholders	\$	(4,042)
Denominator		
Weighted average common shares outstanding—basic and diluted		64,286,213
Loss per share - basic and diluted	\$	(0.06)

10. Commitments and Contingencies

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance subject to deductible requirements. Management believes that the ultimate settlement of these actions will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company is subject to a one-time incentive fee based on aggregate performance thresholds of the acquired buildings sourced by Columbus Nova Real Estate Acquisition Group, LLC. As of March 31, 2016 and December 31, 2015, the fair value of the incentive fee was zero. The fair value was calculated using the following key Level 3 inputs: discount rate of approximately 9.5% and exit capitalization rate of 9.8%.

The Company has letters of credit of approximately \$3.4 million related to development projects and its corporate office lease.

11. Subsequent Events

No significant recognized or non-recognized subsequent events were noted.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion with the financial statements and related notes included elsewhere in Item 1 of this report and the audited financial statements and related notes thereto included in our most recent Annual Report on Form 10-K.

As used herein, except where the context otherwise requires, "Company," "we," "our" and "us," refer to STAG Industrial, Inc. and our consolidated subsidiaries and partnerships, including our operating partnership, STAG Industrial Operating Partnership, L.P. ("Operating Partnership").

Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of the safe harbor from civil liability provided for such statements by the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). You can identify forward-looking statements by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "seeks," "should," "will," and variations of such words or similar expressions. Forward-looking statements in this report include, among others, statements about our future financial condition, results of operations, our business strategy and objectives, including our acquisition strategy, occupancy and leasing rates and trends, and expected liquidity needs and sources (including capital expenditures and the ability to obtain financing or raise capital). Our forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by our forward-looking statements are reasonable, we can give no assurance that our plans, intentions, expectations, strategies or prospects will be attained or achieved and you should not place undue reliance on these forward-looking statements. Furthermore, actual results may differ materially from those described in the forward-looking statements and may be affected by a variety of risks and factors including, without limitation:

- the factors included in this report, including those set forth under the headings "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
- our ability to raise equity capital on attractive terms;
- the competitive environment in which we operate;
- real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for tenants in such markets;
- decreased rental rates or increased vacancy rates;
- potential defaults (including bankruptcies or insolvency) on or non-renewal of leases by tenants;
- acquisition risks, including our ability to identify and complete accretive acquisitions and/or failure of such acquisitions to perform in accordance with projections;
- the timing of acquisitions and dispositions;
- potential natural disasters and other potentially catastrophic events such as acts of war and/or terrorism;
- international, national, regional and local economic conditions;
- the general level of interest rates and currencies;
- potential changes in the law or governmental regulations that affect us and interpretations of those laws and regulations, including changes in real estate and zoning or real estate investment trust ("REIT") tax laws, and potential increases in real property tax rates;
- financing risks, including the risks that our cash flows from operations may be insufficient to meet required payments of principal and interest and we may be unable to refinance our existing debt upon maturity or obtain new financing on attractive terms or at all;

- credit risk in the event of non-performance by the counterparties to the interest rate swaps and revolving and unfunded debt;
- lack of or insufficient amounts of insurance;
- our ability to maintain our qualification as a REIT;
- our ability to retain key personnel;
- litigation, including costs associated with prosecuting or defending claims and any adverse outcomes; and
- possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us.

Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

We are a REIT focused on the acquisition and operation of single-tenant, industrial properties throughout the United States. We endeavor to (i) identify properties that create relative value investments across all locations, single-tenant industrial property types, and tenants through the principled application of our proprietary risk assessment model, (ii) operate our properties in an efficient, cost-effective manner, and (iii) capitalize our business appropriately given the characteristics of our assets. We are a Maryland corporation and our common stock is publicly traded on the New York Stock Exchange (“NYSE”) under the symbol “STAG.”

We are organized and conduct our operations to qualify as a REIT under Sections 856 through 860 of the Code, and generally are not subject to federal income tax to the extent we currently distribute our income to our stockholders and maintain our qualification as a REIT. We remain subject to state and local taxes on our income and property and to U.S. federal income and excise taxes on our undistributed income.

Factors That May Influence Future Results of Operations

Our ability to increase revenues or cash flow will depend in part on our (i) external growth, specifically acquisition activity and (ii) internal growth, specifically occupancy and rental rates on our portfolio. A variety of other factors, including those noted below, also affect our future results of operations.

Outlook

In December 2015, the Federal Reserve raised federal funds target rate from a range of 0% to 0.25% to a range of 0.25% to 0.5% due to the Central Bank’s belief that the U.S. economy is in a strong position. The Central Bank commented that future rate hikes will be gradual and will likely remain below long-term rate expectations for some time. If interest rates continue to rise as a result of Federal Reserve policy action (short-term interest rates) or changes in market expectations and capital flows (long-term interest rates), we believe strengthening economic conditions are likely to accompany these changes. This strengthening of economic conditions combined with the currently favorable industrial supply demand environment should translate to a net positive result for our business. Specifically, our existing portfolio should benefit from rising rental rates and our acquisition activity should benefit from higher yields. Furthermore, we believe certain characteristics of our business should position us well in a rising interest rate environment including the fact that we have minimal floating rate debt exposure and that many of our competitors for the assets we purchase tend to be smaller local investors who are likely to be more heavily impacted by interest rate increases.

Other notable results include the continued relative strength of the U.S. dollar versus competing currencies including the euro and yen, continued low oil prices, and the slowdown in the Chinese economy. A strong U.S. dollar can harm U.S. exporters and U.S. multi-nationals; however, it can also benefit foreign multi-nationals, who support U.S. subsidiaries and operate U.S. industrial properties. Oil price declines over the past two years and the currently sustained low price have put significant pressure on oil and gas exploration and production companies, resulting in many oil and gas sector bankruptcies, while simultaneously benefiting many industries (e.g. automotive, freight) and consumers’ disposable incomes. In China, policy decisions have hurt its equity and currency markets. Additionally, a slowing Chinese growth rate is decreasing demand for commodities and creating some uncertainty in the U.S. stock market. We note that exports to China make up less than 1% of U.S. gross domestic product (“GDP”) while

domestic consumer spending accounts for more than two-thirds. We believe our direct exposure to tenants in the oil and gas industry and the Chinese economy is limited. We will continue to monitor these trends for short-term and long-term impacts to our business.

Several economic indicators and other factors provide insight into the U.S. economic environment and industrial demand. Presently, we believe the key factors include GDP growth rate, unemployment rate, non-farm payrolls, Conference Board consumer confidence index, manufacturing-purchasing manager index ("ISM"), the 10-year Treasury yield, U.S. total vehicle sales, and durable goods new orders. Below are recent trends in each of these factors.

Economic Indicators ⁽¹⁾	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
GDP Growth Rate	0.5%	1.4%	2.0%	3.9%	0.6%
Unemployment Rate	5.0%	5.0%	5.1%	5.3%	5.5%
Change in Non-Farm Employment (in thousands)	215.0	271.0	149.0	228.0	84.0
Consumer Confidence Index	96.2	96.3	102.6	99.8	101.4
Purchasing Managers Index (ISM) ⁽²⁾	51.8%	48.0%	50.0%	53.1%	52.3%
10-year Treasury Yield	1.78%	2.27%	2.06%	2.35%	1.94%
Seasonally Adjusted Annualized Rate US Total Vehicle Sales (in thousands)	16,911	17,631	18,516	17,429	17,508
Manufacturing New Orders: Durable Goods (in millions)	230,651	226,391	232,015	236,611	236,671

(1) Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Conference Board, Board of Governors of the Federal Reserve System, U.S. Census Bureau, and Institute for Supply Management. Each statistic is the latest revision available at the time of publishing this report.

(2) ISM is a composite index based on a survey of over 300 purchasing and supply executives from across the country who respond to a monthly questionnaire about changes in production, new orders, new export orders, imports, employment, inventories, prices, lead-times, and timelines of supplier deliveries in their companies. When the index is over 50, it indicates expansion, while a reading below 50 signals contraction.

Currently, the GDP growth, solid non-farm payrolls, strong U.S. total vehicle sales, ISM level, and low interest rates are positive fundamental signs for industrial demand. Expanding job count and the ongoing low unemployment rate suggests consumers will be spending more money in the foreseeable future. On the negative side, the speculative grade corporate default rate is expected to surpass its long-term average in 2016 driven by oil and gas and mining industry defaults. Additionally, personal income and consumer spending were weaker during February. We believe these signal some caution in underlying economic strength; however, we still expect an increase in industrial activity and more demand for industrial space in the foreseeable future, given the job growth, low-interest rate environment and GDP growth.

Several industrial specific trends contribute to the expected demand increase, including:

- an increasing attractiveness of the U.S. as a manufacturing and distribution location because of the size of the United States consumer market, an increase in overseas labor costs and the overall cost of supplying and shipping goods (i.e. the shortening and fattening of the supply chain);
- the overall quality of the transportation infrastructure in the U.S.; and
- the rise of e-commerce (as compared to the traditional retail store distribution model) and the concomitant demand by e-commerce industry participants for well-located, functional distribution space.

Furthermore, the lack of material speculative development in most of our markets and the more broad failure of supply to keep pace with demand in many of our markets may improve occupancy levels and rental rates in our owned portfolio. We believe, however, that industrial supply, more so than other real estate property type, has historically had a short lead time and can appear quickly. We have started to see a notable pick-up in development activity in a small number of the more active industrial markets, but this has yet to take firm hold on a broader scale. We will continue to monitor the supply demand fundamentals for industrial real estate and assess its impact on our business.

Conditions in Our Markets

The buildings in our portfolio are located in markets throughout the United States. Positive or negative changes in economic or other conditions, new supply, adverse weather conditions and natural disasters and other factors in these markets may affect our overall performance.

Rental Revenue

We receive income primarily in the form of rental revenue from the tenants who occupy our buildings. The amount of rental revenue generated by the buildings in our portfolio depends principally on occupancy and rental rates. As of March 31, 2016, our

buildings were approximately 94.8% leased and our lease rates as defined by GAAP on renewal leases grew approximately 4.1% during the three months ended March 31, 2016. Future economic downturns or regional downturns affecting our submarkets that impair our ability to renew or re-lease space and the ability of our tenants to fulfill their lease commitments, as in the case of tenant bankruptcies, could adversely affect our ability to maintain or increase rental rates at our buildings. Our ability to lease our properties and the attendant rental rate is dependent upon, among other things, (i) the overall economy, (ii) the supply/demand dynamic in our markets, (iii) the quality of our properties, including age, clear height, and configuration, and (iv) our tenants' ability to meet their contractual obligations to us.

The following table provides a summary of leases executed during the three months ended March 31, 2016. The table does not include month-to-month leases or leases with initial terms less than 12 months. Certain leases contain rental concessions; any such rental concessions are accounted for on a straight-line basis over the term of the lease.

Three months ended March 31, 2016	Square Feet	Cash Basis Rent Per Square Foot	GAAP Basis Rent Per Square Foot	Total Turnover Costs Per Square Foot ⁽¹⁾	Cash Basis Rent Growth	GAAP Basis Rent Growth ⁽²⁾ ₍₃₎	Weighted Average Lease Term ⁽⁴⁾ (years)	Rental Concessions per Square Foot ⁽⁵⁾
New Leases	172,680	\$ 4.46	\$ 4.76	\$ 2.12	N/A	N/A	7.0	\$ 0.12
Renewal Leases	1,533,041	4.74	4.92	0.95	(0.4)%	4.1%	5.5	0.23
Total/weighted average	1,705,721	\$ 4.71	\$ 4.91	\$ 1.08	(0.4)%	4.1%	5.7	\$ 0.22
Temporary Leases	315,620							
Total Leasing Activity	2,021,341							

- (1) Turnover costs are comprised of the costs for improvements of vacant and renewal spaces, as well as the commissions for leasing transactions. Turnover costs per square foot represent the total turnover costs expected to be incurred on the leases signed during the period and do not reflect actual expenditures for the period.
- (2) Excludes 172,680 square feet of new leases, where there were no prior comparable leases, due to extended downtime or materially different lease structures, during the three months ended March 31, 2016.
- (3) GAAP basis rent growth is a ratio of the change in base rent (including straight-line rent adjustments as required by GAAP) of the comparable lease.
- (4) Assumes no exercise of lease renewal or termination options, if any.
- (5) Represents the total concession (free rent) for the entire lease term.

Property Operating Expenses

Our rental expenses generally consist of utilities, real estate taxes, management fees, insurance and site repair and maintenance costs. For the majority of our tenants, our rental expenses are controlled, in part, by the triple net provisions in tenant leases. In our triple net leases, the tenant is responsible for all aspects of and costs related to the building and its operation during the lease term, including utilities, taxes, insurance and maintenance costs. However, we also have modified gross leases and gross leases in our building portfolio. The terms of those leases vary and on some occasions we may absorb building related expenses of our tenants. In our modified gross leases, we are responsible for some building related expenses during the lease term, but the cost of most of the expenses is passed through to the tenant for reimbursement to us. In our gross leases, we are responsible for all costs related to the building and its operation during the lease term. Our overall performance will be affected by the extent to which we are able to pass-through rental expenses to our tenants.

Scheduled Lease Expirations

Our ability to re-lease space subject to expiring leases will impact our results of operations and is affected by economic and competitive conditions in our markets and by the desirability of our individual buildings. Leases that comprise approximately 8.6% of our annualized base rental revenue will expire during the period from April 1, 2016 to March 31, 2017, excluding month to month leases. We assume, based upon internal renewal probability estimates that some of our tenants will renew and others will vacate and the associated space will be re-let subject to downtime assumptions. In the vacate and re-let cases, we do not assume that market rents would grow from our current property estimates. Using the aforementioned assumptions, we expect that the rental rates on the respective new leases will generally be lower than the rates under existing leases, thereby resulting in lower revenue from the same space.

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The following table and chart set forth a summary of lease expirations for leases in place as of March 31, 2016, plus available space, for each of the ten calendar years beginning with 2016 and thereafter in our portfolio. The information in the table and chart assumes that tenants exercise no renewal options and no early termination rights.

Lease Expiration Year	Number of Leases Expiring	Total Rentable Square Feet	% of Total Occupied Square Feet	Total Annualized Base Rental Revenue (in thousands)	% of Total Annualized Base Rental Revenue	Average Annualized Base Rental Revenue per Expiring Square Foot
Available	—	2,816,879	—	\$ —	—	\$ —
Month-to-month leases	7	136,845	0.3%	377	0.2%	2.76
Remainder of 2016	27	3,102,505	6.0%	12,656	6.1%	4.08
2017	52	7,209,440	14.0%	28,962	14.0%	4.02
2018	56	9,877,067	19.2%	37,867	18.2%	3.83
2019	41	7,561,545	14.7%	29,797	14.4%	3.94
2020	34	6,837,181	13.3%	30,242	14.6%	4.42
2021	31	5,531,664	10.7%	23,272	11.2%	4.21
2022	18	2,400,944	4.7%	9,591	4.6%	3.99
2023	12	2,500,034	4.9%	9,217	4.4%	3.69
2024	7	1,423,071	2.8%	5,734	2.8%	4.03
2025	7	1,335,563	2.5%	5,372	2.5%	4.02
Thereafter	18	3,534,008	6.9%	14,446	7.0%	4.09
Total/weighted average	310	54,266,746	100.0%	\$ 207,533	100.0%	\$ 4.03

As of March 31, 2016, for the period April 1, 2016 to March 31, 2017, one of our top ten leases based on March 31, 2016 annualized base rental revenue will be expiring. The International Paper Company lease for 465,323 square feet is scheduled to expire on March 31, 2017. Our leasing team has been in preliminary discussions on a possible renewal with International Paper Company.

Portfolio Summary

The characteristics of the properties within our portfolio as of March 31, 2016 are shown in the table below:

Portfolio characteristics	March 31, 2016
Number of Buildings	292
Square Feet	54,266,746
Average Building Size (square feet)	185,845
Number of Tenants	260
Number of Leases	310

The following table sets forth information relating to diversification by property type in our portfolio based on total annualized base rental revenue as of March 31, 2016.

Building Type	Number of Buildings	Square Feet	Occupancy ⁽¹⁾	Annualized Base Rental Revenue (in thousands)	% of Total Annualized Base Rental Revenue
Warehouse/Distribution	224	47,928,662	95.4%	\$ 180,249	86.9%
Light Manufacturing	47	5,189,416	96.2%	19,095	9.2%
Flex/Office	21	1,148,668	64.7%	8,189	3.9%
Total/weighted average	292	54,266,746	94.8%	\$ 207,533	100.0%

(1) Calculated as the average economic occupancy weighted by each property's rentable square footage. As used herein, economic occupancy includes all square footage where an existing lease is in place whether or not such square footage is physically occupied.

Portfolio Acquisitions and Dispositions

The following tables summarize the acquisitions and dispositions during the three months ended March 31, 2016 (in thousands, except for square feet and building count).

Acquisitions				
Location of property	Square Feet	Buildings	Purchase Price	
Biddeford, ME	265,126	2	\$	12,452
Fairfield, OH	206,448	1		5,330
Mascot, TN	130,560	1		4,500
Erlanger, KY	108,620	1		5,600
Three months ended March 31, 2016	710,754	5		27,882

Dispositions						
Location of property	Square Feet	Buildings	Carrying Value	Sales Price	Net Proceeds	Gain on Sale
Wichita, KS	44,760	1				
Gresham, OR	420,690	1				
Canton, OH	398,000	1				
Orangeburg, SC	319,000	1				
Three months ended March 31, 2016	1,182,450	4	\$ 14,217	\$ 32,800	\$ 31,890	\$ 17,673

Geographic Diversification

The following table set forth information relating to geographic diversification by region and state, respectively, in our portfolio based on total annualized base rental revenue as of March 31, 2016 .

Region	Total Number of States	Total Number of Buildings	Regional Occupancy	% of Total Leased SquareFeet	% of Total Annualized Base Rental Revenue
Midwest	10	118	95.0%	37.1%	36.7%
East	13	107	94.0%	37.8%	38.8%
South	9	56	95.1%	21.9%	19.8%
West	6	11	100.0%	3.2%	4.7%
Total/weighted average	38	292	94.8%	100.0%	100.0%

Building by Market

While we invest in properties in all locations, our proprietary risk assessment model typically identifies the best relative value in primary and secondary markets.

As of March 31, 2016 , our investments in primary, secondary, and tertiary markets are summarized in the table below.

Market Type	Number of Buildings	Square Footage		Occupancy	Annualized Base Rental Revenue	
		Amount	%		Amount (in thousands)	%
Primary (greater than 200 million net rentable square feet)	57	12,143,303	22.4%	98.6%	\$ 49,736	24.0%
Secondary (25 million to 200 million net rentable square feet)	182	34,776,141	64.1%	94.4%	133,136	64.1%
Tertiary (less than 25 million net rentable square feet)	53	7,347,302	13.5%	90.3%	24,661	11.9%
Total/weighted average	292	54,266,746	100.0%	94.8%	\$ 207,533	100.0%

Industry Diversification

The following table sets forth information about the ten largest tenant industries in our portfolio based on total annualized base rental revenue as of March 31, 2016 .

Top Ten Tenant Industries	Total Number of Leases	Total Leased Square Feet	Total Annualized Base Rental Revenue (in thousands)	% of Total Annualized Base Rental Revenue
Automotive	41	6,243,103	\$ 25,063	12.1%
Ind Equip, Component & Metals	41	5,622,645	23,645	11.4%
Air Freight & Logistics	40	6,059,558	23,370	11.3%
Containers & Packaging	23	5,239,541	19,879	9.6%
Food & Beverages	25	4,910,819	19,588	9.4%
Personal Products	11	3,326,489	13,025	6.3%
Retail	13	3,240,980	11,243	5.4%
Household Durables	10	2,563,427	9,359	4.5%
Business Services	15	1,888,643	9,026	4.3%
Non-Profit/Government	6	1,159,028	8,759	4.2%
Total	225	40,254,233	\$ 162,957	78.5%

Top Tenants

The following table sets forth information about the ten largest tenants in our portfolio based on total annualized base rental revenue as of March 31, 2016 .

Top Ten Tenants	Number of Leases	Total Leased Square Feet	Annualized Base Rental Revenue (in thousands)	% of Total Annualized Base Rental Revenue
General Services Administration	1	1,048,631	\$ 7,026	3.4%
Deckers Outdoor Corporation	2	723,106	4,067	2.0%
XPO Logistics Supply Chain Inc	3	781,899	3,895	1.9%
Solo Cup Company	1	1,035,249	3,810	1.8%
Exel Logistics	4	1,094,694	3,702	1.8%
International Paper Company	3	698,323	3,562	1.7%
Generation Brands, LLC	1	503,490	2,634	1.3%
American Tire Distributors Inc	4	457,980	2,351	1.1%
Perrigo Holland	2	669,000	2,351	1.1%
Spencer Gifts, LLC	1	491,025	2,252	1.1%
Total	22	7,503,397	\$ 35,650	17.2%

Top Leases

The following table sets forth information about the ten largest leases in our portfolio based on total annualized base rental revenue as of March 31, 2016 .

Top Ten Leases	Leased Square Feet	% of Total Leased Square Feet	Annualized Base Rental Revenue (in thousands)	% of Total Annualized Base Rental Revenue
General Service Administration	1,048,631	2.0%	\$ 7,026	3.4%
Solo Cup Company	1,035,249	2.0%	3,810	1.9%
XPO Logistics Supply Chain Inc	528,997	1.0%	2,777	1.3%
Generation Brands, LLC	503,490	1.0%	2,634	1.3%
International Paper Company	465,323	0.9%	2,517	1.2%
Deckers Outdoor Corporation	423,106	0.8%	2,379	1.1%
Spencer Gifts, LLC	491,025	1.0%	2,252	1.1%
Closetmaid Corporation	619,466	1.2%	2,053	1.0%
CareFusion 213, LLC	360,134	0.7%	1,956	0.9%
Archway Marketing Serv., Inc.	386,724	0.8%	1,858	0.9%
Total	5,862,145	11.4%	\$ 29,262	14.1%

Tenant Retention

Our direct relationships with our tenants and our in-house expertise in leasing, asset management, engineering, and credit help us to manage all operational aspects of our portfolio, maintain occupancy, and increase rental rates. The following table provides a summary of our retention during the three months ended March 31, 2016.

Quarter Ended 2016	Retention % ⁽¹⁾	Expiring Square Feet	Renewal Square Feet ⁽²⁾	Cash Rollover Rent Change	GAAP Rollover Rent Change
March 31	42.4%	1,251,975	530,485	3.1%	6.1%
Total/weighted average	42.4%	1,251,975	530,485	3.1%	6.1%

(1) Retention is the square footage of expiring leases in the period that execute a lease renewal for a term greater than one year.

(2) Represents leases in which revenue recognition commenced during the period.

Critical Accounting Policies

Rental Property

We capitalize costs directly related to the development, pre-development, redevelopment or improvement of rental property. Real estate taxes, compensation costs of development personnel, insurance, interest, and other directly related costs during construction periods are capitalized as incurred and depreciated commencing with the date the property is substantially completed. Such costs begin to be capitalized to the development projects from the point we are undergoing the necessary activities to get the development ready for its intended use and cease when the development projects are substantially completed and held available for occupancy. Interest is capitalized based on actual capital expenditures from the period when development or redevelopment commences until the asset is ready for its intended use, at the weighted average borrowing rate of our unsecured indebtedness during the period.

Incentive and Equity-Based Employee Compensation Plans

In March of 2016, the Financial Accounting Standards Board issued Accounting Standard Update 2016-09, *Stock Compensation (Topic 718)*, which addresses certain aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, forfeitures, and classification on the statement of cash flow. This standard is effective for fiscal years beginning after December 15, 2016, and interim periods within those years, with early adoption permitted. We have elected to early adopt this standard effective January 1, 2016. As a result, our policy is to recognize forfeitures in the period which they occur, whereas the former guidance required us to estimate expected forfeitures. The adoption of this standard did not have a material effect on our consolidated financial statements.

Results of Operations

Our results of operations are largely driven by our levels of occupancy as well as the rental rates we receive from tenants. From a rental rate standpoint, we have historically achieved overall rental increases in our tenant rollovers on a cash basis and GAAP basis.

The following discussion of our results of our same store net operating income (“NOI”) should be read in conjunction with our Consolidated Financial Statements. For a detailed discussion of NOI, including the reasons management believes NOI is useful to investors, see “Non-GAAP Financial Measures” below. We consider our same store portfolio to consist of only those buildings owned and operated at the beginning and at the end of both of the applicable periods presented. Same store results are considered to be useful to investors in evaluating our performance because they provide information relating to changes in building-level operating performance without taking into account the effects of acquisitions or dispositions. However, because we have generally acquired 100% occupied properties and grown the portfolio significantly every year since our initial public offering, our same store results do not represent a market portfolio with market occupancy. Because we have above market occupancy, our same store results may look unfavorable at times as we trend to market levels. We encourage the reader to not only look at our same store results, but also our total portfolio results, due to historic and future growth.

Comparison of the three months ended March 31, 2016 to the year ended March 31, 2015

Our results of operations are affected by the acquisition and disposition activity during the 2016 and 2015 periods as described below. On January 1, 2015, we owned 248 buildings, and subsequent to the January 1, 2015, we sold 10 buildings for which the results of operations are included in dispositions in the table below are not considered part of our same store portfolio. Therefore, there are 238 buildings consisting of 44.9 million square feet, which represents approximately 83% of our total portfolio, that are considered our same store portfolio in the analysis below. Same store occupancy decreased approximately 0.6% to 94.8% as of

March 31, 2016 compared to 95.4% as of March 31, 2015 . The results of operations from acquisitions relates to the 54 buildings acquired after January 1, 2015 for an aggregate cost of approximately \$455.1 million .

The following table summarizes selected operating information for our same store portfolio and our total portfolio for the three months ended March 31, 2016 and March 31, 2015 (dollars in thousands). This table includes a reconciliation from our same store portfolio to our total portfolio by also providing information for the three months ended March 31, 2016 and March 31, 2015 with respect to the buildings acquired and disposed of after January 1, 2015 .

	Same Store Portfolio				Acquisitions/Dispositions		Other ⁽¹⁾		Total Portfolio			
	Three months ended March 31,		Change		Three months ended March 31,		Three months ended March 31,		Three months ended March 31,		Change	
	2016	2015	\$	%	2016	2015	2016	2015	2016	2015	\$	%
Revenue												
<i>Operating revenue</i>												
Rental income	\$ 41,295	\$ 41,198	\$ 97	0.2 %	\$ 10,054	\$ 2,000	\$ —	\$ 51	\$ 51,349	\$ 43,249	\$ 8,100	18.7 %
Tenant recoveries	7,584	7,067	517	7.3 %	1,858	520	—	—	9,442	7,587	1,855	24.4 %
Other income	34	27	7	25.9 %	6	9	41	117	81	153	(72)	(47.1)%
<i>Total operating revenue</i>	48,913	48,292	621	1.3 %	11,918	2,529	41	168	60,872	50,989	9,883	19.4 %
Expenses												
Property	10,112	9,301	811	8.7 %	2,543	945	—	—	12,655	10,246	2,409	23.5 %
<i>Net operating income ⁽²⁾</i>	\$ 38,801	\$ 38,991	\$ (190)	(0.5)%	\$ 9,375	\$ 1,584	\$ 41	\$ 168	48,217	40,743	7,474	18.3 %
<i>Other expenses</i>												
General and administrative									11,019	7,530	3,489	46.3 %
Property acquisition costs									552	318	234	73.6 %
Depreciation and amortization									30,280	26,129	4,151	15.9 %
Other expenses									260	186	74	39.8 %
<i>Total other expenses</i>									42,111	34,163	7,948	23.3 %
Total expenses									54,766	44,409	10,357	23.3 %
Other income (expense)												
Interest income									3	3	—	— %
Interest expense									(10,847)	(8,010)	(2,837)	35.4 %
Loss on extinguishment of debt									(1,134)	—	(1,134)	100.0 %
Gain on the sales of rental property									17,673	—	17,673	100.0 %
Total other income (expense)									5,695	(8,007)	13,702	(171.1)%
Net income (loss)									\$ 11,801	\$ (1,427)	\$ 13,228	(927.0)%
Less: loss attributable to noncontrolling interest after preferred stock dividends									455	(198)	653	(329.8)%
Net income (loss) attributable to STAG Industrial, Inc.									\$ 11,346	\$ (1,229)	\$ 12,575	(1,023.2)%

(1) Includes corporate sublease rental income and asset management fee income, which is separated for purposes of calculating NOI.

(2) NOI for the combined same store portfolio and acquisitions and dispositions for the three months ended March 31, 2016 and March 31, 2015 was \$48.2 million and \$40.6 million, respectively. For a detailed discussion of NOI, including the reasons management believes NOI is useful to investors, see “Non-GAAP Financial Measures” below.

Same Store Total Operating Revenue

Same store operating revenue consists primarily of (i) rental income consisting of base rent, termination income, straight-line rent and above and below market lease amortization from our properties, and (ii) tenant reimbursements for insurance, real estate taxes and certain other expenses (“tenant recoveries”).

Same store rental income increased by \$0.1 million or 0.2% to \$41.3 million for the three months ended March 31, 2016 compared to \$41.2 million for the three months ended March 31, 2015. Approximately \$1.7 million of the increase was attributable to rental increases due to new leases and renewals of existing tenants. Same store rental income also increased approximately \$0.5 million due to a net increase in the amortization of net below market leases. These increases were partially offset by an approximately \$1.6 million decrease due to a reduction of base rent due to tenants downsizing their spaces and vacancies, as well as a reduction of termination income of approximately \$0.5 million.

Same store tenant recoveries increased by \$0.5 million or 7.3% to \$7.6 million for the three months ended March 31, 2016 compared to \$7.1 million for the three months ended March 31, 2015. The increase is primarily related to increases of real estate taxes levied by the related taxing authority, as well in changes to lease terms where we began paying the real estate taxes on behalf of tenants that had previously paid its taxes directly to the taxing authority.

Same store other income increased by \$7,000 or 25.9% to \$34,000 for the three months ended March 31, 2016 compared to \$27,000 for the three months ended March 31, 2015.

Same Store Operating Expenses

Same store operating expenses consist primarily of property operating expenses and real estate taxes and insurance.

Total same store expenses increased by \$0.8 million or 8.7% to \$10.1 million for the three months ended March 31, 2016 compared to \$9.3 million for the three months ended March 31, 2015. The increase is primarily attributable to an increase of real estate taxes levied by the related taxing authority, vacancies, and to changes in lease terms where we began paying the real estate taxes on behalf of a tenant that previously paid its taxes directly.

Acquisitions and Dispositions Net Operating Income

The following table provides a summary of the impact on NOI as it relates to the 54 buildings acquired and the 10 buildings sold after January 1, 2015:

Acquisitions/Dispositions	Square Feet	Buildings	Purchase/Sale Price (in thousands)	Contribution to NOI (in thousands)	
				Three months ended March 31,	
				2016	2015
<i>Acquired during the quarter ended</i>					
March 31, 2016	710,754	5	\$ 27,882	\$ 105	\$ —
December 31, 2015	3,057,668	14	\$ 138,086	2,830	—
September 30, 2015	2,509,084	18	\$ 108,286	2,253	—
June 30, 2015	1,639,383	12	\$ 83,808	1,630	—
March 31, 2015	1,485,717	5	\$ 97,083	2,100	720
<i>Disposed during the quarter ended</i>					
March 31, 2016	1,182,450	4	\$ 32,800	488	543
December 31, 2015	486,577	4	\$ 13,415	(31)	435
September 30, 2015	321,810	2	\$ 9,550	—	(114)
Total				\$ 9,375	\$ 1,584

Total Other Expenses

Total other expenses consist of general and administrative expense, property acquisition costs, depreciation and amortization, and other expenses.

Total other expenses increased \$7.9 million or 23.3% for the three months ended March 31, 2016 to \$42.1 million compared to \$34.2 million for the three months ended March 31, 2015. The increase was primarily related to an increase of \$4.2 million in depreciation and amortization as a result of buildings acquired which increased the depreciable asset base. Approximately \$3.5 million of the increase relates to an increase in general and administrative expenses, primarily related to compensation expense.

of approximately \$3.1 million related to the severance costs of a former executive officer during the three months ended March 31, 2016, as well as the 2016 equity grants for employees and independent directors.

Total Other Income (Expense)

Total other income (expense) consists of interest income, interest expense, loss on extinguishment of debt, and gain on sales of rental property. Interest expense includes interest incurred during the period as well as adjustments related to amortization of financing fees and debt issuance costs and amortization of fair market value adjustments associated with the assumption of debt.

Total other income (expense) increased \$13.7 million or 171.1% to a net other income of \$5.7 million for the three months ended March 31, 2016 compared to a net other expense of \$8.0 million for the three months ended March 31, 2015. This increase is primarily the result of a gain on sales of rental property of approximately \$17.7 million, whereas there were no rental property sales during the three months ended March 31, 2015. This was partially offset by a loss on extinguishment of debt of approximately \$1.1 million for the three months ended March 31, 2016, whereas there was no loss on extinguishment of debt during the three months ended March 31, 2015. The increase was also partially offset by an increase in interest expense of approximately \$2.8 million related to the increase in total average debt outstanding for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. The increases were a result of the issuance of unsecured notes and unsecured term loans during 2015.

Non-GAAP Financial Measures

In this report, we disclose and discuss funds from operations (“FFO”) and NOI, which meet the definition of “non-GAAP financial measures” as set forth in Item 10(e) of Regulation S-K promulgated by the SEC. As a result, we are required to include in this report a statement of why management believes that presentation of these measures provides useful information to investors.

Funds From Operations

FFO 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, FFO should be compared with our reported net income or net loss in accordance with GAAP, as presented in our consolidated financial statements included in this report.

We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts (“NAREIT”). FFO represents GAAP net income (loss), excluding gains (or losses) from sales of depreciable operating buildings, 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.

Management uses 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.

However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our buildings that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our buildings, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure 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. FFO should not be used as a measure of our liquidity, and is not indicative of funds available for our cash needs, including our ability to pay dividends.

The following table sets forth a reconciliation of our FFO attributable to common stockholders and unit holders for the periods presented to net income (loss), the nearest GAAP equivalent.

Reconciliation of FFO to net income (loss) (in thousands)	Three months ended March 31,	
	2016	2015
Net income (loss)	\$ 11,801	\$ (1,427)
Rental property depreciation and amortization	30,231	26,087
Gain on the sales of rental property	(17,673)	—
FFO	24,359	24,660
Preferred stock dividends	(2,912)	(2,712)
Amount allocated to unvested restricted stockholders	(100)	(101)
FFO attributable to common stockholders and unit holders	\$ 21,347	\$ 21,847

Net Operating Income

We consider NOI to be an appropriate supplemental performance measure to net income because we believe it helps investors and management understand the core operations of our buildings. NOI is defined as rental revenue, including reimbursements, less property expenses and real estate taxes and insurance. NOI should not be viewed as an alternative measure of our financial performance since it excludes expenses which could materially impact our results of operations. Further, our NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating NOI.

The following table sets forth a reconciliation of our NOI for the periods presented to net income (loss), the nearest GAAP equivalent.

Reconciliation of NOI to net income (loss) (in thousands)	Three months ended March 31,	
	2016	2015
Net income (loss)	\$ 11,801	\$ (1,427)
Asset management fee income	(41)	(117)
General and administrative	11,019	7,530
Property acquisition costs	552	318
Depreciation and amortization	30,280	26,129
Interest income	(3)	(3)
Interest expense	10,847	8,010
Loss on extinguishment of debt	1,134	—
Other expenses	260	186
Gain on the sales of rental property	(17,673)	—
Corporate sub lease rental income	—	(51)
Net operating income	\$ 48,176	\$ 40,575

Cash Flows

Comparison of the three months ended March 31, 2016 to the three months ended March 31, 2015

The following table summarizes our cash flows for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 .

Cash flows (dollars in thousands)	Three months ended March 31,		Change	
	2016	2015	\$	%
Net cash provided by operating activities	\$ 24,087	\$ 21,816	\$ 2,271	10.4 %
Net cash provided by (used in) investing activities	\$ 600	\$ (66,705)	\$ 67,305	100.9 %
Net cash provided by (used in) financing activities	\$ (21,229)	\$ 32,699	\$ (53,928)	(164.9)%

Net cash provided by operating activities increased \$2.3 million to \$24.1 million for the three months ended March 31, 2016 compared to \$21.8 million for the three months ended March 31, 2015 . The increase was primarily attributable to incremental operating cash flows from property acquisitions completed after March 31, 2015 , and operating performance at existing properties. These increases were partially offset by the loss of cash flows from property dispositions completed after March 31, 2015 , fluctuations in working capital due to timing of payments and rental receipts, and a higher cash interest paid due to an increase in the our total average indebtedness outstanding.

Net cash provided by investing activities for the three months ended March 31, 2016 was \$0.6 million , an increase of \$67.3 million from net cash used in investing activities of \$66.7 million for the three months ended March 31, 2015. The change was primarily related to the sale of four buildings during the three months ended March 31, 2016 for net proceeds of \$31.9 million , compared to the three months ended March 31, 2015 where we did not sell any buildings. The change is also attributable to the acquisition

of five buildings for a total cash consideration of \$27.8 million for the three months ended March 31, 2016 compared to the acquisition of five buildings for a total cash consideration of \$63.4 million .

Net cash used in financing activities for the three months ended March 31, 2016 was \$21.2 million , a decrease of \$53.9 million from net cash provided by financing activities of \$32.7 million for the three months ended March 31, 2015. The change is primarily due to a decrease in cash inflow from our unsecured notes of \$120.0 million from the issuance of the \$100 million 4.32% Series D 10-year unsecured notes and the \$20 million 4.42% Series E 12-year unsecured notes on February 20, 2015. The change is also attributable to a decrease in proceeds of sale of common stock of \$10.1 million, an increase of repayment of mortgage notes of \$3.2 million, an increase of \$2.3 million in offering costs related to the issuance of the 6.875% Series C Cumulative Redeemable Preferred Stock ("Series C Preferred Stock") on March 17, 2016, and an increase in dividends and distributions paid of \$2.3 million as a result of the increased number of shares and units outstanding as well as a \$0.01166 increase in the dividend paid per share during the three months ended March 31, 2016 compared to the three months ended March 31, 2015 . These decreases are were offset by the issuance of the Series C Preferred Stock for proceeds of \$75.0 million and an increase of net cash inflow of \$8.0 million from our unsecured credit facility during the three months ended March 31, 2016 compared to the three months ended March 31, 2015 .

Liquidity and Capital Resources

We believe that our liquidity needs will be satisfied through cash flows generated by operations, disposition proceeds, and financing activities. Operating cash flow is primarily rental revenue, expense recoveries from tenants, and other income from operations and is our principal source of funds that we use to pay operating expenses, debt service, recurring capital expenditures and the distributions required to maintain our REIT qualification. We look to the capital markets (common equity, preferred equity, and debt) to primarily fund our acquisition activity. We seek to increase cash flows from our properties by maintaining quality standards for our buildings that promote high occupancy rates and permit increases in rental rates while reducing tenant turnover and controlling operating expenses. We believe that our revenue, together with proceeds from building sales and debt and equity financings, will continue to provide funds for our short-term and medium-term liquidity needs.

Our short-term liquidity requirements consist primarily of funds to pay for operating expenses and other expenditures directly associated with our buildings, including interest expense, interest rate swap payments, scheduled principal payments on outstanding indebtedness, funding of property acquisitions under contract, general and administrative expenses, and capital expenditures for tenant improvements and leasing commissions.

Our long-term liquidity needs, in addition to recurring short-term liquidity needs as discussed above, consist primarily of funds necessary to pay for acquisitions, non-recurring capital expenditures, and scheduled debt maturities. We intend to satisfy our long-term liquidity needs through cash flow from operations, the issuance of equity or debt securities, other borrowings, property dispositions, or, in connection with acquisitions of certain additional buildings, the issuance of common units in the Operating Partnership.

As of March 31, 2016 , we had total immediate liquidity of approximately \$476.5 million, comprised of \$15.5 million of cash and \$461.0 million of immediate availability on our unsecured credit facility and unsecured term loans.

In addition, we require funds for future dividends and distributions to be paid to our common and preferred stockholders and common unit holders in our Operating Partnership. The table below sets forth the dividends and distributions on our common stock during the three months ended March 31, 2016 . These distributions on our common stock are voluntary (at the discretion of our board of directors), to the extent we have satisfied distribution requirements in order to maintain our REIT status for federal income tax purposes, and may be reduced or stopped if needed to fund other liquidity requirements or for other reasons.

Month Ended 2016	Declaration Date	Record Date	Per Share	Payment Date
June 30	February 22, 2016	June 30, 2016	\$ 0.115833	July 15, 2016
May 31	February 22, 2016	May 31, 2016	0.115833	June 15, 2016
April 30	February 22, 2016	April 29, 2016	0.115833	May 16, 2016
March 31	October 22, 2015	March 31, 2016	0.115833	April 15, 2016
February 29	October 22, 2015	February 29, 2016	0.115833	March 15, 2016
January 31	October 22, 2015	January 29, 2016	0.115833	February 16, 2016
Total			\$ 0.694998	

On May 2, 2016 , the Company's board of directors declared the common stock dividend for the months ending July 31, 2016 , August 31, 2016 and September 30, 2016 at a monthly rate of \$0.115833 per share of common stock.

We pay quarterly cumulative dividends on the 9.0% Series A Cumulative Redeemable Preferred Stock (the “Series A Preferred Stock”), the 6.625% Series B Cumulative Redeemable Preferred Stock (the “Series B Preferred Stock”), and the Series C Preferred Stock at a rate equivalent to the fixed annual rate of \$2.25, \$1.65625, and \$1.71875 per share, respectively. Dividends on the Series C Preferred Stock will accrue and be cumulative from and including the issuance date of March 17, 2016 to the first payment date on June 30, 2016. The table below sets forth the dividends on the Series A Preferred Stock and the Series B Preferred Stock during the three months ended March 31, 2016 .

Quarter Ended 2016	Declaration Date	Series A Preferred Stock Per Share	Series B Preferred Stock Per Share	Payment Date
March 31	February 22, 2016	\$ 0.5625	\$ 0.4140625	March 31, 2016
Total		\$ 0.5625	\$ 0.4140625	

On May 2, 2016 , our board of directors declared the Series A Preferred Stock and Series B Preferred Stock dividend for the quarter ending June 30, 2016 at a quarterly rate of \$0.5625 per share and \$0.4140625 per share, respectively. On May 2, 2016 , our board of directors declared the Series C Preferred Stock dividend for the period from the issuance date of March 17, 2016 through June 30, 2016 at a rate of \$0.49653 per share.

Indebtedness Outstanding

The following table sets forth certain information with respect to the indebtedness outstanding as of March 31, 2016 .

Loan	Principal outstanding as of March 31, 2016	Interest Rate ⁽¹⁾	Current Maturity	Prepayment Terms ⁽²⁾
Unsecured credit facility:				
Unsecured Credit Facility ⁽³⁾	\$ 6,000	L + 1.20%	Dec-18-2019	i
Total unsecured credit facility	6,000			
Unsecured term loans:				
Unsecured Term Loan C ⁽⁴⁾	—	L + 1.35%	Sep-29-2020	i
Unsecured Term Loan B	150,000	L + 1.75%	Mar-21-2021	ii
Unsecured Term Loan A	150,000	L + 1.80%	Mar-31-2022	ii
Total unsecured term loans	300,000			
Less: Total unamortized debt issuance costs	221			
Total carrying value unsecured term loans	299,779			
Unsecured notes:				
Series F Unsecured Notes	100,000	3.98%	Jan-05-2023	ii
Series A Unsecured Notes	50,000	4.98%	Oct-1-2024	ii
Series D Unsecured Notes	100,000	4.32%	Feb-20-2025	ii
Series B Unsecured Notes	50,000	4.98%	Jul-1-2026	ii
Series C Unsecured Notes	80,000	4.42%	Dec-30-2026	ii
Series E Unsecured Notes	20,000	4.42%	Feb-20-2027	ii
Total unsecured notes	400,000			
Less: Total unamortized debt issuance costs	616			
Total carrying value unsecured notes	399,384			
Mortgage notes (secured debt):				
Webster Bank, National Association	5,471	4.22%	Aug-4-2016	iii
National Life Insurance Company	4,732	5.75%	Aug-10-2016	iii
Union Fidelity Life Insurance Co.	5,663	5.81%	Apr-30-2017	iv
Principal Life Insurance Company	5,632	5.73%	May-05-2017	iii
Webster Bank, National Association	2,923	3.66%	May-29-2017	iii
Webster Bank, National Association	3,148	3.64%	May-31-2017	iii
Wells Fargo, National Association	4,097	5.90%	Aug-1-2017	v
Connecticut General Life Insurance Company-1 Facility	56,942	6.50%	Feb-1-2018	vi
Connecticut General Life Insurance Company-2 Facility	47,345	5.75%	Feb-1-2018	vi
Connecticut General Life Insurance Company-3 Facility	16,338	5.88%	Feb-1-2018	vi
Wells Fargo Bank, National Association CMBS Loan	62,315	4.31%	Dec-1-2022	vii
Total mortgage notes	214,606			
Add: Total unamortized fair market value premiums	325			
Less: Total unamortized debt issuance costs	204			
Total carrying value mortgage notes	214,727			
Total / weighted average interest rate ⁽⁵⁾	\$ 919,890	4.24%		

(1) Current interest rate as of March 31, 2016 . At March 31, 2016 , the one-month LIBOR (“L”) was 0.43725% . The current interest rate is not adjusted to include the amortization of deferred financing fees or debt issuance costs incurred in obtaining debt or the unamortized fair market value premiums. The spread over the applicable rate for the Company's unsecured credit facility and unsecured term loans is based on the Company's consolidated leverage ratio, as defined in the respective loan agreements.

(2) Prepayment terms consist of (i) pre-payable with no penalty; (ii) pre-payable with penalty; (iii) pre-payable without penalty three months prior to the maturity date; (iv) pre-payable without penalty two months prior to the maturity date; (v) pre-payable without penalty three months prior to the maturity date, however can be defeased; (vi) pre-payable without penalty six months prior to the maturity date; and (vii) pre-payable without penalty three months prior to the maturity date, however can be defeased beginning January 1, 2016.

(3) The capacity of the unsecured credit facility is \$450.0 million .

(4) Capacity of \$150.0 million , in which we have until September 29, 2016 to draw the full amount.

(5) The weighted average interest rate was calculated using the fixed interest rate swapped on the current notional amount of \$300.0 million of debt, and is not adjusted to include the amortization of deferred financing fees or debt issuance costs incurred in obtaining debt or the unamortized fair market value premiums.

The aggregate undrawn nominal commitments on the combined unsecured credit facility and unsecured term loans as of March 31, 2016 was approximately \$594.0 million . Our actual borrowing capacity at any given point in time may be less and is restricted to a maximum amount based on our unencumbered assets. Total accrued interest for our indebtedness was \$5.5 million and \$3.8 million as of March 31, 2016 and December 31, 2015 , respectively, and is included in prepaid

expenses and other assets on the accompanying Consolidated Balance Sheets.

On March 17, 2016, the mortgage note held with Connecticut General Life Insurance Company (Facility 2) was partially paid in the amount of approximately \$10.5 million in connection with the sale of the Gresham, OR property which had served as partial collateral for the mortgage note. The prepayment fees and associated unamortized deferred financing fees and debt issuance costs of approximately \$0.9 million were written off to loss on extinguishment of debt in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2016 .

On March 3, 2016, the mortgage note held with Wells Fargo, National Association (CMBS loan) was partially defeased in the amount of approximately \$1.2 million in connection with the sale of the Wichita, KS property which had served as partial collateral for the mortgage note. The associated defeasance fees and unamortized deferred financing fees and debt issuance costs of approximately \$0.2 million were written off to loss on extinguishment of debt in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2016 .

On March 1, 2016 the mortgage note held with Sun Life Assurance Company of Canada (U.S.), in which the property located in Gahanna, OH served as collateral for the mortgage note, was paid in full. The associated unamortized deferred financing fees, debt issuance costs, and fair value market premium were written off as a net gain of approximately \$17,000 and is included in loss on extinguishment of debt in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2016 .

Our unsecured credit facility, unsecured term loans, unsecured notes, and mortgage notes are subject to ongoing compliance with a number of financial and other covenants. As of March 31, 2016 , we were in compliance with the applicable financial covenants.

The chart below details our debt capital structure as of March 31, 2016 .

Debt Capital Structure	March 31, 2016
Total Debt (in thousands)	\$ 919,890
Weighted Average Duration	6.4 Years
Weighted Average Interest Rate ⁽¹⁾	4.24%
% Secured Debt	23%
% Debt Maturing Next 12 Months	1%
Net Debt to Real Estate Cost Basis ⁽²⁾	42%

(1) The weighted average interest rate was calculated using the fixed interest rate swapped on the current notional amount of \$300.0 million of debt, and is not adjusted to include the amortization of deferred financing fees or debt issuance costs incurred in obtaining debt or the unamortized fair market value premiums.

(2) Net debt is defined as our amounts outstanding under our unsecured credit facility, unsecured term loans, unsecured notes, and mortgage notes, less cash and cash equivalents. Real estate cost basis is defined as the book value of rental property and deferred leasing intangibles, exclusive of the related accumulated depreciation and amortization.

We regularly pursue new financing opportunities to ensure an appropriate balance sheet position. As a result of these dedicated efforts, we are confident in our ability to meet future debt maturities and building acquisition funding needs. We believe that our current balance sheet is in an adequate position at the date of this filing, despite possible volatility in the credit markets.

Our interest rate exposure as it relates to interest expense payments on our floating rate debt is managed through our use of interest rate swaps, which fix the rate of our long term floating rate debt. For a detailed discussion on our use of interest rate swaps, see "Interest Rate Risk" below.

Equity

Preferred Stock

The table below sets forth our outstanding preferred stock issuances as of March 31, 2016 .

Preferred Stock Issuances	Issuance Date	Number of Shares	Price and Liquidation Value per share	Interest Rate
Series A Preferred Stock	November 2, 2011	2,760,000	\$ 25.00	9.000%
Series B Preferred Stock	April 16, 2013	2,800,000	\$ 25.00	6.625%
Series C Preferred Stock	March 17, 2016	3,000,000	\$ 25.00	6.875%

The Series C Preferred Stock ranks on parity to the Series A Preferred Stock and Series B Preferred Stock and ranks senior to the Company's common stock with respect to dividend rights and rights upon the liquidation, dissolution or winding up of the Company. The Series C Preferred Stock has no stated maturity date and is not subject to mandatory redemption or any sinking

fund. Generally, the Company is not permitted to redeem the Series C Preferred Stock prior to March 17, 2021, except in limited circumstances relating to the Company's ability to qualify as a REIT and in certain other circumstances related to a change of control.

Common Stock

The following sets forth our at-the-market ("ATM") common stock offering program as of March 31, 2016. Once the ATM offering program is associated with our most recent shelf registration statement, we may from time to time sell its common stock through sales agents under the program. There was no activity for the ATM common stock offering programs during three months ended March 31, 2016.

ATM Stock Offering Program (in thousands)	Date	Maximum Aggregate Offering Price	Aggregate Common Stock Available as of March 31, 2016
2014 \$200 million ATM	September 10, 2014	\$ 200,000	\$ 107,380

Noncontrolling Interest

We own our interests in all of our properties and conduct substantially all of our business through our Operating Partnership. We are the sole member of the sole general partner of the Operating Partnership. As of March 31, 2016, we owned approximately 94.8% of the common units of our Operating Partnership, and our executive officers, directors and their affiliates, and third parties who contributed properties to us in exchange for common units in our Operating Partnership, owned the remaining 5.2%.

Interest Rate Risk

We use interest rate swaps to fix the rate of our variable rate debt. As of March 31, 2016, all of our outstanding variable rate debt, with the exception of our unsecured credit facility, was fixed with interest rate swaps.

We recognize all derivatives on the balance sheet at fair value. If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive loss, which is a component of equity. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. Derivatives that are not designated as hedges must be adjusted to fair value and the changes in fair value must be reflected as income or expense.

We have established criteria for suitable counterparties in relation to various specific types of risk. We only use counterparties that have a credit rating of no lower than investment grade at swap inception from Moody's Investor Services, Standard & Poor's, or Fitch Ratings or other nationally recognized rating agencies.

The following table details our outstanding interest rate swaps as of March 31, 2016 .

Interest Rate Derivative Counterparty	Trade Date	Effective Date	Notional Amount (in thousands)	Fair Value (in thousands)	Pay Fixed Interest Rate	Receive Variable Interest Rate	Maturity Date
PNC Bank, N.A.	Sep-14-2012	Oct-10-2012	\$ 10,000	\$ (25)	0.7945%	One-month L	Sep-10-2017
Bank of America, N.A.	Sep-14-2012	Oct-10-2012	\$ 10,000	\$ (25)	0.7945%	One-month L	Sep-10-2017
UBS AG	Sep-14-2012	Oct-10-2012	\$ 10,000	\$ (25)	0.7945%	One-month L	Sep-10-2017
Royal Bank of Canada	Sep-14-2012	Oct-10-2012	\$ 10,000	\$ (25)	0.7945%	One-month L	Sep-10-2017
RJ Capital Services, Inc.	Sep-14-2012	Oct-10-2012	\$ 10,000	\$ (26)	0.7975%	One-month L	Sep-10-2017
Bank of America, N.A.	Sep-20-2012	Oct-10-2012	\$ 25,000	\$ (48)	0.7525%	One-month L	Sep-10-2017
RJ Capital Services, Inc.	Sep-24-2012	Oct-10-2012	\$ 25,000	\$ (39)	0.7270%	One-month L	Sep-10-2017
Regions Bank	Mar-01-2013	Mar-01-2013	\$ 25,000	\$ (411)	1.3300%	One-month L	Feb-14-2020
Capital One, N.A.	Jun-13-2013	Jul-01-2013	\$ 50,000	\$ (1,480)	1.6810%	One-month L	Feb-14-2020
Capital One, N.A.	Jun-13-2013	Aug-01-2013	\$ 25,000	\$ (761)	1.7030%	One-month L	Feb-14-2020
Regions Bank	Sep-30-2013	Feb-03-2014	\$ 25,000	\$ (1,037)	1.9925%	One-month L	Feb-14-2020
The Toronto-Dominion Bank	Oct-14-2015	Sep-29-2016	\$ 25,000	\$ (329)	1.3830%	One-month L	Sep-29-2020
PNC Bank, N.A.	Oct-14-2015	Sep-29-2016	\$ 50,000	\$ (674)	1.3906%	One-month L	Sep-29-2020
Regions Bank	Oct-14-2015	Sep-29-2016	\$ 35,000	\$ (475)	1.3858%	One-month L	Sep-29-2020
U.S. Bank, N.A.	Oct-14-2015	Sep-29-2016	\$ 25,000	\$ (339)	1.3950%	One-month L	Sep-29-2020
Capital One, N.A.	Oct-14-2015	Sep-29-2016	\$ 15,000	\$ (205)	1.3950%	One-month L	Sep-29-2020
Royal Bank of Canada	Jan-08-2015	Mar-20-2015	\$ 25,000	\$ (809)	1.7090%	One-month L	Mar-21-2021
The Toronto-Dominion Bank	Jan-08-2015	Mar-20-2015	\$ 25,000	\$ (805)	1.7105%	One-month L	Mar-21-2021
The Toronto-Dominion Bank	Jan-08-2015	Sep-10-2017	\$ 100,000	\$ (3,346)	2.2255%	One-month L	Mar-21-2021
Wells Fargo Bank, N.A.	Jan-08-2015	Mar-20-2015	\$ 25,000	\$ (944)	1.8280%	One-month L	Mar-31-2022
The Toronto-Dominion Bank	Jan-08-2015	Feb-14-2020	\$ 25,000	\$ (359)	2.4535%	One-month L	Mar-31-2022
Regions Bank	Jan-08-2015	Feb-14-2020	\$ 50,000	\$ (756)	2.4750%	One-month L	Mar-31-2022
Capital One, N.A.	Jan-08-2015	Feb-14-2020	\$ 50,000	\$ (789)	2.5300%	One-month L	Mar-31-2022

The swaps outlined in the above table were all designated as cash flow hedges of interest rate risk, and all are valued as Level 2 financial instruments. Level 2 financial instruments are defined as significant other observable inputs. As of March 31, 2016 , the fair values of all of our 23 interest rate swaps were in a liability position of approximately \$13.7 million , including any adjustment for nonperformance risk related to these agreements.

As of March 31, 2016 , we had \$306.0 million of variable rate debt. As of March 31, 2016 , all of our outstanding variable rate debt, with the exception of our unsecured credit facility, was fixed with interest rate swaps. To the extent interest rates increase, interest costs on our floating rate debt not fixed with interest rate swaps will increase, which could adversely affect our cash flow and our ability to pay principal and interest on our debt and our ability to make distributions to our security holders. From time to time, we may enter into interest rate swap agreements and other interest rate hedging contracts, including swaps, caps and floors. In addition, an increase in interest rates could decrease the amounts third-parties are willing to pay for our assets, thereby limiting our ability to change our portfolio promptly in response to changes in economic or other conditions.

Inflation

Our business could be impacted in multiple ways due to inflation. We believe, however, that we are well positioned to be able to manage our business in an inflationary environment. Specifically, our average lease duration is approximately 4.1 years and, on average, 10-20% of our leases will roll annually over the next few years. We expect that this lease roll will allow us to capture inflationary increases in rent on a relatively efficient basis. In addition, we have long term liabilities averaging approximately 6.5 years when excluding our unsecured credit facility. Our variable rate debt has been fully swapped to fixed rates through maturity with the exception of the unsecured credit facility. Therefore, as rents rise and increase our operating cash flow, this positive impact will flow more directly to the bottom line without the offset of higher in place debt costs. Lastly, while inflation will likely lead to increases in the operating costs of our portfolio, such as real estate taxes, utility expenses, and other operating expenses, the majority of our leases are either triple net leases or otherwise provide for tenant reimbursement for costs related to these expenses. Therefore, the increased costs in an inflationary environment would generally be passed through to our tenant.

Off-balance Sheet Arrangements

As of March 31, 2016 , we had no material off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. The primary market risk we are exposed to is interest rate risk. We have used derivative financial instruments to manage, or hedge, interest rate risks related to our borrowings, primarily through interest rate swaps.

As of March 31, 2016, we had \$306.0 million of outstanding variable rate debt, all of which, with the exception of \$6.0 million of our unsecured credit facility, was fixed with interest rate swaps. To the extent we undertake additional variable rate indebtedness, if interest rates increase, then so will the interest costs on our unhedged variable rate debt, which could adversely affect our cash flow and our ability to pay principal and interest on our debt and our ability to make distributions to our security holders. Further, rising interest rates could limit our ability to refinance existing debt when it matures or significantly increase our future interest expense. From time to time, we enter into interest rate swap agreements and other interest rate hedging contracts, including swaps, caps and floors. While these agreements are intended to lessen the impact of rising interest rates on us, they also expose us to the risk that the other parties to the agreements will not perform, we could incur significant costs associated with the settlement of the agreements, the agreements will be unenforceable and the underlying transactions will fail to qualify as highly-effective cash flow hedges under GAAP. In addition, an increase in interest rates could decrease the amounts third parties are willing to pay for our assets, thereby limiting our ability to change our portfolio promptly in response to changes in economic or other conditions. If interest rates increased by 100 basis points and assuming we had an outstanding balance of \$6.0 million on the unsecured credit facility (the portion outstanding at March 31, 2016 not fixed by interest rate swaps) for the three months ended March 31, 2016, our interest expense would have increased by approximately \$15,000 for the three months ended March 31, 2016.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by SEC Rule 13a-15(b), we have evaluated, under the supervision of and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of March 31, 2016. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures for the periods covered by this report were effective to provide reasonable assurance that information required to be disclosed by our Company in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

There was no change to our internal control over financial reporting during the quarter ended March 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

From time to time, we are a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of our business. We are not currently a party, as plaintiff or defendant, to any legal proceedings which, individually or in the aggregate, would be expected to have a material effect on our business, financial condition or results of operations if determined adversely to our company.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 25, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

As of March 31, 2016, all items required to be disclosed in a Current Report on Form 8-K were reported on a Form 8-K.

Submission of Matters to a Vote of Security Holders

On May 2, 2016, the Company held its annual meeting of stockholders. The matters on which the stockholders voted, in person or by proxy, were:

- (i) the election of seven directors to hold office until the 2017 annual meeting of stockholders and until their successors have been elected and qualified;
- (ii) the ratification of the appointment of the Company's independent registered public accountants for the year ending December 31, 2016; and
- (iii) the approval, by non-binding vote, of executive compensation.

The seven nominees were elected, the ratification of the appointment of the independent registered public accountants was approved and executive compensation was approved. The results of the voting were as follows:

Election of Directors:

Director	Votes For	Votes Withheld	Abstentions	Broker Non-Votes
Benjamin S. Butcher	48,537,138	1,076,453	-0-	12,473,717
Virgis W. Colbert	47,816,597	1,796,994	-0-	12,473,717
Jeffrey D. Furber	48,566,474	1,047,117	-0-	12,473,717
Larry T. Guillemette	48,392,830	1,220,761	-0-	12,473,717
Francis X. Jacoby III	48,681,137	932,454	-0-	12,473,717
Christopher P. Marr	48,361,947	1,251,644	-0-	12,473,717
Hans S. Weger	48,405,376	1,208,215	-0-	12,473,717

Ratification of Appointment of Independent Registered Public Accountants:

Votes For	Votes Against	Abstentions	Broker Non-Votes
60,944,559	1,043,808	98,941	-0-

Approval of Executive Compensation:

Votes For	Votes Against	Abstentions	Broker Non-Votes
36,137,767	12,946,192	529,632	12,473,717

Item 6. Exhibits

Exhibit Number	Description of Document
3.1 *	Articles of Amendment and Restatement of STAG Industrial, Inc. (including all articles of amendment and articles supplementary)
4.1	Form of Certificate for STAG Industrial, Inc.'s 6.875% Series C Cumulative Redeemable Preferred Stock (incorporated by reference to STAG Industrial, Inc.'s Registration Statement on Form 8-A filed with the Securities and Exchange Commission on March 10, 2016)
10.1	Third Amendment to the Amended and Restated Agreement of Limited Partnership of STAG Industrial Operating Partnership, L.P. (incorporated by reference to STAG Industrial, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 18, 2016)
10.2 *	Employment Agreement with William R. Crooker, dated February 25, 2016
10.3 *	Employment Agreement with Peter S. Fearey, dated February 25, 2016
10.4 *	Form of Performance Award Agreement
31.1 *	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 *	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 *	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101 *	The following materials from STAG Industrial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Equity, (v) the Consolidated Statements of Cash Flows, and (vi) related notes to Consolidated Financial Statements

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STAG INDUSTRIAL, INC.

Date: May 3, 2016

BY: /s/ WILLIAM R. CROOKER

William R. Crooker

*Chief Financial Officer, Executive Vice President and Treasurer
(Principal Financial Officer and Principal Accounting Officer)*

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* Filed herewith.

ARTICLES OF AMENDMENT AND RESTATEMENT**of****STAG INDUSTRIAL, INC.**

FIRST: STAG Industrial, Inc., a Maryland corporation, desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the charter currently in effect and as hereinafter amended:

**ARTICLE I
NAME**

The name of the corporation is STAG Industrial, Inc. (the “Corporation”).

**ARTICLE II
PURPOSE**

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust under the Internal Revenue Code of 1986, as amended, or any successor statute (the “Code”)) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. For purposes of the charter of the Corporation (the “Charter”), “REIT” means a real estate investment trust under Sections 856 through 860 of the Code.

ARTICLE III PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o The Corporation Trust Incorporated, 351 West Camden Street, Baltimore, Maryland 21201. The name and address of the resident agent of the Corporation in the State of Maryland is The Corporation Trust Incorporated, 351 West Camden Street, Baltimore, Maryland 21201. The resident agent is a Delaware corporation qualified to transact business in the state of Maryland.

**ARTICLE IV PROVISIONS FOR DEFINING, LIMITING
AND REGULATING CERTAIN POWERS OF THE
CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS**

Section 4.1 Number of Directors. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation initially shall be one, which number may be increased or decreased only by the Board of Directors pursuant to the bylaws of the Corporation (the “Bylaws”) but shall never be less than the minimum number required by the Maryland General Corporation Law (the “MGCL”). The name of the initial director who shall serve until the first annual meeting of stockholders and until their successors are duly elected and qualify is:

Benjamin S. Butcher

The Board of Directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible under Section 3-802 of the MGCL to make the election provided for under Section 3-804(c) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series of stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred.

Section 4.2 Extraordinary Actions. Notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 4.3 Authorization by Board of Stock Issuance. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the MGCL, the Charter or the Bylaws.

Section 4.4 Preemptive Rights and Appraisal Rights. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 5.4 or as may otherwise be provided by contract approved by the Board of Directors, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation

or any other security of the Corporation that it may issue or sell. Holders of shares of stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute unless the Board of Directors, upon the affirmative vote of a majority of the Board of Directors, shall determine that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Section 4.5 Indemnification. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner, member, manager or trustee of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any of the foregoing capacities. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 4.6 Determinations by Board. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by

the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 4.7 REIT Qualification. If the Corporation elects to qualify for federal income tax treatment as a REIT, the Board of Directors shall take such actions as it determines necessary or appropriate to preserve the status of the Corporation as a REIT; however, if the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the Board of Directors may revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code. The Board of Directors also may determine that compliance with any restriction or limitation on stock ownership and transfers set forth in Article VI is no longer required for REIT qualification.

Section 4.8 Removal of Directors. Subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time only by the affirmative vote of the holders of at least a majority of the votes entitled to be cast generally in the election of directors.

ARTICLE V STOCK

Section 5.1 Authorized Shares. The Corporation has authority to issue 110,000,000 shares of stock, consisting of 100,000,000 shares of Common Stock, \$0.01 par value per share (the "Common Stock"), and 10,000,000 shares of Preferred Stock, \$0.01 par value per share (the "Preferred Stock"). The aggregate par value of all authorized shares of stock having par value is \$1,100,000. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Section 5.2, 5.3 or 5.4 of this Article V, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The Board of Directors, with the approval of a majority of the entire Board of Directors, and without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock of the Corporation or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 5.2 Common Stock. Subject to the provisions of Article VI and except as may otherwise be specified in the terms of any class or series of Common Stock, each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 5.3 Preferred Stock. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, in one or more classes or series of stock.

Section 5.4 Classified or Reclassified Shares. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the provisions of Article VI and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers (including the ability to grant exclusive voting rights on a Charter amendment that would alter the contract rights, as expressly set forth in the Charter, only of the specified class or series of stock), restrictions, including without limitation, restrictions as to transferability, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland. Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 5.4 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other charter document.

Section 5.5 Charter and Bylaws. The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws. The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of the Bylaws and to make new Bylaws.

ARTICLE VI RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 6.1 Definitions. For the purpose of this Article VI, the following terms shall have the following meanings:

Aggregate Stock Ownership Limit. The term “Aggregate Stock Ownership Limit” shall mean not more than nine and eight-tenths percent (9.8%) in value or in the number of shares, whichever is more restrictive, of the aggregate of the outstanding shares of Capital Stock. The value and number of the outstanding shares of Capital Stock shall be determined by the Board of Directors in good faith, which determination shall be conclusive for all purposes hereof.

Beneficial Ownership. The term “Beneficial Ownership” shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) and Section 856(h)(3) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

Business Day. The term “Business Day” shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

Capital Stock. The term “Capital Stock” shall mean all classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

Charitable Beneficiary. The term “Charitable Beneficiary” shall mean one or more beneficiaries of the Charitable Trust as determined pursuant to Section 6.3.6, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Charitable Trust. The term “Charitable Trust” shall mean any Charitable Trust provided for in Section 6.3.1.

Common Stock Ownership Limit. The term “Common Stock Ownership Limit” shall mean not more than nine and eight-tenths percent (9.8%) in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of Common Stock of the Corporation excluding any outstanding shares of Common Stock not treated as outstanding for federal income tax purposes. The number and value of the outstanding shares of Common Stock of the Corporation shall be determined by the Board of Directors in good faith, which determination shall be conclusive for all purposes hereof. For purposes of determining the percentage ownership of Common Stock by any Person, shares of Common Stock that may be acquired upon conversion, exchange or exercise of any securities of the Corporation directly or constructively held by such Person, but not Common Stock issuable with respect to the conversion, exchange or exercise of securities for the Corporation held by other Persons, shall be deemed to be outstanding prior to conversion, exchange or exercise.

Constructive Ownership. The term “Constructive Ownership” shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

Excepted Holder. The term “Excepted Holder” shall mean a stockholder of the Corporation for whom an Excepted Holder Limit is created by the Charter or by the Board of Directors pursuant to Section 6.2.6.

Excepted Holder Limit. The term “Excepted Holder Limit” shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Charter or the Board of Directors pursuant to Section 6.2.6 and subject to adjustment pursuant to Section 6.2.7, the percentage limit established for an Excepted Holder by the Charter or the Board of Directors pursuant to Section 6.2.6.

Initial Date. The term “Initial Date” shall mean the date of the issuance of Common Stock pursuant to the initial underwritten public offering of Common Stock or such other date as determined by the Board of Directors in its sole discretion.

Market Price. The term “Market Price” on any date shall mean, with respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The “Closing Price” on any date shall mean the last reported sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Capital Stock is not listed or admitted to trading on the NYSE, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the Board of Directors or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined in good faith by the Board of Directors.

NYSE. The term “NYSE” shall mean the New York Stock Exchange.

Person. The term “Person” shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a “group” as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies.

Prohibited Owner. The term “Prohibited Owner” shall mean, with respect to any purported Transfer, any Person who, but for the provisions of Section 6.2.1, would Beneficially Own or Constructively Own shares of Capital Stock in violation of the provisions of Section 6.2.1(a). If appropriate in the context, “Prohibited Owner” shall also mean any Person who would have been the record owner of the shares of Capital Stock that the Prohibited Owner would have so owned.

Restriction Termination Date. The term “Restriction Termination Date” shall mean the first day after the Initial Date on which the Board of Directors determines pursuant to Section 4.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Transfer. The term “Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Capital Stock or the right to vote or receive dividends on Capital Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

Trustee. The term “Trustee” shall mean DLA Piper LLP (US). Any replacement or successor trustee shall be a Person unaffiliated with the Corporation and a Prohibited Owner, that is appointed by the Corporation to serve as trustee of the Charitable Trust.

Section 6.2 Capital Stock.

Section 6.2.1 Ownership Limitations. During the period commencing on the Initial Date and prior to the Restriction Termination Date but subject to Section 6.4:

(a) Basic Restrictions.

(i) Section 6.2.2 No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Aggregate Stock Ownership Limit, (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Common Stock in excess of the Common Stock Ownership Limit and (3) no Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.

(i) Except as provided in Section 6.2.6 hereof, no Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent that such Beneficial Ownership or Constructive Ownership of Capital Stock would result in the Corporation (A) being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or (B) being treated as a “pension held REIT” within the meaning of Section 856(h)(3)(D) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year).

(ii) No person shall Transfer shares of Capital Stock to the extent such Transfer would result in the Capital Stock being beneficially owned by fewer than one hundred (100) Persons (determined under the principles of Section 856(a)(5) of the Code).

(iii) Except as provided in Section 6.2.6 hereof, no Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent such Beneficial Ownership or Constructive Ownership would cause the Corporation to Constructively Own ten percent (10%) or more of the ownership interests in a tenant of the Corporation’s real property within the meaning of Section 856(d)(2)(B) of the Code.

(iv) Except as provided in Section 6.2.6 hereof, no Person shall Beneficially Own or Constructively Own shares of capital stock to the extent that such ownership would cause any independent contractor of the Corporation to not be treated as such under Section 856(d)(3) of the Code.

(v) No Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent such Beneficial Ownership or Constructive Ownership would otherwise cause the Corporation to fail to qualify as a REIT.

(b) Transfer in Trust. If any Transfer of shares of Capital Stock (or any other event) occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 6.2.1(a)(i), (ii), (iii), (iv), (v) or (vi),

(i) then that number of shares of the Capital Stock the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 6.2.1(a)(i), (ii), (iii), (iv), (v) or (vi) (rounded up to the nearest whole share) shall be automatically transferred to a Charitable Trust for the benefit of a Charitable Beneficiary, as described in Section 6.3, effective as of the close of business on the Business Day prior to the date of such Transfer, and such Person shall acquire no rights in such shares of Capital Stock; or

(ii) if the transfer to the Charitable Trust described in clause (i) of this sentence would not be effective for any reason to prevent the violation of Section 6.2.1(a)(i), (ii), (iii), (iv), (v) or (vi), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 6.2.1(a)(i), (ii), (iii), (iv), (v) or (vi) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Capital Stock.

Section 6.2.3 Remedies for Breach. If the Board of Directors or any duly authorized committee thereof or other designees if permitted by the MGCL shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 6.2.1 or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Capital Stock in violation of Section 6.2.1 (whether or not such violation is intended), the Board of Directors or a committee thereof or other designees if permitted by the MGCL shall take such action as it deems advisable, in its sole discretion, to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares of Capital Stock, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfers or attempted Transfers or other events in violation of Section 6.2.1 shall automatically result in the transfer to the Charitable Trust described above, or, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Directors or a committee thereof.

Section 6.2.4 Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 6.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Charitable Trust pursuant to the provisions of Section 6.2.1(b) shall immediately give written notice to the Corporation of such

event, or in the case of such a proposed or attempted transaction, give at least fifteen (15) days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

Section 6.2.5 Owners Required To Provide Information. From the Initial Date and until the Restriction Termination Date:

(a) Every owner of more than five percent (5%) (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) in value of the outstanding shares of Capital Stock, within thirty (30) days after the end of each taxable year, shall give written notice to the Corporation stating the name and address of such owner, the number of shares of each class or series of Capital Stock Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide promptly to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT and to ensure compliance with the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit; and

(b) each Person who is a Beneficial Owner or Constructive Owner of Capital Stock and each Person (including the stockholder of record) who is holding Capital Stock for a Beneficial Owner or Constructive Owner shall provide promptly to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit.

Section 6.2.6 Remedies Not Limited. Subject to Section 4.7 of the Charter, nothing contained in this Section 6.2 shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation's status as a REIT.

Section 6.2.7 Exceptions.

(a) The Board of Directors, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Aggregate Stock Ownership Limit, the Common Stock Ownership Limit or the restrictions under 6.2.1(a)(iv) and (v), as the case may be, and may establish or increase an Excepted Holder Limit for such Person if the Board of Directors obtains such representations, covenants and undertakings as the Board of Directors

may deem appropriate in order to conclude that granting the exemption and/or establishing or increasing the Excepted Holder Limit, as the case may be, will not cause the Corporation to lose its status as a REIT.

(b) Prior to granting any exception pursuant to Section 6.2.6(a), the Board of Directors may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(c) Subject to Section 6.2.1(a)(i), (ii) and (iii), an underwriter, placement agent or initial purchaser that participates in a public offering, a private placement or private resale of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Aggregate Stock Ownership Limit, the Common Stock Ownership Limit, or both such limits, but only to the extent necessary to facilitate such public offering, private placement or resale of such Capital Stock, and provided that the restrictions contained in Section 6.2.1(a) will not be violated following the distribution by such underwriter, placement agent or initial purchaser of such shares of Capital Stock.

Section 6.2.8 Change in Aggregate Stock Ownership and Common Stock Ownership Limits. The Board of Directors may from time to time increase or decrease the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit; provided, however, that a decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit will not be effective for any Person whose Beneficial Ownership or Constructive Ownership of Capital Stock is in excess of such decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit until such time as such Person's Beneficial Ownership or Constructive Ownership of Capital Stock equals or falls below the decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit, but until such time as such Person's Beneficial Ownership or Constructive Ownership of Capital Stock falls below such decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit any further acquisition or increase in Beneficial Ownership or Constructive Ownership of Capital Stock will be in violation of the Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit and, provided further, that the new Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit would not allow five or fewer Persons (taking into account all Excepted Holders) to Beneficially Own more than 49.9% in value of the outstanding Capital Stock.

Section 6.2.9 Legend. Each certificate for shares of Capital Stock shall bear a legend summarizing the provisions of this Article VI. Instead of such legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

Section 6.3 Transfer of Capital Stock in Trust.

Section 6.3.1 Ownership in Trust. Upon any purported Transfer or other event described in Section 6.2.1(b) that would result in a transfer of shares of Capital Stock to a Charitable Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Charitable Trust pursuant to Section 6.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 6.3.6.

Section 6.3.2 Status of Shares Held by the Trustee. Shares of Capital Stock held by the Trustee shall continue to be issued and outstanding shares of Capital Stock of the Corporation. The Prohibited Owner shall have no rights in the Capital Stock held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Charitable Trust.

Section 6.3.3 Dividend and Voting Rights. The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Capital Stock held in the Charitable Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid to a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid with respect to such shares of Capital Stock by the Prohibited Owner to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividends or distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Charitable Trust and, subject to Maryland law, effective as of the date that the shares of Capital Stock have been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that

if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VI, until the Corporation has received notification that shares of Capital Stock have been transferred into a Charitable Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

Section 6.3.4 Sale of Shares by Trustee. Within twenty (20) days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Charitable Trust, the Trustee of the Charitable Trust shall sell the shares held in the Charitable Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 6.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 6.3.4. The Prohibited Owner shall receive the lesser of (1) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Charitable Trust (*e.g.* , in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Charitable Trust and (2) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Charitable Trust. The Trustee may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 6.3.3 of this Article VI. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Charitable Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 6.3.4, such excess shall be paid to the Trustee upon demand.

Section 6.3.5 Purchase Right in Stock Transferred to the Trustee. Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Charitable Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to

the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 6.3.3 of this Article VI. The Corporation may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Charitable Trust pursuant to Section 6.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and any dividends or other distributions held by the Trustee shall be paid to the Charitable Beneficiary.

Section 6.3.6 Designation of Charitable Beneficiaries. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Charitable Trust such that (i) the shares of Capital Stock held in the Charitable Trust would not violate the restrictions set forth in Section 6.2.1(a) in the hands of such Charitable Beneficiary and (ii) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Section 6.4 NYSE Transactions. Nothing in this Article VI shall preclude the settlement of any transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article VI and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VI.

Section 6.5 Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VI.

Section 6.6 Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

Section 6.7 Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Article VI, including any definition contained in Section 6.1 of this Article VI, the Board of Directors shall have the power to determine the application of the provisions of this Article VI with respect to any situation based on the facts known to it.

ARTICLE VII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to the Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors or officers are granted subject to this reservation. Except for those amendments permitted to be made without stockholder approval under Maryland law or by specific provision in the Charter, any amendment to the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of a majority of all the votes entitled to be cast on the matter.

ARTICLE VIII

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article VIII, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article VIII, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act that occurred prior to such amendment, repeal or adoption.

THIRD: The amendment to and restatement of the Charter as hereinabove set forth have been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article III of the foregoing amendment and restatement of the Charter.

FIFTH: The name and address of the Corporation's current resident agent is as set forth in Article III of the foregoing amendment and restatement of the Charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Article IV of the foregoing amendment and restatement of the charter.

SEVENTH: The undersigned Chief Executive Officer acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[*Signature Page Follows*]

IN WITNESS WHEREOF, STAG Industrial, Inc. has caused the foregoing amendment and restatement of the charter to be signed in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this 7th day of April, 2011.

STAG Industrial, Inc.

By: /s/ Benjamin S. Butcher

President

Benjamin S. Butcher
Chairman, Chief Executive Officer and

ATTEST

By: /s/ Kathryn Arnone

Counsel and Secretary

Kathryn Arnone
Executive Vice President, General

STAG INDUSTRIAL, INC.

ARTICLES SUPPLEMENTARY

2,760,000 SHARES OF

9.0% SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK

OCTOBER 31, 2011

STAG Industrial, Inc., a Maryland corporation (the “Corporation”), hereby certifies to the State Department of Assessments and Taxation of Maryland (the “Department”) that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Corporation (the “Board of Directors”) by Article IV of the Articles of Amendment and Restatement of the Corporation filed with the Department on April 7, 2011 (the “Charter”) and Section 2-105 of the Maryland General Corporation Law (the “MGCL”), the Board of Directors, by resolutions duly adopted on September 15, 2011, has authorized the issuance, classification and designation of a number of shares of the authorized but unissued preferred stock of the Corporation, par value \$0.01 per share (“Preferred Stock”), as a separate class of Preferred Stock, that, on the date of issue, have a liquidation value of up to \$69,000,000 (including the additional 15% to cover any underwriter over-allotment option), and, pursuant to the powers contained in the Bylaws of the Corporation and the MGCL, appointed a committee (the “Committee”) of the Board of Directors and delegated to the Committee, to the fullest extent permitted by the MGCL and the Charter and Bylaws of the Corporation, among other things, all powers of the Board of Directors with respect to (i) setting the number of shares of the Preferred Stock to be classified and designated, provided that in no event shall the liquidation value of such shares exceed \$69,000,000 (including the additional 15% to cover any underwriter over-allotment option), (ii) setting the cumulative dividend percentage for the Preferred Stock, (iii) selecting the dates on which dividends will be paid on the Preferred Stock, (iv) establishing the price per share for the Preferred Stock, (v) authorizing, approving and filing these Articles Supplementary with the Department and (vi) authorizing and approving all such other actions as the Committee may deem necessary or desirable in connection with the classification, authorization, issuance, offer, and sale of the Preferred Stock.

SECOND: The Committee has unanimously adopted resolutions classifying and designating the Preferred Stock as a separate class of Preferred Stock to be known as the “9.0% Series A Cumulative Redeemable Preferred Stock,” setting the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, transfers, qualifications, terms and conditions of redemption and other terms and conditions of such 9.0% Series A Cumulative Redeemable Preferred Stock, and authorizing the issuance of up to 2,400,000 (plus up to an additional 15% to cover any underwriter over-allotment option) shares of 9.0% Series A Cumulative Redeemable Preferred Stock.

THIRD: The designation, number of shares, preferences, rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, terms and conditions of redemption and other terms and conditions of the separate class of Preferred Stock of the Corporation designated as the 9.0% Series A Cumulative Redeemable Preferred Stock are as follows, which upon any restatement of the Charter shall be made a part of or incorporated by reference into the Charter with any necessary or appropriate changes to the enumeration or lettering of Sections or subsections thereof:

Section 1. Designation and Number. A series of Preferred Stock, designated the “9.0% Series A Cumulative Redeemable Preferred Stock” (the “Series A Preferred Stock”), is hereby established. The number of shares of Series A Preferred Stock shall be 2,760,000.

Section 2. Rank. The Series A Preferred Stock will, with respect to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation, rank: (a) senior to all classes or series of the Corporation’s common stock, par value \$0.01 per share (the “Common Stock”), and all classes or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding expressly designated as ranking junior to the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation; (b) on parity with any class or series of capital stock of the Corporation expressly designated as ranking on parity with the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation; and (c) junior to any

class or series of capital stock of the Corporation expressly designated as ranking senior to the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The term “capital stock” does not include convertible or exchangeable debt securities, which will rank senior to the Series A Preferred Stock prior to conversion or exchange. The Series A Preferred Stock will also rank junior in right of payment to the Corporation’s other existing and future debt obligations.

Section 3. Dividends.

(a) Subject to the preferential rights of the holders of any class or series of capital stock of the Corporation ranking senior to the Series A Preferred Stock as to dividends, the holders of shares of the Series A Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 9.0% per annum of the \$25.00 liquidation preference per share of the Series A Preferred Stock (equivalent to a fixed annual amount of \$2.25 per share of the Series A Preferred Stock). Such dividends shall accrue and be cumulative from and including the first date on which any shares of Series A Preferred Stock are issued (the “Original Issue Date”) and shall be payable quarterly in arrears on each Dividend Payment Date (as defined below), commencing December 30, 2011; provided, however, that if any Dividend Payment Date is not a Business Day (as defined below), then the dividend which would otherwise have been payable on such Dividend Payment Date may be paid on the next succeeding Business Day, except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if paid on such Dividend Payment Date, and no interest or additional dividends or other sums shall accrue on the amount so payable from such Dividend Payment Date to such next succeeding Business Day. The amount of any dividend payable on the Series A Preferred Stock for any Dividend Period (as defined below) shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in the stockholder records of the Corporation at the close of business on the applicable Dividend Record Date (as defined below). Notwithstanding any provision to the contrary contained herein, each outstanding share of Series A Preferred Stock shall be entitled to receive a dividend with respect to any Dividend Record Date equal to the dividend paid with respect to each other share of Series A Preferred Stock that is outstanding on such date. “Dividend Record Date” shall mean the date designated by the Board of Directors for the payment of dividends that is not more than 35 or fewer than 10 days prior to the applicable Dividend Payment Date. “Dividend Payment Date” shall mean the last calendar day of each March, June, September and December, commencing on December 30, 2011. “Dividend Period” shall mean the respective periods commencing on and including the first day of January, April, July and October of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period, which shall commence on the Original Issue Date and end on and include December 31, 2011, and other than the Dividend Period during which any shares of Series A Preferred Stock shall be redeemed pursuant to Section 5 or Section 6, which shall end on and include the day preceding the call date with respect to the shares of Series A Preferred Stock being redeemed).

The term “Business Day” shall mean each day, other than a Saturday or a Sunday, which is not a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

(b) Notwithstanding anything contained herein to the contrary, dividends on the Series A Preferred Stock shall accrue whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such dividends, and whether or not such dividends are authorized or declared.

(c) Except as provided in Section 3(d) below, no dividends shall be declared and paid or declared and set apart for payment, and no other distribution of cash or other property may be declared and made, directly or indirectly, on or with respect to, any shares of Common Stock or shares of any other class or series of capital stock of the Corporation ranking, as to dividends, on parity with or junior to the Series A Preferred Stock (other than a dividend paid in shares of Common Stock or in shares of any other class or series of capital stock ranking junior to the Series A Preferred Stock as to dividends and upon liquidation) for any period, nor shall any shares of Common Stock or any other shares of any other class or series of capital stock of the Corporation ranking, as to dividends or upon liquidation, on parity with or junior to the Series A Preferred Stock be redeemed, purchased or otherwise acquired for any consideration, nor shall any funds be paid or made available for a sinking fund for the redemption of such shares, and no other distribution of cash or other property may be made, directly or indirectly, on or with respect thereto by the Corporation (except by conversion into or exchange for other shares of any class or series of capital stock of the Corporation ranking junior to the Series A Preferred Stock as to dividends and upon liquidation,

and except for the acquisition of shares made pursuant to the provisions of Article VI of the Charter or Section 9 hereof and the purchase or acquisition of shares of any other class or series of capital stock of the Corporation ranking on parity with the Series A Preferred Stock as to payment of dividends and upon liquidation pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series A Preferred Stock), unless full cumulative dividends on the Series A Preferred Stock for all past Dividend Periods that have ended shall have been or contemporaneously are (i) declared and paid in cash or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for such payment.

(d) When dividends are not paid in full (and a sum sufficient for such full payment is not so set apart) on the Series A Preferred Stock and the shares of any other class or series of capital stock ranking, as to dividends, on parity with the Series A Preferred Stock, all dividends declared upon the Series A Preferred Stock and each such other class or series of capital stock ranking, as to dividends, on parity with the Series A Preferred Stock shall be declared pro rata so that the amount of dividends declared per share of Series A Preferred Stock and such other class or series of capital stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Series A Preferred Stock and such other class or series of capital stock (which shall not include any accrual in respect of unpaid dividends on such other class or series of capital stock for prior dividend periods if such other class or series of capital stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock which may be in arrears.

(e) Holders of shares of Series A Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or shares of stock, in excess of full cumulative dividends on the Series A Preferred Stock as provided herein. Any dividend payment made on the Series A Preferred Stock shall first be credited against the earliest accrued but unpaid dividends due with respect to such shares which remain payable. Accrued but unpaid distributions on the Series A Preferred Stock will accumulate as of the Dividend Payment Date on which they first become payable.

Section 4. Liquidation Preference.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any distribution or payment shall be made to holders of shares of Common Stock or any other class or series of capital stock of the Corporation ranking, as to rights upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, junior to the Series A Preferred Stock, the holders of shares of Series A Preferred Stock shall be entitled to be paid out of the assets of the Corporation legally available for distribution to its stockholders, after payment of or provision for the debts and other liabilities of the Corporation, a liquidation preference of \$25.00 per share, plus an amount equal to any accrued and unpaid dividends (whether or not authorized or declared) to but excluding the date of payment. In the event that, upon such voluntary or involuntary liquidation, dissolution or winding up, the available assets of the Corporation are insufficient to pay the full amount of the liquidating distributions on all outstanding shares of Series A Preferred Stock and the corresponding amounts payable on all shares of other classes or series of capital stock of the Corporation ranking, as to liquidation rights, on parity with the Series A Preferred Stock in the distribution of assets, then the holders of the Series A Preferred Stock and each such other class or series of shares of capital stock ranking, as to voluntary or involuntary liquidation rights, on parity with the Series A Preferred Stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled. Written notice of any such voluntary or involuntary liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage pre-paid, not fewer than 30 or more than 60 days prior to the payment date stated therein, to each record holder of shares of Series A Preferred Stock at the respective addresses of such holders as the same shall appear on the stock transfer records of the Corporation. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series A Preferred Stock will have no right or claim to any of the remaining assets of the Corporation. The consolidation or merger of the Corporation with or into any other corporation, trust or entity, or the voluntary sale, lease, transfer or conveyance of all or substantially all of the property or business of the Corporation, shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

(b) In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of capital stock of the Corporation or otherwise, is permitted under the MGCL, amounts that would be needed, if the Corporation were to be dissolved at the time of the

distribution, to satisfy the preferential rights upon dissolution of holders of shares of Series A Preferred Stock shall not be added to the Corporation's total liabilities.

Section 5. Redemption.

(a) Shares of Series A Preferred Stock shall not be redeemable prior to November 2, 2016 except as set forth in Section 6 or to preserve the status of the Corporation as a REIT (as defined in Section 9(a)) for United States federal income tax purposes. In addition, the Series A Preferred Stock shall be subject to the provisions of Section 9 pursuant to which Series A Preferred Stock owned by a stockholder in excess of the Ownership Limit (as defined in Section 9(a)) shall automatically be transferred to a Trust (as defined in Section 9(a)) for the exclusive benefit of a Charitable Beneficiary (as defined in Section 9(a)).

(b) On and after November 2, 2016 the Corporation, at its option upon not fewer than 30 or more than 60 days' written notice, may redeem the Series A Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid dividends (whether or not declared) thereon up to but not including the date fixed for redemption, without interest, to the extent the Corporation has funds legally available therefor (the "Redemption Right"). If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed, the shares of Series A Preferred Stock to be redeemed shall be redeemed pro rata (as nearly as may be practicable without creating fractional shares) by lot or by any other equitable method determined by the Corporation that will not result in a violation of the Ownership Limit or the Aggregate Stock Ownership Limit (each as defined in Section 9(a)). If redemption is to be by lot and, as a result, any holder of shares of Series A Preferred Stock would have actual ownership, Beneficial Ownership or Constructive Ownership (each as defined in Section 9(a)) in excess of the Ownership Limit (as defined in Section 9(a)), the Aggregate Stock Ownership Limit (as defined in Section 9(a)), or such other limit as permitted by the Board of Directors or the Committee pursuant to Section 9(i), because such holder's shares of Series A Preferred Stock were not redeemed, or were only redeemed in part, then, except as otherwise provided in the Charter, the Corporation shall redeem the requisite number of shares of Series A Preferred Stock of such holder such that no holder will hold an amount of Series A Preferred Stock in excess of the applicable ownership limit, subsequent to such redemption. Holders of Series A Preferred Stock to be redeemed shall surrender such Series A Preferred Stock at the place designated in such notice and shall be entitled to the redemption price of \$25.00 per share and any accrued and unpaid dividends payable upon such redemption following such surrender. If (i) notice of redemption of any shares of Series A Preferred Stock has been given, (ii) the funds necessary for such redemption have been set aside by the Corporation in trust for the benefit of the holders of any shares of Series A Preferred Stock so called for redemption, and (iii) irrevocable instructions have been given to pay the redemption price and all accrued and unpaid dividends, then from and after the redemption date, dividends shall cease to accrue on such shares of Series A Preferred Stock, such shares of Series A Preferred Stock shall no longer be deemed outstanding, and all rights of the holders of such shares shall terminate, except the right to receive the redemption price plus any accrued and unpaid dividends payable upon such redemption, without interest. So long as full cumulative dividends on the Series A Preferred Stock for all past Dividend Periods that have ended shall have been or contemporaneously are (i) declared and paid in cash, or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for payment, nothing herein shall prevent or restrict the Corporation's right or ability to purchase, from time to time, either at a public or a private sale, all or any part of the Series A Preferred Stock at such price or prices as the Corporation may determine, subject to the provisions of applicable law, including the repurchase of shares of Series A Preferred Stock in open-market transactions duly authorized by the Board of Directors.

(c) In the event of any redemption of the Series A Preferred Stock in order to preserve the status of the Corporation as a REIT for United States federal income tax purposes, such redemption shall be made in accordance with the terms and conditions set forth in this Section 5 of these Articles Supplementary. If the Corporation calls for redemption any shares of Series A Preferred Stock pursuant to and in accordance with this Section 5(c), then the redemption price for such shares will be an amount in cash equal to \$25.00 per share together with all accrued and unpaid dividends to but excluding the date fixed for redemption.

(d) Unless full cumulative dividends on the Series A Preferred Stock for all past Dividend Periods that have ended shall have been or contemporaneously are (i) declared and paid in cash, or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for payment, no shares of Series A Preferred Stock shall be redeemed pursuant to the Redemption Right or Special Optional Redemption Right (defined below) unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire directly or indirectly any shares of Series A Preferred Stock or any class or series of capital stock of the

Corporation ranking, as to dividends or upon liquidation, on parity with or junior to the Series A Preferred Stock (except by conversion into or exchange for shares of capital stock of the Corporation ranking, as to dividends and upon liquidation, junior to the Series A Preferred Stock); provided, however, that the foregoing shall not prevent the purchase of Series A Preferred Stock, or any other class or series of capital stock of the Corporation ranking, as to dividends or upon liquidation, on parity with or junior to the Series A Preferred Stock, by the Corporation in accordance with the terms of Sections 5(c) and 9 of these Articles Supplementary or otherwise, in order to ensure that the Corporation remains qualified as a REIT for United States federal income tax purposes, or the purchase or acquisition of Series A Preferred Stock or shares of any other class or series of capital stock of the Corporation ranking on parity with the Series A Preferred Stock as to payment of dividends and upon liquidation pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series A Preferred Stock.

(e) Notice of redemption pursuant to the Redemption Right will be mailed by the Corporation, postage prepaid, not fewer than 30 or more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series A Preferred Stock to be redeemed at their respective addresses as they appear on the transfer records of the Corporation. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series A Preferred Stock except as to the holder to whom such notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which the Series A Preferred Stock may be listed or admitted to trading, each such notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series A Preferred Stock to be redeemed; (iv) the place or places where the certificates, if any, representing shares of Series A Preferred Stock are to be surrendered for payment of the redemption price; (v) procedures for surrendering noncertificated shares of Series A Preferred Stock for payment of the redemption price; (vi) that dividends on the shares of Series A Preferred Stock to be redeemed will cease to accumulate on such redemption date; and (vii) that payment of the redemption price and any accumulated and unpaid dividends will be made upon presentation and surrender of such Series A Preferred Stock. If fewer than all of the shares of Series A Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series A Preferred Stock held by such holder to be redeemed. Notwithstanding anything else to the contrary in these Articles Supplementary, the Corporation shall not be required to provide notice to the holder of Series A Preferred Stock in the event such holder's Series A Preferred Stock is redeemed in accordance with Sections 5(c) and 9 of these Articles Supplementary to preserve the Corporation's status as a REIT.

(f) If a redemption date falls after a Dividend Record Date and on or prior to the corresponding Dividend Payment Date, each holder of Series A Preferred Stock at the close of business of such Dividend Record Date shall be entitled to the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares on or prior to such Dividend Payment Date, and each holder of Series A Preferred Stock that surrenders its shares on such redemption date will be entitled to the dividends accruing after the end of the Dividend Period to which such Dividend Payment Date relates up to but excluding the redemption date. Except as provided herein, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series A Preferred Stock for which a notice of redemption has been given.

(g) All shares of the Series A Preferred Stock redeemed or repurchased pursuant to this Section 5, or otherwise acquired in any other manner by the Corporation, shall be retired and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series or class.

(h) The Series A Preferred Stock shall have no stated maturity and shall not be subject to any sinking fund or mandatory redemption; provided, however, that the Series A Preferred Stock owned by a stockholder in excess of the applicable ownership limit shall be subject to the provisions of this Section 5 and Section 9 of these Articles Supplementary.

Section 6. Special Optional Redemption by the Corporation.

(a) Upon the occurrence of a Change of Control (as defined below), the Corporation will have the option upon written notice mailed by the Corporation, postage pre-paid, no fewer than 30 nor more than 60 days prior to the redemption date and addressed to the holders of record of shares of the Series A Preferred Stock to be redeemed at their respective addresses as they appear on the share transfer records of the Corporation, to redeem shares of the Series A Preferred Stock, in whole or in part within 120 days after the first date on which such Change of Control occurred, for cash at \$25.00 per share plus accrued and unpaid dividends, if any, to, but not including, the redemption date ("Special Optional Redemption Right"). No failure to give such notice or any defect thereto or in

the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of Series A Preferred Stock except as to the holder to whom notice was defective or not given. If, prior to the Change of Control Conversion Date (as defined below), the Corporation has provided or provides notice of redemption with respect to the Series A Preferred Stock (whether pursuant to the Redemption Right or the Special Optional Redemption Right), the holders of shares of Series A Preferred Stock will not have the conversion right described below in Section 8.

A “Change of Control” is when, after the original issuance of the Series A Preferred Stock, the following have occurred and are continuing:

(i) the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of stock of the Corporation entitling that person to exercise more than 50% of the total voting power of all stock of the Corporation entitled to vote generally in the election of the Corporation’s directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

(ii) following the closing of any transaction referred to in (i) above, neither the Corporation nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the New York Stock Exchange (the “NYSE”), the NYSE Amex (the “NYSE Amex”), or the NASDAQ Stock Market (“NASDAQ”), or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ.

(b) In addition to any information required by law or by the applicable rules of any exchange upon which the Series A Preferred Stock may be listed or admitted to trading, such notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series A Preferred Stock to be redeemed; (iv) the place or places where the certificates, if any, representing shares of Series A Preferred Stock are to be surrendered for payment of the redemption price; (v) procedures for surrendering noncertificated shares of Series A Preferred Stock for payment of the redemption price; (vi) that dividends on the shares of Series A Preferred Stock to be redeemed will cease to accumulate on the redemption date; (vii) that payment of the redemption price and any accumulated and unpaid dividends will be made upon presentation and surrender of such Series A Preferred Stock; (viii) that the shares of Series A Preferred Stock are being redeemed pursuant to the Special Optional Redemption Right in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control; and (ix) that holders of the shares of Series A Preferred Stock to which the notice relates will not be able to tender such shares of Series A Preferred Stock for conversion in connection with the Change of Control and each share of Series A Preferred Stock tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related redemption date instead of converted on the Change of Control Conversion Date. If fewer than all of the shares of Series A Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series A Preferred Stock held by such holder to be redeemed.

If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed pursuant to the Special Optional Redemption Right, the shares to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional shares) by lot or in such other equitable method determined by the Corporation that will not result in a violation of the Ownership Limit or the Aggregate Stock Ownership Limit (each as defined in Section 9(a)). If such redemption pursuant to the Special Optional Redemption Right is to be by lot and, as a result, any holder of shares of Series A Preferred Stock would have actual ownership, Beneficial Ownership or Constructive Ownership (each as defined in Section 9(a)) in excess of the Ownership Limit (as defined in Section 9(a)), the Aggregate Stock Ownership Limit (as defined in Section 9(a)), or such limit as permitted by the Board of Directors or a committee thereof pursuant to Section 9(h), because such holder’s shares of Series A Preferred Stock were not redeemed, or were only redeemed in part then, except as otherwise provided in the Charter, the Corporation shall redeem the requisite number of shares of Series A Preferred Stock of such holder such that no holder will hold an amount of Series A Preferred Stock in excess of the applicable ownership limit, subsequent to such redemption.

(c) If the Corporation has given a notice of redemption pursuant to the Special Optional Redemption Right and has set aside sufficient funds for the redemption in trust for the benefit of the holders of the Series A Preferred Stock called for redemption, then from and after the redemption date, those shares of Series A Preferred Stock will

be treated as no longer being outstanding, no further dividends will accrue and all other rights of the holders of those shares of Series A Preferred Stock will terminate. The holders of those shares of Series A Preferred Stock will retain their right to receive the redemption price for their shares and any accrued and unpaid dividends through, but not including, the redemption date, without interest. So long as full cumulative dividends on the Series A Preferred Stock for all past dividend periods shall have been or contemporaneously are (i) declared and paid in cash, or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for payment, nothing herein shall prevent or restrict the Corporation's right or ability to purchase, from time to time, either at a public or a private sale, all or any part of the Series A Preferred Stock at such price or prices as the Corporation may determine, subject to the provisions of applicable law, including the repurchase of shares of Series A Preferred Stock in open-market transactions duly authorized by the Board of Directors.

(d) The holders of Series A Preferred Stock at the close of business on a Dividend Record Date will be entitled to receive the dividend payable with respect to the Series A Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption of the Series A Preferred Stock pursuant to the Special Optional Redemption Right between such Dividend Record Date and the corresponding Dividend Payment Date or the Corporation's default in the payment of the dividend due. Except as provided herein, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series A Preferred Stock for which a notice of redemption pursuant to the Special Optional Redemption Right has been given.

(e) All shares of the Series A Preferred Stock redeemed or repurchased pursuant to this Section 6, or otherwise acquired in any other manner by the Corporation, shall be retired and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series or class.

Section 7. Voting Rights.

(a) Holders of the Series A Preferred Stock shall not have any voting rights, except as set forth in this Section 7.

(b) Whenever dividends on any shares of Series A Preferred Stock shall be in arrears for six or more consecutive or non-consecutive quarterly periods (a "Preferred Dividend Default"), the holders of such Series A Preferred Stock (voting together as a single class with all other classes or series of preferred stock of the Corporation upon which like voting rights have been conferred and are exercisable ("Parity Preferred")) shall be entitled to vote for the election of a total of two additional directors of the Corporation (the "Preferred Directors") and the entire Board of Directors will be increased by two directors, until all dividends accumulated on such Series A Preferred Stock and Parity Preferred for the past Dividend Periods that have ended shall have been fully paid or declared and a sum sufficient for the payment thereof is set aside for payment.

(c) The Preferred Directors will be elected by a plurality of the votes cast in the election for a one-year term and each Preferred Director will serve until his or her successor is duly elected and qualified or until such Preferred Director's right to hold the office terminates, whichever occurs earlier, subject to such Preferred Director's earlier death, disqualification, resignation or removal. The election will take place at (i) either (A) a special meeting called in accordance with Section 7(d) below if the request is received more than 90 days before the date fixed for the Corporation's next annual or special meeting of stockholders or (B) the next annual or special meeting of stockholders if the request is received within 90 days of the date fixed for the Corporation's next annual or special meeting of stockholders, and (ii) at each subsequent annual meeting of stockholders, or special meeting held in place thereof, until all such dividends in arrears on the Series A Preferred Stock and each such class or series of outstanding Parity Preferred have been paid in full. A dividend in respect of Series A Preferred Stock shall be considered timely made if made within two Business Days after the applicable Dividend Payment Date if at the time of such late payment date there shall not be any prior Dividend Periods in respect of which full dividends were not timely made at the applicable Dividend Payment Date.

(d) At any time when such voting rights shall have vested, a proper officer of the Corporation shall call or cause to be called, upon written request of holders of record of at least 10% of the outstanding shares of Series A Preferred Stock and Parity Preferred, a special meeting of the holders of Series A Preferred Stock and each class or series of Parity Preferred by mailing or causing to be mailed to such holders a notice of such special meeting to be held not fewer than ten or more than 45 days after the date such notice is given. The record date for determining holders of the Series A Preferred Stock and Parity Preferred entitled to notice of and to vote at such special meeting will be the close of business on the third Business Day preceding the day on which such notice is mailed. At any

such annual or special meeting, all of the holders of the Series A Preferred Stock and Parity Preferred, by plurality vote, voting together as a single class without regard to class or series will be entitled to elect two directors on the basis of one vote per \$25.00 of liquidation preference to which such Series A Preferred Stock and Parity Preferred are entitled by their terms (excluding amounts in respect of accumulated and unpaid dividends) and not cumulatively. The holder or holders of one-third of the Series A Preferred Stock and Parity Preferred voting as a single class then outstanding, present in person or by proxy, will constitute a quorum for the election of the Preferred Directors except as otherwise provided by law. Notice of all meetings at which holders of the Series A Preferred Stock and the Parity Preferred shall be entitled to vote will be given to such holders at their addresses as they appear in the transfer records. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, a majority of the holders of the Series A Preferred Stock and Parity Preferred voting as a single class present in person or by proxy shall have the power to adjourn the meeting for the election of the Preferred Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Preferred Dividend Default shall terminate after the notice of a special meeting has been given but before such special meeting has been held, the Corporation shall, as soon as practicable after such termination, mail or cause to be mailed notice of such termination to holders of the Series A Preferred Stock and the Parity Preferred that would have been entitled to vote at such special meeting.

(e) If and when all accumulated dividends on such Series A Preferred Stock and all classes or series of Parity Preferred for the past dividend periods shall have been fully paid or declared and a sum sufficient for the payment thereof is set aside for payment, the right of the holders of Series A Preferred Stock and the Parity Preferred to elect such additional two directors shall immediately cease (subject to vesting in the event of each and every Preferred Dividend Default), and the term of office of each Preferred Director so elected shall terminate and the entire Board of Directors shall be reduced accordingly. Any Preferred Director may be removed at any time with or without cause by the vote of, and shall not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding Series A Preferred Stock and the Parity Preferred entitled to vote thereon when they have the voting rights set forth in Section 7(b) (voting as a single class). So long as a Preferred Dividend Default shall continue, any vacancy in the office of a Preferred Director may be filled by written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding Series A Preferred Stock when they have the voting rights described above (voting as a single class with all other classes or series of Parity Preferred). Each of the Preferred Directors shall be entitled to one vote on any matter.

(f) So long as any shares of Series A Preferred Stock remain outstanding, the affirmative vote or consent of the holders of two-thirds of the shares of Series A Preferred Stock and each other class or series of preferred stock ranking on parity with the Series A Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation upon which like voting rights have been conferred outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting as a single class) will be required to: (i) authorize, create or issue, or increase the number of authorized or issued shares of, any class or series of capital stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation or reclassify any authorized shares of capital stock of the Corporation into such capital stock, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such capital stock; or (ii) amend, alter or repeal the provisions of the Charter or the terms of the Series A Preferred Stock, whether by merger, consolidation, transfer or conveyance of all or substantially all of its assets or otherwise (an “Event”), so as to materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Stock; provided, however, with respect to the occurrence of any of the Events set forth in (ii) above, so long as the Series A Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that, upon the occurrence of an Event, the Corporation may not be the surviving entity, the occurrence of such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of Series A Preferred Stock, and in such case such holders shall not have any voting rights with respect to the occurrence of any of the Events set forth in (ii) above. In addition, if the holders of the Series A Preferred Stock receive the greater of the full trading price of the Series A Preferred Stock on the date of an Event set forth in (ii) above or the \$25.00 liquidation preference per share of the Series A Preferred Stock pursuant to the occurrence of any of the Events set forth in (ii) above, then such holders shall not have any voting rights with respect to the Events set forth in (ii) above.

So long as any shares of Series A Preferred Stock remain outstanding, the holders of shares of Series A Preferred Stock, voting together as a single class with the holders of all other classes and series of preferred stock ranking on parity with Series A Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation upon which like voting rights have been

conferred and with which holders of Series A Preferred Stock are entitled to vote together as a single class, also will have the exclusive right to vote on any amendment to the Charter on which holders of Series A Preferred Stock are otherwise entitled to vote (as described above regarding material and adverse changes to the terms of the Series A Preferred Stock) and that would alter only the contract rights, as expressly set forth in the Charter, of the Series A Preferred Stock and such other class(es) and series of such parity shares, and the holders of any other class(es) or series of the capital stock of the Corporation will not be entitled to vote on such an amendment.

Holders of shares of Series A Preferred Stock shall not be entitled to vote with respect to (A) any increase in the total number of authorized shares of Common Stock or Preferred Stock of the Corporation, or (B) any increase in the number of authorized shares of Series A Preferred Stock or the creation or issuance of any other class or series of capital stock, or (C) any increase in the number of authorized shares of any other class or series of capital stock, in each case referred to in clause (A), (B) or (C) above ranking on parity with or junior to the Series A Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation. Except as set forth herein, holders of the Series A Preferred Stock shall not have any voting rights with respect to, and the consent of the holders of the Series A Preferred Stock shall not be required for, the taking of any corporate action, including an Event, regardless of the effect that such corporate action or Event may have upon the powers, preferences, voting power or other rights or privileges of the Series A Preferred Stock.

(g) The foregoing voting provisions of this Section 7 shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series A Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds, in cash, shall have been deposited in trust to effect such redemption.

(h) In any matter in which the Series A Preferred Stock may vote (as expressly provided herein), each share of Series A Preferred Stock shall be entitled to one vote per \$25.00 of liquidation preference.

Section 8. Conversion. The shares of Series A Preferred Stock are not convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 8.

(a) Upon the occurrence of a Change of Control, each holder of shares of Series A Preferred Stock shall have the right, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem the Series A Preferred Stock pursuant to the Redemption Right or Special Optional Redemption Right, to convert some or all of the Series A Preferred Stock held by such holder (the “Change of Control Conversion Right”) on the Change of Control Conversion Date into a number of shares of Common Stock, per share of Series A Preferred Stock to be converted (the “Common Stock Conversion Consideration”) equal to the lesser of (A) the quotient obtained by dividing (i) the sum of (x) the \$25.00 liquidation preference per share of Series A Preferred Stock to be converted plus (y) the amount of any accrued and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Dividend Record Date and prior to the corresponding Dividend Payment Date, in which case no additional amount for such accrued and unpaid dividends will be included in such sum) by (ii) the Common Stock Price (as defined herein) and (B) 7.8691 (the “Share Cap”), subject to the immediately succeeding paragraph.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of the Common Stock), subdivisions or combinations (in each case, a “Share Split”) with respect to the Common Stock as follows: the adjusted Share Cap as the result of a Share Split shall be the number of shares of Common Stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of Common Stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of Common Stock outstanding immediately prior to such Share Split.

In the case of a Change of Control pursuant to which shares of Common Stock shall be converted into cash, securities or other property or assets (including any combination thereof) (the “Alternative Form Consideration”), a holder of shares of Series A Preferred Stock shall receive upon conversion of such shares of Series A Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of Common Stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the “Alternative Conversion Consideration”; and the Common Stock Conversion Consideration or the Alternative

Conversion Consideration, as may be applicable to a Change of Control, shall be referred to herein as the “Conversion Consideration”).

In the event that holders of Common Stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration will be deemed to be the kind and amount of consideration actually received by holders of a majority of the Common Stock that voted for such an election (if electing between two types of consideration) or holders of a plurality of the Common Stock that voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of Common Stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

The “Change of Control Conversion Date” shall be a Business Day set forth in the notice of Change of Control provided in accordance with Section 8(c) below that is no less than 20 days nor more than 35 days after the date on which the Corporation provides such notice pursuant to Section 8(c).

The “Common Stock Price” shall be (i) if the consideration to be received in the Change of Control by the holders of Common Stock is solely cash, the amount of cash consideration per share of Common Stock or (ii) if the consideration to be received in the Change of Control by holders of Common Stock is other than solely cash (x) the average of the closing sale prices per share of Common Stock (or, if no closing sale price is reported, the average of the closing bid and ask prices or, if more than one in either case, the average of the average closing bid and the average closing ask prices) for the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control as reported on the principal U.S. securities exchange on which the Common Stock is then traded, or (y) the average of the last quoted bid prices for the Common Stock in the over-the-counter market as reported by OTC Markets Group, Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, if the Common Stock is not then listed for trading on a U.S. securities exchange.

(b) No fractional shares of Common Stock shall be issued upon the conversion of Series A Preferred Stock. In lieu of fractional shares, holders shall be entitled to receive the cash value of such fractional shares based on the Common Stock Price.

(c) Within 15 days following the occurrence of a Change of Control, a notice of occurrence of the Change of Control, describing the resulting Change of Control Conversion Right, shall be delivered to the holders of record of the shares of Series A Preferred Stock at their addresses as they appear on the Corporation’s share transfer records and notice shall be provided to the Corporation’s transfer agent. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the conversion of any share of Series A Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of Series A Preferred Stock may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date, which shall be a Business Day occurring within 20 to 35 days following the date of such notice; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem all or any portion of the Series A Preferred Stock, the holder will not be able to convert shares of Series A Preferred Stock designated for redemption and such shares of Series A Preferred Stock shall be redeemed on the related redemption date, even if they have already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series A Preferred Stock; (viii) the name and address of the paying agent and the conversion agent; and (ix) the procedures that the holders of Series A Preferred Stock must follow to exercise the Change of Control Conversion Right.

(d) The Corporation shall issue a press release for publication on the Dow Jones & Corporation, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if such organizations are not in existence at the time of issuance of such press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on the Corporation’s website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides notice pursuant to Section 8(c) above to the holders of Series A Preferred Stock.

(e) In order to exercise the Change of Control Conversion Right, a holder of shares of Series A Preferred Stock shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the

certificates (if any) representing the shares of Series A Preferred Stock to be converted, duly endorsed for transfer, together with a written conversion notice completed, to the Corporation's transfer agent. Such notice shall state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Series A Preferred Stock to be converted; and (iii) that the shares of Series A Preferred Stock are to be converted pursuant to the applicable provisions of these Articles Supplementary. Notwithstanding the foregoing, if the shares of Series A Preferred Stock are held in global form, such notice shall comply with applicable procedures of The Depository Trust Company ("DTC").

(f) Holders of Series A Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal must state: (i) the number of withdrawn shares of Series A Preferred Stock; (ii) if certificated shares of Series A Preferred Stock have been issued, the certificate numbers of the shares of withdrawn Series A Preferred Stock; and (iii) the number of shares of Series A Preferred Stock, if any, which remain subject to the conversion notice. Notwithstanding the foregoing, if the shares of Series A Preferred Stock are held in global form, the notice of withdrawal shall comply with applicable procedures of DTC.

(g) Shares of Series A Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem such shares of Series A Preferred Stock, whether pursuant to its Redemption Right or Special Optional Redemption Right. If the Corporation elects to redeem shares of Series A Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series A Preferred Stock shall not be so converted and the holders of such shares shall be entitled to receive on the applicable redemption date \$25.00 per share, plus any accrued and unpaid dividends thereon to, but not including, the redemption date.

(h) The Corporation shall deliver the applicable Conversion Consideration no later than the third Business Day following the Change of Control Conversion Date.

(i) Notwithstanding anything to the contrary contained herein, no holder of shares of Series A Preferred Stock will be entitled to convert such shares of Series A Preferred Stock into shares of Common Stock to the extent that receipt of such shares of Common Stock would cause the holder of such shares of Common Stock (or any other person) to have actual ownership, Beneficial Ownership or Constructive Ownership (each as defined in Section 9(a)) in excess of the Ownership Limit (as defined in Section 9(a)), the Aggregate Stock Ownership Limit (as defined in Section 9(a)), or such other limit as permitted by the Board of Directors or the Committee pursuant to Section 9(h).

Section 9. Restrictions on Ownership and Transfer to Preserve Tax Benefit.

(a) Definitions. For the purposes of Section 5 and this Section 9 of these Articles Supplementary, the following terms shall have the following meanings:

"Aggregate Stock Ownership Limit" has the meaning set forth in Article VI of the Charter.

"Beneficial Ownership" shall mean ownership of Series A Preferred Stock by a Person, whether the interest in the shares of Series A Preferred Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) and Section 856(h)(3) of the Code. The terms "Beneficial Owner," "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

"Capital Stock" has the meaning set forth in Article VI of the Charter.

"Charitable Beneficiary" shall mean one or more beneficiaries of the Charitable Trust, as determined pursuant to Section 9(c)(vi) of these Articles Supplementary, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

“Charitable Trust” shall mean any Charitable Trust provided for in Section 9(c) of these Articles Supplementary.

“Code” shall mean the Internal Revenue Code of 1986, as amended. All section references to the Code shall include any successor provisions thereof as may be adopted from time to time.

“Constructive Ownership” shall mean ownership of Series A Preferred Stock by a Person, whether the interest in the shares of Series A Preferred Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

“Excepted Holder” shall mean a stockholder of the Corporation for whom an Excepted Holder Limit is created by the Charter or by the Board of Directors pursuant to Section 9(h) of these Articles Supplementary.

“Excepted Holder Limit” shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Charter or the Board of Directors pursuant to Section 9(h) of these Articles Supplementary and subject to adjustment pursuant to Section 9(i) of these Articles Supplementary, the percentage limit established for an Excepted Holder by the Charter or the Board of Directors pursuant to Section 9(h) of these Articles Supplementary.

“Market Price” on any date shall mean, with respect to the Series A Preferred Stock, the Closing Price for such Series A Preferred Stock on such date. The “Closing Price” on any date shall mean the last reported sale price for such Series A Preferred Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Series A Preferred Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Series A Preferred Stock is not listed or admitted to trading on the NYSE, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Series A Preferred Stock is listed or admitted to trading or, if such Series A Preferred Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such Series A Preferred Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Series A Preferred Stock selected by the Board of Directors or, in the event that no trading price is available for such Series A Preferred Stock, the fair market value of the Series A Preferred Stock, as determined in good faith by the Board of Directors.

“Ownership Limit” shall mean not more than nine and eight-tenths percent (9.8%) in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of Series A Preferred Stock of the Corporation excluding any outstanding shares of Series A Preferred Stock not treated as outstanding for federal income tax purposes. The number and value of the outstanding shares of Series A Preferred Stock of the Corporation shall be determined by the Board of Directors in good faith, which determination shall be conclusive for all purposes hereof.

“Person” shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a “group” as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies.

“Prohibited Owner” shall mean, with respect to any purported Transfer, any Person who, but for the provisions of Section 9(b) of these Articles Supplementary, would Beneficially Own or Constructively Own shares of Series A Preferred Stock in violation of the provisions of Section 9(b)(i) of these Articles Supplementary. If appropriate in the context, “Prohibited Owner” shall also mean any Person who would have been the record owner of the shares of Series A Preferred Stock that the Prohibited Owner would have so owned

“REIT” shall mean a real estate investment trust under Sections 856 through 860 of the Code.

“Restriction Termination Date” shall mean the first day after the date on which the Board of Directors determines pursuant to Section 4.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Series A Preferred Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

“Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Series A Preferred Stock or the right to vote or receive dividends on Series A Preferred Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Series A Preferred Stock or any interest in Series A Preferred Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Series A Preferred Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

“Trustee” shall mean DLA Piper LLP (US). Any replacement or successor trustee shall be a Person unaffiliated with the Corporation and a Prohibited Owner, that is appointed by the Corporation to serve as trustee of the Charitable Trust.

(b) Restriction on Ownership and Transfers.

(i) Prior to the Restriction Termination Date, but subject to Section 9(l):

(A) (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Series A Preferred Stock that, taking into account any other Capital Stock Beneficially or Constructively Owned by such Person, would result in such Person Beneficially or Constructively Owning Capital Stock, in excess of the Aggregate Stock Ownership Limit, and (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Series A Preferred Stock in excess of the Ownership Limit;

(B) Except as provided in Section 9(h) hereof, no Person shall Beneficially Own or Constructively Own shares of Series A Preferred Stock to the extent that such Beneficial Ownership or Constructive Ownership of Series A Preferred Stock, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would result in the Corporation (A) being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or (B) being treated as a “pension held REIT” within the meaning of Section 856(h)(3)(D) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year);

(C) No person shall Transfer shares of Series A Preferred Stock to the extent such Transfer would result in the Capital Stock being beneficially owned by fewer than one hundred (100) Persons (determined under the principles of Section 856(a)(5) of the Code).

(D) Except as provided in Section 9(h) hereof, no Person shall Beneficially Own or Constructively Own shares of Series A Preferred Stock to the extent such Beneficial Ownership or Constructive Ownership, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would cause the Corporation to Constructively Own ten percent (10%) or more of the ownership interests in a tenant of the Corporation’s real property within the meaning of Section 856(d)(2)(B) of the Code;

(E) Except as provided in Section 9(h) hereof, no Person shall Beneficially Own or Constructively Own shares of Series A Preferred Stock to the extent that such ownership, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would cause any independent contractor of the Corporation to not be treated as such under Section 856(d)(3) of the Code; or

(F) No Person shall Beneficially Own or Constructively Own shares of Series A Preferred Stock to the extent such Beneficial Ownership or Constructive Ownership, taking into account any other Capital Stock of

the Corporation Beneficially or Constructively Owned by such Person, would otherwise cause the Corporation to fail to qualify as a REIT.

(ii) If, prior to the Restriction Termination Date, any Transfer of shares of Series A Preferred Stock (or any other event) occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Series A Preferred Stock in violation of Section 9(b)(i) of these Articles Supplementary, (A) then that number of shares of the Series A Preferred Stock the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate to violate Section 9(b)(i) of these Articles Supplementary (rounded up to the nearest whole share) shall be automatically transferred to a Charitable Trust for the benefit of a Charitable Beneficiary, as described in Section 9(c), effective as of the close of business on the Business Day prior to the date of such Transfer, and such Person shall acquire no rights in such shares of Series A Preferred Stock, or (B) if the transfer to the Charitable Trust described in clause (A) of this sentence would not be effective for any reason to prevent the violation of Section 9(b)(i) of these Articles Supplementary, then the Transfer of that number of shares of Series A Preferred Stock that otherwise would cause any Person to violate Section 9(b)(i) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Series A Preferred Stock.

(c) Transfers of Series A Preferred Stock in Trust.

(i) Upon any purported Transfer or other event described in Section 9(b)(ii) of these Articles Supplementary that would result in a transfer of shares of Series A Preferred Stock to a Charitable Trust, such shares of Series A Preferred Stock shall be deemed to have been transferred to the Trustee as trustee for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Charitable Trust pursuant to Section 9(b)(ii). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 9(c)(vi) of these Articles Supplementary.

(ii) Shares of Series A Preferred Stock held by the Trustee shall continue to be issued and outstanding shares of Series A Preferred Stock of the Corporation. The Prohibited Owner shall have no rights in the Series A Preferred Stock held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Charitable Trust.

(iii) The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Series A Preferred Stock held in the Charitable Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid to a Prohibited Owner prior to the discovery by the Corporation that the shares of Series A Preferred Stock have been transferred to the Trustee shall be paid with respect to such shares of Series A Preferred Stock by the Prohibited Owner to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividends or distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Charitable Trust and, subject to Maryland law, effective as of the date that the shares of Series A Preferred Stock have been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Series A Preferred Stock have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of these Articles Supplementary to the contrary, until the Corporation has received notification that shares of Series A Preferred Stock have been transferred into a Charitable Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

(iv) Within twenty (20) days of receiving notice from the Corporation that shares of Series A Preferred Stock have been transferred to the Charitable Trust, the Trustee of the Charitable Trust shall sell the shares held in the Charitable Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 9(b)(i). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 9(c)(iv). The Prohibited Owner shall receive the lesser

of (1) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Charitable Trust (e.g. , in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Charitable Trust and (2) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Charitable Trust. The Trustee may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 9(c)(iii). Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Series A Preferred Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Charitable Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 9(c)(iv), such excess shall be paid to the Trustee upon demand.

(v) Shares of Series A Preferred Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Charitable Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 9(c)(iii). The Corporation may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Charitable Trust pursuant to Section 9(c)(iv). Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and any dividends or other distributions held by the Trustee shall be paid to the Charitable Beneficiary.

(vi) By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Charitable Trust such that (i) the shares of Series A Preferred Stock held in the Charitable Trust would not violate the restrictions set forth in Section 9(b)(i) in the hands of such Charitable Beneficiary and (ii) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

(d) Remedies For Breach. If the Board of Directors or any duly authorized committee thereof or other designees if permitted by the MGCL shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 9(b) of these Articles Supplementary or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Series A Preferred Stock of the Corporation in violation of Section 9(b) of these Articles Supplementary (whether or not such violation is intended), the Board of Directors or a committee thereof or other designees if permitted by the MGCL shall take such action as it deems advisable, in its sole discretion, to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares of Series A Preferred Stock, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfers or attempted Transfers or other events in violation of Section 9(b)(i) of these Articles Supplementary shall automatically result in the transfer to the Charitable Trust described above, or, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Directors or a committee thereof.

(e) Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Series A Preferred Stock that will or may violate Section 9(b)(i) of these Articles Supplementary, or any Person who would have owned shares of Series A Preferred Stock that resulted in a transfer to the Charitable Trust pursuant to the provisions of Section 9(b)(ii) of these Articles Supplementary shall immediately give written notice to the Corporation of such event, or in the case of such a proposed or attempted transaction, give at least fifteen (15) days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

(f) Owners Required To Provide Information. Prior to the Restriction Termination Date, each Person who is a Beneficial Owner or Constructive Owner of Series A Preferred Stock and each Person (including the stockholder of record) who is holding Series A Preferred Stock for a Beneficial Owner or Constructive Owner shall provide promptly to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the Aggregate Stock Ownership Limit and the Ownership Limit.

(g) Remedies Not Limited. Subject to Section 4.7 of the Charter, nothing contained in these Articles Supplementary shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation's status as a REIT.

(h) Exceptions.

(i) The Board of Directors, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Aggregate Stock Ownership Limit or the Ownership Limit or the restrictions under Sections 9(b)(i)(D) and (E), as the case may be, and may establish or increase an Excepted Holder Limit for such Person if the Board of Directors obtains such representations, covenants and undertakings as the Board of Directors may deem appropriate in order to conclude that granting the exemption and/or establishing or increasing the Excepted Holder Limit, as the case may be, will not cause the Corporation to lose its status as a REIT.

(ii) Prior to granting any exception pursuant to Section 9(h)(i), the Board of Directors may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(iii) Subject to Section 9(b)(i)(A), (B) and (C), an underwriter, placement agent or initial purchaser that participates in a public offering, a private placement or private resale of Series A Preferred Stock (or securities convertible into or exchangeable for Series A Preferred Stock) may Beneficially Own or Constructively Own shares of Series A Preferred Stock (or securities convertible into or exchangeable for Series A Preferred Stock) in excess of the Aggregate Stock Ownership Limit, the Ownership Limit, or both such limits, but only to the extent necessary to facilitate such public offering, private placement or resale of such Series A Preferred Stock, and provided that the restrictions contained in Section 9(b)(i)(A) will not be violated following the distribution by such underwriter, placement agent or initial purchaser of such shares of Series A Preferred Stock.

(i) Change in Ownership Limit. The Board of Directors may from time to time increase or decrease the Ownership Limit; provided, however, that a decreased Ownership Limit will not be effective for any Person whose Beneficial Ownership or Constructive Ownership of Series A Preferred Stock is in excess of such decreased Series A Preferred Stock until such time as such Person's Beneficial Ownership or Constructive Ownership of Series A Preferred Stock equals or falls below the decreased Ownership Limit, but until such time as such Person's Beneficial Ownership or Constructive Ownership of Series A Preferred Stock falls below such decreased Ownership Limit any further acquisition or increase in Beneficial Ownership or Constructive Ownership of Series A Preferred Stock will be in violation of the Ownership Limit and, provided further, that the new Ownership Limit would not allow five or fewer Persons (taking into account all Excepted Holders) to Beneficially Own more than 49.9% in value of the outstanding Series A Preferred Stock.

(j) Legends. Each certificate for shares of Series A Preferred Stock shall bear a legend summarizing the provisions of this Section 9. Instead of such legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

(k) Severability. If any provision of this Section 9 or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

(l) NYSE Transactions. Nothing in this Section 9 shall preclude the settlement of any transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Section 9 and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Section 9.

(m) Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Section 9.

(n) Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

(o) Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 9 of these Articles Supplementary, including any definition contained in Section 9(a), the Board of Directors shall have the power to determine the application of the provisions of this Section 9 with respect to any situation based on the facts known to it.

Section 10. No Conversion Rights. The shares of Series A Preferred Stock shall not be convertible into or exchangeable for any other property or securities of the Corporation or any other entity, except as otherwise provided herein.

Section 11. Record Holders. The Corporation and its transfer agent may deem and treat the record holder of any Series A Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor its transfer agent shall be affected by any notice to the contrary.

Section 12. No Maturity or Sinking Fund. The Series A Preferred Stock has no maturity date, and no sinking fund has been established for the retirement or redemption of Series A Preferred Stock; provided, however, that the Series A Preferred Stock owned by a stockholder in excess of the Ownership Limit or Aggregate Stock Ownership Limit shall be subject to the provisions of Section 5 and Section 9 of this Articles Supplementary.

Section 13. Exclusion of Other Rights. The Series A Preferred Stock shall not have any preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption other than expressly set forth in the Charter and these Articles Supplementary.

Section 14. Headings of Subdivisions. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

Section 15. Severability of Provisions. If any preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock set forth in the Charter and these Articles Supplementary are invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of Series A Preferred Stock set forth in the Charter which can be given effect without the invalid, unlawful or unenforceable provision thereof shall, nevertheless, remain in full force and effect and no preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock herein set forth shall be deemed dependent upon any other provision thereof unless so expressed therein.

Section 16. No Preemptive Rights. No holder of Series A Preferred Stock shall be entitled to any preemptive rights to subscribe for or acquire any unissued shares of capital stock of the Corporation (whether now or hereafter authorized) or securities of the Corporation convertible into or carrying a right to subscribe to or acquire shares of capital stock of the Corporation.

FOURTH: The Series A Preferred Stock have been classified and designated by the Board of Directors under the authority contained in the Charter.

FIFTH: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

SIXTH: These Articles Supplementary shall be effective at the time the State Department of Assessments and Taxation of Maryland accepts these Articles Supplementary for record.

SEVENTH: The undersigned Chief Executive Officer of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its Chief Executive Officer and attested to by its Executive Vice President, General Counsel and Secretary as of the date first written above.

STAG INDUSTRIAL, INC.

By: /s/ Benjamin S. Butcher
Name: Benjamin S. Butcher
Title: Chairman of the Board, Chief Executive Officer and President

ATTEST:

STAG INDUSTRIAL, INC.

By: /s/ Kathryn Arnone
Name: Kathryn Arnone
Title: Executive Vice President, General Counsel and Secretary

STAG INDUSTRIAL, INC.
ARTICLES SUPPLEMENTARY

2,800,000 SHARES OF

6.625% SERIES B CUMULATIVE REDEEMABLE PREFERRED STOCK

APRIL 12, 2013

STAG Industrial, Inc., a Maryland corporation (the “Corporation”), hereby certifies to the State Department of Assessments and Taxation of Maryland (the “Department”) that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Corporation (the “Board of Directors”) by Article IV of the Articles of Amendment and Restatement of the Corporation filed with the Department on April 7, 2011 (as amended and supplemented to date and as may be amended and supplemented from time to time, the “Charter”) and Section 2-105 of the Maryland General Corporation Law (the “MGCL”), the Board of Directors, by resolutions duly adopted on April 4, 2013, has authorized the issuance, classification and designation of a number of shares of the authorized but unissued preferred stock of the Corporation, par value \$0.01 per share (“Preferred Stock”), as a separate class of Preferred Stock, that, on the date of issue, have a liquidation value of up to \$70,000,000 (including shares that may be purchased pursuant to underwriters’ option to purchase additional shares), and, pursuant to the powers contained in the Amended and Restated Bylaws of the Corporation (as may be amended from time to time, the “Bylaws”) and the MGCL, appointed a committee (the “Committee”) of the Board of Directors and delegated to the Committee, to the fullest extent permitted by the MGCL and the Charter and Bylaws of the Corporation, among other things, all powers of the Board of Directors with respect to (i) setting the number of shares of the Preferred Stock to be classified and designated, provided that in no event shall the liquidation value of such shares exceed \$70,000,000 (including shares that may be purchased pursuant to underwriters’ option to purchase additional shares), (ii) setting the cumulative dividend percentage for the Preferred Stock, (iii) selecting the dates on which dividends will be paid on the Preferred Stock, (iv) establishing the price per share for the Preferred Stock, (v) authorizing, approving and filing these Articles Supplementary with the Department and (vi) authorizing and approving all such other actions as the Committee may deem necessary or desirable in connection with the classification, authorization, issuance, offer, and sale of the Preferred Stock.

SECOND: The Committee has unanimously adopted resolutions classifying and designating the Preferred Stock as a separate class of Preferred Stock to be known as the “6.625% Series B Cumulative Redeemable Preferred Stock,” setting the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, transfers, qualifications, terms and conditions of redemption and other terms and conditions of such 6.625% Series B Cumulative Redeemable Preferred Stock, and authorizing the issuance of up to 2,500,000 shares (plus up to an additional 300,000 shares that may be purchased pursuant to underwriters’ option to purchase additional shares) of 6.625% Series B Cumulative Redeemable Preferred Stock.

THIRD: The designation, number of shares, preferences, rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, terms and conditions of redemption and other terms and conditions of the separate class of Preferred Stock of the Corporation designated as the 6.625% Series B Cumulative Redeemable Preferred Stock are as follows, which upon any restatement of the Charter shall be made a part of or incorporated by reference into the Charter with any necessary or appropriate changes to the enumeration or lettering of Sections or subsections thereof:

Section 1. **Designation and Number**. A series of Preferred Stock, designated the “6.625% Series B Cumulative Redeemable Preferred Stock” (the “Series B Preferred Stock”), is hereby established. The number of shares of Series B Preferred Stock shall be 2,800,000.

Section 2. **Rank**. The Series B Preferred Stock will, with respect to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation, rank: (a) senior to all classes or series of the Corporation’s common stock, par value \$0.01 per share (the “Common Stock”), and all classes or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding expressly designated as ranking junior to the Series B Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation; (b) on parity with the 9.0% Series A Cumulative Redeemable Preferred Stock, par

value \$0.01 per share (the “Series A Preferred Stock”), and any future class or series of capital stock of the Corporation expressly designated as ranking on parity with the Series B Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation; and (c) junior to any class or series of capital stock of the Corporation expressly designated as ranking senior to the Series B Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The term “capital stock” does not include convertible or exchangeable debt securities, which will rank senior to the Series B Preferred Stock prior to conversion or exchange. The Series B Preferred Stock will also rank junior in right of payment to the Corporation’s other existing and future debt obligations.

Section 3. Dividends.

(a) Subject to the preferential rights of the holders of any class or series of capital stock of the Corporation ranking senior to the Series B Preferred Stock as to dividends, the holders of shares of the Series B Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 6.625% per annum of the \$25.00 liquidation preference per share of the Series B Preferred Stock (equivalent to a fixed annual amount of \$1.65625 per share of the Series B Preferred Stock). Such dividends shall accrue and be cumulative from and including the first date on which any shares of Series B Preferred Stock are issued (the “Original Issue Date”) and shall be payable quarterly in arrears on each Dividend Payment Date (as defined below), commencing July 1, 2013; provided, however, that if any Dividend Payment Date is not a Business Day (as defined below), then the dividend which would otherwise have been payable on such Dividend Payment Date may be paid on the next succeeding Business Day, except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if paid on such Dividend Payment Date, and no interest or additional dividends or other sums shall accrue on the amount so payable from such Dividend Payment Date to such next succeeding Business Day. The amount of any dividend payable on the Series B Preferred Stock for any Dividend Period (as defined below) shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in the stockholder records of the Corporation at the close of business on the applicable Dividend Record Date (as defined below). Notwithstanding any provision to the contrary contained herein, each outstanding share of Series B Preferred Stock shall be entitled to receive a dividend with respect to any Dividend Record Date equal to the dividend paid with respect to each other share of Series B Preferred Stock that is outstanding on such date. “Dividend Record Date” shall mean the date designated by the Board of Directors for the payment of dividends that is not more than 35 or fewer than 10 days prior to the applicable Dividend Payment Date. “Dividend Payment Date” shall mean the last calendar day of each March, June, September and December, commencing on July 1, 2013. “Dividend Period” shall mean the respective periods commencing on and including the first day of January, April, July and October of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period, which shall commence on the Original Issue Date and end on and include June 30, 2013, and other than the Dividend Period during which any shares of Series B Preferred Stock shall be redeemed pursuant to Section 5 or Section 6, which shall end on and include the day preceding the redemption date with respect to the shares of Series B Preferred Stock being redeemed).

The term “Business Day” shall mean each day, other than a Saturday or a Sunday, which is not a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

(b) Notwithstanding anything contained herein to the contrary, dividends on the Series B Preferred Stock shall accrue whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such dividends, and whether or not such dividends are authorized or declared.

(c) Except as provided in Section 3(d) below, no dividends shall be declared and paid or declared and set apart for payment, and no other distribution of cash or other property may be declared and made, directly or indirectly, on or with respect to, any shares of Common Stock or shares of any other class or series of capital stock of the Corporation ranking, as to dividends, on parity with or junior to the Series B Preferred Stock (other than a dividend paid in shares of Common Stock or in shares of any other class or series of capital stock ranking junior to the Series B Preferred Stock as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation) for any period, nor shall any shares of Common Stock or any other shares of any other class or series of capital stock of the Corporation ranking, as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, on parity with or junior to the Series B

Preferred Stock be redeemed, purchased or otherwise acquired for any consideration, nor shall any funds be paid or made available for a sinking fund for the redemption of such shares, and no other distribution of cash or other property may be made, directly or indirectly, on or with respect thereto by the Corporation (except by conversion into or exchange for other shares of any class or series of capital stock of the Corporation ranking junior to the Series B Preferred Stock as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, and except for the acquisition of shares made pursuant to the provisions of Article VI of the Charter, Section 9 hereof or Section 9 of the Articles Supplementary establishing the Series A Preferred Stock and the purchase or acquisition of shares of any other class or series of capital stock of the Corporation ranking on parity with the Series B Preferred Stock as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series B Preferred Stock), unless full cumulative dividends on the Series B Preferred Stock for all past Dividend Periods that have ended shall have been or contemporaneously are (i) declared and paid in cash or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for such payment.

(d) When dividends are not paid in full (and a sum sufficient for such full payment is not so set apart) on the Series B Preferred Stock and the shares of any other class or series of capital stock ranking, as to dividends, on parity with the Series B Preferred Stock, all dividends declared upon the Series B Preferred Stock and each such other class or series of capital stock ranking, as to dividends, on parity with the Series B Preferred Stock shall be declared pro rata so that the amount of dividends declared per share of Series B Preferred Stock and such other class or series of capital stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Series B Preferred Stock and such other class or series of capital stock (which shall not include any accrual in respect of unpaid dividends on such other class or series of capital stock for prior dividend periods if such other class or series of capital stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series B Preferred Stock which may be in arrears.

(e) Holders of shares of Series B Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or shares of stock, in excess of full cumulative dividends on the Series B Preferred Stock as provided herein. Any dividend payment made on the Series B Preferred Stock shall first be credited against the earliest accrued but unpaid dividends due with respect to such shares which remain payable. Accrued but unpaid distributions on the Series B Preferred Stock will accumulate as of the Dividend Payment Date on which they first become payable.

Section 4. Liquidation Preference.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any distribution or payment shall be made to holders of shares of Common Stock or any other class or series of capital stock of the Corporation ranking, as to rights upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, junior to the Series B Preferred Stock, the holders of shares of Series B Preferred Stock shall be entitled to be paid out of the assets of the Corporation legally available for distribution to its stockholders, after payment of or provision for the debts and other liabilities of the Corporation, a liquidation preference of \$25.00 per share, plus an amount equal to any accrued and unpaid dividends (whether or not authorized or declared) to but excluding the date of payment. In the event that, upon such voluntary or involuntary liquidation, dissolution or winding up, the available assets of the Corporation are insufficient to pay the full amount of the liquidating distributions on all outstanding shares of Series B Preferred Stock and the corresponding amounts payable on all shares of other classes or series of capital stock of the Corporation ranking, as to rights upon liquidation, dissolution or winding up of the Corporation, on parity with the Series B Preferred Stock in the distribution of assets, then the holders of the Series B Preferred Stock and each such other class or series of shares of capital stock ranking, as to rights upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, on parity with the Series B Preferred Stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled. Written notice of any such voluntary or involuntary liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage pre-paid, not fewer than 30 or more than 60 days prior to the payment date stated therein, to each record holder of shares of Series B Preferred Stock at the respective addresses of such holders as the same shall appear on the stock transfer records of the Corporation. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series B Preferred Stock will have no right or claim to any of the remaining assets of the Corporation. The consolidation or merger of the Corporation with or into any other

corporation, trust or entity, or the voluntary sale, lease, transfer or conveyance of all or substantially all of the property or business of the Corporation, shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

(b) In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of capital stock of the Corporation or otherwise, is permitted under the MGCL, amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of Series B Preferred Stock shall not be added to the Corporation's total liabilities.

Section 5. Redemption.

(a) Shares of Series B Preferred Stock shall not be redeemable prior to April 16, 2018 except as set forth in Section 6 or to preserve the status of the Corporation as a REIT (as defined in Section 9(a)) for United States federal income tax purposes. In addition, the Series B Preferred Stock shall be subject to the provisions of Section 9 pursuant to which Series B Preferred Stock owned by a stockholder in excess of the Series B Ownership Limit (as defined in Section 9(a)) shall automatically be transferred to a Trust (as defined in Section 9(a)) for the exclusive benefit of a Charitable Beneficiary (as defined in Section 9(a)).

(b) On and after April 16, 2018, the Corporation, at its option upon not fewer than 30 or more than 60 days' written notice, may redeem the Series B Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid dividends (whether or not authorized or declared) thereon up to, but not including, the date fixed for redemption, without interest, to the extent the Corporation has funds legally available therefor (the "Redemption Right"). If fewer than all of the outstanding shares of Series B Preferred Stock are to be redeemed, the shares of Series B Preferred Stock to be redeemed shall be redeemed pro rata (as nearly as may be practicable without creating fractional shares) by lot or by any other equitable method determined by the Corporation that will not result in a violation of the Series B Ownership Limit or the Aggregate Stock Ownership Limit (each as defined in Section 9(a)). If redemption is to be by lot and, as a result, any holder of shares of Series B Preferred Stock would have actual ownership, Beneficial Ownership or Constructive Ownership (each as defined in Section 9(a)) in excess of the Series B Ownership Limit (as defined in Section 9(a)), the Aggregate Stock Ownership Limit (as defined in Section 9(a)), or such other limit as permitted by the Board of Directors or the Committee pursuant to Section 9(i), because such holder's shares of Series B Preferred Stock were not redeemed, or were only redeemed in part, then, except as otherwise provided in the Charter, the Corporation shall redeem the requisite number of shares of Series B Preferred Stock of such holder such that no holder will hold an amount of Series B Preferred Stock in excess of the applicable ownership limit, subsequent to such redemption. Holders of Series B Preferred Stock to be redeemed shall surrender such Series B Preferred Stock at the place, or in accordance with the book entry procedures, designated in such notice and shall be entitled to the redemption price of \$25.00 per share and any accrued and unpaid dividends payable upon such redemption following such surrender. If (i) notice of redemption of any shares of Series B Preferred Stock has been given (in the case of a redemption of the Series B Preferred Stock other than to preserve the status of the Corporation as a REIT), (ii) the funds necessary for such redemption have been set aside by the Corporation in trust for the benefit of the holders of any shares of Series B Preferred Stock so called for redemption, and (iii) irrevocable instructions have been given to pay the redemption price and all accrued and unpaid dividends, then from and after the redemption date, dividends shall cease to accrue on such shares of Series B Preferred Stock, such shares of Series B Preferred Stock shall no longer be deemed outstanding, and all rights of the holders of such shares shall terminate, except the right to receive the redemption price plus any accrued and unpaid dividends payable upon such redemption, without interest. So long as full cumulative dividends on the Series B Preferred Stock for all past Dividend Periods that have ended shall have been or contemporaneously are (i) declared and paid in cash, or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for payment, nothing herein shall prevent or restrict the Corporation's right or ability to purchase, from time to time, either at a public or a private sale, all or any part of the Series B Preferred Stock at such price or prices as the Corporation may determine, subject to the provisions of applicable law, including the repurchase of shares of Series B Preferred Stock in open-market transactions duly authorized by the Board of Directors.

(c) In the event of any redemption of the Series B Preferred Stock in order to preserve the status of the Corporation as a REIT for United States federal income tax purposes, such redemption shall be made in accordance with the terms and conditions set forth in this Section 5 of these Articles Supplementary. If the Corporation calls for redemption any shares of Series B Preferred Stock pursuant to and in accordance with this Section 5(c), then the

redemption price for such shares will be an amount in cash equal to \$25.00 per share together with all accrued and unpaid dividends to but excluding the dated fixed for redemption.

(d) Unless full cumulative dividends on the Series B Preferred Stock for all past Dividend Periods that have ended shall have been or contemporaneously are (i) declared and paid in cash, or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for payment, no shares of Series B Preferred Stock shall be redeemed pursuant to the Redemption Right or Special Optional Redemption Right (defined below) unless all outstanding shares of Series B Preferred Stock are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire directly or indirectly any shares of Series B Preferred Stock or any class or series of capital stock of the Corporation ranking, as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, on parity with or junior to the Series B Preferred Stock (except by conversion into or exchange for shares of capital stock of the Corporation ranking, as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, junior to the Series B Preferred Stock); provided, however, that the foregoing shall not prevent the purchase of Series B Preferred Stock, or any other class or series of capital stock of the Corporation ranking, as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, on parity with or junior to the Series B Preferred Stock, by the Corporation in accordance with the terms of Sections 5(c) and 9 of these Articles Supplementary or otherwise, in order to ensure that the Corporation remains qualified as a REIT for United States federal income tax purposes, or the purchase or acquisition of Series B Preferred Stock or shares of any other class or series of capital stock of the Corporation ranking on parity with the Series B Preferred Stock as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series B Preferred Stock.

(e) Notice of redemption pursuant to the Redemption Right will be mailed by the Corporation, postage prepaid, not fewer than 30 or more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series B Preferred Stock to be redeemed at their respective addresses as they appear on the transfer records of the Corporation. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series B Preferred Stock except as to the holder to whom such notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which the Series B Preferred Stock may be listed or admitted to trading, each such notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series B Preferred Stock to be redeemed; (iv) the place or places where the certificates, if any, representing shares of Series B Preferred Stock are to be surrendered for payment of the redemption price; (v) procedures for surrendering noncertificated shares of Series B Preferred Stock for payment of the redemption price; (vi) that dividends on the shares of Series B Preferred Stock to be redeemed will cease to accumulate on such redemption date; and (vii) that payment of the redemption price and any accumulated and unpaid dividends will be made upon presentation and surrender of such Series B Preferred Stock. If fewer than all of the shares of Series B Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series B Preferred Stock held by such holder to be redeemed. Notwithstanding anything else to the contrary in these Articles Supplementary, the Corporation shall not be required to provide notice to the holder of Series B Preferred Stock in the event such holder's Series B Preferred Stock is redeemed in accordance with Sections 5(c) and 9 of these Articles Supplementary to preserve the Corporation's status as a REIT.

(f) If a redemption date falls after a Dividend Record Date and on or prior to the corresponding Dividend Payment Date, each holder of Series B Preferred Stock at the close of business of such Dividend Record Date shall be entitled to the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares on or prior to such Dividend Payment Date, and each holder of Series B Preferred Stock that surrenders its shares on such redemption date will be entitled to the dividends accruing after the end of the Dividend Period to which such Dividend Payment Date relates up to but excluding the redemption date. Except as provided herein, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series B Preferred Stock for which a notice of redemption has been given.

(g) All shares of the Series B Preferred Stock redeemed or repurchased pursuant to this Section 5, or otherwise acquired in any other manner by the Corporation, shall be retired and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series or class.

(h) The Series B Preferred Stock shall have no stated maturity and shall not be subject to any sinking fund or mandatory redemption; provided, however, that the Series B Preferred Stock owned by a stockholder in excess of

the applicable ownership limit shall be subject to the provisions of this Section 5 and Section 9 of these Articles Supplementary.

Section 6. Special Optional Redemption by the Corporation.

(a) Upon the occurrence of a Change of Control (as defined below), the Corporation will have the option upon written notice mailed by the Corporation, postage pre-paid, no fewer than 30 nor more than 60 days prior to the redemption date and addressed to the holders of record of shares of the Series B Preferred Stock to be redeemed at their respective addresses as they appear on the stock transfer records of the Corporation, to redeem shares of the Series B Preferred Stock, in whole or in part within 120 days after the first date on which such Change of Control occurred, for cash at \$25.00 per share plus accrued and unpaid dividends, if any, to, but not including, the redemption date (“Special Optional Redemption Right”). No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of Series B Preferred Stock except as to the holder to whom notice was defective or not given. If, prior to the Change of Control Conversion Date (as defined below), the Corporation has provided or provides notice of redemption with respect to the Series B Preferred Stock (whether pursuant to the Redemption Right or the Special Optional Redemption Right), the holders of shares of Series B Preferred Stock will not have the conversion right described below in Section 8.

A “Change of Control” is when, after the original issuance of the Series B Preferred Stock, the following have occurred and are continuing:

(i) the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of stock of the Corporation entitling that person to exercise more than 50% of the total voting power of all stock of the Corporation entitled to vote generally in the election of the Corporation’s directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

(ii) following the closing of any transaction referred to in (i) above, neither the Corporation nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the New York Stock Exchange (the “NYSE”), the NYSE MKT LLC (“NYSE MKT”), or the NASDAQ Stock Market (“NASDAQ”), or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ.

(b) In addition to any information required by law or by the applicable rules of any exchange upon which the Series B Preferred Stock may be listed or admitted to trading, such notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series B Preferred Stock to be redeemed; (iv) the place or places where the certificates, if any, representing shares of Series B Preferred Stock are to be surrendered for payment of the redemption price; (v) procedures for surrendering noncertificated shares of Series B Preferred Stock for payment of the redemption price; (vi) that dividends on the shares of Series B Preferred Stock to be redeemed will cease to accumulate on the redemption date; (vii) that payment of the redemption price and any accumulated and unpaid dividends will be made upon presentation and surrender of such Series B Preferred Stock; (viii) that the shares of Series B Preferred Stock are being redeemed pursuant to the Special Optional Redemption Right in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control; and (ix) that holders of the shares of Series B Preferred Stock to which the notice relates will not be able to tender such shares of Series B Preferred Stock for conversion in connection with the Change of Control and each share of Series B Preferred Stock tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related redemption date instead of converted on the Change of Control Conversion Date. If fewer than all of the shares of Series B Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series B Preferred Stock held by such holder to be redeemed.

If fewer than all of the outstanding shares of Series B Preferred Stock are to be redeemed pursuant to the Special Optional Redemption Right, the shares to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional shares) by lot or in such other equitable method determined by the Corporation that will not result in a violation of the Series B Ownership Limit or the Aggregate Stock Ownership Limit (each as defined

in Section 9(a)). If such redemption pursuant to the Special Optional Redemption Right is to be by lot and, as a result, any holder of shares of Series B Preferred Stock would have actual ownership, Beneficial Ownership or Constructive Ownership (each as defined in Section 9(a)) in excess of the Series B Ownership Limit (as defined in Section 9(a)), the Aggregate Stock Ownership Limit (as defined in Section 9(a)), or such limit as permitted by the Board of Directors or a committee thereof pursuant to Section 9(h), because such holder's shares of Series B Preferred Stock were not redeemed, or were only redeemed in part then, except as otherwise provided in the Charter, the Corporation shall redeem the requisite number of shares of Series B Preferred Stock of such holder such that no holder will hold an amount of Series B Preferred Stock in excess of the applicable ownership limit, subsequent to such redemption.

(c) If the Corporation has given a notice of redemption pursuant to the Special Optional Redemption Right and has set aside sufficient funds for the redemption in trust for the benefit of the holders of the Series B Preferred Stock called for redemption, then from and after the redemption date, those shares of Series B Preferred Stock will be treated as no longer being outstanding, no further dividends will accrue and all other rights of the holders of those shares of Series B Preferred Stock will terminate. The holders of those shares of Series B Preferred Stock will retain their right to receive the redemption price for their shares and any accrued and unpaid dividends to, but not including, the redemption date, without interest. So long as full cumulative dividends on the Series B Preferred Stock for all past dividend periods shall have been or contemporaneously are (i) declared and paid in cash, or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for payment, nothing herein shall prevent or restrict the Corporation's right or ability to purchase, from time to time, either at a public or a private sale, all or any part of the Series B Preferred Stock at such price or prices as the Corporation may determine, subject to the provisions of applicable law, including the repurchase of shares of Series B Preferred Stock in open-market transactions duly authorized by the Board of Directors.

(d) The holders of Series B Preferred Stock at the close of business on a Dividend Record Date will be entitled to receive the dividend payable with respect to the Series B Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption of the Series B Preferred Stock pursuant to the Special Optional Redemption Right between such Dividend Record Date and the corresponding Dividend Payment Date or the Corporation's default in the payment of the dividend due. Except as provided herein, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series B Preferred Stock for which a notice of redemption pursuant to the Special Optional Redemption Right has been given.

(e) All shares of the Series B Preferred Stock redeemed or repurchased pursuant to this Section 6, or otherwise acquired in any other manner by the Corporation, shall be retired and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series or class.

Section 7. Voting Rights.

(a) Holders of the Series B Preferred Stock shall not have any voting rights, except as set forth in this Section 7.

(b) Whenever dividends on any shares of Series B Preferred Stock shall be in arrears for six or more consecutive or non-consecutive quarterly periods (a "Preferred Dividend Default"), the holders of such Series B Preferred Stock (voting separately as a class together with all other classes or series of preferred stock of the Corporation ranking on parity with the Series B Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation and upon which like voting rights have been conferred and are exercisable ("Parity Preferred"), including the Series A Cumulative Redeemable Preferred Stock) shall be entitled to vote for the election of a total of two additional directors of the Corporation (the "Preferred Directors") and the entire Board of Directors will be increased by two directors, until all dividends accumulated on such Series B Preferred Stock and Parity Preferred for the past Dividend Periods that have ended shall have been fully paid or declared and a sum sufficient for the payment thereof is set aside for payment.

(c) The Preferred Directors will be elected by a plurality of the votes cast in the election for a one-year term and each Preferred Director will serve until his or her successor is duly elected and qualified or until such Preferred Director's right to hold the office terminates, whichever occurs earlier, subject to such Preferred Director's earlier death, disqualification, resignation or removal. The election will take place at (i) either (A) a special meeting called in accordance with Section 7(d) below if the request is received more than 90 days before the date fixed for the Corporation's next annual or special meeting of stockholders or (B) the next annual or special meeting of

stockholders if the request is received within 90 days of the date fixed for the Corporation's next annual or special meeting of stockholders, and (ii) at each subsequent annual meeting of stockholders, or special meeting held in place thereof, until all such dividends in arrears on the Series B Preferred Stock and each such class or series of outstanding Parity Preferred have been paid in full. A dividend in respect of Series B Preferred Stock shall be considered timely made if made within two Business Days after the applicable Dividend Payment Date if at the time of such late payment date there shall not be any prior Dividend Periods in respect of which full dividends were not timely made at the applicable Dividend Payment Date.

(d) At any time when such voting rights shall have vested, a proper officer of the Corporation shall call or cause to be called, upon written request of holders of record of at least 10% of the outstanding shares of Series B Preferred Stock and Parity Preferred, a special meeting of the holders of Series B Preferred Stock and each class or series of Parity Preferred by mailing or causing to be mailed to such holders a notice of such special meeting to be held not fewer than ten or more than 45 days after the date such notice is given. The record date for determining holders of the Series B Preferred Stock and Parity Preferred entitled to notice of and to vote at such special meeting will be the close of business on the third Business Day preceding the day on which such notice is mailed. At any such annual or special meeting, all of the holders of the Series B Preferred Stock and Parity Preferred, by plurality vote, voting together as a single class without regard to class or series will be entitled to elect two directors on the basis of one vote per \$25.00 of liquidation preference to which such Series B Preferred Stock and Parity Preferred are entitled by their terms (excluding amounts in respect of accumulated and unpaid dividends) and not cumulatively. The holder or holders of one-third of the Series B Preferred Stock and Parity Preferred voting as a single class then outstanding, present in person or by proxy, will constitute a quorum for the election of the Preferred Directors except as otherwise provided by law. Notice of all meetings at which holders of the Series B Preferred Stock and the Parity Preferred shall be entitled to vote will be given to such holders at their addresses as they appear in the transfer records. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, a majority of the holders of the Series B Preferred Stock and Parity Preferred voting as a single class present in person or by proxy shall have the power to adjourn the meeting for the election of the Preferred Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Preferred Dividend Default shall terminate after the notice of a special meeting has been given but before such special meeting has been held, the Corporation shall, as soon as practicable after such termination, mail or cause to be mailed notice of such termination to holders of the Series B Preferred Stock and the Parity Preferred that would have been entitled to vote at such special meeting.

(e) If and when all accumulated dividends on such Series B Preferred Stock and all classes or series of Parity Preferred for the past dividend periods shall have been fully paid or declared and a sum sufficient for the payment thereof is set aside for payment, the right of the holders of Series B Preferred Stock and the Parity Preferred to elect such additional two directors shall immediately cease (subject to revesting in the event of each and every Preferred Dividend Default), and the term of office of each Preferred Director so elected shall terminate and the entire Board of Directors shall be reduced accordingly. Any Preferred Director may be removed at any time with or without cause by the vote of, and shall not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding Series B Preferred Stock and the Parity Preferred entitled to vote thereon when they have the voting rights set forth in Section 7(b) (voting together as a single class). So long as a Preferred Dividend Default shall continue, any vacancy in the office of a Preferred Director may be filled by written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding Series B Preferred Stock when they have the voting rights described above (voting as a single class with all other classes or series of Parity Preferred). Each of the Preferred Directors shall be entitled to one vote on any matter.

(f) So long as any shares of Series B Preferred Stock remain outstanding, the affirmative vote or consent of the holders of two-thirds of the shares outstanding at the time of Series B Preferred Stock and of each other class or series of Parity Preferred, given in person or by proxy, either in writing or at a meeting (voting together as a single class) will be required to authorize, create or issue, or increase the number of authorized or issued shares of, any class or series of capital stock ranking senior to the Series B Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation or reclassify any authorized shares of capital stock of the Corporation into such capital stock, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such capital stock. In addition, so long as any shares of Series B Preferred Stock remain outstanding, the affirmative vote or consent of the holders of two-thirds of the shares outstanding at the time of Series B Preferred Stock, given in person or by proxy, either in writing or at a meeting, will be required to amend, alter or repeal the provisions of the Charter or the terms of the Series B Preferred Stock, whether by merger, consolidation, transfer or conveyance of all or substantially all of its assets or

otherwise (an “Event”), so as to materially and adversely affect any right, preference, privilege or voting power of the Series B Preferred Stock; provided, however, with respect to the occurrence of any of the Events set forth above, so long as the Series B Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that, upon the occurrence of an Event, the Corporation may not be the surviving entity, the occurrence of such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of Series B Preferred Stock, and in such case such holders shall not have any voting rights with respect to the occurrence of any of the Events set forth above; provided, further, that such vote or consent will not be required with respect to any such amendment, alteration or repeal that equally affects the terms of the Series B Preferred Stock and one or more other classes or series of Parity Preferred, if such amendment, alteration or repeal is approved by the affirmative vote or consent of the holders of two-thirds of the shares outstanding at the time of Series B Preferred Stock and such other class or series of Parity Preferred, given in person or by proxy, either in writing or at a meeting (voting together as a single class). In addition, if the holders of the Series B Preferred Stock receive the greater of the full trading price of the Series B Preferred Stock on the date of an Event set forth above or the \$25.00 liquidation preference per share of the Series B Preferred Stock pursuant to the occurrence of any of the Events set forth above, then such holders shall not have any voting rights with respect to the Events set forth above.

So long as any shares of Series B Preferred Stock remain outstanding, the holders of shares of Series B Preferred Stock also will have the exclusive right to vote on any amendment, alteration or repeal of the provisions of the Charter or the terms of the Series B Preferred Stock on which holders of Series B Preferred Stock are otherwise entitled to vote pursuant to the second sentence of the first paragraph of this Section 7(f) that would alter only the contract rights, as expressly set forth in the Charter, of the Series B Preferred Stock, and the holders of any other classes or series of the capital stock of the Corporation will not be entitled to vote on such an amendment, alteration or repeal. With respect to any amendment, alteration or repeal of the provisions of the Charter or the terms of the Series B Preferred Stock that equally affects the terms of the Series B Preferred Stock and one or more other classes or series of Parity Preferred, so long as any shares of Series B Preferred Stock remain outstanding, the holders of shares of Series B Preferred Stock and of each other class or series of Parity Preferred (voting together as a single class), also will have the exclusive right to vote on any amendment, alteration or repeal of the provisions of the Charter or the terms of the Series B Preferred Stock on which holders of Series B Preferred Stock are otherwise entitled to vote pursuant to the second sentence of the first paragraph of this Section 7(f) that would alter only the contract rights, as expressly set forth in the Charter, of the Series B Preferred Stock and such other classes or series of Parity Preferred, and the holders of any other classes or series of the capital stock of the Corporation will not be entitled to vote on such an amendment.

Holders of shares of Series B Preferred Stock shall not be entitled to vote with respect to (A) any increase in the total number of authorized shares of Common Stock or Preferred Stock of the Corporation, or (B) any increase in the number of authorized shares of Series B Preferred Stock or the creation or issuance of any other class or series of capital stock, or (C) any increase in the number of authorized shares of any other class or series of capital stock, in each case referred to in clause (A), (B) or (C) above ranking on parity with or junior to the Series B Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation. Except as set forth herein, holders of the Series B Preferred Stock shall not have any voting rights with respect to, and the consent of the holders of the Series B Preferred Stock shall not be required for, the taking of any corporate action, including an Event, regardless of the effect that such corporate action or Event may have upon the powers, preferences, voting power or other rights or privileges of the Series B Preferred Stock.

(g) The foregoing voting provisions of this Section 7 shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series B Preferred Stock shall have been redeemed or called for redemption upon proper notice pursuant to these Articles Supplementary and sufficient funds, in cash, shall have been deposited in trust to effect such redemption.

(h) In any matter in which the Series B Preferred Stock may vote (as expressly provided herein), each share of Series B Preferred Stock shall be entitled to one vote per \$25.00 of liquidation preference.

Section 8. Conversion. The shares of Series B Preferred Stock are not convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 8.

(a) Upon the occurrence of a Change of Control, each holder of shares of Series B Preferred Stock shall have the right, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem the Series B Preferred Stock pursuant to the Redemption Right or Special Optional

Redemption Right, to convert some or all of the Series B Preferred Stock held by such holder (the “Change of Control Conversion Right”) on the Change of Control Conversion Date into a number of shares of Common Stock, per share of Series B Preferred Stock to be converted (the “Common Stock Conversion Consideration”) equal to the lesser of (A) the quotient obtained by dividing (i) the sum of (x) the \$25.00 liquidation preference per share of Series B Preferred Stock to be converted plus (y) the amount of any accrued and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Dividend Record Date and prior to the corresponding Dividend Payment Date, in which case no additional amount for such accrued and unpaid dividends will be included in such sum) by (ii) the Common Stock Price (as defined herein) and (B) 2.3397 (the “Share Cap”), subject to the immediately succeeding paragraph.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of the Common Stock), subdivisions or combinations (in each case, a “Share Split”) with respect to the Common Stock as follows: the adjusted Share Cap as the result of a Share Split shall be the number of shares of Common Stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of Common Stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of Common Stock outstanding immediately prior to such Share Split.

In the case of a Change of Control pursuant to which shares of Common Stock shall be converted into cash, securities or other property or assets (including any combination thereof) (the “Alternative Form Consideration”), a holder of shares of Series B Preferred Stock shall receive upon conversion of such shares of Series B Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of Common Stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the “Alternative Conversion Consideration”; and the Common Stock Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, shall be referred to herein as the “Conversion Consideration”).

In the event that holders of Common Stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration will be deemed to be the kind and amount of consideration actually received by holders of a majority of the Common Stock that voted for such an election (if electing between two types of consideration) or holders of a plurality of the Common Stock that voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of Common Stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

The “Change of Control Conversion Date” shall be a Business Day set forth in the notice of Change of Control provided in accordance with Section 8(c) below that is no less than 20 days nor more than 35 days after the date on which the Corporation provides such notice pursuant to Section 8(c).

The “Common Stock Price” shall be (i) if the consideration to be received in the Change of Control by the holders of Common Stock is solely cash, the amount of cash consideration per share of Common Stock or (ii) if the consideration to be received in the Change of Control by holders of Common Stock is other than solely cash (x) the average of the closing sale prices per share of Common Stock (or, if no closing sale price is reported, the average of the closing bid and ask prices or, if more than one in either case, the average of the average closing bid and the average closing ask prices) for the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control as reported on the principal U.S. securities exchange on which the Common Stock is then traded, or (y) the average of the last quoted bid prices for the Common Stock in the over-the-counter market as reported by OTC Markets Group, Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, if the Common Stock is not then listed for trading on a U.S. securities exchange.

(b) No fractional shares of Common Stock shall be issued upon the conversion of Series B Preferred Stock. In lieu of fractional shares, holders shall be entitled to receive the cash value of such fractional shares based on the Common Stock Price.

(c) Within 15 days following the occurrence of a Change of Control, a notice of occurrence of the Change of Control, describing the resulting Change of Control Conversion Right, shall be delivered to the holders of record of

the shares of Series B Preferred Stock at their addresses as they appear on the Corporation's share transfer records and notice shall be provided to the Corporation's transfer agent. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the conversion of any share of Series B Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of Series B Preferred Stock may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date, which shall be a Business Day occurring within 20 to 35 days following the date of such notice; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem all or any portion of the Series B Preferred Stock, the holder will not be able to convert shares of Series B Preferred Stock designated for redemption and such shares of Series B Preferred Stock shall be redeemed on the related redemption date, even if they have already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series B Preferred Stock; (viii) the name and address of the paying agent and the conversion agent; and (ix) the procedures that the holders of Series B Preferred Stock must follow to exercise the Change of Control Conversion Right.

(d) The Corporation shall issue a press release for publication on the Dow Jones & Corporation, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if such organizations are not in existence at the time of issuance of such press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on the Corporation's website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides notice pursuant to Section 8(c) above to the holders of Series B Preferred Stock.

(e) In order to exercise the Change of Control Conversion Right, a holder of shares of Series B Preferred Stock shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of Series B Preferred Stock to be converted, duly endorsed for transfer, together with a written conversion notice completed, to the Corporation's transfer agent. Such notice shall state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Series B Preferred Stock to be converted; and (iii) that the shares of Series B Preferred Stock are to be converted pursuant to the applicable provisions of these Articles Supplementary. Notwithstanding the foregoing, if the shares of Series B Preferred Stock are held in global form, such notice shall comply with applicable procedures of The Depository Trust Company ("DTC").

(f) Holders of Series B Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal must state: (i) the number of withdrawn shares of Series B Preferred Stock; (ii) if certificated shares of Series B Preferred Stock have been issued, the certificate numbers of the shares of withdrawn Series B Preferred Stock; and (iii) the number of shares of Series B Preferred Stock, if any, which remain subject to the conversion notice. Notwithstanding the foregoing, if the shares of Series B Preferred Stock are held in global form, the notice of withdrawal shall comply with applicable procedures of DTC.

(g) Shares of Series B Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem such shares of Series B Preferred Stock, whether pursuant to its Redemption Right or Special Optional Redemption Right. If the Corporation elects to redeem shares of Series B Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series B Preferred Stock shall not be so converted and the holders of such shares shall be entitled to receive on the applicable redemption date \$25.00 per share, plus any accrued and unpaid dividends thereon to, but not including, the redemption date.

(h) The Corporation shall deliver the applicable Conversion Consideration no later than the third Business Day following the Change of Control Conversion Date.

(i) Notwithstanding anything to the contrary contained herein, no holder of shares of Series B Preferred Stock will be entitled to convert such shares of Series B Preferred Stock into shares of Common Stock to the extent that

receipt of such shares of Common Stock would cause the holder of such shares of Common Stock (or any other person) to have actual ownership, Beneficial Ownership or Constructive Ownership (each as defined in Section 9(a)) in excess of the Series B Ownership Limit (as defined in Section 9(a)), the Aggregate Stock Ownership Limit (as defined in Section 9(a)), or such other limit as permitted by the Board of Directors or the Committee pursuant to Section 9(h).

Section 9. Restrictions on Ownership and Transfer to Preserve Tax Benefit.

(a) Definitions. For the purposes of Section 5 and this Section 9 of these Articles Supplementary, the following terms shall have the following meanings:

“Aggregate Stock Ownership Limit” has the meaning set forth in Article VI of the Charter.

“Beneficial Ownership” shall mean ownership of Series B Preferred Stock by a Person, whether the interest in the shares of Series B Preferred Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) and Section 856(h)(3) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

“Capital Stock” has the meaning set forth in Article VI of the Charter.

“Charitable Beneficiary” shall mean one or more beneficiaries of the Charitable Trust, as determined pursuant to Section 9(c)(vi) of these Articles Supplementary, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

“Charitable Trust” shall mean any Charitable Trust provided for in Section 9(c) of these Articles Supplementary.

“Code” shall mean the Internal Revenue Code of 1986, as amended. All section references to the Code shall include any successor provisions thereof as may be adopted from time to time.

“Constructive Ownership” shall mean ownership of Series B Preferred Stock by a Person, whether the interest in the shares of Series B Preferred Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

“Excepted Holder” shall mean a stockholder of the Corporation for whom an Excepted Holder Limit is created by the Charter or by the Board of Directors pursuant to Section 9(h) of these Articles Supplementary.

“Excepted Holder Limit” shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Charter or the Board of Directors pursuant to Section 9(h) of these Articles Supplementary and subject to adjustment pursuant to Section 9(i) of these Articles Supplementary, the percentage limit established for an Excepted Holder by the Charter or the Board of Directors pursuant to Section 9(h) of these Articles Supplementary.

“Market Price” on any date shall mean, with respect to the Series B Preferred Stock, the Closing Price for such Series B Preferred Stock on such date. The “Closing Price” on any date shall mean the last reported sale price for such Series B Preferred Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Series B Preferred Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Series B Preferred Stock is not listed or admitted to trading on the NYSE, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Series B Preferred Stock is listed or admitted to trading or, if such Series B Preferred Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use,

the principal other automated quotation system that may then be in use or, if such Series B Preferred Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Series B Preferred Stock selected by the Board of Directors or, in the event that no trading price is available for such Series B Preferred Stock, the fair market value of the Series B Preferred Stock, as determined in good faith by the Board of Directors.

“Person” shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a “group” as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies.

“Prohibited Owner” shall mean, with respect to any purported Transfer, any Person who, but for the provisions of Section 9(b) of these Articles Supplementary, would Beneficially Own or Constructively Own shares of Series B Preferred Stock in violation of the provisions of Section 9(b)(i) of these Articles Supplementary. If appropriate in the context, “Prohibited Owner” shall also mean any Person who would have been the record owner of the shares of Series B Preferred Stock that the Prohibited Owner would have so owned

“REIT” shall mean a real estate investment trust under Sections 856 through 860 of the Code.

“Restriction Termination Date” shall mean the first day after the date on which the Board of Directors determines pursuant to Section 4.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Series B Preferred Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

“Series B Ownership Limit” shall mean not more than nine and eight-tenths percent (9.8%) in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of Series B Preferred Stock of the Corporation excluding any outstanding shares of Series B Preferred Stock not treated as outstanding for federal income tax purposes. The number and value of the outstanding shares of Series B Preferred Stock of the Corporation shall be determined by the Board of Directors in good faith, which determination shall be conclusive for all purposes hereof.

“Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Series B Preferred Stock or the right to vote or receive dividends on Series B Preferred Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Series B Preferred Stock or any interest in Series B Preferred Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Series B Preferred Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

“Trustee” shall mean DLA Piper LLP (US). Any replacement or successor trustee shall be a Person unaffiliated with the Corporation and a Prohibited Owner that is appointed by the Corporation to serve as trustee of the Charitable Trust.

(b) Restriction on Ownership and Transfers.

(i) Prior to the Restriction Termination Date, but subject to Section 9(l):

(A) (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Series B Preferred Stock that, taking into account any other Capital Stock Beneficially or Constructively Owned by such Person, would result in such Person Beneficially or Constructively Owning Capital Stock in excess of the Aggregate Stock Ownership Limit, (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Series B Preferred Stock in excess of the Series B Ownership

Limit and (3) no Excepted Holder shall Beneficially Own or Constructively Own shares of Series B Preferred Stock in excess of the Excepted Holder Limit for such Excepted Holder;

(B) Except as provided in Section 9(h) hereof, no Person shall Beneficially Own or Constructively Own shares of Series B Preferred Stock to the extent that such Beneficial Ownership or Constructive Ownership of Series B Preferred Stock, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would result in the Corporation (A) being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or (B) being treated as a “pension held REIT” within the meaning of Section 856(h)(3)(D) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year);

(C) No person shall Transfer shares of Series B Preferred Stock to the extent such Transfer would result in the Capital Stock being beneficially owned by fewer than one hundred (100) Persons (determined under the principles of Section 856(a)(5) of the Code);

(D) Except as provided in Section 9(h) hereof, no Person shall Beneficially Own or Constructively Own shares of Series B Preferred Stock to the extent such Beneficial Ownership or Constructive Ownership, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would cause the Corporation to Constructively Own ten percent (10%) or more of the ownership interests in a tenant of the Corporation’s real property within the meaning of Section 856(d)(2)(B) of the Code;

(E) Except as provided in Section 9(h) hereof, no Person shall Beneficially Own or Constructively Own shares of Series B Preferred Stock to the extent that such ownership, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would cause any independent contractor of the Corporation to not be treated as such under Section 856(d)(3) of the Code; or

(F) No Person shall Beneficially Own or Constructively Own shares of Series B Preferred Stock to the extent such Beneficial Ownership or Constructive Ownership, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would otherwise cause the Corporation to fail to qualify as a REIT.

(ii) If, prior to the Restriction Termination Date, any Transfer of shares of Series B Preferred Stock (or any other event) occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Series B Preferred Stock in violation of Section 9(b)(i) of these Articles Supplementary, (A) then that number of shares of the Series B Preferred Stock the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 9(b)(i) of these Articles Supplementary (rounded up to the nearest whole share) shall be automatically transferred to a Charitable Trust for the benefit of a Charitable Beneficiary, as described in Section 9(c), effective as of the close of business on the Business Day prior to the date of such Transfer, and such Person shall acquire no rights in such shares of Series B Preferred Stock, or (B) if the transfer to the Charitable Trust described in clause (A) of this sentence would not be effective for any reason to prevent the violation of Section 9(b)(i) of these Articles Supplementary, then the Transfer of that number of shares of Series B Preferred Stock that otherwise would cause any Person to violate Section 9(b)(i) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Series B Preferred Stock.

(c) Transfers of Series B Preferred Stock in Trust.

(i) Upon any purported Transfer or other event described in Section 9(b)(ii) of these Articles Supplementary that would result in a transfer of shares of Series B Preferred Stock to a Charitable Trust, such shares of Series B Preferred Stock shall be deemed to have been transferred to the Trustee as trustee for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Charitable Trust pursuant to Section 9(b)(ii). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 9(c)(vi) of these Articles Supplementary.

(ii) Shares of Series B Preferred Stock held by the Trustee shall continue to be issued and outstanding shares of Series B Preferred Stock of the Corporation. The Prohibited Owner shall have no rights in the Series B

Preferred Stock held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Charitable Trust.

(iii) The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Series B Preferred Stock held in the Charitable Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid to a Prohibited Owner prior to the discovery by the Corporation that the shares of Series B Preferred Stock have been transferred to the Trustee shall be paid with respect to such shares of Series B Preferred Stock by the Prohibited Owner to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividends or distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Charitable Trust and, subject to Maryland law, effective as of the date that the shares of Series B Preferred Stock have been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Series B Preferred Stock have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of these Articles Supplementary to the contrary, until the Corporation has received notification that shares of Series B Preferred Stock have been transferred into a Charitable Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

(iv) Within twenty (20) days of receiving notice from the Corporation that shares of Series B Preferred Stock have been transferred to the Charitable Trust, the Trustee of the Charitable Trust shall sell the shares held in the Charitable Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 9(b)(i). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 9(c)(iv). The Prohibited Owner shall receive the lesser of (1) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Charitable Trust (*e.g.* , in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Charitable Trust and (2) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Charitable Trust. The Trustee may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 9(c)(iii). Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Series B Preferred Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Charitable Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 9(c)(iv), such excess shall be paid to the Trustee upon demand.

(v) Shares of Series B Preferred Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Charitable Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 9(c)(iii). The Corporation may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Charitable Trust pursuant to Section 9(c)(iv). Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and any dividends or other distributions held by the Trustee shall be paid to the Charitable Beneficiary.

(vi) By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Charitable Trust such that (i) the shares of Series

B Preferred Stock held in the Charitable Trust would not violate the restrictions set forth in Section 9(b)(i) in the hands of such Charitable Beneficiary and (ii) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

(d) Remedies For Breach. If the Board of Directors or any duly authorized committee thereof or other designees if permitted by the MGCL shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 9(b) of these Articles Supplementary or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Series B Preferred Stock of the Corporation in violation of Section 9(b) of these Articles Supplementary (whether or not such violation is intended), the Board of Directors or a committee thereof or other designees if permitted by the MGCL shall take such action as it deems advisable, in its sole discretion, to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares of Series B Preferred Stock, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfers or attempted Transfers or other events in violation of Section 9(b)(i) of these Articles Supplementary shall automatically result in the transfer to the Charitable Trust described above, or, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Directors or a committee thereof.

(e) Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Series B Preferred Stock that will or may violate Section 9(b)(i) of these Articles Supplementary, or any Person who would have owned shares of Series B Preferred Stock that resulted in a transfer to the Charitable Trust pursuant to the provisions of Section 9(b)(ii) of these Articles Supplementary shall immediately give written notice to the Corporation of such event, or in the case of such a proposed or attempted transaction, give at least fifteen (15) days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

(f) Owners Required To Provide Information. Prior to the Restriction Termination Date, each Person who is a Beneficial Owner or Constructive Owner of Series B Preferred Stock and each Person (including the stockholder of record) who is holding Series B Preferred Stock for a Beneficial Owner or Constructive Owner shall provide promptly to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the Aggregate Stock Ownership Limit and the Series B Ownership Limit.

(g) Remedies Not Limited. Subject to Section 4.7 of the Charter, nothing contained in these Articles Supplementary shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation's status as a REIT.

(h) Exceptions.

(i) The Board of Directors, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Aggregate Stock Ownership Limit or the Series B Ownership Limit or the restrictions under Sections 9(b)(i)(D) and (E), as the case may be, and may establish or increase an Excepted Holder Limit for such Person if the Board of Directors obtains such representations, covenants and undertakings as the Board of Directors may deem appropriate in order to conclude that granting the exemption and/or establishing or increasing the Excepted Holder Limit, as the case may be, will not cause the Corporation to lose its status as a REIT.

(ii) Prior to granting any exception pursuant to Section 9(h)(i), the Board of Directors may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(iii) Subject to Section 9(b)(i)(B), (C) and (F), an underwriter, placement agent or initial purchaser that participates in a public offering, a private placement or private resale of Series B Preferred Stock (or securities

convertible into or exchangeable for Series B Preferred Stock) may Beneficially Own or Constructively Own shares of Series B Preferred Stock (or securities convertible into or exchangeable for Series B Preferred Stock) in excess of the Aggregate Stock Ownership Limit, the Series B Ownership Limit, or both such limits, but only to the extent necessary to facilitate such public offering, private placement or resale of such Series B Preferred Stock, and provided that the restrictions contained in Section 9(b)(i)(A) will not be violated following the distribution by such underwriter, placement agent or initial purchaser of such shares of Series B Preferred Stock.

(i) Change in Ownership Limit. The Board of Directors may from time to time increase or decrease the Series B Ownership Limit; provided, however, that a decreased Series B Ownership Limit will not be effective for any Person whose Beneficial Ownership or Constructive Ownership of Series B Preferred Stock is in excess of such decreased Series B Ownership Limit until such time as such Person's Beneficial Ownership or Constructive Ownership of Series B Preferred Stock equals or falls below the decreased Series B Ownership Limit, but until such time as such Person's Beneficial Ownership or Constructive Ownership of Series B Preferred Stock falls below such decreased Series B Ownership Limit any further acquisition or increase in Beneficial Ownership or Constructive Ownership of Series B Preferred Stock will be in violation of the Series B Ownership Limit and, provided further, that the new Series B Ownership Limit would not allow five or fewer Persons (taking into account all Excepted Holders) to Beneficially Own more than 49.9% in value of the outstanding Series B Preferred Stock.

(j) Legends. Each certificate for shares of Series B Preferred Stock shall bear a legend summarizing the provisions of this Section 9. Instead of such legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

(k) Severability. If any provision of this Section 9 or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

(l) NYSE Transactions. Nothing in this Section 9 shall preclude the settlement of any transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Section 9 and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Section 9.

(m) Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Section 9.

(n) Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

(o) Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 9 of these Articles Supplementary, including any definition contained in Section 9(a), the Board of Directors shall have the power to determine the application of the provisions of this Section 9 with respect to any situation based on the facts known to it.

Section 10. No Conversion Rights. The shares of Series B Preferred Stock shall not be convertible into or exchangeable for any other property or securities of the Corporation or any other entity, except as otherwise provided herein.

Section 11. Record Holders. The Corporation and its transfer agent may deem and treat the record holder of any Series B Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor its transfer agent shall be affected by any notice to the contrary.

Section 12. No Maturity or Sinking Fund. The Series B Preferred Stock has no maturity date, and no sinking fund has been established for the retirement or redemption of Series B Preferred Stock; provided, however, that the Series B Preferred Stock owned by a stockholder in excess of the Series B Ownership Limit or Aggregate Stock Ownership Limit shall be subject to the provisions of Section 5 and Section 9 of this Articles Supplementary.

Section 13. Exclusion of Other Rights. The Series B Preferred Stock shall not have any preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption other than expressly set forth in the Charter and these Articles Supplementary.

Section 14. Headings of Subdivisions. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

Section 15. Severability of Provisions. If any preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series B Preferred Stock set forth in the Charter and these Articles Supplementary are invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of Series B Preferred Stock set forth in the Charter which can be given effect without the invalid, unlawful or unenforceable provision thereof shall, nevertheless, remain in full force and effect and no preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series B Preferred Stock herein set forth shall be deemed dependent upon any other provision thereof unless so expressed therein.

Section 16. No Preemptive Rights. No holder of Series B Preferred Stock shall be entitled to any preemptive rights to subscribe for or acquire any unissued shares of capital stock of the Corporation (whether now or hereafter authorized) or securities of the Corporation convertible into or carrying a right to subscribe to or acquire shares of capital stock of the Corporation.

FOURTH: The Series B Preferred Stock have been classified and designated by the Board of Directors under the authority contained in the Charter.

FIFTH: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

SIXTH: These Articles Supplementary shall be effective at the time the State Department of Assessments and Taxation of Maryland accepts these Articles Supplementary for record.

SEVENTH: The undersigned Chief Executive Officer of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be executed in its name and on its behalf by its Chief Executive Officer and attested to by its Executive Vice President, General Counsel and Secretary as of the date first written above.

STAG INDUSTRIAL, INC.

By: /s/ Benjamin S. Butcher
Name: Benjamin S. Butcher
Title: Chairman of the Board, Chief Executive Officer and
President

ATTEST:

STAG INDUSTRIAL, INC.

By: /s/ Kathryn Arnone
Name: Kathryn Arnone
Title: Executive Vice President, General Counsel and Secretary

STAG INDUSTRIAL, INC.

ARTICLES OF AMENDMENT

MARCH 11, 2016

STAG Industrial, Inc., a Maryland corporation (the “Corporation”), hereby certifies to the State Department of Assessments and Taxation of Maryland (the “Department”) that:

FIRST: Section 5.1 of Article V of the Articles of Amendment and Restatement of the Corporation filed with the Department on April 7, 2011 (as amended and supplemented to date and as may be amended and supplemented from time to time, the “Charter”) is hereby amended to increase the number of shares of stock that the Corporation has authority to issue to 165,000,000 shares of stock, the number of shares of common stock, \$0.01 par value per share (the “Common Stock”), that the Corporation has authority to issue to 150,000,000, the number of shares of preferred stock, \$0.01 par value per share (the “Preferred Stock”), that the Corporation has authority to issue to 15,000,000, and the aggregate par value of all authorized shares of stock having par value to \$1,650,000.

SECOND: The total number of shares of stock which the Corporation had authority to issue immediately prior to the foregoing amendment of the Charter was 110,000,000 shares of stock, consisting of 100,000,000 shares of Common Stock, \$0.01 par value per share, and 10,000,000 shares of Preferred Stock, \$0.01 par value per share. The aggregate par value of all authorized shares of stock having par value was \$1,100,000.

THIRD: The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment of the Charter is 165,000,000 shares of stock, consisting of 150,000,000 shares of Common Stock, \$0.01 par value per share, and 15,000,000 shares of Preferred Stock, \$0.01 par value per share. The aggregate par value of all authorized shares of stock having par value is \$1,650,000.

FOURTH: The information required by Section 2-607(b)(2)(i) of the Maryland General Corporation Law (the “MGCL”) is not changed by the foregoing amendment of the Charter.

FIFTH: The foregoing amendment of the Charter has been approved by the Board of Directors of the Corporation in the manner and by the vote required by law and is limited to a change expressly authorized by Section 2-105(a)(13) of the MGCL without any action by the stockholders of the Corporation.

SIXTH: The undersigned Chief Executive Officer of the Corporation acknowledges these Articles of Amendment to be the corporate act of the Corporation and, as to all matters of facts required to be verified under oath, the undersigned Chief Executive Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties of perjury.

[*Signature page follows*]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be executed in its name and on its behalf by its Chief Executive Officer and attested to by its Executive Vice President, General Counsel and Secretary as of the date first written above.

STAG INDUSTRIAL, INC.

By: /s/ Benjamin S. Butcher
Name: Benjamin S. Butcher
Title: Chairman of the Board, Chief Executive Officer and President

ATTEST:

STAG INDUSTRIAL, INC.

By: /s/ Jeffrey M. Sullivan
Name: Jeffrey M. Sullivan
Title: Executive Vice President, General Counsel and Secretary

STAG INDUSTRIAL, INC.
ARTICLES SUPPLEMENTARY
3,000,000 SHARES OF
6.875% SERIES C CUMULATIVE REDEEMABLE PREFERRED STOCK
MARCH 11, 2016

STAG Industrial, Inc., a Maryland corporation (the “Corporation”), hereby certifies to the State Department of Assessments and Taxation of Maryland (the “Department”) that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Corporation (the “Board of Directors”) by Article IV of the Articles of Amendment and Restatement of the Corporation filed with the Department on April 7, 2011 (as amended and supplemented to date and as may be amended and supplemented from time to time, the “Charter”) and Section 2-105 of the Maryland General Corporation Law (the “MGCL”), the Board of Directors, by resolutions duly adopted on February 22, 2016, has authorized the issuance, classification and designation of a number of shares of the authorized but unissued preferred stock of the Corporation, par value \$0.01 per share (“Preferred Stock”), as a separate class of Preferred Stock, that, on the date of issue, have a liquidation value of up to \$75,000,000, and, pursuant to the powers contained in the Amended and Restated Bylaws of the Corporation (as may be amended from time to time, the “Bylaws”) and the MGCL, appointed a committee (the “Committee”) of the Board of Directors and delegated to the Committee, to the fullest extent permitted by the MGCL and the Charter and Bylaws of the Corporation, among other things, all powers of the Board of Directors with respect to (i) setting the number of shares of the Preferred Stock to be classified and designated, provided that in no event shall the liquidation value of such shares exceed \$75,000,000, (ii) setting the cumulative dividend percentage for the Preferred Stock, (iii) selecting the dates on which dividends will be paid on the Preferred Stock, (iv) establishing the price per share for the Preferred Stock, (v) authorizing, approving and filing these Articles Supplementary with the Department and (vi) authorizing and approving all such other actions as the Committee may deem necessary or desirable in connection with the classification, authorization, issuance, offer, and sale of the Preferred Stock.

SECOND: The Committee has unanimously adopted resolutions classifying and designating the Preferred Stock as a separate class of Preferred Stock to be known as the “6.875% Series C Cumulative Redeemable Preferred Stock,” setting the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, transfers, qualifications, terms and conditions of redemption and other terms and conditions of such 6.875% Series C Cumulative Redeemable Preferred Stock, and authorizing the issuance of up to 3,000,000 shares of 6.875% Series C Cumulative Redeemable Preferred Stock.

THIRD: The designation, number of shares, preferences, rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, terms and conditions of redemption and other terms and conditions of the separate class of Preferred Stock of the Corporation designated as the 6.875% Series C Cumulative Redeemable Preferred Stock are as follows, which upon any restatement of the Charter shall be made a part of or incorporated by reference into the Charter with any necessary or appropriate changes to the enumeration or lettering of Sections or subsections thereof:

Section 1. Designation and Number. A series of Preferred Stock, designated the “6.875% Series C Cumulative Redeemable Preferred Stock” (the “Series C Preferred Stock”), is hereby established. The number of shares of Series C Preferred Stock shall be 3,000,000.

Section 2. Rank. The Series C Preferred Stock will, with respect to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation, rank: (a) senior to all classes or series of the Corporation’s common stock, par value \$0.01 per share (the “Common Stock”), and all classes or series of capital stock of the Corporation now or hereafter authorized, issued or outstanding expressly designated as ranking junior to the Series C Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation; (b) on parity with the 9.0% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the “Series A Preferred Stock”), the 6.625% Series B Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the “Series B Preferred Stock”), and any future class or series of capital stock of

the Corporation expressly designated as ranking on parity with the Series C Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation; and (c) junior to any class or series of capital stock of the Corporation expressly designated as ranking senior to the Series C Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The term “capital stock” does not include convertible or exchangeable debt securities, which will rank senior to the Series C Preferred Stock prior to conversion or exchange. The Series C Preferred Stock will also rank junior in right of payment to the Corporation’s other existing and future debt obligations.

Section 3. Dividends.

(a) Subject to the preferential rights of the holders of any class or series of capital stock of the Corporation ranking senior to the Series C Preferred Stock as to dividends, the holders of shares of the Series C Preferred Stock shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 6.875% per annum of the \$25.00 liquidation preference per share of the Series C Preferred Stock (equivalent to a fixed annual amount of \$1.71875 per share of the Series C Preferred Stock). Such dividends shall accrue and be cumulative from and including the first date on which any shares of Series C Preferred Stock are issued (the “Original Issue Date”) and shall be payable quarterly in arrears on each Dividend Payment Date (as defined below), commencing on June 30, 2016; provided, however, that if any Dividend Payment Date is not a Business Day (as defined below), then the dividend which would otherwise have been payable on such Dividend Payment Date may be paid on the next succeeding Business Day, except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if paid on such Dividend Payment Date, and no interest or additional dividends or other sums shall accrue on the amount so payable from such Dividend Payment Date to such next succeeding Business Day. The amount of any dividend payable on the Series C Preferred Stock for any Dividend Period (as defined below) shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in the stockholder records of the Corporation at the close of business on the applicable Dividend Record Date (as defined below). Notwithstanding any provision to the contrary contained herein, each outstanding share of Series C Preferred Stock shall be entitled to receive a dividend with respect to any Dividend Record Date equal to the dividend paid with respect to each other share of Series C Preferred Stock that is outstanding on such date. “Dividend Record Date” shall mean the date designated by the Board of Directors for the payment of dividends that is not more than 35 or fewer than 10 days prior to the applicable Dividend Payment Date. “Dividend Payment Date” shall mean the last calendar day of each March, June, September and December, commencing on June 30, 2016. “Dividend Period” shall mean the respective periods commencing on and including the first day of January, April, July and October of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period, which shall commence on the Original Issue Date and end on and include June 30, 2016, and other than the Dividend Period during which any shares of Series C Preferred Stock shall be redeemed pursuant to Section 5 or Section 6, which shall end on and include the day preceding the redemption date with respect to the shares of Series C Preferred Stock being redeemed).

The term “Business Day” shall mean each day, other than a Saturday or a Sunday, which is not a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

(b) Notwithstanding anything contained herein to the contrary, dividends on the Series C Preferred Stock shall accrue whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such dividends, and whether or not such dividends are authorized or declared.

(c) Except as provided in Section 3(d) below, no dividends shall be declared and paid or declared and set apart for payment, and no other distribution of cash or other property may be declared and made, directly or indirectly, on or with respect to, any shares of Common Stock or shares of any other class or series of capital stock of the Corporation ranking, as to dividends, on parity with or junior to the Series C Preferred Stock (other than a dividend paid in shares of Common Stock or in shares of any other class or series of capital stock ranking junior to the Series C Preferred Stock as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation) for any period, nor shall any shares of Common Stock or any other shares of any other class or series of capital stock of the Corporation ranking, as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, on parity with or junior to the Series C Preferred Stock be redeemed, purchased or otherwise acquired for any consideration, nor shall any funds be paid or

made available for a sinking fund for the redemption of such shares, and no other distribution of cash or other property may be made, directly or indirectly, on or with respect thereto by the Corporation (except by conversion into or exchange for other shares of any class or series of capital stock of the Corporation ranking junior to the Series C Preferred Stock as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, and except for the acquisition of shares made pursuant to the provisions of Article VI of the Charter, Section 9 hereof or Section 9 of the Articles Supplementary establishing the Series A Preferred Stock or the Series B Preferred Stock and the purchase or acquisition of shares of any other class or series of capital stock of the Corporation ranking on parity with the Series C Preferred Stock as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series C Preferred Stock), unless full cumulative dividends on the Series C Preferred Stock for all past Dividend Periods that have ended shall have been or contemporaneously are (i) declared and paid in cash or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for such payment.

(d) When dividends are not paid in full (and a sum sufficient for such full payment is not so set apart) on the Series C Preferred Stock and the shares of any other class or series of capital stock ranking, as to dividends, on parity with the Series C Preferred Stock, all dividends declared upon the Series C Preferred Stock and each such other class or series of capital stock ranking, as to dividends, on parity with the Series C Preferred Stock shall be declared pro rata so that the amount of dividends declared per share of Series C Preferred Stock and such other class or series of capital stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Series C Preferred Stock and such other class or series of capital stock (which shall not include any accrual in respect of unpaid dividends on such other class or series of capital stock for prior Dividend Periods if such other class or series of capital stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series C Preferred Stock which may be in arrears.

(e) Holders of shares of Series C Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or shares of stock, in excess of full cumulative dividends on the Series C Preferred Stock as provided herein. Any dividend payment made on the Series C Preferred Stock shall first be credited against the earliest accrued but unpaid dividends due with respect to such shares which remain payable. Accrued but unpaid distributions on the Series C Preferred Stock will accumulate as of the Dividend Payment Date on which they first become payable.

Section 4. Liquidation Preference.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any distribution or payment shall be made to holders of shares of Common Stock or any other class or series of capital stock of the Corporation ranking, as to rights upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, junior to the Series C Preferred Stock, the holders of shares of Series C Preferred Stock shall be entitled to be paid out of the assets of the Corporation legally available for distribution to its stockholders, after payment of or provision for the debts and other liabilities of the Corporation, a liquidation preference of \$25.00 per share, plus an amount equal to any accrued and unpaid dividends (whether or not authorized or declared) to but excluding the date of payment. In the event that, upon such voluntary or involuntary liquidation, dissolution or winding up, the available assets of the Corporation are insufficient to pay the full amount of the liquidating distributions on all outstanding shares of Series C Preferred Stock and the corresponding amounts payable on all shares of other classes or series of capital stock of the Corporation ranking, as to rights upon liquidation, dissolution or winding up of the Corporation, on parity with the Series C Preferred Stock in the distribution of assets, then the holders of the Series C Preferred Stock and each such other class or series of shares of capital stock ranking, as to rights upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, on parity with the Series C Preferred Stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled. Written notice of any such voluntary or involuntary liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage pre-paid, not fewer than 30 or more than 60 days prior to the payment date stated therein, to each record holder of shares of Series C Preferred Stock at the respective addresses of such holders as the same shall appear on the stock transfer records of the Corporation. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series C Preferred Stock will have no right or claim to any of the remaining assets of the Corporation. The consolidation or merger of the Corporation with or into any other

corporation, trust or entity, or the voluntary sale, lease, transfer or conveyance of all or substantially all of the property or business of the Corporation, shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

(b) In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of capital stock of the Corporation or otherwise, is permitted under the MGCL, amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of Series C Preferred Stock shall not be added to the Corporation's total liabilities.

Section 5. Redemption.

(a) Shares of Series C Preferred Stock shall not be redeemable prior to March 17, 2021 except as set forth in Section 6 or to preserve the status of the Corporation as a REIT (as defined in Section 9(a)) for United States federal income tax purposes. In addition, the Series C Preferred Stock shall be subject to the provisions of Section 9 pursuant to which Series C Preferred Stock owned by a stockholder in excess of the Series C Ownership Limit (as defined in Section 9(a)) shall automatically be transferred to a Trust (as defined in Section 9(a)) for the exclusive benefit of a Charitable Beneficiary (as defined in Section 9(a)).

(b) On and after March 17, 2021, the Corporation, at its option, upon not fewer than 30 or more than 60 days' written notice, may redeem the Series C Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid dividends (whether or not authorized or declared) thereon up to, but not including, the date fixed for redemption, without interest, to the extent the Corporation has funds legally available therefor (the "Redemption Right"). If fewer than all of the outstanding shares of Series C Preferred Stock are to be redeemed, the shares of Series C Preferred Stock to be redeemed shall be redeemed pro rata (as nearly as may be practicable without creating fractional shares) by lot or by any other equitable method determined by the Corporation that will not result in a violation of the Series C Ownership Limit or the Aggregate Stock Ownership Limit (each as defined in Section 9(a)). If redemption is to be by lot and, as a result, any holder of shares of Series C Preferred Stock would have actual ownership, Beneficial Ownership or Constructive Ownership (each as defined in Section 9(a)) in excess of the Series C Ownership Limit (as defined in Section 9(a)), the Aggregate Stock Ownership Limit (as defined in Section 9(a)), or such other limit as permitted by the Board of Directors or the Committee pursuant to Section 9(i), because such holder's shares of Series C Preferred Stock were not redeemed, or were only redeemed in part, then, except as otherwise provided in the Charter, the Corporation shall redeem the requisite number of shares of Series C Preferred Stock of such holder such that no holder will hold an amount of Series C Preferred Stock in excess of the applicable ownership limit, subsequent to such redemption. Holders of Series C Preferred Stock to be redeemed shall surrender such Series C Preferred Stock at the place, or in accordance with the book-entry procedures, designated in such notice and shall be entitled to the redemption price of \$25.00 per share and any accrued and unpaid dividends payable upon such redemption following such surrender. If (i) notice of redemption of any shares of Series C Preferred Stock has been given (in the case of a redemption of the Series C Preferred Stock other than to preserve the status of the Corporation as a REIT), (ii) the funds necessary for such redemption have been set aside by the Corporation in trust for the benefit of the holders of any shares of Series C Preferred Stock so called for redemption, and (iii) irrevocable instructions have been given to pay the redemption price and all accrued and unpaid dividends, then from and after the redemption date, dividends shall cease to accrue on such shares of Series C Preferred Stock, such shares of Series C Preferred Stock shall no longer be deemed outstanding, and all rights of the holders of such shares shall terminate, except the right to receive the redemption price plus any accrued and unpaid dividends payable upon such redemption, without interest. So long as full cumulative dividends on the Series C Preferred Stock for all past Dividend Periods that have ended shall have been or contemporaneously are (i) declared and paid in cash, or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for payment, nothing herein shall prevent or restrict the Corporation's right or ability to purchase, from time to time, either at a public or a private sale, all or any part of the Series C Preferred Stock at such price or prices as the Corporation may determine, subject to the provisions of applicable law, including the repurchase of shares of Series C Preferred Stock in open-market transactions duly authorized by the Board of Directors.

(c) In the event of any redemption of the Series C Preferred Stock in order to preserve the status of the Corporation as a REIT for United States federal income tax purposes, such redemption shall be made in accordance with the terms and conditions set forth in this Section 5 of these Articles Supplementary. If the Corporation calls for redemption any shares of Series C Preferred Stock pursuant to and in accordance with this Section 5(c), then the

redemption price for such shares will be an amount in cash equal to \$25.00 per share together with all accrued and unpaid dividends to but excluding the dated fixed for redemption.

(d) Unless full cumulative dividends on the Series C Preferred Stock for all past Dividend Periods that have ended shall have been or contemporaneously are (i) declared and paid in cash, or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for payment, no shares of Series C Preferred Stock shall be redeemed pursuant to the Redemption Right or Special Optional Redemption Right (defined below) unless all outstanding shares of Series C Preferred Stock are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire directly or indirectly any shares of Series C Preferred Stock or any class or series of capital stock of the Corporation ranking, as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, on parity with or junior to the Series C Preferred Stock (except by conversion into or exchange for shares of capital stock of the Corporation ranking, as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, junior to the Series C Preferred Stock); provided, however, that the foregoing shall not prevent the purchase of Series C Preferred Stock, or any other class or series of capital stock of the Corporation ranking, as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation, on parity with or junior to the Series C Preferred Stock, by the Corporation in accordance with the terms of Sections 5(c) and 9 of these Articles Supplementary or otherwise, in order to ensure that the Corporation remains qualified as a REIT for United States federal income tax purposes, or the purchase or acquisition of Series C Preferred Stock or shares of any other class or series of capital stock of the Corporation ranking on parity with the Series C Preferred Stock as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series C Preferred Stock.

(e) Notice of redemption pursuant to the Redemption Right will be mailed by the Corporation, postage prepaid, not fewer than 30 or more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series C Preferred Stock to be redeemed at their respective addresses as they appear on the transfer records of the Corporation. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series C Preferred Stock except as to the holder to whom such notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which the Series C Preferred Stock may be listed or admitted to trading, each such notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series C Preferred Stock to be redeemed; (iv) the place or places where the certificates, if any, representing shares of Series C Preferred Stock are to be surrendered for payment of the redemption price; (v) procedures for surrendering noncertificated shares of Series C Preferred Stock for payment of the redemption price; (vi) that dividends on the shares of Series C Preferred Stock to be redeemed will cease to accumulate on such redemption date; and (vii) that payment of the redemption price and any accumulated and unpaid dividends will be made upon presentation and surrender of such Series C Preferred Stock. If fewer than all of the shares of Series C Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series C Preferred Stock held by such holder to be redeemed. Notwithstanding anything else to the contrary in these Articles Supplementary, the Corporation shall not be required to provide notice to the holder of Series C Preferred Stock in the event such holder's Series C Preferred Stock is redeemed in accordance with Sections 5(c) and 9 of these Articles Supplementary to preserve the Corporation's status as a REIT.

(f) If a redemption date falls after a Dividend Record Date and on or prior to the corresponding Dividend Payment Date, each holder of Series C Preferred Stock at the close of business of such Dividend Record Date shall be entitled to the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares on or prior to such Dividend Payment Date, and each holder of Series C Preferred Stock that surrenders its shares on such redemption date will be entitled to the dividends accruing after the end of the Dividend Period to which such Dividend Payment Date relates up to but excluding the redemption date. Except as provided herein, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series C Preferred Stock for which a notice of redemption has been given.

(g) All shares of the Series C Preferred Stock redeemed or repurchased pursuant to this Section 5, or otherwise acquired in any other manner by the Corporation, shall be retired and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series or class.

(h) The Series C Preferred Stock shall have no stated maturity and shall not be subject to any sinking fund or mandatory redemption; provided, however, that the Series C Preferred Stock owned by a stockholder in excess of

the applicable ownership limit shall be subject to the provisions of this Section 5 and Section 9 of these Articles Supplementary.

Section 6. Special Optional Redemption by the Corporation.

(a) Upon the occurrence of a Change of Control (as defined below), the Corporation will have the option upon written notice mailed by the Corporation, postage pre-paid, no fewer than 30 nor more than 60 days prior to the redemption date and addressed to the holders of record of shares of the Series C Preferred Stock to be redeemed at their respective addresses as they appear on the stock transfer records of the Corporation, to redeem shares of the Series C Preferred Stock, in whole or in part within 120 days after the first date on which such Change of Control occurred, for cash at \$25.00 per share plus accrued and unpaid dividends, if any, to, but not including, the redemption date (“Special Optional Redemption Right”). No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of Series C Preferred Stock except as to the holder to whom notice was defective or not given. If, prior to the Change of Control Conversion Date (as defined below), the Corporation has provided or provides notice of redemption with respect to the Series C Preferred Stock (whether pursuant to the Redemption Right or the Special Optional Redemption Right), the holders of shares of Series C Preferred Stock will not have the conversion right described below in Section 8.

A “Change of Control” is when, after the original issuance of the Series C Preferred Stock, the following have occurred and are continuing:

(i) the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of stock of the Corporation entitling that person to exercise more than 50% of the total voting power of all stock of the Corporation entitled to vote generally in the election of the Corporation’s directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

(ii) following the closing of any transaction referred to in (i) above, neither the Corporation nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the New York Stock Exchange (the “NYSE”), the NYSE MKT LLC (“NYSE MKT”), or the NASDAQ Stock Market (“NASDAQ”), or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ.

(b) In addition to any information required by law or by the applicable rules of any exchange upon which the Series C Preferred Stock may be listed or admitted to trading, such notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series C Preferred Stock to be redeemed; (iv) the place or places where the certificates, if any, representing shares of Series C Preferred Stock are to be surrendered for payment of the redemption price; (v) procedures for surrendering noncertificated shares of Series C Preferred Stock for payment of the redemption price; (vi) that dividends on the shares of Series C Preferred Stock to be redeemed will cease to accumulate on the redemption date; (vii) that payment of the redemption price and any accumulated and unpaid dividends will be made upon presentation and surrender of such Series C Preferred Stock; (viii) that the shares of Series C Preferred Stock are being redeemed pursuant to the Special Optional Redemption Right in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control; and (ix) that holders of the shares of Series C Preferred Stock to which the notice relates will not be able to tender such shares of Series C Preferred Stock for conversion in connection with the Change of Control and each share of Series C Preferred Stock tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related redemption date instead of converted on the Change of Control Conversion Date. If fewer than all of the shares of Series C Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series C Preferred Stock held by such holder to be redeemed.

If fewer than all of the outstanding shares of Series C Preferred Stock are to be redeemed pursuant to the Special Optional Redemption Right, the shares of Series C Preferred Stock to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional shares) by lot or in such other equitable method determined by the Corporation that will not result in a violation of the Series C Ownership Limit or the Aggregate Stock Ownership

Limit (each as defined in Section 9(a)). If such redemption pursuant to the Special Optional Redemption Right is to be by lot and, as a result, any holder of shares of Series C Preferred Stock would have actual ownership, Beneficial Ownership or Constructive Ownership (each as defined in Section 9(a)) in excess of the Series C Ownership Limit (as defined in Section 9(a)), the Aggregate Stock Ownership Limit (as defined in Section 9(a)), or such limit as permitted by the Board of Directors or a committee thereof pursuant to Section 9(h), because such holder's shares of Series C Preferred Stock were not redeemed, or were only redeemed in part then, except as otherwise provided in the Charter, the Corporation shall redeem the requisite number of shares of Series C Preferred Stock of such holder such that no holder will hold an amount of Series C Preferred Stock in excess of the applicable ownership limit, subsequent to such redemption.

(c) If the Corporation has given a notice of redemption pursuant to the Special Optional Redemption Right and has set aside sufficient funds for the redemption in trust for the benefit of the holders of the Series C Preferred Stock called for redemption, then from and after the redemption date, those shares of Series C Preferred Stock will be treated as no longer being outstanding, no further dividends will accrue and all other rights of the holders of those shares of Series C Preferred Stock will terminate. The holders of those shares of Series C Preferred Stock will retain their right to receive the redemption price for their shares and any accrued and unpaid dividends to, but not including, the redemption date, without interest. So long as full cumulative dividends on the Series C Preferred Stock for all past Dividend Periods shall have been or contemporaneously are (i) declared and paid in cash, or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for payment, nothing herein shall prevent or restrict the Corporation's right or ability to purchase, from time to time, either at a public or a private sale, all or any part of the Series C Preferred Stock at such price or prices as the Corporation may determine, subject to the provisions of applicable law, including the repurchase of shares of Series C Preferred Stock in open-market transactions duly authorized by the Board of Directors.

(d) The holders of Series C Preferred Stock at the close of business on a Dividend Record Date will be entitled to receive the dividend payable with respect to the Series C Preferred Stock on the corresponding Dividend Payment Date notwithstanding the redemption of the Series C Preferred Stock pursuant to the Special Optional Redemption Right between such Dividend Record Date and the corresponding Dividend Payment Date or the Corporation's default in the payment of the dividend due. Except as provided herein, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on Series C Preferred Stock for which a notice of redemption pursuant to the Special Optional Redemption Right has been given.

(e) All shares of the Series C Preferred Stock redeemed or repurchased pursuant to this Section 6, or otherwise acquired in any other manner by the Corporation, shall be retired and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series or class.

Section 7. Voting Rights.

(a) Holders of the Series C Preferred Stock shall not have any voting rights, except as set forth in this Section 7.

(b) Whenever dividends on any shares of Series C Preferred Stock shall be in arrears for six or more consecutive or non-consecutive quarterly periods (a "Preferred Dividend Default"), the holders of such Series C Preferred Stock (voting separately as a class together with all other classes or series of preferred stock of the Corporation ranking on parity with the Series C Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation and upon which like voting rights have been conferred and are exercisable ("Parity Preferred"), including the Series A Preferred Stock and the Series B Preferred Stock, shall be entitled to vote for the election of a total of two additional directors of the Corporation (the "Preferred Directors") and the entire Board of Directors will be increased by two directors, until all dividends accumulated on such Series C Preferred Stock and Parity Preferred for the past Dividend Periods that have ended shall have been fully paid or declared and a sum sufficient for the payment thereof is set aside for payment.

(c) The Preferred Directors will be elected by a plurality of the votes cast in the election for a one-year term and each Preferred Director will serve until his or her successor is duly elected and qualified or until such Preferred Director's right to hold the office terminates, whichever occurs earlier, subject to such Preferred Director's earlier death, disqualification, resignation or removal. The election will take place at (i) either (A) a special meeting called in accordance with Section 7(d) below if the request is received more than 90 days before the date fixed for the Corporation's next annual or special meeting of stockholders or (B) the next annual or special meeting of

stockholders if the request is received within 90 days of the date fixed for the Corporation's next annual or special meeting of stockholders, and (ii) at each subsequent annual meeting of stockholders, or special meeting held in place thereof, until all such dividends in arrears on the Series C Preferred Stock and each such class or series of outstanding Parity Preferred have been paid in full. A dividend in respect of Series C Preferred Stock shall be considered timely made if made within two Business Days after the applicable Dividend Payment Date if at the time of such late payment date there shall not be any prior Dividend Periods in respect of which full dividends were not timely made at the applicable Dividend Payment Date.

(d) At any time when such voting rights shall have vested, a proper officer of the Corporation shall call or cause to be called, upon written request of holders of record of at least 10% of the outstanding shares of Series C Preferred Stock and Parity Preferred, a special meeting of the holders of Series C Preferred Stock and each class or series of Parity Preferred by mailing or causing to be mailed to such holders a notice of such special meeting to be held not fewer than ten or more than 45 days after the date such notice is given. The record date for determining holders of the Series C Preferred Stock and Parity Preferred entitled to notice of and to vote at such special meeting will be the close of business on the third Business Day preceding the day on which such notice is mailed. At any such annual or special meeting, all of the holders of the Series C Preferred Stock and Parity Preferred, by plurality vote, voting together as a single class without regard to class or series will be entitled to elect two directors on the basis of one vote per \$25.00 of liquidation preference to which such Series C Preferred Stock and Parity Preferred are entitled by their terms (excluding amounts in respect of accumulated and unpaid dividends) and not cumulatively. The holder or holders of one-third of the Series C Preferred Stock and Parity Preferred voting as a single class then outstanding, present in person or by proxy, will constitute a quorum for the election of the Preferred Directors except as otherwise provided by law. Notice of all meetings at which holders of the Series C Preferred Stock and the Parity Preferred shall be entitled to vote will be given to such holders at their addresses as they appear in the transfer records. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, a majority of the holders of the Series C Preferred Stock and Parity Preferred voting as a single class present in person or by proxy shall have the power to adjourn the meeting for the election of the Preferred Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Preferred Dividend Default shall terminate after the notice of a special meeting has been given but before such special meeting has been held, the Corporation shall, as soon as practicable after such termination, mail or cause to be mailed notice of such termination to holders of the Series C Preferred Stock and the Parity Preferred that would have been entitled to vote at such special meeting.

(e) If and when all accumulated dividends on such Series C Preferred Stock and all classes or series of Parity Preferred for the past Dividend Periods shall have been fully paid or declared and a sum sufficient for the payment thereof is set aside for payment, the right of the holders of Series C Preferred Stock and the Parity Preferred to elect such additional two directors shall immediately cease (subject to revesting in the event of each and every Preferred Dividend Default), and the term of office of each Preferred Director so elected shall terminate and the entire Board of Directors shall be reduced accordingly. Any Preferred Director may be removed at any time with or without cause by the vote of, and shall not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding Series C Preferred Stock and the Parity Preferred entitled to vote thereon when they have the voting rights set forth in Section 7(b) (voting together as a single class). So long as a Preferred Dividend Default shall continue, any vacancy in the office of a Preferred Director may be filled by written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding Series C Preferred Stock when they have the voting rights described above (voting as a single class with all other classes or series of Parity Preferred). Each of the Preferred Directors shall be entitled to one vote on any matter.

(f) So long as any shares of Series C Preferred Stock remain outstanding, the affirmative vote or consent of the holders of two-thirds of the shares outstanding at the time of Series C Preferred Stock and of each other class or series of Parity Preferred, given in person or by proxy, either in writing or at a meeting (voting together as a single class) will be required to authorize, create or issue, or increase the number of authorized or issued shares of, any class or series of capital stock ranking senior to the Series C Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation or reclassify any authorized shares of capital stock of the Corporation into such capital stock, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such capital stock. In addition, so long as any shares of Series C Preferred Stock remain outstanding, the affirmative vote or consent of the holders of two-thirds of the shares outstanding at the time of Series C Preferred Stock, given in person or by proxy, either in writing or at a meeting, will be required to amend, alter or repeal the provisions of the Charter, including the terms of the Series C Preferred Stock, whether by merger, consolidation, transfer or conveyance of all or substantially all of its assets or

otherwise (an “Event”), so as to materially and adversely affect any right, preference, privilege or voting power of the Series C Preferred Stock; provided, however, with respect to the occurrence of any of the Events set forth above, so long as the Series C Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that, upon the occurrence of an Event, the Corporation may not be the surviving entity, the occurrence of such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of Series C Preferred Stock, and in such case such holders shall not have any voting rights with respect to the occurrence of any of the Events set forth above; provided, further, that such vote or consent will not be required with respect to any such amendment, alteration or repeal that equally affects the terms of the Series C Preferred Stock and one or more other classes or series of Parity Preferred, if such amendment, alteration or repeal is approved by the affirmative vote or consent of the holders of two-thirds of the shares outstanding at the time of Series C Preferred Stock and such other class or series of Parity Preferred, given in person or by proxy, either in writing or at a meeting (voting together as a single class). In addition, if the holders of the Series C Preferred Stock receive the greater of the full trading price of the Series C Preferred Stock on the date of an Event set forth above or the \$25.00 liquidation preference per share of the Series C Preferred Stock pursuant to the occurrence of any of the Events set forth above, then such holders shall not have any voting rights with respect to the Events set forth above.

So long as any shares of Series C Preferred Stock remain outstanding, the holders of shares of Series C Preferred Stock also will have the exclusive right to vote on any amendment, alteration or repeal of the provisions of the Charter or the terms of the Series C Preferred Stock on which holders of Series C Preferred Stock are otherwise entitled to vote pursuant to the second sentence of the first paragraph of this Section 7(f) that would alter only the contract rights, as expressly set forth in the Charter, of the Series C Preferred Stock, and the holders of any other classes or series of the capital stock of the Corporation will not be entitled to vote on such an amendment, alteration or repeal. With respect to any amendment, alteration or repeal of the provisions of the Charter or the terms of the Series C Preferred Stock that equally affects the terms of the Series C Preferred Stock and one or more other classes or series of Parity Preferred, so long as any shares of Series C Preferred Stock remain outstanding, the holders of shares of Series C Preferred Stock and of each other class or series of Parity Preferred (voting together as a single class), also will have the exclusive right to vote on any amendment, alteration or repeal of the provisions of the Charter or the terms of the Series C Preferred Stock on which holders of Series C Preferred Stock are otherwise entitled to vote pursuant to the second sentence of the first paragraph of this Section 7(f) that would alter only the contract rights, as expressly set forth in the Charter, of the Series C Preferred Stock and such other classes or series of Parity Preferred, and the holders of any other classes or series of the capital stock of the Corporation will not be entitled to vote on such an amendment.

Holders of shares of Series C Preferred Stock shall not be entitled to vote with respect to (A) any increase in the total number of authorized shares of Common Stock or Preferred Stock of the Corporation, or (B) any increase in the number of authorized shares of Series C Preferred Stock or the creation or issuance of any other class or series of capital stock, or (C) any increase in the number of authorized shares of any other class or series of capital stock, in each case referred to in clause (A), (B) or (C) above ranking on parity with or junior to the Series C Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation. Except as set forth herein, holders of the Series C Preferred Stock shall not have any voting rights with respect to, and the consent of the holders of the Series C Preferred Stock shall not be required for, the taking of any corporate action, including an Event, regardless of the effect that such corporate action or Event may have upon the powers, preferences, voting power or other rights or privileges of the Series C Preferred Stock.

(g) The foregoing voting provisions of this Section 7 shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series C Preferred Stock shall have been redeemed or called for redemption upon proper notice pursuant to these Articles Supplementary and sufficient funds, in cash, shall have been deposited in trust to effect such redemption.

(h) In any matter in which the Series C Preferred Stock may vote (as expressly provided herein), each share of Series C Preferred Stock shall be entitled to one vote per \$25.00 of liquidation preference.

Section 8. Conversion. The shares of Series C Preferred Stock are not convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 8.

(a) Upon the occurrence of a Change of Control, each holder of shares of Series C Preferred Stock shall have the right, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem the Series C Preferred Stock pursuant to the Redemption Right or Special Optional

Redemption Right, to convert some or all of the Series C Preferred Stock held by such holder (the “Change of Control Conversion Right”) on the Change of Control Conversion Date into a number of shares of Common Stock, per share of Series C Preferred Stock to be converted (the “Common Stock Conversion Consideration”) equal to the lesser of (A) the quotient obtained by dividing (i) the sum of (x) the \$25.00 liquidation preference per share of Series C Preferred Stock to be converted plus (y) the amount of any accrued and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Dividend Record Date and prior to the corresponding Dividend Payment Date, in which case no additional amount for such accrued and unpaid dividends will be included in such sum) by (ii) the Common Stock Price (as defined herein) and (B) 2.59336 (the “Share Cap”), subject to the immediately succeeding paragraph.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of the Common Stock), subdivisions or combinations (in each case, a “Share Split”) with respect to the Common Stock as follows: the adjusted Share Cap as the result of a Share Split shall be the number of shares of Common Stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of Common Stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of Common Stock outstanding immediately prior to such Share Split.

In the case of a Change of Control pursuant to which shares of Common Stock shall be converted into cash, securities or other property or assets (including any combination thereof) (the “Alternative Form Consideration”), a holder of shares of Series C Preferred Stock shall receive upon conversion of such shares of Series C Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of Common Stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the “Alternative Conversion Consideration”; and the Common Stock Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, shall be referred to herein as the “Conversion Consideration”).

In the event that holders of Common Stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration will be deemed to be the kind and amount of consideration actually received by holders of a majority of the Common Stock that voted for such an election (if electing between two types of consideration) or holders of a plurality of the Common Stock that voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of Common Stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

The “Change of Control Conversion Date” shall be a Business Day set forth in the notice of Change of Control provided in accordance with Section 8(c) below that is no less than 20 days nor more than 35 days after the date on which the Corporation provides such notice pursuant to Section 8(c).

The “Common Stock Price” shall be (i) if the consideration to be received in the Change of Control by the holders of Common Stock is solely cash, the amount of cash consideration per share of Common Stock or (ii) if the consideration to be received in the Change of Control by holders of Common Stock is other than solely cash (x) the average of the closing sale prices per share of Common Stock (or, if no closing sale price is reported, the average of the closing bid and ask prices or, if more than one in either case, the average of the average closing bid and the average closing ask prices) for the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control as reported on the principal U.S. securities exchange on which the Common Stock is then traded, or (y) the average of the last quoted bid prices for the Common Stock in the over-the-counter market as reported by OTC Markets Group, Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, if the Common Stock is not then listed for trading on a U.S. securities exchange.

(b) No fractional shares of Common Stock shall be issued upon the conversion of Series C Preferred Stock. In lieu of fractional shares, holders shall be entitled to receive the cash value of such fractional shares based on the Common Stock Price.

(c) Within 15 days following the occurrence of a Change of Control, a notice of occurrence of the Change of Control, describing the resulting Change of Control Conversion Right, shall be delivered to the holders of record of

the shares of Series C Preferred Stock at their addresses as they appear on the Corporation's share transfer records and notice shall be provided to the Corporation's transfer agent. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the conversion of any share of Series C Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of Series C Preferred Stock may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Stock Price; (v) the Change of Control Conversion Date, which shall be a Business Day occurring within 20 to 35 days following the date of such notice; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem all or any portion of the Series C Preferred Stock, the holder will not be able to convert shares of Series C Preferred Stock designated for redemption and such shares of Series C Preferred Stock shall be redeemed on the related redemption date, even if they have already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series C Preferred Stock; (viii) the name and address of the paying agent and the conversion agent; and (ix) the procedures that the holders of Series C Preferred Stock must follow to exercise the Change of Control Conversion Right.

(d) The Corporation shall issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if such organizations are not in existence at the time of issuance of such press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on the Corporation's website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides notice pursuant to Section 8(c) above to the holders of Series C Preferred Stock.

(e) In order to exercise the Change of Control Conversion Right, a holder of shares of Series C Preferred Stock shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of Series C Preferred Stock to be converted, duly endorsed for transfer, together with a written conversion notice completed, to the Corporation's transfer agent. Such notice shall state: (i) the relevant Change of Control Conversion Date; (ii) the number of shares of Series C Preferred Stock to be converted; and (iii) that the shares of Series C Preferred Stock are to be converted pursuant to the applicable provisions of these Articles Supplementary. Notwithstanding the foregoing, if the shares of Series C Preferred Stock are held in global form, such notice shall comply with applicable procedures of The Depository Trust Company ("DTC").

(f) Holders of Series C Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date. The notice of withdrawal must state: (i) the number of withdrawn shares of Series C Preferred Stock; (ii) if certificated shares of Series C Preferred Stock have been issued, the certificate numbers of the shares of withdrawn Series C Preferred Stock; and (iii) the number of shares of Series C Preferred Stock, if any, which remain subject to the conversion notice. Notwithstanding the foregoing, if the shares of Series C Preferred Stock are held in global form, the notice of withdrawal shall comply with applicable procedures of DTC.

(g) Shares of Series C Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem such shares of Series C Preferred Stock, whether pursuant to its Redemption Right or Special Optional Redemption Right. If the Corporation elects to redeem shares of Series C Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series C Preferred Stock shall not be so converted and the holders of such shares shall be entitled to receive on the applicable redemption date \$25.00 per share, plus any accrued and unpaid dividends thereon to, but not including, the redemption date.

(h) The Corporation shall deliver the applicable Conversion Consideration no later than the third Business Day following the Change of Control Conversion Date.

(i) Notwithstanding anything to the contrary contained herein, no holder of shares of Series C Preferred Stock will be entitled to convert such shares of Series C Preferred Stock into shares of Common Stock to the extent that

receipt of such shares of Common Stock would cause the holder of such shares of Common Stock (or any other person) to have actual ownership, Beneficial Ownership or Constructive Ownership (each as defined in Section 9(a)) in excess of the Series C Ownership Limit (as defined in Section 9(a)), the Aggregate Stock Ownership Limit (as defined in Section 9(a)), or such other limit as permitted by the Board of Directors or the Committee pursuant to Section 9(h).

Section 9. Restrictions on Ownership and Transfer to Preserve Tax Benefit.

(a) Definitions. For the purposes of Section 5 and this Section 9 of these Articles Supplementary, the following terms shall have the following meanings:

“Aggregate Stock Ownership Limit” has the meaning set forth in Article VI of the Charter.

“Beneficial Ownership” shall mean ownership of Series C Preferred Stock by a Person, whether the interest in the shares of Series C Preferred Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) and Section 856(h)(3) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

“Capital Stock” has the meaning set forth in Article VI of the Charter.

“Charitable Beneficiary” shall mean one or more beneficiaries of the Charitable Trust, as determined pursuant to Section 9(c)(vi) of these Articles Supplementary, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

“Charitable Trust” shall mean any Charitable Trust provided for in Section 9(c) of these Articles Supplementary.

“Code” shall mean the Internal Revenue Code of 1986, as amended. All section references to the Code shall include any successor provisions thereof as may be adopted from time to time.

“Constructive Ownership” shall mean ownership of Series C Preferred Stock by a Person, whether the interest in the shares of Series C Preferred Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

“Excepted Holder” shall mean a stockholder of the Corporation for whom an Excepted Holder Limit is created by the Charter or by the Board of Directors pursuant to Section 9(h) of these Articles Supplementary.

“Excepted Holder Limit” shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Charter or the Board of Directors pursuant to Section 9(h) of these Articles Supplementary and subject to adjustment pursuant to Section 9(i) of these Articles Supplementary, the percentage limit established for an Excepted Holder by the Charter or the Board of Directors pursuant to Section 9(h) of these Articles Supplementary.

“Market Price” on any date shall mean, with respect to the Series C Preferred Stock, the Closing Price for such Series C Preferred Stock on such date. The “Closing Price” on any date shall mean the last reported sale price for such Series C Preferred Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Series C Preferred Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Series C Preferred Stock is not listed or admitted to trading on the NYSE, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Series C Preferred Stock is listed or admitted to trading or, if such Series C Preferred Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use,

the principal other automated quotation system that may then be in use or, if such Series C Preferred Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Series C Preferred Stock selected by the Board of Directors or, in the event that no trading price is available for such Series C Preferred Stock, the fair market value of the Series C Preferred Stock, as determined in good faith by the Board of Directors.

“Person” shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a “group” as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies.

“Prohibited Owner” shall mean, with respect to any purported Transfer, any Person who, but for the provisions of Section 9(b) of these Articles Supplementary, would Beneficially Own or Constructively Own shares of Series C Preferred Stock in violation of the provisions of Section 9(b)(i) of these Articles Supplementary. If appropriate in the context, “Prohibited Owner” shall also mean any Person who would have been the record owner of the shares of Series C Preferred Stock that the Prohibited Owner would have so owned

“REIT” shall mean a real estate investment trust under Sections 856 through 860 of the Code.

“Restriction Termination Date” shall mean the first day after the date on which the Board of Directors determines pursuant to Section 4.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Series C Preferred Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

“Series C Ownership Limit” shall mean not more than nine and eight-tenths percent (9.8%) in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of Series C Preferred Stock of the Corporation excluding any outstanding shares of Series C Preferred Stock not treated as outstanding for federal income tax purposes. The number and value of the outstanding shares of Series C Preferred Stock of the Corporation shall be determined by the Board of Directors in good faith, which determination shall be conclusive for all purposes hereof.

“Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Series C Preferred Stock or the right to vote or receive dividends on Series C Preferred Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Series C Preferred Stock or any interest in Series C Preferred Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial Ownership or Constructive Ownership of Series C Preferred Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms “Transferring” and “Transferred” shall have the correlative meanings.

“Trustee” shall mean DLA Piper LLP (US). Any replacement or successor trustee shall be a Person unaffiliated with the Corporation and a Prohibited Owner that is appointed by the Corporation to serve as trustee of the Charitable Trust.

(b) Restriction on Ownership and Transfers.

(i) Prior to the Restriction Termination Date, but subject to Section 9(l):

(A) (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Series C Preferred Stock that, taking into account any other Capital Stock Beneficially or Constructively Owned by such Person, would result in such Person Beneficially or Constructively Owning Capital Stock in excess of the Aggregate Stock Ownership Limit, (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Series C Preferred Stock in excess of the Series C Ownership

Limit and (3) no Excepted Holder shall Beneficially Own or Constructively Own shares of Series C Preferred Stock in excess of the Excepted Holder Limit for such Excepted Holder;

(B) Except as provided in Section 9(h) hereof, no Person shall Beneficially Own or Constructively Own shares of Series C Preferred Stock to the extent that such Beneficial Ownership or Constructive Ownership of Series C Preferred Stock, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would result in the Corporation (A) being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or (B) being treated as a “pension held REIT” within the meaning of Section 856(h)(3)(D) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year);

(C) No person shall Transfer shares of Series C Preferred Stock to the extent such Transfer would result in the Capital Stock being beneficially owned by fewer than one hundred (100) Persons (determined under the principles of Section 856(a)(5) of the Code);

(D) Except as provided in Section 9(h) hereof, no Person shall Beneficially Own or Constructively Own shares of Series C Preferred Stock to the extent such Beneficial Ownership or Constructive Ownership, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would cause the Corporation to Constructively Own ten percent (10%) or more of the ownership interests in a tenant of the Corporation’s real property within the meaning of Section 856(d)(2)(B) of the Code;

(E) Except as provided in Section 9(h) hereof, no Person shall Beneficially Own or Constructively Own shares of Series C Preferred Stock to the extent that such ownership, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would cause any independent contractor of the Corporation to not be treated as such under Section 856(d)(3) of the Code; or

(F) No Person shall Beneficially Own or Constructively Own shares of Series C Preferred Stock to the extent such Beneficial Ownership or Constructive Ownership, taking into account any other Capital Stock of the Corporation Beneficially or Constructively Owned by such Person, would otherwise cause the Corporation to fail to qualify as a REIT.

(ii) If, prior to the Restriction Termination Date, any Transfer of shares of Series C Preferred Stock (or any other event) occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Series C Preferred Stock in violation of Section 9(b)(i) of these Articles Supplementary, (A) then that number of shares of the Series C Preferred Stock the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 9(b)(i) of these Articles Supplementary (rounded up to the nearest whole share) shall be automatically transferred to a Charitable Trust for the benefit of a Charitable Beneficiary, as described in Section 9(c), effective as of the close of business on the Business Day prior to the date of such Transfer, and such Person shall acquire no rights in such shares of Series C Preferred Stock, or (B) if the transfer to the Charitable Trust described in clause (A) of this sentence would not be effective for any reason to prevent the violation of Section 9(b)(i) of these Articles Supplementary, then the Transfer of that number of shares of Series C Preferred Stock that otherwise would cause any Person to violate Section 9(b)(i) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Series C Preferred Stock.

(c) Transfers of Series C Preferred Stock in Trust.

(i) Upon any purported Transfer or other event described in Section 9(b)(ii) of these Articles Supplementary that would result in a transfer of shares of Series C Preferred Stock to a Charitable Trust, such shares of Series C Preferred Stock shall be deemed to have been transferred to the Trustee as trustee for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Charitable Trust pursuant to Section 9(b)(ii). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 9(c)(vi) of these Articles Supplementary.

(ii) Shares of Series C Preferred Stock held by the Trustee shall continue to be issued and outstanding shares of Series C Preferred Stock of the Corporation. The Prohibited Owner shall have no rights in the Series C

Preferred Stock held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Charitable Trust.

(iii) The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Series C Preferred Stock held in the Charitable Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid to a Prohibited Owner prior to the discovery by the Corporation that the shares of Series C Preferred Stock have been transferred to the Trustee shall be paid with respect to such shares of Series C Preferred Stock by the Prohibited Owner to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividends or distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Charitable Trust and, subject to Maryland law, effective as of the date that the shares of Series C Preferred Stock have been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Series C Preferred Stock have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of these Articles Supplementary to the contrary, until the Corporation has received notification that shares of Series C Preferred Stock have been transferred into a Charitable Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

(iv) Within twenty (20) days of receiving notice from the Corporation that shares of Series C Preferred Stock have been transferred to the Charitable Trust, the Trustee of the Charitable Trust shall sell the shares held in the Charitable Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 9(b)(i). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 9(c)(iv). The Prohibited Owner shall receive the lesser of (1) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Charitable Trust (*e.g.* , in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Charitable Trust and (2) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Charitable Trust. The Trustee may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 9(c)(iii). Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Series C Preferred Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Charitable Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 9(c)(iv), such excess shall be paid to the Trustee upon demand.

(v) Shares of Series C Preferred Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Charitable Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 9(c)(iii). The Corporation may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Charitable Trust pursuant to Section 9(c)(iv). Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and any dividends or other distributions held by the Trustee shall be paid to the Charitable Beneficiary.

(vi) By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Charitable Trust such that (i) the shares of Series

C Preferred Stock held in the Charitable Trust would not violate the restrictions set forth in Section 9(b)(i) in the hands of such Charitable Beneficiary and (ii) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

(d) Remedies For Breach. If the Board of Directors or any duly authorized committee thereof or other designees if permitted by the MGCL shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 9(b) of these Articles Supplementary or that a Person intends to acquire or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Series C Preferred Stock of the Corporation in violation of Section 9(b) of these Articles Supplementary (whether or not such violation is intended), the Board of Directors or a committee thereof or other designees if permitted by the MGCL shall take such action as it deems advisable, in its sole discretion, to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares of Series C Preferred Stock, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfers or attempted Transfers or other events in violation of Section 9(b)(i) of these Articles Supplementary shall automatically result in the transfer to the Charitable Trust described above, or, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Directors or a committee thereof.

(e) Notice of Restricted Transfer. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Series C Preferred Stock that will or may violate Section 9(b)(i) of these Articles Supplementary, or any Person who would have owned shares of Series C Preferred Stock that resulted in a transfer to the Charitable Trust pursuant to the provisions of Section 9(b)(ii) of these Articles Supplementary shall immediately give written notice to the Corporation of such event, or in the case of such a proposed or attempted transaction, give at least fifteen (15) days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

(f) Owners Required To Provide Information. Prior to the Restriction Termination Date, each Person who is a Beneficial Owner or Constructive Owner of Series C Preferred Stock and each Person (including the stockholder of record) who is holding Series C Preferred Stock for a Beneficial Owner or Constructive Owner shall provide promptly to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the Aggregate Stock Ownership Limit and the Series C Ownership Limit.

(g) Remedies Not Limited. Subject to Section 4.7 of the Charter, nothing contained in these Articles Supplementary shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation's status as a REIT.

(h) Exceptions.

(i) The Board of Directors, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Aggregate Stock Ownership Limit or the Series C Ownership Limit or the restrictions under Sections 9(b)(i)(D) and (E), as the case may be, and may establish or increase an Excepted Holder Limit for such Person if the Board of Directors obtains such representations, covenants and undertakings as the Board of Directors may deem appropriate in order to conclude that granting the exemption and/or establishing or increasing the Excepted Holder Limit, as the case may be, will not cause the Corporation to lose its status as a REIT.

(ii) Prior to granting any exception pursuant to Section 9(h)(i), the Board of Directors may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(iii) Subject to Section 9(b)(i)(B), (C) and (F), an underwriter, placement agent or initial purchaser that participates in a public offering, a private placement or private resale of Series C Preferred Stock (or securities

convertible into or exchangeable for Series C Preferred Stock) may Beneficially Own or Constructively Own shares of Series C Preferred Stock (or securities convertible into or exchangeable for Series C Preferred Stock) in excess of the Aggregate Stock Ownership Limit, the Series C Ownership Limit, or both such limits, but only to the extent necessary to facilitate such public offering, private placement or resale of such Series C Preferred Stock, and provided that the restrictions contained in Section 9(b)(i)(A) will not be violated following the distribution by such underwriter, placement agent or initial purchaser of such shares of Series C Preferred Stock.

(i) Change in Ownership Limit. The Board of Directors may from time to time increase or decrease the Series C Ownership Limit; provided, however, that a decreased Series C Ownership Limit will not be effective for any Person whose Beneficial Ownership or Constructive Ownership of Series C Preferred Stock is in excess of such decreased Series C Ownership Limit until such time as such Person's Beneficial Ownership or Constructive Ownership of Series C Preferred Stock equals or falls below the decreased Series C Ownership Limit, but until such time as such Person's Beneficial Ownership or Constructive Ownership of Series C Preferred Stock falls below such decreased Series C Ownership Limit any further acquisition or increase in Beneficial Ownership or Constructive Ownership of Series C Preferred Stock will be in violation of the Series C Ownership Limit and, provided further, that the new Series C Ownership Limit would not allow five or fewer Persons (taking into account all Excepted Holders) to Beneficially Own more than 49.9% in value of the outstanding Series C Preferred Stock.

(j) Legends. Each certificate for shares of Series C Preferred Stock shall bear a legend summarizing the provisions of this Section 9. Instead of such legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

(k) Severability. If any provision of this Section 9 or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

(l) NYSE Transactions. Nothing in this Section 9 shall preclude the settlement of any transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Section 9 and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Section 9.

(m) Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Section 9.

(n) Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

(o) Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 9 of these Articles Supplementary, including any definition contained in Section 9(a), the Board of Directors shall have the power to determine the application of the provisions of this Section 9 with respect to any situation based on the facts known to it.

Section 10. No Conversion Rights. The shares of Series C Preferred Stock shall not be convertible into or exchangeable for any other property or securities of the Corporation or any other entity, except as otherwise provided herein.

Section 11. Record Holders. The Corporation and its transfer agent may deem and treat the record holder of any Series C Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor its transfer agent shall be affected by any notice to the contrary.

Section 12. No Maturity or Sinking Fund. The Series C Preferred Stock has no maturity date, and no sinking fund has been established for the retirement or redemption of Series C Preferred Stock; provided, however, that the Series C Preferred Stock owned by a stockholder in excess of the Series C Ownership Limit or Aggregate Stock Ownership Limit shall be subject to the provisions of Section 5 and Section 9 of this Articles Supplementary.

Section 13. Exclusion of Other Rights. The Series C Preferred Stock shall not have any preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption other than expressly set forth in the Charter and these Articles Supplementary.

Section 14. Headings of Subdivisions. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

Section 15. Severability of Provisions. If any preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series C Preferred Stock set forth in the Charter and these Articles Supplementary are invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of Series C Preferred Stock set forth in the Charter which can be given effect without the invalid, unlawful or unenforceable provision thereof shall, nevertheless, remain in full force and effect and no preferences or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series C Preferred Stock herein set forth shall be deemed dependent upon any other provision thereof unless so expressed therein.

Section 16. No Preemptive Rights. No holder of Series C Preferred Stock shall be entitled to any preemptive rights to subscribe for or acquire any unissued shares of capital stock of the Corporation (whether now or hereafter authorized) or securities of the Corporation convertible into or carrying a right to subscribe to or acquire shares of capital stock of the Corporation.

FOURTH: The Series C Preferred Stock have been classified and designated by the Board of Directors under the authority contained in the Charter.

FIFTH: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

SIXTH: These Articles Supplementary shall be effective at the time the State Department of Assessments and Taxation of Maryland accepts these Articles Supplementary for record.

SEVENTH: The undersigned Chief Executive Officer of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be executed in its name and on its behalf by its Chief Executive Officer and attested to by its Executive Vice President, General Counsel and Secretary as of the date first written above.

STAG INDUSTRIAL, INC.

By: /s/ Benjamin S. Butcher
Name: Benjamin S. Butcher
Title: Chairman of the Board, Chief Executive Officer and
President

ATTEST:

STAG INDUSTRIAL, INC.

By: /s/ Jeffrey M. Sullivan
Name: Jeffrey M. Sullivan
Title: Executive Vice President, General Counsel and Secretary

EXECUTIVE EMPLOYMENT AGREEMENT

This **EXECUTIVE EMPLOYMENT AGREEMENT** (“Agreement”) is made effective as of February 25, 2016 (“Effective Date”), by and among **STAG INDUSTRIAL, INC.**, a Maryland corporation (“Company”), **STAG INDUSTRIAL OPERATING PARTNERSHIP, L.P.** (“Partnership”), a Delaware limited partnership, and **WILLIAM R. CROOKER** (“Executive”) to affirm the terms and conditions of Executive’s employment.

The parties agree as follows:

1. **Employment**. Employer (as defined below) hereby employs Executive, and Executive hereby accepts such employment, upon the terms and conditions set forth herein.

2. **Duties**.

2.1 **Position**. Executive is employed on a full-time basis from the Effective Date through the first anniversary of the Effective Date (the “Initial Term”), as Executive Vice President, Chief Financial Officer and Treasurer, shall report directly to the Chief Executive Officer of the Company, and shall have the duties and responsibilities commensurate with such position as shall be reasonably and in good faith determined from time to time by the Chief Executive Officer, including such duties and responsibilities with respect to the Company, the Partnership and/or a subsidiary of either (collectively, “Employer”).

2.2 **Duties**. Executive shall: (i) abide by all applicable federal, state and local laws, regulations and ordinances, and (ii) except for vacation and illness periods, devote substantially all of his business time, energy, skill and efforts to the performance of his duties hereunder in a manner that will faithfully and diligently further the business interests of the Employer; provided, that, notwithstanding the foregoing, Executive may (x) make and manage personal business investments of his choice, subject to the limitations set forth in Section 8 hereof, (y) serve as a director or in any other capacity of any business enterprise, including an enterprise whose activities may involve or relate to the Employer’s Business (as defined in Section 8), provided that such service is expressly approved in advance by the Board of Directors of the Company (the “Board of Directors”), and (z) serve in any capacity with any civic, educational, religious or charitable organization, or any governmental entity or trade association; provided that all such other activities do not materially interfere with the performance of the Executive’s duties hereunder.

3. **Term of Employment**. The term of this Agreement shall commence on the Effective Date and shall continue until and including the expiration of the Initial Term unless earlier terminated as herein provided. The Initial Term shall be automatically renewed for successive one-year periods (each an “Extended Term”) unless either party gives written notice of non-renewal at least sixty (60) days prior to the end of the Initial Term or any Extended Term. As used herein, “Term” shall include the Initial Term and any Extended Term, but the Term shall end upon any lawful termination of Executive’s employment with Employer as herein provided.

4. **Compensation**.

4.1 **Base Salary**. As compensation for Executive’s performance of Executive’s duties as set forth herein and as hereafter determined by the compensation committee of the Board of Directors from time to time, effective as of January 26, 2016, Employer shall pay to Executive a base salary of three hundred thousand dollars (\$300,000) per year (“Base Salary”), payable in accordance with the normal payroll practices of Employer, less all legally required or authorized payroll deductions and tax withholdings. Base

Salary shall be reviewed annually, and may be increased, at the sole discretion of the compensation committee of the Board of Directors, in light of the Executive's performance and the Employer's financial performance and other economic conditions and relevant factors determined by the compensation committee.

4.2 LTIP Units, Restricted Stock and Other Equity Awards.

(a) At any time after the execution of this Agreement, as part of the consideration for his employment as an officer of the Company, Executive shall be eligible to receive grants of LTIP Units (as defined in the Partnership's agreement of limited partnership), shares of common stock ("Restricted Stock") or other equity awards, in such amount and in such form as the compensation committee of the Board of Directors deems appropriate, should it determine that such a grant is advisable in its sole discretion. Such grants shall be subject to the terms and conditions of the STAG Industrial, Inc. 2011 Equity Incentive Plan, as amended (or such subsequent equity plan as may be in place from time to time) and the applicable award agreement determined by the compensation committee of the Board of Directors.

(b) Any LTIP Units granted to the Executive during the term of this Agreement shall be deemed to have been granted to the Executive in consideration of services rendered or to be rendered in Executive's capacity as a partner of the Partnership. During the Term, the Company and the Partnership shall (and shall cause each subsidiary that is a component Employer to) allocate the services provided by Executive to each component Employer and compensate Executive from the respective component Employer on a basis proportionate to the services provided by Executive to each component Employer. The parties confirm that Employer shall (and intends to) require that a sufficient amount of services be provided hereunder to the Partnership by Executive in his capacity as a partner of the Partnership to constitute full and adequate consideration for the issuance of LTIP Units to Executive.

4.3 Bonus. At the sole discretion of the Board of Director's compensation committee, Executive may be paid a cash bonus ("Bonus") relating to each fiscal year during the Term subject to the satisfaction of the terms and conditions set forth in the Executive Compensation Program approved by the Board of Director's compensation committee. Such discretionary Bonus, if any, shall be paid on or before January 15 of the following calendar year.

5. Customary Fringe Benefits. Executive shall be eligible for all customary and usual fringe benefits generally available to full-time employees of Employer, subject to the terms and conditions of Employer's policies and benefit plan documents, as the same may be amended from time to time. As of the date hereof, Employer provides the following fringe benefits: group health insurance, group dental insurance, life insurance, accidental death and disability insurance and flexible health and child care spending program. Employer reserves the right to change or eliminate the fringe benefits (except the life insurance) on a prospective basis, at any time, effective upon written notice to Executive (which written notice may be delivered electronically by e-mail to Executive's Company email account). In addition, Executive shall receive an allowance for commuting and parking costs of up to five hundred dollars (\$500.00) a month. Notwithstanding the Company's vacation accrual rates in its vacation policy provisions, Executive shall be entitled to accrue vacation of four (4) weeks per year or, if greater, the amount provided under the Company's vacation policy provisions (it being understood that the current vacation policy, based on Executive's tenure with the Company, provides for accrual of five (5) weeks).

6. Business Expenses. Executive shall be reimbursed for all reasonable, out-of-pocket business expenses incurred in the performance of Executive's duties on behalf of Employer. To obtain reimbursement, expenses must be submitted within one (1) month of being incurred with appropriate supporting documentation in accordance with Employer's policies. All such expenses shall be reimbursed

within one (1) month of submission and, in any event, in the same fiscal year in which they were incurred or within one (1) month after the end of such year.

7. **Termination of Employment**. Subject to the terms and conditions of this Section 7, either Company or Executive may terminate Executive's employment with Employer at any time, with or without Cause (as defined in Section 7.10) or Good Reason (as defined in Section 7.10), during the Term. Any termination of Executive's employment during the Term shall be communicated by written notice of termination from the terminating party to the other party (" Notice of Termination "). The Notice of Termination shall indicate the specific provision(s) of this Agreement relied upon in effecting the termination and a written statement of the reason(s) for the termination. In the case of a Notice of Termination provided by Executive to Employer, such Notice of Termination shall not be effective for a period of thirty (30) days after receipt of such Notice of Termination by Employer. In the case of a Notice of Termination provided by Company to Executive, such Notice of Termination shall not be effective for a period of thirty (30) days after receipt of such Notice of Termination by Employer, except that the Company may, in its discretion, pay Executive Base Salary in lieu of the notice period or any portion thereof. If Executive's employment is terminated by either party, for any reason, during the Term, Employer shall pay to the Executive accrued and unpaid Base Salary, any awarded but unpaid Bonus for the most recently completed fiscal year and accrued but unused vacation as of the date of Executive's termination of employment. Except as otherwise provided in this Section 7 and its subsections, Employer shall have no further obligation to make or provide to Executive, and Executive shall have no further right to receive or obtain from Employer, any payments or benefits in respect of the termination of Executive's employment with Employer during the Term. In addition, effective immediately upon termination of employment, Executive shall no longer be eligible to contribute to or to be an active participant in any retirement or benefit plan covering employees of Employer; provided, however, Executive may effect a rollover or other transfer of his interests in any such retirement or benefit plan in accordance with the terms of such plan and applicable law. All other Employer obligations to Executive shall be automatically terminated and completely extinguished.

7.1 **Severance Upon Involuntary Termination without Cause**. If Company terminates Executive's employment with Employer without Cause during the Term, such termination is not in connection with Executive's death or Disability (as defined in Section 7.10), and such termination qualifies as a "Separation from Service" under Section 409A (as defined in Section 7.10), Executive shall be entitled to a "Severance Package" that consists of the following:

- (a) an amount equal to the product of (a) the Bonus (or deemed Bonus) referenced in Section 7.1(b)(ii) of this Agreement multiplied by (b) a fraction, the numerator of which is the number of days that have elapsed between the beginning of the fiscal year in which the termination occurs and the date of termination and the denominator of which is the number of days in the fiscal year in which the termination occurs;
- (b) a single cash lump-sum "Severance Payment" equal to two (2) times the sum of (i) Executive's annual rate of Base Salary in effect immediately prior to Executive's termination of employment, and (ii) the Bonus (if any) actually paid to Executive for the most recently completed fiscal year;
- (c) Employer's direct-to-insurer payment of any group health or other insurance premiums for a period of eighteen (18) months (subject to Executive's eligibility for, and proper and timely election of continued group health benefits under the Consolidated Omnibus Budget and Reconciliation Act (" COBRA ")) to continue Executive's coverage under the Company's group health insurance plan, group dental plan and, if any, the Company's group life and disability insurance plans;

(d) immediate vesting of all outstanding LTIP Units (which shall, in accordance with the applicable award agreement, remain subject to achieving parity with common units of limited partnership interest in the Partnership), Restricted Stock, stock options, and other equity awards granted to Executive under any of Employer's equity incentive plans, except that performance units, outperformance plan interests and other awards subject to achievement of performance criteria will vest only to the extent provided in the STAG Industrial, Inc. 2011 Equity Incentive Plan, as amended (or other applicable equity plan) and the applicable award agreement; and

(e) continuation of coverage under the Company's liability insurance for directors and officers with respect to any of the Executive's actions as an officer of the Company during the Term;

provided , however , that all of the following conditions are first satisfied:

(i) Executive reaffirms Executive's commitment to comply with all surviving provisions of this Agreement, including Section 9 and Section 10 hereof; and

(ii) Executive executes a Separation Agreement that includes a general release in favor of Company, and all subsidiary and related entities, and their officers, directors, shareholders, employees and agents to the fullest extent permitted by law, drafted by Company and in a form reasonably satisfactory to Company, and the general release becomes effective in accordance with its terms no later than thirty (30) days following the date of termination of Executive's employment.

If the Company terminates Executive's employment pursuant to this Section 7.1 before Bonuses are determined and paid for calendar year 2016, then the Bonus referred to in Section 7.1(b)(ii) hereof shall be equal to the annual rate of Base Salary. The Severance Payment shall be subject to all legally required and authorized deductions and tax withholdings and shall be paid on the date that is the thirtieth (30th) day following the date of termination of Executive's employment, provided that Executive has complied with all of the above-referenced conditions to receiving the Severance Payment.

7.2 Severance Upon Resignation for Good Reason . If Executive resigns from employment with Employer for Good Reason during the Term and such resignation qualifies as a "Separation from Service" under Section 409A, Executive shall be entitled to the "Severance Package" set forth in Section 7.1, on the same terms and conditions provided therein.

7.3 Severance Upon Change of Control . If during the last year of the Initial Term or during any Extended Term, a Change of Control (as defined in Section 7.10) occurs and the Company gives notice of non-renewal of this Agreement within twelve (12) months following such Change of Control, Executive shall be entitled to the "Severance Package" set forth in Section 7.1, on the same terms and conditions provided therein.

7.4 Beneficial Excise Tax Treatment . If any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise would subject Executive to any excise tax pursuant to Section 4999 of the Code due to the characterization of such payment or benefit as an excess parachute payment under Section 280G of the Code, Executive may elect, in his sole discretion, to reduce the amounts of any payments or benefits called for under this Agreement in order to avoid such characterization. To aid Executive in making any election called for under this Section 7.4, upon the occurrence of any event that might reasonably be anticipated to give rise to the application of this Section 7.4 (an "Event"), Company

shall promptly request a determination in writing by independent public accountants selected by Employer (the “ Accountants ”). Unless Company and Executive otherwise agree in writing, the Accountants, within thirty (30) days after the date of the Event, shall determine and report to Company and Executive whether any reduction in payments or benefits at the election of Executive would produce a greater after-tax benefit to Executive and shall provide to Company and Executive a written report containing a sufficiently detailed quantitative substantiation of their analysis and presented in a manner that Executive can readily understand. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this Section 7.4. Under no circumstances shall Executive be entitled to any tax reimbursement or tax gross-up payment by virtue of the occurrence of an Event or any additional payment or benefit under this Section 7.4.

7.5 **Section 409A Compliance**. The parties intend for this Agreement either to satisfy the requirements of Section 409A or to be exempt from the application of Section 409A, and this Agreement shall be construed and interpreted accordingly. If this Agreement either fails to satisfy the requirements of Section 409A or is not exempt from the application of Section 409A, then the parties hereby agree to amend or to clarify this Agreement in a timely manner so that this Agreement either satisfies the requirements of Section 409A or is exempt from the application of Section 409A.

(a) Notwithstanding any provision in this Agreement to the contrary, if Executive is a “specified employee” (as defined in Section 409A), any Severance Payment, severance benefits or other amounts payable under this Agreement that would be subject to the special rule regarding payments to “specified employees” under Section 409A(a)(2)(B) of the Code (together, “ Specified Employee Payments ”) shall not be paid before the expiration of a period of six (6) months following the date of Executive’s termination of employment (or before the date of Executive’s death, if earlier). The Specified Employee Payments to which Executive would otherwise have been entitled during the six-month period following the date of Executive’s termination of employment shall be accumulated and paid as soon as administratively practicable following the first date of the seventh month following the date of Executive’s termination of employment.

(b) To ensure satisfaction of the requirements of Section 409A(b)(3) of the Code, assets shall not be set aside, reserved in a trust or other arrangement, or otherwise restricted for purposes of the payment of amounts payable under this Agreement.

(c) Notwithstanding anything herein to the contrary, the reimbursement of expenses or in-kind benefits provided pursuant to this Agreement shall be subject to the following conditions: (i) the expenses eligible for reimbursement or in-kind benefits in one taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year; (ii) the reimbursement of eligible expenses or in-kind benefits shall be made promptly, subject to Company’s applicable policies, but in no event later than the end of the year after the year in which such expense was incurred; and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit .

(d) Employer hereby informs Executive that the federal, state, local, and/or foreign tax consequences (including without limitation those tax consequences implicated by Section 409A) of this Agreement are complex and subject to change. Executive acknowledges and understands that Executive should consult with his or her own personal tax or financial advisor in connection with this Agreement and its tax consequences. Executive understands and agrees that Employer has no obligation and no responsibility to provide Executive with any tax or other legal advice in connection with this Agreement

and its tax consequences. Executive agrees that Executive shall bear sole and exclusive responsibility for any and all adverse federal, state, local, and/or foreign tax consequences (including without limitation any and all tax liability under Section 409A) of this Agreement to Executive.

7.6 Effect of Death or Disability. If Executive dies or his employment is terminated by Company upon his experiencing a Disability (as defined in Section 7.10) during the Term, Executive (or his estate) shall be entitled to (a) payment of his accrued and unpaid Base Salary as of the date of Executive's death or termination of employment by the Company upon his experiencing a Disability; (b) payment of a single cash lump-sum payment equal to the product of (i) the Bonus referenced in Section 7.1(b)(ii) of this Agreement multiplied by (ii) a fraction, the numerator of which is the number of days that have elapsed between the beginning of the fiscal year in which Executive's death or termination of his employment occurs and the date of Executive's death or termination of employment and the denominator of which is the number of days in the fiscal year in which Executive's death or termination of employment occurs; and (c) payment by Employer of any group health or other insurance premiums for a period of eighteen (18) months (subject to Executive's (or his spouse's) eligibility for, and proper and timely election of continued group health benefits under COBRA) to continue Executive's coverage under the Company's group health insurance plan, group dental plan and, if any, the Company's group life and disability insurance plans. The payments described in the previous sentence shall be subject to all legally required and authorized deductions and tax withholdings, including for wage garnishments, if applicable, to the extent required or permitted by law, and shall be paid on the thirtieth (30th) day following the date of termination of Executive's employment. Payment under this Section 7.6 shall be made not more than once, if at all. If Executive dies or his employment is terminated by Company upon his experiencing a Disability before Bonuses are determined and paid for calendar year 2016, then the Bonus referred to in Section 7.6(b)(ii) hereof shall be equal to the annual rate of Base Salary.

7.7 Employment Reference. If Executive's employment is terminated without Cause, or Executive resigns for Good Reason, or this Agreement is not renewed by Company pursuant to a Change of Control, Executive and Employer will negotiate in good faith to reach an agreement on a neutral statement for termination or resignation, to the extent necessary or appropriate. This statement will include, at minimum and as applicable, positions held, date of hire, employment period and confirmation of salary history (if requested by Executive).

7.8 Ineligibility For Severance. For avoidance of doubt, Executive shall not be entitled to any Severance Package under this Agreement, and none of Sections 7.1, 7.2 and 7.3 shall apply to Executive, if at any time during the Term, either (a) Executive voluntarily resigns or otherwise terminates employment with Employer other than for Good Reason, (b) Company terminates Executive's employment for Cause, or (c) except as provided in Section 7.3, Company provides Executive with a notice of non-renewal. Effective immediately upon termination of employment, Executive shall no longer be eligible to contribute to or to be an active participant in any retirement or benefit plan covering employees of Employer; provided, however, Executive may effect a rollover or other transfer of his interests in any such retirement or benefit plan in accordance with the terms of such plan and applicable law. All other Employer obligations to Executive shall be automatically terminated and completely extinguished.

7.9 Taxes and Withholdings. The Employer may withhold from any amounts payable under this Agreement, including any benefits or Severance Payment, such federal, state or local taxes as may be required to be withheld pursuant to applicable law or regulations, which amounts shall be deemed to have been paid to Executive.

7.10 **Definitions**

(a) “**Cause**” shall mean the occurrence during the Term of any of the following: (i) Executive’s indictment for, formal admission to (including a plea of guilty or *nolo contendere* to), or conviction of: a felony, a crime of moral turpitude, fraud and dishonesty, breach of trust or unethical business conduct, or any crime involving Employer, (ii) gross negligence or willful misconduct by Executive in the performance of Executive’s duties which has materially damaged Employer’s financial position or reputation; (iii) willful or knowing unauthorized dissemination with the intent to cause harm by Executive of Confidential Employer Information; (iv) repeated failure by Executive to perform Executive’s duties that are reasonably and in good faith requested in writing by the Chief Executive Officer of the Company (the “**Delegator**”), and which are not substantially cured by Executive within thirty (30) days following receipt by Executive of such written request; (v) failure of Executive to perform any lawful and reasonable directive of the Delegator communicated to Executive in the form of a written request from the Delegator, which is consistent with the Employer Business, and which failure Executive does not begin to cure within ten (10) days following receipt by Executive of such written request or Executive has not substantially cured within forty-five (45) days following receipt by Executive of such written request, or (vi) material breach of this Agreement by Executive which breach has been communicated to Executive in the form of a written notice from a Delegator, which material breach Executive does not begin to cure within ten (10) days following receipt by Executive of such written notice or Executive has not substantially cured within forty-five (45) days following receipt by Executive of such written notice.

(b) “**Disability**” shall mean the occurrence during the Term of a medically determinable physical or mental impairment of Executive that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months and which either (i) renders Executive unable to engage in any substantial gainful activity, with or without leave accommodation, for a period of not less than three (3) months; or (ii) results in Executive receiving income replacement benefits for a period of not less than three (3) months under any policy of long-term disability insurance that may be maintained by the Company for the benefit of its employees.

(c) “**Change of Control**” shall have the meaning ascribed to it in the STAG Industrial, Inc. 2011 Equity Incentive Plan.

(d) “**Good Reason**” shall mean the occurrence during the Term of any of the following: (i) a material breach of this Agreement by Company which is not cured by Company within thirty (30) days following Company’s receipt of written notice by Executive to Company describing such alleged breach; (ii) Executive’s Base Salary is materially reduced by Company; (iii) a material reduction in Executive’s title, duties and/or responsibilities, or the assignment to Executive of any duties materially inconsistent with Executive’s position; or (iv) a material change in the Company headquarters’ geographic location; provided, however, none of the occurrences described in (i) through (iv) hereof shall constitute Good Reason unless within ninety (90) days of any such occurrence Executive provides a Notice of Termination effective no more than thirty-one (31) days after receipt by the Company and specifying the occurrence.

(e) “**Section 409A**” means Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and all applicable regulations or guidance promulgated thereunder.

7.11 **Nonduplication of Benefits**. Notwithstanding any provision in this Agreement or in any other Employer benefit plan or compensatory arrangement to the contrary, but at all times subject to Section 7.4, (a) any payments due under Section 7.1, Section 7.2 or Section 7.3 shall be made not more than once, if at all, (b) payments may be due under Section 7.1, Section 7.2 or Section 7.3, but under no

circumstances shall payments be made under all of or any combination of Section 7.1, Section 7.2 and Section 7.3, (c) no payments made under Sections 7.1, 7.2 and 7.3 this Agreement shall be considered compensation for purposes of any benefit plan or compensatory arrangement of Employer, and (d) Executive shall not be entitled to severance benefits from Employer other than as contemplated under this Agreement, unless such other severance benefits offset and reduce the benefits due under this Agreement on a dollar-for-dollar basis, but not below zero.

8. **No Competition and No Conflict of Interest**. Except as otherwise provided in Section 2.2 of this Agreement, during the Term, Executive must not (a) engage in any work, paid or unpaid, that creates an actual conflict of interest with the essential business-related interests of the Employer where such conflict would materially and substantially disrupt operations, (b) directly or indirectly, whether as an owner, partner, stockholder, principal, agent, employee, consultant, or in any other relationship or capacity, engage in, or acquire any interest in any Person, corporation, partnership or other entity (other than Company or any entity directly or indirectly controlled by Company) engaged in the Employer Business, or (c) in any way other than on behalf of and as an employee of Employer, act as an officer, director, employee, consultant, shareholder, volunteer, lender, or agent of any business enterprise engaged in the Employer Business or any business in which Employer becomes actively engaged during the Term. In addition, Executive agrees not to refer any tenant or potential tenant of Employer to competitors of Employer, without obtaining Company's prior written consent, during the Term. Notwithstanding the foregoing, Executive's passive investment in, or passive ownership of, less than five percent (5%) of the capital stock or other equity interests of any business entity (including a business entity engaged in the Employer Business) shall not be treated as a breach of this Section 8. For purposes of this Agreement, the term "Employer Business" shall mean the acquisition, disposition, development, redevelopment, ownership, operation, management or financing of single tenant industrial properties in the United States, and "passive" means no employment or involvement in management, operations or policy decisions of the business entity and excludes any service as a director (or equivalent), manager, officer, employee or consultant or as a general partner or managing member (or equivalent) of the business entity

9. **Confidentiality**. During the Term, Executive has been and will continue to be given access to a wide variety of information about the Employer, its affiliates and other related businesses that the Employer considers "Confidential Employer Information." As a condition of continued employment, Executive agrees to abide by Employer's business policies and directives on confidentiality and nondisclosure of Confidential Employer Information. Confidential Employer Information shall mean all information applicable to the business of the Employer which confers or may confer a competitive advantage upon the Employer over one who does not possess the information; and has commercial value in the business of the Employer or any other business in which the Employer engages or is preparing to engage during Executive's employment with Employer. Confidential Employer Information includes, but is not limited to, information regarding the Employer's business plans and strategies; contracts and proposals (including leases and proposed leases); artwork, designs, drawings and specifications for development and redevelopment projects; tenants and prospective tenants; suppliers and other business partners and Employer's business arrangements and strategies with respect to them; current and future marketing or advertising campaigns; software programs; codes, underwriting models, credit analyses, formulae or techniques; rent rolls; financial information; personnel information; and all ideas, plans, processes or information related to the current, future and proposed projects or other business of the Employer that has not been disclosed to the public by an authorized representative of the Employer, acting within the scope of his or her authority, whether or not such information would be enforceable as a trade secret of the Employer or enjoined or restrained by a court or arbitrator as constituting unfair competition. Confidential Employer Information also includes confidential information of any third party who may disclose such information to the Employer or Executive in the course of the Employer's business.

9.1 **Nondisclosure**. Executive acknowledges that Confidential Employer Information constitutes valuable, special and unique assets of the Employer's business and that the unauthorized disclosure of such information to competitors of the Employer, or to the general public, will be highly detrimental to the Employer. Executive therefore agrees to hold Confidential Employer Information in strictest confidence. Except as shall occur as and to the extent that Executive performs his duties to Employer, Executive agrees not to disclose or allow to be disclosed to any individual or entity, other than those individuals or entities authorized by the Company, any Confidential Employer Information that Executive has or may acquire during Executive's employment by Employer (whether or not developed or compiled by Executive and whether or not Executive has been authorized to have access to such Confidential Employer Information).

9.2 **Continuing Obligation**. Executive agrees that the agreement not to disclose Confidential Employer Information will be effective during Executive's employment and continue even after Executive is no longer employed by Employer. Any obligation not to disclose any portion of any Confidential Employer Information will continue indefinitely unless such information (a) has become public knowledge through no fault of Executive; or (b) has been developed independently without any reference to any information obtained during Executive's employment with Employer; or (c) must be disclosed in response to a valid order by a court or government agency or is otherwise required by law.

9.3 **Return of Employer Property**. On termination of employment with Employer for whatever reason, or at the request of the Employer before termination, Executive agrees to promptly deliver to Employer all records, files, computer disks, memoranda, documents, lists and other information regarding or containing any Confidential Employer Information, including all copies, reproductions, summaries or excerpts thereof, then in Executive's possession or control, whether prepared by Executive or others. Executive also agrees to promptly return, on termination or the Employer's request, any and all Employer property issued to Executive, including but not limited to computers, cellular phones, keys and credits cards. Executive further agrees that should Executive discover any Employer property or Confidential Employer Information in Executive's possession after the return of such property has been requested, Executive agrees to return it promptly to Employer without retaining copies, summaries or excerpts of any kind.

9.4 **No Violation of Rights of Third Parties**. Executive warrants that the performance of all the terms of this Agreement does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by Executive prior to Executive's employment with Employer. Executive agrees not to disclose to Employer, or induce Employer to use, any confidential or proprietary information or material belonging to any previous employers or others. Executive warrants that Executive is not a party to any other agreement that will interfere with Executive's full compliance with this Agreement. Executive further agrees not to enter into any agreement, whether written or oral, in conflict with the provisions of this Agreement while such provisions remain effective.

10. **Interference with Business Relations**.

10.1 **Interference with Sellers, Tenants, Brokers and Other Business Partners**. Executive acknowledges that Employer's seller information, tenant base, broker network, pipeline, leasing and acquisitions/sales strategies and its other business arrangements have been developed through substantial effort and expense, and its nonpublic business information regarding these matters is confidential and constitutes trade secrets. In addition, because of Executive's position, Executive understands that Employer will be particularly vulnerable to significant harm from Executive's use of such information for purposes other than to further Employer's business interests. Accordingly, Executive agrees that during Executive's employment with Employer, and for a period of twelve (12) months thereafter, regardless of the reason for termination of employment, Executive will not, either directly or indirectly, separately or in

association with others, interfere with, impair, disrupt or damage Employer's relationship with any of the sellers, tenants, brokers or other business partners of Employer with whom Executive has had contact, or conducted business, during the Term of Employment by contacting them for the purpose of inducing or encouraging any of them to divert or take away business from Employer.

10.2 **Interference with Employer's Employees**. Executive acknowledges that the services provided by Employer's employees are unique and special, and that Employer's employees possess trade secrets and Confidential Employer Information that is protected against misappropriation and unauthorized use. As such, Executive agrees that during, and for a period of twelve (12) months after, Executive's employment with Employer, regardless of the reason for termination of employment, Executive will not, either directly or indirectly, separately or in association with others, interfere with, impair, disrupt or damage Employer's business by contacting any Employer employees for the purpose of inducing or encouraging them to discontinue their employment with Employer.

10.3 **Negative Information**. During the Term and thereafter, Executive shall not disclose confidential or negative non-public information or make any disparaging or defamatory remarks, comments or statements regarding Employer or its directors, officers, employees, investors, shareholders or advisors and any affiliates of any of the foregoing (collectively, the "**Employer Affiliates**"); provided, however, that nothing contained in this Section 10.3 shall affect any legal obligation of Executive to respond to mandatory governmental inquiries concerning the Employer or the Employer Affiliates or to act in accordance with, or to establish, his rights under this Agreement. Employer likewise agrees that no one acting with the actual authority of Employer shall disclose negative non-public information or make any disparaging or defamatory remarks, comments or statements regarding Executive; provided, however, that nothing contained in this Section 10.3 shall affect any legal obligation of the Employer or the Employer Affiliates to respond to mandatory governmental inquiries concerning Executive or to act in accordance with, or to establish, the rights of the Employer and the Employer Affiliates under this Agreement.

10.4 **Post-Termination Noncompetition**. For a period of twelve (12) months following the termination of Executive's employment with the Employer, regardless of the reason for termination of employment, Executive will not engage in Competitive Activities (as hereinafter defined). Notwithstanding any other provision herein to the contrary, this Section 10.4 shall terminate and be null and void if the Employer terminates Executive's employment without Cause, or Executive resigns from employment with Employer for Good Reason, or if the Employer elects to send Executive notice of non-renewal pursuant to Section 3 hereof. The term "**Competitive Activities**," for purposes of this Section 10.4, shall mean the taking of any of the following actions by Executive: (a) Executive's direct or indirect participation (for his own account or jointly with others) in the management of, or as an employee, board member, partner, manager, member, joint venturer, representative or other agent of, or advisor or consultant to, any other business operation if a material portion (either in comparison to the size of Employer's Business or, if smaller, to such business operation's business) of such operation is engaging in the Employer Business or any business in which Employer has been actively engaged at the time of the termination of Executive's employment with Employer (a "**Competitive Operation**"); (b) Executive's investment in, or ownership of, the capital stock or other equity interests in any business entity that is a Competitive Operation; or (c) Executive's lending of funds for the purpose of establishing or operating any Competitive Operation, or otherwise giving advice to any Competitive Operation, or lending or allowing his name or reputation to be used by any Competitive Operation or otherwise allowing his skill, knowledge or experience to be so used. Notwithstanding the foregoing, Executive's passive investment in, or passive ownership of, up to five percent (5%) of the capital stock or other equity interests of any business entity (including a business entity engaged in the Employer Business) shall not be treated as a breach of this Section 10.4. For purposes of this Section 10.4, "**Employer Business**" and "**passive**" have the meanings set forth in Section 8 above and "**material portion**" shall mean

that either (i) the total assets engaged in a Competitive Operation exceeds 20% of such business operation's total assets or (ii) the total assets engaged in a Competitive Operation of such business operation equals or exceeds 20% of the Employer's Business. This Section 10.4 governs the period of time following Executive's employment with Employer, and Section 8 above governs during the Term.

11. **Injunctive Relief**. Executive acknowledges that Executive's breach of the covenants contained in Sections 8 through 10 of this Agreement inclusive (collectively "Covenants") would cause irreparable injury and continuing harm to Employer for which there will be no adequate remedy at law, and agrees that Employer shall be entitled to temporary and preliminary injunctive relief upon a showing of a likelihood of such a breach, and shall be entitled to permanent injunctive relief upon establishing such a breach, to the fullest extent allowed by Massachusetts law, without the necessity of proving irreparable harm or actual damages or of posting any bond or other security.

12. **Agreement to Arbitrate**.

12.1 **Mandatory Arbitration**. Any dispute or controversy arising out of or relating to any interpretation, construction, performance, termination or breach of this Agreement, will be settled by final and binding arbitration by a single arbitrator to be held in Boston, Massachusetts, in accordance with the American Arbitration Association national rules for resolution of employment disputes then in effect, except as provided herein. The arbitrator selected shall have the authority to grant any party all remedies otherwise available by law, including injunctions, but shall not have the power to grant any remedy that would not be available in a state or federal court. The arbitrator shall have the authority to hear and rule on dispositive motions (such as motions for summary adjudication or summary judgment). The arbitrator shall have the powers granted by Massachusetts law and the rules of the American Arbitration Association which conducts the arbitration, except as modified or limited herein. In aid of arbitration, either party may seek temporary and/or preliminary injunctive relief in the Business Litigation Session of the Suffolk County Massachusetts Superior Court (or in a regular session of that court if the case is not accepted into the Business Litigation Session).

12.2 **Principles Governing Arbitration**. Notwithstanding anything to the contrary in the rules of the American Arbitration Association, the arbitration shall provide (i) for written discovery and depositions as provided under Massachusetts law and (ii) for a written decision by the arbitrator that includes the essential findings and conclusions upon which the decision is based which shall be issued no later than thirty (30) days after a dispositive motion is heard and/or an arbitration hearing has completed. Except in disputes where Executive asserts a claim otherwise under a state or federal statute prohibiting discrimination in employment (a "Statutory Discrimination Claim"), each side shall split equally the fees and administrative costs charged by the arbitrator and American Arbitration Association. In disputes where Executive asserts a Statutory Discrimination Claim against Employer, Executive shall be required to pay the American Arbitration Association's filing fee only to the extent such filing fee does not exceed the fee to file a complaint in state or federal court. In such cases where Executive asserts a Statutory Discrimination Claim, Employer shall pay the balance of the arbitrator's fees and administrative costs.

12.3 **Rules Governing Arbitration**. Executive and Employer shall have the same amount of time to file any claim against any other party as such party would have if such a claim had been filed in state or federal court. In conducting the arbitration, the arbitrator shall follow the rules of evidence of the Commonwealth of Massachusetts (including but not limited to all applicable privileges), and the award of the arbitrator must follow Massachusetts and/or federal law, as applicable.

12.4 **Selection of Arbitrator**. The arbitrator shall be selected by the mutual agreement of the parties. If the parties cannot agree on an arbitrator, the parties shall alternately strike names from a list provided by the American Arbitration Association until only one name remains.

12.5 **Arbitrator Decision**. The decision of the arbitrator will be final, conclusive and binding on the parties to the arbitration. In disputes where Executive asserts a Statutory Discrimination Claim, reasonable attorneys' fees shall be awarded by the arbitrator based on the same standard as such fees would be awarded if the Statutory Discrimination Claim had been asserted in state or federal court. Judgment may be entered on the arbitrator's decision in any court having jurisdiction.

13. **General Provisions**.

13.1 **Successors and Assigns**. The rights and obligations of Employer under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of Employer. The Employer will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) or assignee to all or substantially all of the business and/or assets of the Employer to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Employer would be required to perform it if no such succession or assignment had taken place. Executive shall not be entitled to assign any of Executive's rights or obligations under this Agreement without Employer's written consent.

13.2 **Nonexclusivity of Rights**. Except as expressly provided in this Agreement, Executive is not prevented from continuing or future participation in any Employer benefit, bonus, incentive or other plans, programs, policies or practices provided by Employer subject to the terms and conditions of such plans, programs, or practices.

13.3 **Waiver**. Either party's failure to enforce any provision of this Agreement shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Agreement.

13.4 **Attorneys' Fees**. Each side will bear its own attorneys' fees in any dispute except as provided in Section 12.5.

13.5 **Severability**. In the event any provision of this Agreement is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

13.6 **Interpretation; Construction**. The headings set forth in this Agreement are for convenience only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing Employer, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Agreement and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

13.7 **Governing Law**. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. Except as and to the extent that Section 12 does not properly apply, each party consents to the jurisdiction and venue of the state or federal courts in Suffolk County, Massachusetts in any action, suit, or proceeding arising out of or relating to this Agreement.

13.8 **Notices**. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (a) by personal delivery when delivered personally; (b) by overnight courier upon written verification of receipt; (c) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (d) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the addresses set forth below, or such other address as either party may specify in writing.

13.9 **Survival**. The following provisions shall survive Executive's employment with Employer to the extent reasonably necessary to fulfill the parties' expectations in entering this Agreement: Section 7 ("Termination of Employment"), Section 9 ("Confidentiality"), 10 ("Interference with Business Relations") Section 11 ("Injunctive Relief"), Section 12 ("Agreement to Arbitrate"), Section 13 ("General Provisions"), and Section 14 ("Entire Agreement").

14. **Entire Agreement**. This Agreement, together with the other agreements and documents governing the benefits described in this Agreement, constitute the entire agreement among the parties relating to this subject matter hereof and supersedes all prior or simultaneous representations, discussions, negotiations, and agreements, whether written or oral. This Agreement may be amended or modified only with the written consent of Board of Directors of the Company and Executive. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

THE PARTIES TO THIS AGREEMENT HAVE READ THE FOREGOING AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AGREEMENT ON THE DATES SHOWN BELOW.

STAG INDUSTRIAL, INC.

Dated: February 25, 2016 By: /s/ Benjamin S. Butcher
Name: Benjamin S. Butcher
Title: President and Chief Executive Officer

**STAG INDUSTRIAL OPERATING
PARTNERSHIP, L.P.**

By: STAG Industrial GP, LLC, its sole general partner

Dated: February 25, 2016 By: /s/ Benjamin S. Butcher
Name: Benjamin S. Butcher
Title: President

WILLIAM R. CROOKER

Dated: February 25, 2016 /s/ William R. Crooker
Address:

EXECUTIVE EMPLOYMENT AGREEMENT

This **EXECUTIVE EMPLOYMENT AGREEMENT** (“Agreement”) is made effective as of February 25, 2016 (“Effective Date”), by and among **STAG INDUSTRIAL, INC.**, a Maryland corporation (“Company”), **STAG INDUSTRIAL OPERATING PARTNERSHIP, L.P.** (“Partnership”), a Delaware limited partnership, and **PETER S. FEAREY** (“Executive”) to affirm the terms and conditions of Executive’s employment.

The parties agree as follows:

1. **Employment**. Employer (as defined below) hereby employs Executive, and Executive hereby accepts such employment, upon the terms and conditions set forth herein.

2. **Duties**.

2.1 **Position**. Executive is employed on a full-time basis from the Effective Date through the first anniversary of the Effective Date (the “Initial Term”), as Executive Vice President and Chief Technology Officer, shall report directly to the Chief Executive Officer of the Company, and shall have the duties and responsibilities commensurate with such position as shall be reasonably and in good faith determined from time to time by the Chief Executive Officer, including such duties and responsibilities with respect to the Company, the Partnership and/or a subsidiary of either (collectively, “Employer”).

2.2 **Duties**. Executive shall: (i) abide by all applicable federal, state and local laws, regulations and ordinances, and (ii) except for vacation and illness periods, devote substantially all of his business time, energy, skill and efforts to the performance of his duties hereunder in a manner that will faithfully and diligently further the business interests of the Employer; provided, that, notwithstanding the foregoing, Executive may (x) make and manage personal business investments of his choice, subject to the limitations set forth in Section 8 hereof, (y) serve as a director or in any other capacity of any business enterprise, including an enterprise whose activities may involve or relate to the Employer’s Business (as defined in Section 8), provided that such service is expressly approved in advance by the Board of Directors of the Company (the “Board of Directors”), and (z) serve in any capacity with any civic, educational, religious or charitable organization, or any governmental entity or trade association; provided that all such other activities do not materially interfere with the performance of the Executive’s duties hereunder.

3. **Term of Employment**. The term of this Agreement shall commence on the Effective Date and shall continue until and including the expiration of the Initial Term unless earlier terminated as herein provided. The Initial Term shall be automatically renewed for successive one-year periods (each an “Extended Term”) unless either party gives written notice of non-renewal at least sixty (60) days prior to the end of the Initial Term or any Extended Term. As used herein, “Term” shall include the Initial Term and any Extended Term, but the Term shall end upon any lawful termination of Executive’s employment with Employer as herein provided.

4. **Compensation**.

4.1 **Base Salary**. As compensation for Executive’s performance of Executive’s duties as set forth herein and as hereafter determined by the compensation committee of the Board of Directors from time to time, Employer shall pay to Executive a base salary of two hundred forty thousand dollars (\$240,000) per year (“Base Salary”), payable in accordance with the normal payroll practices of Employer, less all legally required or authorized payroll deductions and tax withholdings. Base Salary shall be reviewed

annually, and may be increased, at the sole discretion of the compensation committee of the Board of Directors, in light of the Executive's performance and the Employer's financial performance and other economic conditions and relevant factors determined by the compensation committee.

4.2 **LTIP Units, Restricted Stock and Other Equity Awards**.

(a) At any time after the execution of this Agreement, as part of the consideration for his employment as an officer of the Company, Executive shall be eligible to receive grants of LTIP Units (as defined in the Partnership's agreement of limited partnership), shares of common stock (" **Restricted Stock** ") or other equity awards, in such amount and in such form as the compensation committee of the Board of Directors deems appropriate, should it determine that such a grant is advisable in its sole discretion. Such grants shall be subject to the terms and conditions of the STAG Industrial, Inc. 2011 Equity Incentive Plan, as amended (or such subsequent equity plan as may be in place from time to time) and the applicable award agreement determined by the compensation committee of the Board of Directors.

(b) Any LTIP Units granted to the Executive during the term of this Agreement shall be deemed to have been granted to the Executive in consideration of services rendered or to be rendered in Executive's capacity as a partner of the Partnership. During the Term, the Company and the Partnership shall (and shall cause each subsidiary that is a component Employer to) allocate the services provided by Executive to each component Employer and compensate Executive from the respective component Employer on a basis proportionate to the services provided by Executive to each component Employer. The parties confirm that Employer shall (and intends to) require that a sufficient amount of services be provided hereunder to the Partnership by Executive in his capacity as a partner of the Partnership to constitute full and adequate consideration for the issuance of LTIP Units to Executive.

4.3 **Bonus**. At the sole discretion of the Board of Director's compensation committee, Executive may be paid a cash bonus (" **Bonus** ") relating to each fiscal year during the Term subject to the satisfaction of the terms and conditions set forth in the Executive Compensation Program approved by the Board of Director's compensation committee. Such discretionary Bonus, if any, shall be paid on or before January 15 of the following calendar year.

5. **Customary Fringe Benefits**. Executive shall be eligible for all customary and usual fringe benefits generally available to full-time employees of Employer, subject to the terms and conditions of Employer's policies and benefit plan documents, as the same may be amended from time to time. As of the date hereof, Employer provides the following fringe benefits: group health insurance, group dental insurance, life insurance, accidental death and disability insurance and flexible health and child care spending program. Employer reserves the right to change or eliminate the fringe benefits (except the life insurance) on a prospective basis, at any time, effective upon written notice to Executive (which written notice may be delivered electronically by e-mail to Executive's Company email account). In addition, Executive shall receive an allowance for commuting and parking costs of up to five hundred dollars (\$500.00) a month. Notwithstanding the Company's vacation accrual rates in its vacation policy provisions, Executive shall be entitled to accrue vacation of four (4) weeks per year or, if greater, the amount provided under the Company's vacation policy provisions.

6. **Business Expenses**. Executive shall be reimbursed for all reasonable, out-of-pocket business expenses incurred in the performance of Executive's duties on behalf of Employer. To obtain reimbursement, expenses must be submitted within one (1) month of being incurred with appropriate supporting documentation in accordance with Employer's policies. All such expenses shall be reimbursed within one (1) month of submission and, in any event, in the same fiscal year in which they were incurred or within one (1) month after the end of such year.

7. **Termination of Employment**. Subject to the terms and conditions of this Section 7, either Company or Executive may terminate Executive's employment with Employer at any time, with or without Cause (as defined in Section 7.10) or Good Reason (as defined in Section 7.10), during the Term. Any termination of Executive's employment during the Term shall be communicated by written notice of termination from the terminating party to the other party (" **Notice of Termination** "). The Notice of Termination shall indicate the specific provision(s) of this Agreement relied upon in effecting the termination and a written statement of the reason(s) for the termination. In the case of a Notice of Termination provided by Executive to Employer, such Notice of Termination shall not be effective for a period of thirty (30) days after receipt of such Notice of Termination by Employer. In the case of a Notice of Termination provided by Company to Executive, such Notice of Termination shall not be effective for a period of thirty (30) days after receipt of such Notice of Termination by Employer, except that the Company may, in its discretion, pay Executive Base Salary in lieu of the notice period or any portion thereof. If Executive's employment is terminated by either party, for any reason, during the Term, Employer shall pay to the Executive accrued and unpaid Base Salary, any awarded but unpaid Bonus for the most recently completed fiscal year and accrued but unused vacation as of the date of Executive's termination of employment. Except as otherwise provided in this Section 7 and its subsections, Employer shall have no further obligation to make or provide to Executive, and Executive shall have no further right to receive or obtain from Employer, any payments or benefits in respect of the termination of Executive's employment with Employer during the Term. In addition, effective immediately upon termination of employment, Executive shall no longer be eligible to contribute to or to be an active participant in any retirement or benefit plan covering employees of Employer; provided, however, Executive may effect a rollover or other transfer of his interests in any such retirement or benefit plan in accordance with the terms of such plan and applicable law. All other Employer obligations to Executive shall be automatically terminated and completely extinguished.

7.1 **Severance Upon Involuntary Termination without Cause**. If Company terminates Executive's employment with Employer without Cause during the Term, such termination is not in connection with Executive's death or Disability (as defined in Section 7.10), and such termination qualifies as a "Separation from Service" under Section 409A (as defined in Section 7.10), Executive shall be entitled to a "Severance Package" that consists of the following:

- (a) an amount equal to the product of (a) the Bonus (or deemed Bonus) referenced in Section 7.1(b)(ii) of this Agreement multiplied by (b) a fraction, the numerator of which is the number of days that have elapsed between the beginning of the fiscal year in which the termination occurs and the date of termination and the denominator of which is the number of days in the fiscal year in which the termination occurs;
- (b) a single cash lump-sum "Severance Payment" equal to two (2) times the sum of (i) Executive's annual rate of Base Salary in effect immediately prior to Executive's termination of employment, and (ii) the Bonus (if any) actually paid to Executive for the most recently completed fiscal year;
- (c) Employer's direct-to-insurer payment of any group health or other insurance premiums for a period of eighteen (18) months (subject to Executive's eligibility for, and proper and timely election of continued group health benefits under the Consolidated Omnibus Budget and Reconciliation Act (" **COBRA** ")) to continue Executive's coverage under the Company's group health insurance plan, group dental plan and, if any, the Company's group life and disability insurance plans;
- (d) immediate vesting of all outstanding LTIP Units (which shall, in accordance with the applicable award agreement, remain subject to achieving parity with common units of limited

partnership interest in the Partnership), Restricted Stock, stock options, and other equity awards granted to Executive under any of Employer's equity incentive plans, except that performance units, outperformance plan interests and other awards subject to achievement of performance criteria will vest only to the extent provided in the STAG Industrial, Inc. 2011 Equity Incentive Plan, as amended (or other applicable equity plan) and the applicable award agreement; and

(e) continuation of coverage under the Company's liability insurance for directors and officers with respect to any of the Executive's actions as an officer of the Company during the Term;

provided, however, that all of the following conditions are first satisfied:

(i) Executive reaffirms Executive's commitment to comply with all surviving provisions of this Agreement, including Section 9 and Section 10 hereof; and

(ii) Executive executes a Separation Agreement that includes a general release in favor of Company, and all subsidiary and related entities, and their officers, directors, shareholders, employees and agents to the fullest extent permitted by law, drafted by Company and in a form reasonably satisfactory to Company, and the general release becomes effective in accordance with its terms no later than thirty (30) days following the date of termination of Executive's employment.

If the Company terminates Executive's employment pursuant to this Section 7.1 before Bonuses are determined and paid for calendar year 2016, then the Bonus referred to in Section 7.1(b)(ii) hereof shall be equal to the annual rate of Base Salary. The Severance Payment shall be subject to all legally required and authorized deductions and tax withholdings and shall be paid on the date that is the thirtieth (30th) day following the date of termination of Executive's employment, provided that Executive has complied with all of the above-referenced conditions to receiving the Severance Payment.

7.2 **Severance Upon Resignation for Good Reason**. If Executive resigns from employment with Employer for Good Reason during the Term and such resignation qualifies as a "Separation from Service" under Section 409A, Executive shall be entitled to the "Severance Package" set forth in Section 7.1, on the same terms and conditions provided therein.

7.3 **Severance Upon Change of Control**. If during the last year of the Initial Term or during any Extended Term, a Change of Control (as defined in Section 7.10) occurs and the Company gives notice of non-renewal of this Agreement within twelve (12) months following such Change of Control, Executive shall be entitled to the "Severance Package" set forth in Section 7.1, on the same terms and conditions provided therein.

7.4 **Beneficial Excise Tax Treatment**. If any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise would subject Executive to any excise tax pursuant to Section 4999 of the Code due to the characterization of such payment or benefit as an excess parachute payment under Section 280G of the Code, Executive may elect, in his sole discretion, to reduce the amounts of any payments or benefits called for under this Agreement in order to avoid such characterization. To aid Executive in making any election called for under this Section 7.4, upon the occurrence of any event that might reasonably be anticipated to give rise to the application of this Section 7.4 (an "Event"), Company shall promptly request a determination in writing by independent public accountants selected by Employer (the "Accountants"). Unless Company and Executive otherwise agree in writing, the Accountants, within

thirty (30) days after the date of the Event, shall determine and report to Company and Executive whether any reduction in payments or benefits at the election of Executive would produce a greater after-tax benefit to Executive and shall provide to Company and Executive a written report containing a sufficiently detailed quantitative substantiation of their analysis and presented in a manner that Executive can readily understand. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this Section 7.4. Under no circumstances shall Executive be entitled to any tax reimbursement or tax gross-up payment by virtue of the occurrence of an Event or any additional payment or benefit under this Section 7.4.

7.5 **Section 409A Compliance**. The parties intend for this Agreement either to satisfy the requirements of Section 409A or to be exempt from the application of Section 409A, and this Agreement shall be construed and interpreted accordingly. If this Agreement either fails to satisfy the requirements of Section 409A or is not exempt from the application of Section 409A, then the parties hereby agree to amend or to clarify this Agreement in a timely manner so that this Agreement either satisfies the requirements of Section 409A or is exempt from the application of Section 409A.

(a) Notwithstanding any provision in this Agreement to the contrary, if Executive is a “specified employee” (as defined in Section 409A), any Severance Payment, severance benefits or other amounts payable under this Agreement that would be subject to the special rule regarding payments to “specified employees” under Section 409A(a)(2)(B) of the Code (together, “Specified Employee Payments”) shall not be paid before the expiration of a period of six (6) months following the date of Executive’s termination of employment (or before the date of Executive’s death, if earlier). The Specified Employee Payments to which Executive would otherwise have been entitled during the six-month period following the date of Executive’s termination of employment shall be accumulated and paid as soon as administratively practicable following the first date of the seventh month following the date of Executive’s termination of employment.

(b) To ensure satisfaction of the requirements of Section 409A(b)(3) of the Code, assets shall not be set aside, reserved in a trust or other arrangement, or otherwise restricted for purposes of the payment of amounts payable under this Agreement.

(c) Notwithstanding anything herein to the contrary, the reimbursement of expenses or in-kind benefits provided pursuant to this Agreement shall be subject to the following conditions: (i) the expenses eligible for reimbursement or in-kind benefits in one taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year; (ii) the reimbursement of eligible expenses or in-kind benefits shall be made promptly, subject to Company’s applicable policies, but in no event later than the end of the year after the year in which such expense was incurred; and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(d) Employer hereby informs Executive that the federal, state, local, and/or foreign tax consequences (including without limitation those tax consequences implicated by Section 409A) of this Agreement are complex and subject to change. Executive acknowledges and understands that Executive should consult with his or her own personal tax or financial advisor in connection with this Agreement and its tax consequences. Executive understands and agrees that Employer has no obligation and no responsibility to provide Executive with any tax or other legal advice in connection with this Agreement and its tax consequences. Executive agrees that Executive shall bear sole and exclusive responsibility for

any and all adverse federal, state, local, and/or foreign tax consequences (including without limitation any and all tax liability under Section 409A) of this Agreement to Executive.

7.6 **Effect of Death or Disability**. If Executive dies or his employment is terminated by Company upon his experiencing a Disability (as defined in Section 7.10) during the Term, Executive (or his estate) shall be entitled to (a) payment of his accrued and unpaid Base Salary as of the date of Executive's death or termination of employment by the Company upon his experiencing a Disability; (b) payment of a single cash lump-sum payment equal to the product of (i) the Bonus referenced in Section 7.1(b)(ii) of this Agreement multiplied by (ii) a fraction, the numerator of which is the number of days that have elapsed between the beginning of the fiscal year in which Executive's death or termination of his employment occurs and the date of Executive's death or termination of employment and the denominator of which is the number of days in the fiscal year in which Executive's death or termination of employment occurs; and (c) payment by Employer of any group health or other insurance premiums for a period of eighteen (18) months (subject to Executive's (or his spouse's) eligibility for, and proper and timely election of continued group health benefits under COBRA) to continue Executive's coverage under the Company's group health insurance plan, group dental plan and, if any, the Company's group life and disability insurance plans. The payments described in the previous sentence shall be subject to all legally required and authorized deductions and tax withholdings, including for wage garnishments, if applicable, to the extent required or permitted by law, and shall be paid on the thirtieth (30th) day following the date of termination of Executive's employment. Payment under this Section 7.6 shall be made not more than once, if at all. If Executive dies or his employment is terminated by Company upon his experiencing a Disability before Bonuses are determined and paid for calendar year 2016, then the Bonus referred to in Section 7.6(b)(ii) hereof shall be equal to the annual rate of Base Salary.

7.7 **Employment Reference**. If Executive's employment is terminated without Cause, or Executive resigns for Good Reason, or this Agreement is not renewed by Company pursuant to a Change of Control, Executive and Employer will negotiate in good faith to reach an agreement on a neutral statement for termination or resignation, to the extent necessary or appropriate. This statement will include, at minimum and as applicable, positions held, date of hire, employment period and confirmation of salary history (if requested by Executive).

7.8 **Ineligibility For Severance**. For avoidance of doubt, Executive shall not be entitled to any Severance Package under this Agreement, and none of Sections 7.1, 7.2 and 7.3 shall apply to Executive, if at any time during the Term, either (a) Executive voluntarily resigns or otherwise terminates employment with Employer other than for Good Reason, (b) Company terminates Executive's employment for Cause, or (c) except as provided in Section 7.3, Company provides Executive with a notice of non-renewal. Effective immediately upon termination of employment, Executive shall no longer be eligible to contribute to or to be an active participant in any retirement or benefit plan covering employees of Employer; provided, however, Executive may effect a rollover or other transfer of his interests in any such retirement or benefit plan in accordance with the terms of such plan and applicable law. All other Employer obligations to Executive shall be automatically terminated and completely extinguished.

7.9 **Taxes and Withholdings**. The Employer may withhold from any amounts payable under this Agreement, including any benefits or Severance Payment, such federal, state or local taxes as may be required to be withheld pursuant to applicable law or regulations, which amounts shall be deemed to have been paid to Executive.

7.10 **Definitions**

(a) “Cause” shall mean the occurrence during the Term of any of the following: (i) Executive’s indictment for, formal admission to (including a plea of guilty or *nolo contendere* to), or conviction of: a felony, a crime of moral turpitude, fraud and dishonesty, breach of trust or unethical business conduct, or any crime involving Employer, (ii) gross negligence or willful misconduct by Executive in the performance of Executive’s duties which has materially damaged Employer’s financial position or reputation; (iii) willful or knowing unauthorized dissemination with the intent to cause harm by Executive of Confidential Employer Information; (iv) repeated failure by Executive to perform Executive’s duties that are reasonably and in good faith requested in writing by the Chief Executive Officer of the Company (the “Delegator”), and which are not substantially cured by Executive within thirty (30) days following receipt by Executive of such written request; (v) failure of Executive to perform any lawful and reasonable directive of the Delegator communicated to Executive in the form of a written request from the Delegator, which is consistent with the Employer Business, and which failure Executive does not begin to cure within ten (10) days following receipt by Executive of such written request or Executive has not substantially cured within forty-five (45) days following receipt by Executive of such written request, or (vi) material breach of this Agreement by Executive which breach has been communicated to Executive in the form of a written notice from a Delegator, which material breach Executive does not begin to cure within ten (10) days following receipt by Executive of such written notice or Executive has not substantially cured within forty-five (45) days following receipt by Executive of such written notice.

(b) “Disability” shall mean the occurrence during the Term of a medically determinable physical or mental impairment of Executive that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months and which either (i) renders Executive unable to engage in any substantial gainful activity, with or without leave accommodation, for a period of not less than three (3) months; or (ii) results in Executive receiving income replacement benefits for a period of not less than three (3) months under any policy of long-term disability insurance that may be maintained by the Company for the benefit of its employees.

(c) “Change of Control” shall have the meaning ascribed to it in the STAG Industrial, Inc. 2011 Equity Incentive Plan.

(d) “Good Reason” shall mean the occurrence during the Term of any of the following: (i) a material breach of this Agreement by Company which is not cured by Company within thirty (30) days following Company’s receipt of written notice by Executive to Company describing such alleged breach; (ii) Executive’s Base Salary is materially reduced by Company; (iii) a material reduction in Executive’s title, duties and/or responsibilities, or the assignment to Executive of any duties materially inconsistent with Executive’s position; or (iv) a material change in the Company headquarters’ geographic location; provided, however, none of the occurrences described in (i) through (iv) hereof shall constitute Good Reason unless within ninety (90) days of any such occurrence Executive provides a Notice of Termination effective no more than thirty-one (31) days after receipt by the Company and specifying the occurrence.

(e) “Section 409A” means Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and all applicable regulations or guidance promulgated thereunder.

7.11 **Nonduplication of Benefits**. Notwithstanding any provision in this Agreement or in any other Employer benefit plan or compensatory arrangement to the contrary, but at all times subject to Section 7.4, (a) any payments due under Section 7.1, Section 7.2 or Section 7.3 shall be made not more than once, if at all, (b) payments may be due under Section 7.1, Section 7.2 or Section 7.3, but under no

circumstances shall payments be made under all of or any combination of Section 7.1, Section 7.2 and Section 7.3, (c) no payments made under Sections 7.1, 7.2 and 7.3 this Agreement shall be considered compensation for purposes of any benefit plan or compensatory arrangement of Employer, and (d) Executive shall not be entitled to severance benefits from Employer other than as contemplated under this Agreement, unless such other severance benefits offset and reduce the benefits due under this Agreement on a dollar-for-dollar basis, but not below zero.

8. **No Competition and No Conflict of Interest**. Except as otherwise provided in Section 2.2 of this Agreement, during the Term, Executive must not (a) engage in any work, paid or unpaid, that creates an actual conflict of interest with the essential business-related interests of the Employer where such conflict would materially and substantially disrupt operations, (b) directly or indirectly, whether as an owner, partner, stockholder, principal, agent, employee, consultant, or in any other relationship or capacity, engage in, or acquire any interest in any Person, corporation, partnership or other entity (other than Company or any entity directly or indirectly controlled by Company) engaged in the Employer Business, or (c) in any way other than on behalf of and as an employee of Employer, act as an officer, director, employee, consultant, shareholder, volunteer, lender, or agent of any business enterprise engaged in the Employer Business or any business in which Employer becomes actively engaged during the Term. In addition, Executive agrees not to refer any tenant or potential tenant of Employer to competitors of Employer, without obtaining Company's prior written consent, during the Term. Notwithstanding the foregoing, Executive's passive investment in, or passive ownership of, less than five percent (5%) of the capital stock or other equity interests of any business entity (including a business entity engaged in the Employer Business) shall not be treated as a breach of this Section 8. For purposes of this Agreement, the term "Employer Business" shall mean the acquisition, disposition, development, redevelopment, ownership, operation, management or financing of single tenant industrial properties in the United States, and "passive" means no employment or involvement in management, operations or policy decisions of the business entity and excludes any service as a director (or equivalent), manager, officer, employee or consultant or as a general partner or managing member (or equivalent) of the business entity

9. **Confidentiality**. During the Term, Executive has been and will continue to be given access to a wide variety of information about the Employer, its affiliates and other related businesses that the Employer considers "Confidential Employer Information." As a condition of continued employment, Executive agrees to abide by Employer's business policies and directives on confidentiality and nondisclosure of Confidential Employer Information. Confidential Employer Information shall mean all information applicable to the business of the Employer which confers or may confer a competitive advantage upon the Employer over one who does not possess the information; and has commercial value in the business of the Employer or any other business in which the Employer engages or is preparing to engage during Executive's employment with Employer. Confidential Employer Information includes, but is not limited to, information regarding the Employer's business plans and strategies; contracts and proposals (including leases and proposed leases); artwork, designs, drawings and specifications for development and redevelopment projects; tenants and prospective tenants; suppliers and other business partners and Employer's business arrangements and strategies with respect to them; current and future marketing or advertising campaigns; software programs; codes, underwriting models, credit analyses, formulae or techniques; rent rolls; financial information; personnel information; and all ideas, plans, processes or information related to the current, future and proposed projects or other business of the Employer that has not been disclosed to the public by an authorized representative of the Employer, acting within the scope of his or her authority, whether or not such information would be enforceable as a trade secret of the Employer or enjoined or restrained by a court or arbitrator as constituting unfair competition. Confidential Employer Information also includes confidential information of any third party who may disclose such information to the Employer or Executive in the course of the Employer's business.

9.1 **Nondisclosure**. Executive acknowledges that Confidential Employer Information constitutes valuable, special and unique assets of the Employer's business and that the unauthorized disclosure of such information to competitors of the Employer, or to the general public, will be highly detrimental to the Employer. Executive therefore agrees to hold Confidential Employer Information in strictest confidence. Except as shall occur as and to the extent that Executive performs his duties to Employer, Executive agrees not to disclose or allow to be disclosed to any individual or entity, other than those individuals or entities authorized by the Company, any Confidential Employer Information that Executive has or may acquire during Executive's employment by Employer (whether or not developed or compiled by Executive and whether or not Executive has been authorized to have access to such Confidential Employer Information).

9.2 **Continuing Obligation**. Executive agrees that the agreement not to disclose Confidential Employer Information will be effective during Executive's employment and continue even after Executive is no longer employed by Employer. Any obligation not to disclose any portion of any Confidential Employer Information will continue indefinitely unless such information (a) has become public knowledge through no fault of Executive; or (b) has been developed independently without any reference to any information obtained during Executive's employment with Employer; or (c) must be disclosed in response to a valid order by a court or government agency or is otherwise required by law.

9.3 **Return of Employer Property**. On termination of employment with Employer for whatever reason, or at the request of the Employer before termination, Executive agrees to promptly deliver to Employer all records, files, computer disks, memoranda, documents, lists and other information regarding or containing any Confidential Employer Information, including all copies, reproductions, summaries or excerpts thereof, then in Executive's possession or control, whether prepared by Executive or others. Executive also agrees to promptly return, on termination or the Employer's request, any and all Employer property issued to Executive, including but not limited to computers, cellular phones, keys and credits cards. Executive further agrees that should Executive discover any Employer property or Confidential Employer Information in Executive's possession after the return of such property has been requested, Executive agrees to return it promptly to Employer without retaining copies, summaries or excerpts of any kind.

9.4 **No Violation of Rights of Third Parties**. Executive warrants that the performance of all the terms of this Agreement does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by Executive prior to Executive's employment with Employer. Executive agrees not to disclose to Employer, or induce Employer to use, any confidential or proprietary information or material belonging to any previous employers or others. Executive warrants that Executive is not a party to any other agreement that will interfere with Executive's full compliance with this Agreement. Executive further agrees not to enter into any agreement, whether written or oral, in conflict with the provisions of this Agreement while such provisions remain effective.

10. **Interference with Business Relations**.

10.1 **Interference with Sellers, Tenants, Brokers and Other Business Partners**. Executive acknowledges that Employer's seller information, tenant base, broker network, pipeline, leasing and acquisitions/sales strategies and its other business arrangements have been developed through substantial effort and expense, and its nonpublic business information regarding these matters is confidential and constitutes trade secrets. In addition, because of Executive's position, Executive understands that Employer will be particularly vulnerable to significant harm from Executive's use of such information for purposes other than to further Employer's business interests. Accordingly, Executive agrees that during Executive's employment with Employer, and for a period of twelve (12) months thereafter, regardless of the reason for termination of employment, Executive will not, either directly or indirectly, separately or in

association with others, interfere with, impair, disrupt or damage Employer's relationship with any of the sellers, tenants, brokers or other business partners of Employer with whom Executive has had contact, or conducted business, during the Term of Employment by contacting them for the purpose of inducing or encouraging any of them to divert or take away business from Employer.

10.2 **Interference with Employer's Employees**. Executive acknowledges that the services provided by Employer's employees are unique and special, and that Employer's employees possess trade secrets and Confidential Employer Information that is protected against misappropriation and unauthorized use. As such, Executive agrees that during, and for a period of twelve (12) months after, Executive's employment with Employer, regardless of the reason for termination of employment, Executive will not, either directly or indirectly, separately or in association with others, interfere with, impair, disrupt or damage Employer's business by contacting any Employer employees for the purpose of inducing or encouraging them to discontinue their employment with Employer.

10.3 **Negative Information**. During the Term and thereafter, Executive shall not disclose confidential or negative non-public information or make any disparaging or defamatory remarks, comments or statements regarding Employer or its directors, officers, employees, investors, shareholders or advisors and any affiliates of any of the foregoing (collectively, the "**Employer Affiliates**"); provided, however, that nothing contained in this Section 10.3 shall affect any legal obligation of Executive to respond to mandatory governmental inquiries concerning the Employer or the Employer Affiliates or to act in accordance with, or to establish, his rights under this Agreement. Employer likewise agrees that no one acting with the actual authority of Employer shall disclose negative non-public information or make any disparaging or defamatory remarks, comments or statements regarding Executive; provided, however, that nothing contained in this Section 10.3 shall affect any legal obligation of the Employer or the Employer Affiliates to respond to mandatory governmental inquiries concerning Executive or to act in accordance with, or to establish, the rights of the Employer and the Employer Affiliates under this Agreement.

10.4 **Post-Termination Noncompetition**. For a period of twelve (12) months following the termination of Executive's employment with the Employer, regardless of the reason for termination of employment, Executive will not engage in Competitive Activities (as hereinafter defined). Notwithstanding any other provision herein to the contrary, this Section 10.4 shall terminate and be null and void if the Employer terminates Executive's employment without Cause, or Executive resigns from employment with Employer for Good Reason, or if the Employer elects to send Executive notice of non-renewal pursuant to Section 3 hereof. The term "**Competitive Activities**," for purposes of this Section 10.4, shall mean the taking of any of the following actions by Executive: (a) Executive's direct or indirect participation (for his own account or jointly with others) in the management of, or as an employee, board member, partner, manager, member, joint venturer, representative or other agent of, or advisor or consultant to, any other business operation if a material portion (either in comparison to the size of Employer's Business or, if smaller, to such business operation's business) of such operation is engaging in the Employer Business or any business in which Employer has been actively engaged at the time of the termination of Executive's employment with Employer (a "**Competitive Operation**"); (b) Executive's investment in, or ownership of, the capital stock or other equity interests in any business entity that is a Competitive Operation; or (c) Executive's lending of funds for the purpose of establishing or operating any Competitive Operation, or otherwise giving advice to any Competitive Operation, or lending or allowing his name or reputation to be used by any Competitive Operation or otherwise allowing his skill, knowledge or experience to be so used. Notwithstanding the foregoing, Executive's passive investment in, or passive ownership of, up to five percent (5%) of the capital stock or other equity interests of any business entity (including a business entity engaged in the Employer Business) shall not be treated as a breach of this Section 10.4. For purposes of this Section 10.4, "**Employer Business**" and "**passive**" have the meanings set forth in Section 8 above and "**material portion**" shall mean

that either (i) the total assets engaged in a Competitive Operation exceeds 20% of such business operation's total assets or (ii) the total assets engaged in a Competitive Operation of such business operation equals or exceeds 20% of the Employer's Business. This Section 10.4 governs the period of time following Executive's employment with Employer, and Section 8 above governs during the Term.

11. **Injunctive Relief**. Executive acknowledges that Executive's breach of the covenants contained in Sections 8 through 10 of this Agreement inclusive (collectively "Covenants") would cause irreparable injury and continuing harm to Employer for which there will be no adequate remedy at law, and agrees that Employer shall be entitled to temporary and preliminary injunctive relief upon a showing of a likelihood of such a breach, and shall be entitled to permanent injunctive relief upon establishing such a breach, to the fullest extent allowed by Massachusetts law, without the necessity of proving irreparable harm or actual damages or of posting any bond or other security.

12. **Agreement to Arbitrate**.

12.1 **Mandatory Arbitration**. Any dispute or controversy arising out of or relating to any interpretation, construction, performance, termination or breach of this Agreement, will be settled by final and binding arbitration by a single arbitrator to be held in Boston, Massachusetts, in accordance with the American Arbitration Association national rules for resolution of employment disputes then in effect, except as provided herein. The arbitrator selected shall have the authority to grant any party all remedies otherwise available by law, including injunctions, but shall not have the power to grant any remedy that would not be available in a state or federal court. The arbitrator shall have the authority to hear and rule on dispositive motions (such as motions for summary adjudication or summary judgment). The arbitrator shall have the powers granted by Massachusetts law and the rules of the American Arbitration Association which conducts the arbitration, except as modified or limited herein. In aid of arbitration, either party may seek temporary and/or preliminary injunctive relief in the Business Litigation Session of the Suffolk County Massachusetts Superior Court (or in a regular session of that court if the case is not accepted into the Business Litigation Session).

12.2 **Principles Governing Arbitration**. Notwithstanding anything to the contrary in the rules of the American Arbitration Association, the arbitration shall provide (i) for written discovery and depositions as provided under Massachusetts law and (ii) for a written decision by the arbitrator that includes the essential findings and conclusions upon which the decision is based which shall be issued no later than thirty (30) days after a dispositive motion is heard and/or an arbitration hearing has completed. Except in disputes where Executive asserts a claim otherwise under a state or federal statute prohibiting discrimination in employment (a "Statutory Discrimination Claim"), each side shall split equally the fees and administrative costs charged by the arbitrator and American Arbitration Association. In disputes where Executive asserts a Statutory Discrimination Claim against Employer, Executive shall be required to pay the American Arbitration Association's filing fee only to the extent such filing fee does not exceed the fee to file a complaint in state or federal court. In such cases where Executive asserts a Statutory Discrimination Claim, Employer shall pay the balance of the arbitrator's fees and administrative costs.

12.3 **Rules Governing Arbitration**. Executive and Employer shall have the same amount of time to file any claim against any other party as such party would have if such a claim had been filed in state or federal court. In conducting the arbitration, the arbitrator shall follow the rules of evidence of the Commonwealth of Massachusetts (including but not limited to all applicable privileges), and the award of the arbitrator must follow Massachusetts and/or federal law, as applicable.

12.4 **Selection of Arbitrator**. The arbitrator shall be selected by the mutual agreement of the parties. If the parties cannot agree on an arbitrator, the parties shall alternately strike names from a list provided by the American Arbitration Association until only one name remains.

12.5 **Arbitrator Decision**. The decision of the arbitrator will be final, conclusive and binding on the parties to the arbitration. In disputes where Executive asserts a Statutory Discrimination Claim, reasonable attorneys' fees shall be awarded by the arbitrator based on the same standard as such fees would be awarded if the Statutory Discrimination Claim had been asserted in state or federal court. Judgment may be entered on the arbitrator's decision in any court having jurisdiction.

13. **General Provisions**.

13.1 **Successors and Assigns**. The rights and obligations of Employer under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of Employer. The Employer will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) or assignee to all or substantially all of the business and/or assets of the Employer to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Employer would be required to perform it if no such succession or assignment had taken place. Executive shall not be entitled to assign any of Executive's rights or obligations under this Agreement without Employer's written consent.

13.2 **Nonexclusivity of Rights**. Except as expressly provided in this Agreement, Executive is not prevented from continuing or future participation in any Employer benefit, bonus, incentive or other plans, programs, policies or practices provided by Employer subject to the terms and conditions of such plans, programs, or practices.

13.3 **Waiver**. Either party's failure to enforce any provision of this Agreement shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Agreement.

13.4 **Attorneys' Fees**. Each side will bear its own attorneys' fees in any dispute except as provided in Section 12.5.

13.5 **Severability**. In the event any provision of this Agreement is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

13.6 **Interpretation; Construction**. The headings set forth in this Agreement are for convenience only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing Employer, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Agreement and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

13.7 **Governing Law**. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. Except as and to the extent that Section 12 does not properly apply, each party consents to the jurisdiction and venue of the state or federal courts in Suffolk County, Massachusetts in any action, suit, or proceeding arising out of or relating to this Agreement.

13.8 **Notices**. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (a) by personal delivery when delivered personally; (b) by overnight courier upon written verification of receipt; (c) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (d) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the addresses set forth below, or such other address as either party may specify in writing.

13.9 **Survival**. The following provisions shall survive Executive's employment with Employer to the extent reasonably necessary to fulfill the parties' expectations in entering this Agreement: Section 7 ("Termination of Employment"), Section 9 ("Confidentiality"), 10 ("Interference with Business Relations") Section 11 ("Injunctive Relief"), Section 12 ("Agreement to Arbitrate"), Section 13 ("General Provisions"), and Section 14 ("Entire Agreement").

14. **Entire Agreement**. This Agreement, together with the other agreements and documents governing the benefits described in this Agreement, constitute the entire agreement among the parties relating to this subject matter hereof and supersedes all prior or simultaneous representations, discussions, negotiations, and agreements, whether written or oral. This Agreement may be amended or modified only with the written consent of Board of Directors of the Company and Executive. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

THE PARTIES TO THIS AGREEMENT HAVE READ THE FOREGOING AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AGREEMENT ON THE DATES SHOWN BELOW.

STAG INDUSTRIAL, INC.

Dated: February 25, 2016 By: /s/ Benjamin S. Butcher
Name: Benjamin S. Butcher
Title: President and Chief Executive Officer

**STAG INDUSTRIAL OPERATING
PARTNERSHIP, L.P.**

By: STAG Industrial GP, LLC, its sole general partner

Dated: February 25, 2016 By: /s/ Benjamin S. Butcher
Name: Benjamin S. Butcher
Title: President

PETER S. FEAREY

Dated: February 25, 2016 /s/ Peter S. Fearey
Address:

**PERFORMANCE AWARD
AGREEMENT**

**STAG INDUSTRIAL, INC.
2011 EQUITY INCENTIVE PLAN**

GRANTEE: _____

TARGET AMOUNT: _____

MAXIMUM AMOUNT: _____

This Performance Award Agreement (the “*Agreement*”), effective as of _____, 2016 (the “*Grant Date*”), sets forth the terms under which _____ (the “*Grantee*”) is granted an Award in the target amount (the “*Target Amount*”) of _____ Performance Award Share Units (each, an “*Award Share*,” and collectively, the “*Award Shares*”) that, upon satisfaction of the performance conditions set forth in Sections 3 and/or 6 below would, to the extent earned, be converted into shares of Common Stock of STAG Industrial, Inc., a Maryland corporation (the “*Company*”) (the “*Restricted Shares*”). As described below, the actual number of Award Shares earned and settled as Restricted Shares is notionally based on the Target Amount of Award Shares and may increase or decrease depending upon the satisfaction of certain performance criteria, with a maximum of _____ Award Shares (the “*Maximum Amount*”) available under this Agreement. This Agreement is an Award issued pursuant to the STAG Industrial, Inc. 2011 Equity Incentive Plan, as amended and as in effect from time to time (the “*Plan*”) and subject to the terms and conditions described below. In addition, this Agreement constitutes an Award of additional Award Shares based on the amount of dividends (such amounts being referred to as “*Deemed Dividends*”) that would have been paid on earned Award Shares prior to their settlement. All of the provisions of the Plan are expressly incorporated into this Agreement. This Agreement represents the Company’s commitment to issue the Restricted Shares at a future date, subject to the terms of this Agreement and the Plan. If these terms are not satisfied, or the minimum performance criteria are not satisfied, then no Restricted Shares shall be issued.

1. Terminology. Unless elsewhere defined in this Agreement, capitalized words used herein are defined in Section 26 of this Agreement or in the Plan.

2. Status of Underlying Shares; Restrictions. No Restricted Shares shall be issued or outstanding until the number of Award Shares earned pursuant to Section 3 and/or Section 6, if any, are determined and settled. Thereafter, awarded Restricted Shares shall be validly issued, fully paid, and non-assessable but forfeitable and non-transferable by the Grantee until such shares of Common Stock become vested pursuant to Section 5. After Award Shares, if any, are earned and determined pursuant to Section 3 and/or Section 6, the transfer agent for the Company shall be instructed (i) to issue any certificates representing Restricted Shares with appropriate legends related to restrictions under the Securities Act or applicable state securities laws (including a legend referenced in Section 10(b)) or related to the Company’s status as a real estate investment trust for federal income tax purposes or the ownership or transfer restrictions contained in the Company’s charter, and (ii) not to process any transfers of such Restricted Shares unless, and only to the

extent that, it has been notified by the Company that some or all of such Restricted Shares have become vested and are no longer subject to forfeiture. As provided in Section 3(g) and Section 6(c) below, in order for an Award to be earned and settled in shares of Restricted Shares, the Grantee must be continuously providing Services to the Company or its Affiliates from the Date of Grant through and including the earliest to occur of (i) December 31, 2018, (ii) the date of a Change in Control, and (iii) the date of an Involuntary Termination.

3. Performance Award.

(a) The number of Award Shares actually earned pursuant to this Award will be determined pursuant to this Section 3, subject to further vesting with respect to one-half the Restricted Shares issued in settlement of the Award Shares pursuant to Section 5 below. Once the number of Award Shares is determined, an additional number of Award Shares will be determined based on the amount of Deemed Dividends (as described in Section 8).

(b) The total number of Award Shares that will be earned pursuant to this Section 3 will equal the sum of the number of such Award Shares earned pursuant to Sections 3(c), (d) and (e) below and will be determined and settled as Restricted Shares on or after January 1, 2019, and no later than January 31, 2019. In each case, the determination will depend on the Total Stockholder Return of the Company, as compared to the applicable benchmark. In addition, as provided in Section 3(e), certain determinations pursuant to Section 3(e) require a minimum 25% Total Stockholder Return of the Company. The Target Amount is nominally allocated 25% to Section 3(c), 25% to Section 3(d) and 50% to Section 3(e). The number of Award Shares determined by Sections 3(c) and (d) will range from 0% to 200% of the Target Amount allocated to such section. The number of Award Shares determined by Section 3(e) will range from 0% to 300% of the Target Amount allocated to Section 3(e).

(c) Up to 20% of the Maximum Amount of Award Shares that may be earned under this Section 3 will be based on the Target Amount and the Total Stockholder Return of the Company compared to the Total Stockholder Return of the companies comprising the Industry Peer Group for the Measuring Period, as set forth in the table below. More specifically, the number of Award Shares determined under this Section 3(c) is calculated as the product of (i) the applicable percent earned determined using the table below; and (ii) _____ Award Shares (a number of shares equal to 25% of the Target Amount). In no event may more than _____ Award Shares (calculated as 200% of 25% of the Target Amount) be earned pursuant to this Section 3(c).

Company’s Percentile Ranking within the Industry Peer Group Based on Total Stockholder Return:	Below 30 th Percentile	30 th Percentile	50 th Percentile	75 th Percentile or Above
Percent Earned (of 25% of the Target Amount):	0%	50%	100%	200%

In the event that the Company’s Total Stockholder Return is in between (i) the 30th Percentile and the 50th Percentile or (ii) between the 50th Percentile and the 75th Percentile, then the percent earned shall be calculated by linear interpolation to the nearest 1/100th of a percent using the nearest lower and nearest higher percent earned figures set forth in the table above.

(d) Up to 20% of the Maximum Amount of Award Shares that may be earned under this Section 3 will be based on the Target Amount and the Total Stockholder Return of the Company compared to the Total Stockholder Return of the companies comprising the Compensation Peer Group for the Measuring Period, as set forth in the table below. More specifically, the number of Award Shares determined under this Section 3(d) is calculated as the product of (i) the applicable percent earned determined using the table below; and (ii) _____ Award Shares (a number of shares equal to 25% of the Target Amount). In no event may more than _____ Award Shares (calculated as 200% of 25% of the Target Amount) be earned pursuant to this Section 3(d).

Company's Percentile Ranking within the Compensation Peer Group Based on Total Stockholder Return:	Below 30 th Percentile	30 th Percentile	50 th Percentile	75 th Percentile or Above
Percent Earned (of 25% of the Target Amount):	0%	50%	100%	200%

In the event that the Company's Total Return is in between (i) the 30th Percentile and the 50th Percentile or (ii) between the 50th Percentile and the 75th Percentile, then the percent earned shall be calculated by linear interpolation to the nearest 1/100th of a percent using the nearest lower and nearest higher percent earned figures set forth in the table above.

(e) Up to 60% of the Maximum Amount of Award Shares that may be earned under this Section 3 will be based on the Target Amount and the Total Stockholder Return of the Company compared to the Total Stockholder Return of the companies comprising the Index Return Group for the Measuring Period, as set forth in the table below. More specifically, the number of Award Shares determined under this Section 3(e) is calculated as the product of (i) the applicable percent earned determined using the table below; and (ii) _____ Award Shares (a number of shares equal to 50% of the Target Amount), except that the percent earned may not exceed 100% unless the Company's Total Stockholder Return exceeds 25%. In no event may more than _____ Award Shares (calculated as 300% of 50% of the Target Amount) be earned pursuant to this Section 3(e).

Company's Percentile Ranking within the Index Return Group Based on Total Stockholder Return:	Below 30 th Percentile	30 th Percentile	50 th Percentile	75 th Percentile or Above	95 th Percentile or Above
Percent Earned (of 50% of the Target Amount):	0%	50%	100%	200%	300%
			(awards above 100% require a minimum 25% Total Stockholder Return of the Company)		

In the event that the Company's Total Return is in between (i) the 30th Percentile and the 50th Percentile or (ii) between the 50th Percentile and the 75th Percentile or (iii) between the 75th Percentile and the 95th Percentile, then the percent earned shall be calculated by linear interpolation to the nearest 1/100th of a percent using the nearest lower and nearest higher percent earned figures set forth in the table above.

(f) The Company's percentile ranking will be calculated using a normal distribution, or "z" score, unless otherwise determined by the Administrator.

(g) Without limiting the effect of Section 6, the Grantee must be providing Services to the Company or its Affiliates from the Grant Date through December 31, 2018, for earned Award Shares to be determined and settled pursuant to this Section 3 (it being understood and agreed that, subject to Sections 5 and 6, a Grantee need not be providing Services after December 31, 2018, for earned Award Shares to be determined and settled pursuant to this Section 3).

4. Special Provisions Related to Spin-Offs.

(a) Notwithstanding anything to the contrary in this Agreement, if during the Measuring Period any member of the Industry Peer Group, the Compensation Peer Group or the Index Peer Group (in each case, the "**Parent**") effects a spin off or similar transaction whereby the Parent distributes a business, in full or in part, to its stockholders through a dividend on a pro rata basis of shares in an existing or newly-formed subsidiary of the Parent ("**Spinco**"), then Total Stockholder Return for the Parent will be calculated as if a Parent stockholder retained the Spinco shares throughout the Measuring Period. Accordingly, in the case of a spin off or similar transaction during (and not before) the Measuring Period, Total Stockholder Return for the Parent will mean the Total Stockholder Return for the Measuring Period for the Parent common equity and the Spinco common equity received by a Parent stockholder, including the increase or decrease in the market price of the Parent common equity and the received Spinco common equity, plus dividends declared on the Parent common equity and the received Spinco common equity and assuming such dividends are reinvested in Parent common equity and Spinco common equity, respectively. None of the Industry Peer Group, the Compensation Peer Group or the Index Peer Group will change solely as a result of a spin off or similar transaction.

(b) If stockholders of the Parent are offered the opportunity to exchange their shares of Spinco for cash or to receive cash instead of Spinco shares, Total Stockholder Return for the Parent will be calculated as if a Parent stockholder did not exchange the Spinco shares for cash and did not elect to receive cash instead of Spinco shares.

5. Vesting Provisions.

(a) The Restricted Shares issued in settlement of earned Award Shares pursuant to Section 3 above will be cumulatively vested and transferable to the extent of one-half of such Restricted Shares immediately upon issuance. The remaining one-half of such Restricted Shares will become cumulatively vested and transferable on the earlier of (i) December 31, 2019, (ii) a Change in Control or (iii) an Involuntary Termination, so long as the Grantee's Service with the Company or its Affiliates is continuous from the Grant Date through December 31, 2019, the Change in Control or the Involuntary Termination, as applicable. Restricted Shares issued in settlement of Award Shares attributable to Deemed Dividends pursuant to Section 8 will be cumulatively vested and transferable immediately upon issuance.

(b) If Grantee's Service ceases for any reason, except as otherwise specified in this Section 5 and/or Section 6, all outstanding Restricted Shares that are not then vested and nonforfeitable will be immediately forfeited by Grantee and transferred to the Company upon such cessation for no consideration and all rights to Award Shares and/or Restricted Shares, shall thereupon be forfeited.

6. Special Earning and Vesting Provisions.

(a) Upon the occurrence of a Change in Control, then, (i) notwithstanding Section 3(b), the total number of Award Shares that are earned pursuant to Section 3 will be determined without pro ration as of (i.e., the Measuring Period will end and performance will be measured as of) the date of such Change in Control, provided that, the Measuring Period shall be deemed to have ended at market close of the New York Stock Exchange on the date of the Change in Control for purposes of Sections 3(c), (d) and (e) and the shares will be settled as soon as practicable following the Change in Control, but in any event, no later than January 31 of the calendar year after the calendar year in which the Change in Control occurs, and (ii) notwithstanding Section 5(a), all such Award Shares determined upon such Change in Control in the Company shall be settled as fully vested and transferable shares of Common Stock (or such other Security or Property into which shares of Common Stock were exchanged for in the Change in Control). In addition all Restricted Shares previously issued in settlement of Award Shares shall become fully vested and transferrable effective immediately prior to the closing of the Change in Control. The Target Amount (including products of the Target Amount in Section 3) will not be reduced pro rata pursuant to this Section 6(a). Once the number of Award Shares is determined, an additional number of Award Shares will be determined based on the amount of Deemed Dividends (as described in Section 8).

(b) Upon the occurrence of an Involuntary Termination, then, (i) notwithstanding Section 3(b), the total number of shares to be earned pursuant to Section 3 will be determined on a pro rata basis as of (i.e., the Measuring Period will end and performance will be measured as of) the date of such termination, provided that: the Measuring Period shall be deemed to have ended at market close of the New York Stock Exchange on the date of the Involuntary Termination for purposes of Sections 3(c), (d) and (e) and the Awarded Shares will be settled no later than January 31 of the year after the year in which the Involuntary Termination occurs, and (ii) notwithstanding Section 5(a), all such Awarded Shares so determined and settled upon such Involuntary Termination (or the Awarded Shares previously settled as Restricted Shares because such date is after the Measuring Period) shall become fully vested and transferable. Once the number of Award Shares is determined, an additional number of Award Shares will be determined based on the amount of Deemed Dividends (as described in Section 8). In the case of an early determination of the Award Shares pursuant to this Section 6(b), the Target Amount (and, therefore, the products of the Target Amount in Section 3) will be reduced pro rata based on the number of days elapsed in the Measuring Period, but the 25% Total Stockholder Return threshold in Section 3(e) for a percent earned in excess of 100% will not be reduced.

(c) The Grantee must be providing Services from the Date of Grant through the earlier of (i) a Change in Control and (ii) an Involuntary Termination for earned Award Shares to be determined and settled pursuant to this Section 6 (it being understood and agreed that a Grantee need not be providing Services after the earlier of the two events for earned Award Shares to be determined and settled pursuant to this Section 6).

(d) The Grantee agrees that the provisions of this Section 6 supersede and replace any provision in the Employment Agreement providing for or contemplating immediate vesting of Awards or equity awards.

7. Vesting and Forfeiture Examples.

(a) As a first example, if the Grantee's Service ceases after December 31, 2018, whether or not the cessation constitutes an Involuntary Termination, the Grantee will be entitled to receive one-half of the Restricted Shares issued in settlement of the Award Shares earned pursuant to Section 3, as well as all of the Restricted Shares issued in settlement of additional Award Shares attributable to Deemed Dividends pursuant to Section 8 (which Restricted Shares will be cumulatively vested and transferable). If the cessation date is also before December 31, 2019, and the cessation does not constitute an Involuntary Termination, the remaining one-half of the Restricted Shares will be immediately forfeited by the Grantee. If, on the other hand, the cessation constitutes an Involuntary Termination, the remaining one-half of the Restricted Shares will be fully vested and transferable. This example is intended to be consistent with the Employment Agreement, which contemplates immediate vesting of outstanding Restricted Shares in the case of termination of employment, during the term of the Employment Agreement, by the Company without Cause or by the Grantee for Good Reason.

(b) As a second example, if a Change in Control occurs before December 31, 2018, and Grantee's Service has not ceased at the time of the Change in Control, the number of Award Shares will be determined (including Award Shares based on the amount of Deemed Dividends), without pro ration, pursuant to Section 6 and settled as fully vested and transferable shares of Common Stock (or such other Security or Property into which shares of Common Stock were exchanged for in the Change in Control).

(c) As a third example, if the Grantee's Service ceases before December 31, 2018, and the cessation constitutes an Involuntary Termination, the number of Award Shares will be determined (including Award Shares based on the amount of Deemed Dividends), subject to pro ration based on the number of days elapsed in the Measuring Period, pursuant to Section 6 and settled as fully vested and transferable shares of Common Stock, notwithstanding any provision to the contrary in the Employment Agreement that may contemplate full or any other vesting other than the pro rata vesting provided in Section 6.

(d) As a fourth example, if the Grantee's Service ceases before December 31, 2018, and the cessation does not constitute an Involuntary Termination, then this Award shall terminate and no Award Shares will be earned, determined or settled.

8. Dividends and Voting. The Grantee shall not be entitled to receive dividends on Award Shares underlying this Agreement or vote such Award Shares, or to receive notice as a stockholder or to have any rights whatsoever as a stockholder of the Company in respect of such Award Shares, until such Award Shares are settled as Restricted Shares and/or Common Stock pursuant to Section 3 and/or Section 6. Upon the settlement of Award Shares into Restricted Shares pursuant to Section 3 and/or Section 6 (including before vesting occurs pursuant to Section 5), the amount of the Deemed Dividends on such Award Shares shall be determined. The Deemed Dividends shall be converted into Award Shares equal to the number of shares of Common Stock that would have resulted had the cash dividends payable with respect to the Common Stock underlying the Award Shares been reinvested in Common Stock taking into account the following assumptions: (i) that the Grantee had received the number of shares of Common Stock underlying the Award Shares on the Grant Date; and (ii) all of the dividends that would have been paid on such shares of Common Stock had they been issued on the Grant Date during the period from the Grant Date to the date of settlement determined pursuant to Sections 3 and/or 6 were reinvested in Common Stock on the dividend payment date, utilizing the closing price on the New York Stock Exchange (or such other exchange which is the primary

exchange for the shares of Common Stock) on each date that dividends were paid. These additional Award Shares attributable to the Deemed Dividends shall be settled as fully vested and nonforfeitable Restricted Shares concurrently with the settlement of the initial Award Shares pursuant to Section 3 and/or Section 6. Notwithstanding the foregoing, the Company, in the discretion of the Administrator, may elect to pay out Deemed Dividends in cash on the settlement date. After Awards Shares are settled as Restricted Shares, the Grantee will be entitled to vote such Restricted Shares, and the Company shall pay the Grantee any cash dividends that are declared and paid on such Restricted Shares, regardless of whether such Restricted Shares have become vested pursuant to Section 5 on the record date for such dividends.

9. Issuance of Other Securities in lieu of Common Stock. In lieu of shares of Common Stock, the Administrator, may, with the consent of the Grantee, settle some or all of the award in LTIP Units or other securities of the Company or any of its Affiliates, that are valued in whole or in part by reference to, or are otherwise calculated by reference to or based on, shares of Common Stock (“**Other Share-Based Securities**”); provided, however, that the Administrator determines, in good faith, that the aggregate value of such Other Share-Based Securities is equivalent to the value of the Award Shares earned by the Grantee pursuant to Sections 3, 6 and/or 8.

10. Restrictions on Transfer.

(a) Award Shares may not be sold, assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise), except by will or the laws of descent and distribution, and shall not be subject to execution, attachment or similar process. Until an Award Share that has been settled as a Restricted Share becomes vested and nonforfeitable, it may not be sold, assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise), except by will or the laws of descent and distribution, and shall not be subject to execution, attachment or similar process.

(b) Grantee hereby represents and warrants to the Company as follows:

(i) Grantee understands that the Company may, in its discretion, impose restrictions on the sale, pledge, or other transfer of Restricted Shares (including the placement of appropriate legends on stock certificates) if, in the judgment of the Company, such restrictions are necessary or desirable to comply with the Securities Act, the securities laws of any State or any other law.

(ii) Grantee is aware that Grantee’s investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss.

(c) Any attempt to dispose of any such Award Shares or Restricted Shares in contravention of the restrictions set forth in Section 10(a) or that the Company imposes pursuant to Section 10(b) shall be null and void and without effect. The Company shall not be required to (i) transfer on its books any Award Shares or Restricted Shares that have been sold or transferred in contravention of this Agreement or (ii) treat as the owner of Award Shares or Restricted Shares, or otherwise accord voting, dividend or liquidation rights to, any transferee to whom Award Shares or Restricted Shares have been transferred in contravention of this Agreement.

11. Stock Certificates. After Award Shares are earned and settled pursuant to Section 3 and/or Section 6, Grantee will be reflected as the owner of record of the Restricted Shares as of the Grant Date on the Company's books. The Company or an escrow agent appointed by the Administrator will hold in escrow the share certificates for safekeeping, or the Company may otherwise retain the Restricted Shares in uncertificated book entry form, until the Restricted Shares become vested and nonforfeitable and until they may be transferred freely without restriction under this Agreement. Until the Restricted Shares become vested and nonforfeitable, any share certificates representing such shares will include a legend to the effect that Grantee may not sell, assign, transfer, pledge, or hypothecate the Restricted Shares. As soon as practicable after vesting of the Restricted Shares, the Company will deliver a share certificate to Grantee, or deliver shares electronically or in certificate form to Grantee's designated broker on Grantee's behalf, for such vested Restricted Shares. Upon the request of the Administrator, Grantee shall deliver to the Company a stock power, endorsed in blank, with respect to any Restricted Shares that have been forfeited pursuant to this Agreement.

12. Tax Election and Tax Withholding.

(a) Grantee hereby agrees to make adequate provision for foreign, federal, state and local taxes required by law to be withheld, if any, which arise in connection with the grant, settlement, or vesting of any Award Shares or Restricted Shares. The Company shall have the right to deduct from any compensation or any other payment of any kind due Grantee (including withholding the issuance or delivery of shares of Common Stock or redeeming Restricted Shares) the amount of any federal, state, local or foreign taxes required by law to be withheld as a result of the grant, settlement, or vesting of Award Shares or Restricted Shares in whole or in part; provided, however, that the value of the shares of Common Stock withheld or redeemed may not exceed the maximum allowable under U.S. generally accepted accounting principles to maintain equity-based accounting for the Company. In lieu of such deduction, the Company may require Grantee to make a cash payment to the Company equal to the amount required to be withheld. If Grantee does not make such payment when requested, the Company may refuse to issue any Common Stock certificate under this Agreement until arrangements satisfactory to the Administrator for such payment have been made.

13. Section 409A. If any compensation provided by this Agreement may result in the application of Section 409A of the Internal Revenue Code ("**Section 409A**"), the Company shall, in consultation with the Grantee, modify this Agreement with respect to such Grantee solely in the least restrictive manner necessary in order to, where applicable, (a) exclude such compensation from the definition of "deferred compensation" within the meaning of such Section 409A, or (b) comply with the provisions of Section 409A, other applicable provision(s) of the Internal Revenue Code and/or any rules, regulations or other regulatory guidance issued under such statutory provisions and to make such modifications, in each case, without any diminution in the value of the benefits granted under this Agreement to such Grantee.

14. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of Award Shares and the number of such Award Shares that are nonvested and forfeitable shall, without further action of the Administrator, be adjusted to reflect such event in a manner designed to preserve the economic substance of this Agreement. The Administrator shall make adjustments, in its discretion, to address the treatment of fractional shares with respect to the Award Shares as a result of the stock dividend, stock split or reverse stock split; provided that such adjustments do not result in the issuance of fractional Award Shares. Adjustments under this Section

14 will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Binding Nature of Agreement. The terms and conditions of this Agreement shall apply with equal force to any additional and/or substitute securities received by Grantee in exchange for, or by virtue of Grantee's ownership of, the Award Shares and/or Restricted Shares, to the same extent as the Award Shares and/or Restricted Shares with respect to which such additional and/or substitute securities are distributed, whether as a result of any spin-off, stock split-up, stock dividend, stock distribution, other reclassification of the Common Stock of the Company, or similar event, except as otherwise determined by the Administrator. If Common Stock underlying the Award Shares is converted into or exchanged for, or stockholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other property (including cash) received upon such conversion, exchange or distribution in the same manner and to the same extent as the original Common Stock underlying the Award Shares.

15. Non-Guarantee of Employment or Service Relationship. Nothing in the Plan or this Agreement shall alter Grantee's at-will or other employment status or other service relationship with the Company, nor be construed as a contract of employment or service relationship between the Company and Grantee, or as a contractual right of Grantee to continue in the employ of, or in a service relationship with, the Company for any period of time, or as a limitation of the right of the Company to discharge Grantee at any time with or without cause or notice and whether or not such discharge results in the forfeiture of any Award Shares and/or Restricted Shares or any other adverse effect on Grantee's interests under the Plan.

16. The Company's Rights. The existence of the Award Shares shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

17. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to Grantee at the address contained in the records of the Company, or addressed to the Administrator, care of the Company for the attention of its Corporate Secretary at its principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

18. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the Award Shares granted hereunder or the Restricted Shares issued upon settlement of the Award Shares. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the Award Shares granted hereunder shall be void and ineffective for all purposes.

19. Amendment. This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Award Shares and/or Restricted Shares as determined in the discretion of

the Administrator, except as provided in the Plan or in a written document signed by each of the parties hereto.

20. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, (i) the Plan, if not silent on the matter, shall govern or (ii) if the Plan is silent on the matter, the Administrator shall have the power to interpret or determine the application of the provisions of this Agreement, in a manner designed to preserve the economic substance of this Agreement and based on the facts known to the Administrator. A copy of the Plan is provided to Grantee with this Agreement.

21. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Administrator relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the Commonwealth of Massachusetts, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in Suffolk County, Massachusetts, and Grantee hereby agrees and submits to the personal jurisdiction and venue thereof.

22. Securities Laws Compliance. Common Stock or Other Share-Based Securities shall not be issued pursuant to the exercise or settlement of any award granted hereunder unless the settlement of such award and the issuance and delivery of such Common Stock or Other Share-Based Securities pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act and the requirements of any stock exchange upon which the Common Stock may then be listed.

23. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

25. Electronic Delivery of Documents. By signing this Agreement, Grantee (i) consents to the electronic delivery of this Agreement, all information with respect to the Plan, the Award Shares, and Restricted Shares and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to Grantee by contacting the Company by telephone or in writing; (iii) further acknowledges that Grantee may revoke his or her consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledges that Grantee understands that he or she is not required to consent to electronic delivery of documents.

26. Certain Definitions.

(a) " **Cause** " means the occurrence of any of the following: (i) Grantee's indictment for, formal admission to (including a plea of guilty or *nolo contendere* to), or conviction of: a felony, a crime of moral turpitude, fraud and dishonesty, breach of trust or unethical business conduct, or any crime involving

the Company, (ii) gross negligence or willful misconduct by Grantee in the performance of Grantee's duties which has materially damaged the Company's financial position or reputation; (iii) willful or knowing unauthorized dissemination with the intent to cause harm by Grantee of Confidential Employer Information (as defined in the Employment Agreement); (iv) repeated failure by Grantee to perform Grantee's duties that are reasonably and in good faith requested in writing by the Board or the member of the Board authorized by it or, if the Grantee reports to an executive officer of the Company, such executive officer (the "**Delegator**"), and which are not substantially cured by Grantee within 30 days following receipt by Grantee of such written request; (v) failure of Grantee to perform any lawful and reasonable directive of the Delegator communicated to Grantee in the form of a written request from the Delegator, which is consistent with the acquisition, disposition, development, redevelopment, ownership, operation, management or financing of single tenant industrial properties in the United States, and which failure Grantee does not begin to cure within 10 days following receipt by Grantee of such written request or Grantee has not substantially cured within 45 days following receipt by Grantee of such written request, or (vi) material breach of the Employment Agreement by Grantee which breach has been communicated to Grantee in the form of a written notice from a Delegator, which material breach Grantee does not begin to cure within 10 days following receipt by Grantee of such written notice or Grantee has not substantially cured within 45 days following receipt by Grantee of such written notice.

(b) "**Common Stock Price**" means, as of a particular date, the average of the Fair Market Value of one share of the Common Stock (or other applicable common equity, in the case of companies other than the Company) for the 20 trading days ending on, and including, such date (or, if such date is not a trading day, the most recent trading day immediately preceding such date). Notwithstanding the foregoing, if the date on which the Common Stock Price is determined is the date of the consummation of a Change in Control, then the Common Stock Price shall be the Fair Market Value of one share of Common Stock on such date.

(c) "**Company**" means STAG Industrial, Inc. and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control (as defined in the Plan) has occurred, Company shall mean only STAG Industrial, Inc.

(d) "**Compensation Peer Group**" means a group consisting of the Company and each of the following constituent companies: (i) CoreSite Realty Corporation, (ii) DCT Industrial Trust Inc., (iii) EastGroup Properties, Inc., (iv) Education Realty Trust, Inc., (v) FelCor Lodging Trust Incorporated, (vi) First Industrial Realty Trust, Inc., (vii) Hersha Hospitality Trust, (viii) Lexington Realty Trust, (ix) Parkway Properties, Inc., (x) Pennsylvania Real Estate Investment Trust, (xi) Physicians Realty Trust, (xii) PS Business Parks, Inc., (xiii) QTS Realty Trust, Inc., (xiv) Ramco-Gershenson Properties Trust, and (xv) Ryman Hospitality Properties, Inc. In the event that a constituent company shall cease to exist as a Reporting REIT during the Measuring Period, it shall thereupon no longer be part of the Compensation Peer Group, effective retroactively to the date of the commencement of the Measuring Period.

(e) "**Disability**" means the occurrence of a medically determinable physical or mental impairment of Grantee that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months and which either (i) renders Grantee unable to engage in any substantial gainful activity, with or without leave accommodation, for a period of not less than three months; or (ii) results in Grantee receiving income replacement benefits for a period of not less than three months under any policy of long-term disability insurance that may be maintained by the Company for the benefit of its employees.

(f) “ **Employment Agreement** ” means that certain [Amended and Restated] Executive Employment Agreement, effective as of _____, between the Company, STAG Industrial Operating Partnership, L.P., a Delaware limited partnership, and the Grantee, as it may be amended from time to time.

(g) “ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended.

(h) “ **Fair Market Value** ” has the meaning given to that term in Section 2(h) of the Plan.

(i) “ **Good Reason** ” means the occurrence of any of the following: (i) a material breach of the Employment Agreement by the Company which is not cured by Company within 30 days following Company’s receipt of written notice by Grantee to the Company describing such alleged breach; (ii) Grantee’s Base Salary (as defined in the Employment Agreement) is materially reduced by the Company; (iii) a material reduction in Grantee’s title, duties and/or responsibilities, or the assignment to Grantee of any duties materially inconsistent with Grantee’s position; or (iv) a material change in the Company headquarters’ geographic location; provided, however, none of the occurrences described in (i) through (iv) hereof shall constitute Good Reason unless within 90 days of any such occurrence Grantee provides a Notice of Termination (as defined in the Employment Agreement) effective no more than 31 days after receipt by the Company and specifying the occurrence.

(j) “ **Index Return Group** ” means a group consisting of the Company and each of the constituent companies of the MSCI US REIT Index or, in the event such index is discontinued or its methodology significantly changed, a comparable index selected by the Administrator in good faith. In the event that a company shall cease to exist as a constituent of the MSCI US REIT Index (or replacement index) during the Measuring Period, it shall thereupon no longer be part of the Index Peer Group, effective retroactively to the date of the commencement of the Measuring Period.

(k) “ **Industry Peer Group** ” means a group consisting of the Company and each of the following constituent companies: (i) DCT Industrial Trust Inc., (ii) Duke Realty Corporation, (iii) EastGroup Properties, Inc., (iv) First Industrial Realty Trust, Inc., (v) Gramercy Property Trust Inc., (vi) Lexington Realty Trust, (vii) Liberty Property Trust, (viii) Monmouth Real Estate Investment Corp., (ix) PS Business Parks, Inc., (x) STORE Capital Corporation and (xi) Terreno Realty Corporation. In the event that a constituent company shall cease to exist as a Reporting Peer REIT during the Measuring Period, it shall thereupon no longer be part of the Industry Peer Group, effective retroactively to the date of the commencement of the Measuring Period.

(l) “ **Involuntary Termination** ” means cessation of the Grantee’s Service with the Company or its Affiliates by reason of the Grantee’s death, termination by the Grantee or the Company or its Affiliates due to the Grantee’s Disability, termination by the Company or its Affiliates without Cause or termination by the Grantee for Good Reason.

(m) “ **LTIP Units** ” has the meaning ascribed to it in the Plan.

(n) “ **Measuring Period** ” means a three-year period beginning at market close of the New York Stock Exchange on December 31, 2015, and ending with market close of the New York Stock Exchange on December 31, 2018, subject to reduction as provided in Section 6.

(o) “ **Reporting Peer REIT** ” means a company that predominantly owns industrial and/or net leased properties and is qualified as a real estate investment trust for purposes of federal income

taxation, that is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and that has shares of common equity listed on a securities exchange registered as a national securities exchange pursuant to Section 6 of the Exchange Act.

(p) “**Reporting REIT**” means a company that is qualified as a real estate investment trust for purposes of federal income taxation, that is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and that has shares of common equity listed on a securities exchange registered as a national securities exchange pursuant to Section 6 of the Exchange Act.

(q) “**Securities Act**” means the Securities Act of 1933, as amended.

(r) “**Service**” means the Grantee’s employment or other service relationship with the Company and its Affiliates. Grantee’s Service will be considered to have ceased with the Company and its Affiliates if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which Grantee is employed or otherwise has a service relationship is not STAG Industrial, Inc. or an Affiliate of STAG Industrial, Inc. “**Services**” has the correlative meaning.

(s) “**Total Stockholder Return**” means, with respect to a company (whether the Company or another company in the Industry Peer Group, the Compensation Peer Group or the Index Return Group), the cumulative return, expressed as a percentage, that would have been realized by a stockholder who (a) bought one share of the applicable common equity at market close on December 31, 2015 (the beginning of the Measuring Period), for the Common Stock Price, (b) reinvested each dividend and other distribution declared during the Measuring Period with respect to such share of common equity (and any other shares previously received upon reinvestment of dividends or other distributions) in additional shares of common equity at the Fair Market Value on the payment date for such dividend or other distribution, and (c) sold such shares of common equity at market close on December 31, 2018, subject to reduction as provided in Section 6 (the end of the Measuring Period), for the Common Stock Price on such date. Pursuant to Section 14, appropriate adjustments to the Total Stockholder Return shall be made to take into account all stock dividends, stock splits, reverse stock splits and certain other events as set forth in Section 14 that occur during the Measuring Period.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer.

STAG Industrial, Inc.

By: _____

Date: _____

The undersigned hereby acknowledges that he or she has carefully read this Agreement and agrees to be bound by all of the provisions set forth herein. The undersigned also consents to electronic delivery of all notices or other information with respect to the Award Shares and/or Restricted Shares or the Company.

WITNESS: GRANTEE

Date: _____

Enclosure: STAG Industrial, Inc. 2011 Equity Incentive Plan, as amended

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Benjamin S. Butcher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of STAG Industrial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

/s/ BENJAMIN S. BUTCHER

Benjamin S. Butcher

Chairman, Chief Executive Officer and President

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William R. Crooker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of STAG Industrial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

/s/ WILLIAM R. CROOKER

William R. Crooker

*Chief Financial Officer, Executive Vice President
and Treasurer*

**Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of STAG Industrial, Inc. on Form 10-Q for the period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers of STAG Industrial, Inc., certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report, containing the financial statements, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of STAG Industrial, Inc.

Date: May 3, 2016

/s/ BENJAMIN S. BUTCHER

Benjamin S. Butcher

Chairman, Chief Executive Officer and President

/s/ WILLIAM R. CROOKER

William R. Crooker

Chief Financial Officer, Executive Vice President and Treasurer