

STAG Industrial, Inc.
Form 10-Q
May 23, 2011
[Table of Contents](#)

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, 2011

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.)

99 High Street, 28th 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
(Do not check if a smaller
reporting company)

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 shares as of the latest practicable date.

Class	Outstanding at May 13, 2011
Common Stock (\$0.01 par value)	15,893,309

Table of Contents

STAG INDUSTRIAL, INC.

Table of Contents

<u>PART I.</u>	<u>Financial Information</u>	1
<u>Item 1.</u>	<u>Financial Statements</u>	1
	<u>Combined Balance Sheets of STAG Predecessor Group as of March 31, 2011 (unaudited) and December 31, 2010</u>	1
	<u>Combined Statements of Operations of STAG Predecessor Group for the Three Months Ended March 31, 2011 and 2010 (unaudited)</u>	2
	<u>Combined Statements of Changes in Owners' Equity of STAG Predecessor Group for the Three Months Ended March 31, 2011 and 2010 (unaudited)</u>	3
	<u>Combined Statements of Cash Flows of STAG Predecessor Group for the Three Months Ended March 31, 2011 and 2010 (unaudited)</u>	4
	<u>Notes to Combined Financial Statements of STAG Predecessor Group</u>	5
	<u>Consolidated Balance Sheets of STAG Industrial, Inc. as of March 31, 2011 (unaudited) and December 31, 2010</u>	13
	<u>Notes to Consolidated Balance Sheets of STAG Industrial, Inc.</u>	14
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	23
<u>Item 4.</u>	<u>Controls and Procedures</u>	23
<u>PART II.</u>	<u>Other Information</u>	24
<u>Item 1.</u>	<u>Legal Proceedings</u>	24
<u>Item 1A.</u>	<u>Risk Factors</u>	24
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	24
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	25
<u>Item 4.</u>	<u>[Removed and Reserved.]</u>	25
<u>Item 5.</u>	<u>Other Information</u>	25
<u>Item 6.</u>	<u>Exhibits</u>	25
	<u>SIGNATURE</u>	26

Table of Contents**PART I. Financial Information****Item 1. Financial Statements****STAG Predecessor Group****Combined Balance Sheets**

(dollars in thousands)

	March 31, 2011 (unaudited)	December 31, 2010
Assets		
Rental Property:		
Land	\$ 25,086	\$ 25,086
Buildings	173,456	173,456
Tenant improvements	8,197	8,197
Building improvements	3,463	3,447
Less: accumulated depreciation	(20,663)	(19,261)
Total rental property, net	189,539	190,925
Cash and cash equivalents	954	1,567
Restricted cash	3,112	2,571
Tenant accounts receivable, net	3,678	3,725
Prepaid expenses and other assets	573	458
Deferred financing fees, net	88	118
Leasing commissions, net	145	133
Deferred leasing intangibles, net	10,806	11,507
Total assets	\$ 208,895	\$ 211,004
Liabilities and Owners Equity		
Liabilities:		
Mortgage notes payable	\$ 201,986	\$ 203,166
Notes payable to related party	5,173	4,384
Accounts payable, accrued expenses and other liabilities	2,424	2,680
Interest rate swap	2,692	3,277
Tenant security deposits	656	623
Prepaid rent	786	581
Deferred leasing intangibles, net	887	976
Due to related parties	4,410	3,653
Total liabilities	219,014	219,340
Owners deficit	(10,119)	(8,336)
Total liabilities and owners equity	\$ 208,895	\$ 211,004

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

Table of Contents

STAG Predecessor Group

Combined Statements of Operations

(unaudited, dollars in thousands)

	Three months ended March 31,	
	2011	2010
Revenue		
Rental income	\$ 5,782	\$ 6,323
Tenant recoveries	960	1,360
Total revenue	6,742	7,683
Expenses		
Property	1,022	1,155
General and administrative	136	189
Real estate taxes and insurance	760	795
Asset management fees	148	148
Depreciation and amortization	2,031	2,383
Total expenses	4,097	4,670
Other income (expense)		
Interest income	1	