

Terreno Realty Corporation

NAREIT Update

June 2017



Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact are forward-looking statements and, in some cases, can be identified by the use of the words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “might”, “plan”, “project”, “result”, “should”, “will”, “opportunity” and similar expressions. These statements are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected.

We caution investors that forward-looking statements are based on management’s beliefs and on assumptions made by, and information currently available to, management. Factors that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to: (i) our ability to identify and acquire industrial properties on terms favorable to us; (ii) general volatility of the capital markets and the market price of our stock; (iii) adverse economic or real estate conditions or developments in the industrial real estate sector and/or in the markets in which we acquire properties; (iv) our dependence on key personnel and our reliance on third parties to property manage the majority of our industrial properties; (v) our dependence upon tenants; (vi) our ability to comply with the laws, rules and regulations applicable to companies, and in particular, public companies; (vii) our ability to manage our growth effectively; (viii) tenant bankruptcies and defaults on or non-renewal of leases by tenants; (ix) decreased rental rates or increased vacancy rates; (x) increased interest rates and operating costs; (xi) declining real estate valuations and impairment charges; (xii) our expected leverage, our failure to obtain necessary outside financing, and future debt obligations; (xiii) our ability to make distributions to our stockholders; (xiv) our failure to successfully hedge against interest rate increases; (xv) our failure to successfully operate acquired properties; (xvi) our failure to maintain our status as a real estate investment trust (“REIT”) and possible adverse changes to tax laws; (xvii) uninsured or underinsured losses relating to our properties; (xviii) environmental uncertainties and risks related to natural disasters; (xix) financial market fluctuations; and (xx) changes in real estate and zoning laws and increases in real property tax rates. Other factors that could materially affect results can be found in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, including those set forth under the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in the Company’s preliminary prospectus supplement relating to the offering under the section titled “Risk Factors”, and in our other public filings.

We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events, or otherwise. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Investment Strategy

Unique and Highly Selective Market Approach

- Acquire, own and operate industrial real estate in six major coastal U.S. markets. Exclusively.
 - Mix of core and value-add investments
 - No greenfield development
 - No complex joint ventures
- Superior market fundamentals, including lower availability and higher rent growth
 - Strong demand generators (high population densities, near high volume distribution points)
 - Physical and regulatory constraints to new supply
 - Shrinking supply in certain submarkets

Focus on Functional Assets in Infill Locations

- Broad product opportunity set⁽¹⁾⁽²⁾
 - Warehouse / distribution (92.8%)
 - Flex (including light industrial and R&D) (5.7%)
 - Trans-shipment (1.5%)
- Functional and flexible assets
 - Generally suitable for multiple tenants
 - In proximity to transportation infrastructure
 - Caters to sub-market tenant demands including last mile distribution
- Multiple value creation opportunities
 - Emphasis on discount to replacement cost provides margin of safety
 - Opportunity for higher and better use over time

(1) Reflects Terreno portfolio composition based on square footage at March 31, 2017.

(2) Terreno also owns five improved land parcels totaling approximately 22.8 acres that are leased to six tenants. Such land is used for truck, trailer and container storage and/or car parking and may be redeveloped to higher and better use.



Recent Highlights

Financial Highlights

- Net Income available to common stockholders of \$0.10 per diluted share for the quarter ended March 31, 2017 compared to \$0.15 for the same period in 2016 and \$0.02 for the quarter ended December 31, 2016.
- Funds From Operations (FFO)⁽¹⁾ of \$0.29 per diluted share for the quarter ended March 31, 2017 compared to \$0.22 for the same period in 2016 and \$0.22 for the quarter ended December 31, 2016. FFO for the quarter ended March 31, 2017 increased as compared to the quarter ended December 31, 2016 primarily due to an increase in net operating income (NOI)⁽¹⁾ of approximately \$1.2 million related to increased occupancy, rental rate increases and recent acquisitions. In addition, FFO increased due to a decrease in performance share award⁽²⁾ expense of approximately \$1.8 million and decreased acquisition costs of approximately \$1.0 million.

Operating Highlights

- Cash-basis Same Store NOI⁽¹⁾ for the three months ended March 31, 2017 increased 23.8% as compared to the same period in 2016 due primarily to 860 bps of increased same store occupancy.
- Cash rents on new and renewed leases commencing during the three months ended March 31, 2017 increased approximately 15.4% on 0.5 million square feet.
- Total portfolio was 97.4% leased as of March 31, 2017 as compared to 97.4% at December 31, 2016 and 90.7% at March 31, 2016.
- The same store portfolio of approximately 10.7 million square feet, representing approximately 88.8% of our total square feet owned, was 99.0% leased at March 31, 2017 as compared to 98.9% at December 31, 2016 and 90.4% at March 31, 2016.

(1) This is a non-GAAP financial measure, please see our Reporting Definitions for further explanation.

(2) The Company estimates the fair value of the Performance Share Awards using a Monte Carlo simulation model on the date of grant and at each reporting period, which may vary substantially from period to period based upon our relative share price performance. The Performance Share Awards are recognized as compensation expense over the requisite performance period based on the fair value of the Performance Share Awards at the balance sheet date. Performance share award expense was approximately \$1.2 million and \$0.6 million for the three months ended March 31, 2017 and 2016, respectively.

Recent Highlights

Investment Highlights

Q1 2017 Acquisitions	\$14.9 million
YTD 2017 Acquisitions ⁽¹⁾	\$106.6 million
Acquisitions Under Contract ⁽²⁾	\$73.3 million
Acquisitions Under LOI ⁽²⁾	\$2.6 million

- Subsequent to March 31, 2017, disposed of one industrial property for an aggregate sales price of approximately \$25.3 million, generating an estimated unleveraged internal rate of return of 14.5%.

Capital Markets Activities

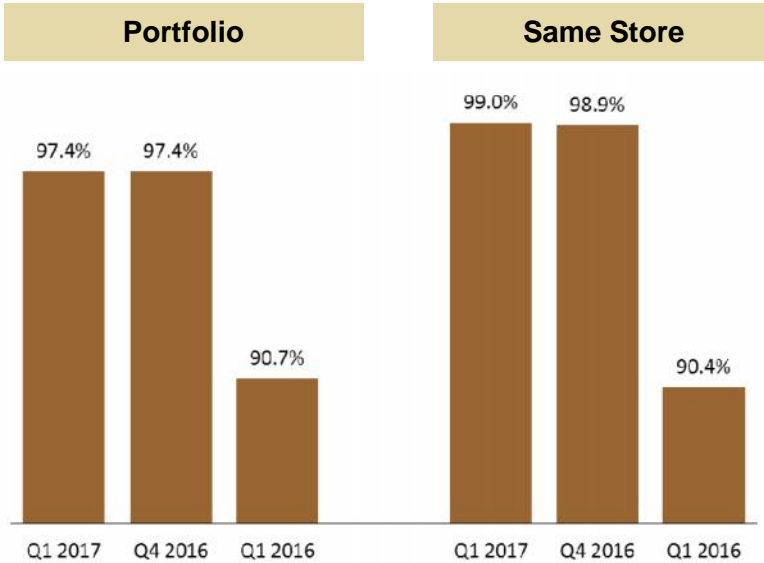
- Issued 2,047,100 shares of common stock under the ATM program during the first quarter with a weighted average offering price of \$27.36 per share, receiving gross proceeds of approximately \$56.0 million.

(1) Through June 6, 2017

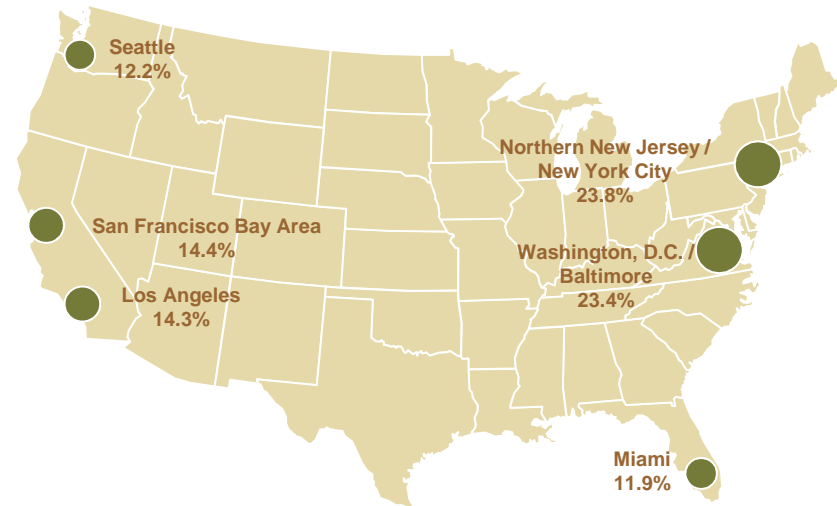
(2) As of June 6, 2017. There is no assurance that we will acquire the properties under contract or letter of intent because the proposed acquisitions are subject to the completion of satisfactory due diligence and various closing conditions and, in the case of the property under letter of intent, purchase and sale agreement.

Current Portfolio Overview

Occupancy



Six Major Coastal U.S. Markets⁽¹⁾



Key Metrics⁽²⁾

Square Feet	12.1 Million	Average Acquisition Size	\$12.2 million
Number of Buildings	168	Weighted Average Occupancy at Acquisition	81.4%
5 Improved Land Parcels	22.8 acres; 100.0% leased ⁽³⁾		

(1) Based on purchase price by market aggregating approximately 12.1 million square feet owned and five improved land parcels consisting of 22.8 acres at March 31, 2017.

6 (2) Properties owned as of March 31, 2017.

(3) As of March 31, 2017.

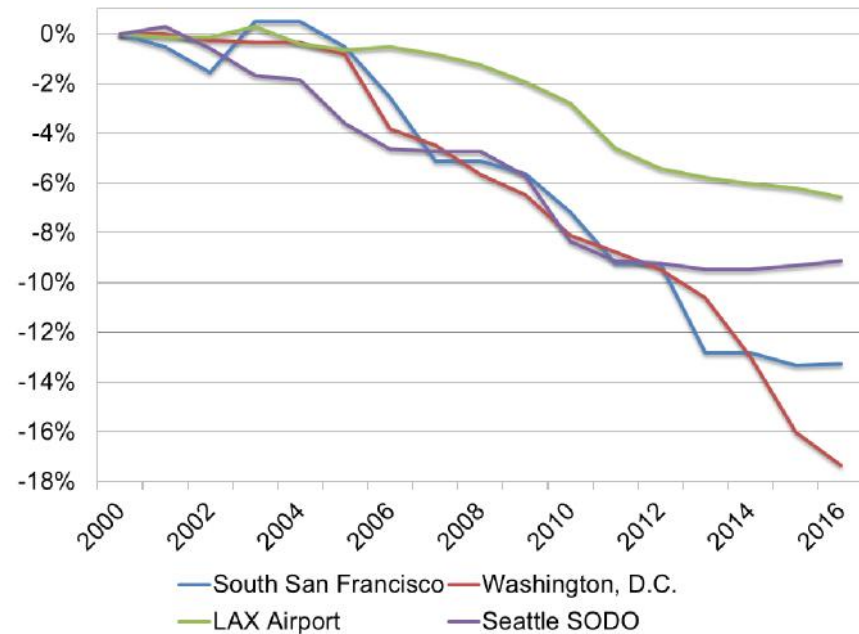


Terreno's Submarket Focus

Highly Focused Submarket Strategy

- 22% of portfolio located in **shrinking supply** submarkets ⁽¹⁾
 - Characterized by shrinking industrial supply. Offers opportunities to convert existing buildings into higher and better use over time. Super infill.
- 53% of portfolio in **no net new supply** submarkets ⁽¹⁾
 - Characterized by older existing industrial product. Offers opportunities to redevelop existing buildings into new, modern industrial buildings. Infill.
- 25% of portfolio in **new supply** submarkets ⁽¹⁾
 - Characterized by industrial buildings that will remain in their current state for the foreseeable future with previously undeveloped land available for industrial development. Greenfield.

Percentage Decrease in Industrial Supply Since 2000 ⁽²⁾ In Four Submarkets



Submarket	SF Decrease (Millions of SF)	Total SF Decrease Since 2000	Annual SF Decrease
Washington, D.C.	1.9	17.3%	1.1%
South San Francisco	2.6	13.3%	0.8%
Seattle SODO	2.1	9.1%	0.6%
LAX Airport	1.5	6.6%	0.4%

(1) Reflects Terreno portfolio composition based on geography and purchase price.
 (2) Data provided by Costar



Selected Recent Acquisitions

Lucile

Seattle, WA
February 3, 2017

- Purchase Price: \$7.8 million
- Estimated Stabilized Cap Rate: 6.0%
- Size: One industrial distribution building containing approximately 45,000 square feet on approximately 1.5 acres
- Occupancy: 100% leased to one tenant at acquisition on a short-term basis
- Location: In Georgetown submarket adjacent to Seattle's Port and SoDo district



Lynwood

Lynwood, CA
April 20, 2017

- Purchase Price: \$31.4 million
- Estimated Stabilized Cap Rate: 3.9%
- Size: Two industrial distribution buildings and one rail transshipment facility totaling approximately 477,000 square feet on 23 acres of improved land (\$31.4 per land SF)
- Occupancy: 100% ground leased on a long-term basis to two tenants
- Location: Adjacent to Interstate 105 and between Interstates 110 and 710 in the South Bay submarket of LA



West Side

North Bergen, NJ
April 20, 2017

- Purchase Price: \$14.0 million
- Estimated Stabilized Cap Rate: 5.3%
- Size: One industrial distribution building containing approximately 126,000 square feet on approximately 4.4 acres
- Occupancy: 100% leased to one tenant at acquisition
- Location: Adjacent to Exit 16E of the New Jersey Turnpike and approximately five miles from Manhattan



Selected Examples of Value Creation

- In addition to the acquisition and operation of core properties, Terreno also focuses on value add projects. Since its IPO, approximately half of Terreno's acquisitions have been value-add investments. Terreno has successfully stabilized 50 value add investments to date.

Strategy	Examples
Repositioning/ Redeveloping of Vacant Properties	<ul style="list-style-type: none"> South Main: The property consisted at acquisition of three industrial buildings acquired in 2012 containing approximately 186,000 square feet and one office building acquired in 2014 containing approximately 34,000 square feet on approximately 14.3 total acres. The three industrial buildings were demolished and replaced by a single new front-load industrial distribution building containing approximately 210,000 square feet. The office building was renovated. The expected redevelopment cost was approximately \$17.8 million. The estimated stabilized return on cost of the redeveloped property is 6.2% with a total investment of approximately \$39.3 million.
Vacant and Near Term Lease Expirations	<ul style="list-style-type: none"> V Street: The District of Columbia property was purchased 87% leased with approximately 31% of square footage expiring near-term. Executed 380,000 square feet of leases since acquisition with a weighted average new lease term of eight years and an average cash rent increase of 64%; 100% leased as of March 31, 2017. Kent 202: This approximately 158,000 square foot industrial property in Kent, WA was acquired in December 2015 and was 100% leased on a short-term basis. Renovated property and executed a 158,000 square foot lease with Amazon.com in September 2016.
Value Realized	<ul style="list-style-type: none"> Whittier: Terreno acquired a 100% leased industrial building in June 2012 for approximately \$16.1. In 2014 the building became vacant and Terreno relocated an existing Terreno tenant to 100% of the building. Terreno sold the property in April 2017 for approximately \$25.3 million and recognized an unleveraged internal rate of return of approximately 14.5%. The capital was recycled into new acquisitions.



Value Creation – Near Term Lease Expirations



- **Property:** V Street
- **Location:** Washington, D.C., one block from New York Avenue/Route 50
- **Size:** Six buildings, 820,000 SF on 28.2 acres
- **Acquisition Price:** \$115.5 million, \$140.9 PSF in January 2015
- **Estimated Stabilized Cap Rate at Acquisition:** 5.8%
- **Occupancy at acquisition:** 87% leased at acquisition with 31% of square footage expiring near-term
- **Leasing:** Renewed three tenants for 257,000 square feet and executed eight new leases for 123,000 square feet

Value Creation – Executed 380,000 square feet of leases with a weighted average new lease term of eight years, an average cash rent increase of 64% and increasing occupancy to 100%



Value Creation – Redevelopment

BEFORE



AFTER



- **Property:** South Main
- **Location:** Carson, CA
- **Acquisition size and price:** Three industrial buildings totaling 186,000 SF and one 34,000 SF office building on 14.3 acres acquired for \$21.3 million (\$34.53 per SF of land)
- **Occupancy:** Industrial buildings were purchased at a 0.3% in-place cap rate and subject to a ground lease until June 30, 2015 and the adjacent 34,000 square foot office building was 100% occupied on a short term basis
- **Redevelopment:** Demolish existing industrial buildings and construct a front-load industrial distribution building containing approximately 210,000 square feet and renovate the existing office building. The incremental development cost was approximately \$17.8 million for a total investment of \$39.3 million. The property was approximately 100% leased upon completion

Value Creation – Total investment of approximately \$39.3 million generating an estimated stabilized return on cost of 6.2%



Market Leading Corporate Structure

Management Alignment

- Executive Team's long-term incentive compensation fully aligned with stockholders; tied solely to three-year total stockholder return exceeding the MSCI U.S. REIT Index and FTSE NAREIT Equity Industrial Index
 - No annual cash bonus plan for CEO and President with their long-term incentive compensation paid solely in stock
- No stock options, SARs, dividend equivalent units or UPREIT units
- Significant senior management and board investment in common shares (approximately 3% of outstanding shares)

Corporate Governance

- Majority independent directors with diverse expertise serving annual terms; no classification of Board without shareholder approval ("MUTA opt-out")
- Adopted a majority voting standard in non-contested director elections
- Opted out of two Maryland anti-takeover provisions (no opt in without stockholder approval)
- Ownership limits designed to protect REIT status and not for the purpose of serving as an anti-takeover device
- No stockholder rights plan unless approved in advance by stockholders or if adopted, subject to termination if not ratified by stockholders within 12 months

Key Takeaways

- Focused strategy
 - Six major coastal US markets exclusively
 - Flexible and functional assets in infill locations
- Acquisition opportunities across our target markets at discounts to replacement cost
 - Ability to convert value-add investments into stabilized assets and realize value
 - Higher and better use opportunities over time
- Strong balance sheet including an investment grade credit rating
- Demonstrated value creation with eight assets sold for \$108 million earning a 14.5% unleveraged IRR
- Aligned management team and market leading corporate governance
 - CEO and President incentive compensation based solely on total shareholder return outperformance and EVPs' long-term incentive compensation based on total shareholder return performance
 - Executive management invested approximately \$11 million in common shares through the company's public offerings and open market purchases



Appendix

Appendix: Statements Of Operations

CONSOLIDATED STATEMENTS OF OPERATIONS

	<i>For the Three Months Ended March 31,</i>	
	<u>2017</u>	<u>2016</u>
REVENUES		
Rental revenues	\$ 24,467	\$ 19,998
Tenant expense reimbursements	6,974	5,659
Total revenues	<u>31,441</u>	<u>25,657</u>
COSTS AND EXPENSES		
Property operating expenses	8,547	7,754
Depreciation and amortization	9,184	8,262
General and administrative ⁽¹⁾	4,179	3,440
Acquisition costs	1	959
Total costs and expenses	<u>21,911</u>	<u>20,415</u>
OTHER INCOME (EXPENSE)		
Interest and other income	35	13
Interest expense, including amortization	(3,766)	(3,070)
Gain on sales of real estate investments	-	5,248
Total other income and expenses	<u>(3,731)</u>	<u>2,191</u>
Net income	5,799	7,433
Preferred stock dividends	(891)	(891)
Net income, net of preferred stock dividends	4,908	6,542
Allocation to participating securities	(34)	(58)
Net income available to common stockholders, net of preferred stock dividends	<u>\$ 4,874</u>	<u>\$ 6,484</u>
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:		
Net income available to common stockholders, net of preferred stock dividends	<u>\$ 0.10</u>	<u>0.15</u>
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
	<u>47,645,321</u>	<u>42,995,106</u>

(1) Includes non-cash compensation associated with the Company's Performance Share Awards. The Company estimates the fair value of the Performance Share Awards using a Monte Carlo simulation model on the date of grant and at each reporting period, which may vary substantially from period to period based upon our relative share price performance. The Performance Share Awards are recognized as compensation expense over the requisite performance period based on the fair value of the Performance Share Awards at the balance sheet date. Compensation expense related to the Performance Share awards was as follows:

	<i>For the Three Months Ended March 31,</i>	
	<u>2017</u>	<u>2016</u>
Performance share award expense	\$ 1,121	\$ 628



Appendix: Net Income, FFO and Adjusted FFO

NET INCOME, FFO AND ADJUSTED FFO ⁽¹⁾	For the Three Months Ended March 31,	
	2017	2016
Total revenues	\$ 31,441	\$ 25,657
Property operating expenses	(8,547)	(7,754)
Depreciation and amortization	(9,184)	(8,262)
General and administrative ⁽²⁾	(4,179)	(3,440)
Acquisition costs	(1)	(959)
Interest and other income	35	13
Interest expense, including amortization	(3,766)	(3,070)
Gain on sales of real estate investments	-	5,248
Net income	5,799	7,433
Preferred stock dividends	(891)	(891)
Net income, net of preferred stock dividends	\$ 4,908	\$ 6,542
Allocation to participating securities	(34)	(58)
Net income available to common stockholders, net of preferred stock dividends	\$ 4,874	\$ 6,484
Net income available to common stockholders per common share, net of preferred stock dividends	\$ 0.10	\$ 0.15
Adjustments to arrive at Funds from Operations:		
Gain on sales of real estate investments	-	(5,248)
Depreciation and amortization related to real estate	9,163	8,240
Allocation to participating securities	(109)	(86)
Funds from operations ⁽³⁾	\$ 13,962	\$ 9,448
Funds from operations per common share (basic and diluted)	\$ 0.29	\$ 0.22
Adjustments to arrive at Adjusted Funds From Operations:		
Acquisition costs	1	959
Stock-based compensation	1,525	1,011
Straight-line rents	(1,043)	(1,446)
Amortization of lease intangibles	(336)	(344)
Total capital expenditures	(5,986)	(5,495)
Capital expenditures related to stabilization ⁽⁴⁾	3,273	3,687
Adjusted funds from operations	\$ 11,396	\$ 7,820
Common stock dividends paid	\$ 9,483	\$ 7,796
Weighted average basic and diluted common shares	47,645,321	42,995,106

(1) See Reporting Definitions for further explanation.

(2) Includes non-cash compensation associated with the Company's Performance Share Awards. The Company estimates the fair value of the Performance Share Awards using a Monte Carlo simulation model on the date of grant and at each reporting period, which may vary substantially from period to period based upon our relative share price performance. The Performance Share Awards are recognized as compensation expense over the requisite performance period based on the fair value of the Performance Share Awards at the balance sheet date. Compensation expense related to the Performance Share awards was as follows:

	For the Three Months Ended March 31,	
	2017	2016
Performance share award expense	\$ 1,121	\$ 628

(3) Includes expensed acquisition costs of approximately \$1,000 and \$1.0 million for the three months ended March 31, 2017 and 2016, respectively.

(4) Capital expenditures related to stabilization includes costs incurred related to leasing acquired vacancy and renovation projects.



Appendix: Supplemental Components of NAV

	<i>For the Three Months Ended March 31, 2017</i>
COMPONENTS OF NET OPERATING INCOME⁽¹⁾	
Total revenues	\$ 31,441
Less straight-line rents	(1,043)
Less amortization of lease intangibles	(336)
Less property operating expenses	(8,547)
Net operating income	\$ 21,515

CONTRACTUAL RENT ABATEMENTS⁽²⁾ \$ 813

ADJUSTMENTS TO STABILIZE PORTFOLIO

BALANCE SHEET ITEMS

Other assets and liabilities	
Cash and cash equivalents	\$ 11,073
Other assets, net	29,075
Less straight-line rents	(18,326)
Dividends payable	(9,903)
Performance share awards payable	(6,230)
Accounts payable and other liabilities	(19,064)
Total other assets and liabilities	\$ (23,032)

DEBT AND PREFERRED STOCK

Credit facility	\$ (16,000)
Term loans payable	(150,000)
Senior unsecured notes	(150,000)
Mortgage loans payable	(66,446)
Total debt	\$ (382,446)
Preferred stock	(46,000)
Total debt and preferred stock	\$ (428,446)
Total shares outstanding	49,562,579

Q1 2017 Acquisitions

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
Acacia	January 25, 2017	\$ 7,103	4.9%	100%
637 S. Lucile	February 3, 2017	7,750	6.0%	100%
Total/Weighted Average		\$ 14,853	5.5%	100%

SUMMARY MARKET INFORMATION (Investments in Real Estate)

Market	Rentable Square Feet	Occupancy Percentage as of March 31, 2017	Annualized Base Rent (000's)	Annualized Base Rent Per Occupied Square Foot
Los Angeles	1,660,537	100.0%	\$ 13,832	\$ 8.33
Northern New Jersey/New York City	2,892,024	98.3%	22,776	8.02
San Francisco Bay Area	1,327,777	92.1%	12,948	10.58
Seattle	1,573,692	99.5%	10,856	6.93
Miami	1,877,237	94.7%	13,279	7.47
Washington, D.C./Baltimore	2,758,850	98.2%	22,289	8.23
Total/Weighted Average	12,090,117	97.4%	\$ 95,980	\$ 8.15

SUMMARY MARKET INFORMATION (Improved Land)

Market	Number of Parcels	Acreage	Occupancy Percentage as of March 31, 2017	Annualized Base Rent (000's)
Los Angeles	2	2.6	100.0%	\$ 447
Northern New Jersey/New York City	1	4.5	100.0%	649
San Francisco Bay Area	-	-	-	-
Seattle	-	-	-	-
Miami	1	2.3	100.0%	202
Washington, D.C./Baltimore	1	13.4	100.0%	720
Total/Weighted Average	5	22.8	100.0%	\$ 2,018

(1) See Reporting Definitions for further explanation.

(2) Represents contractual free rent given to tenants.

Appendix: Same Store and Disposition Results

SAME STORE GROWTH ⁽¹⁾	For the Three Months Ended March 31,			
	2017	2016	\$ Change	% Change
Net income	\$ 5,799	\$ 7,433	\$ (1,634)	(22.0)%
Depreciation and amortization from continuing operations	9,184	8,262	922	11.2%
General and administrative	4,179	3,440	739	21.5%
Acquisition costs	1	959	(958)	(99.9)%
Total other income and expenses	3,731	(2,191)	5,922	n/a
Net operating income	22,894	17,903	4,991	27.9%
Less non-same store NOI	(2,782)	(659)	(2,123)	322.2%
Same store NOI	\$ 20,112	\$ 17,244	\$ 2,868	16.6%
Less straight-line rents and amortization of lease intangibles	(955)	(1,764)	809	(45.9)%
Cash-basis same store NOI	\$ 19,157	\$ 15,480	\$ 3,677	23.8%

HISTORICAL SAME STORE RESULTS ^{(1) (2)}

	Full Year 2012	Full Year 2013	Full Year 2014	Full Year 2015	Full Year 2016	Q1 2017
Same store square feet	2,235,500	3,091,365	4,792,329	6,312,641	8,627,109	10,741,111
Occupancy %	93.0%	96.8%	97.1%	94.4%	99.0%	99.0%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	3.1%	8.6%	23.8%

Average cash-basis same store growth since IPO: 13.0%

HISTORICAL DISPOSITIONS

Property	Acquisition Date	Disposition Date	Acquisition Price	Disposition Price	Unleveraged IRR
Rialto	September 2010	November 2012	\$ 12,110	\$ 16,962	20.9%
Maltese	September 2010	December 2013	16,500	19,000	11.8%
Warm Springs	March 2010	June 2015	7,264	13,400	15.1%
Sweitzer	October 2012	November 2015	6,950	11,200	21.5%
Fortune Qume	March 2010	February 2016	5,550	8,200	11.3%
Global Plaza	March 2012	March 2016	6,100	8,200	13.2%
39th Street	August 2011	September 2016	4,400	6,097	12.1%
Whittier	June 2012	April 2017	16,100	25,300	14.5%
Total			\$ 74,974	\$ 108,359	14.5%

(1) Same Store NOI is computed as rental revenues, including tenant expense reimbursements, less property operating expenses on a same store basis. The same store pool includes all properties that were owned as of March 31, 2017 and since January 1, 2016 and excludes properties that were disposed of or held for sale to a third party or were under redevelopment. See Reporting Definitions for further explanation.

(2) Historical Same Store Results include cash-basis same store NOI growth %'s as reported in the Company's Form 10-Q and 10K's. Previously reported cash-basis same store NOI growth has not been adjusted for properties that were subsequently disposed or are held for sale to a third party.

Appendix: Capitalization

Maturity	Credit Facility	Term Loans	Senior Unsecured Notes	Mortgage Loans Payable	Total Debt
2017 (9 months)	\$ -	\$ -	\$ -	\$ 1,383	\$ 1,383
2018	-	-	-	1,910	1,910
2019	-	-	-	18,805	18,805
2020	16,000	-	-	33,077	49,077
2021	-	50,000	-	11,271	61,271
Thereafter	-	100,000	150,000	-	250,000
Subtotal	16,000	150,000	150,000	66,446	382,446
Unamortized net premiums	-	-	-	-	-
Total Debt	16,000	150,000	150,000	66,446	382,446
Deferred financing costs, net	-	(1,314)	(1,362)	(330)	(3,006)
Total Debt, net	\$ 16,000	\$ 148,686	\$ 148,638	\$ 66,116	\$ 379,440
Weighted Average Interest Rate	2.2%	2.1%	4.3%	4.0%	3.3%
Common Stock				2017	2016
Shares Outstanding as of March 31				49,562,579	43,460,616
Market Price as of March 31				\$ 28.00	\$ 23.45
Market Value				1,387,752	1,019,151
Preferred Stock (\$25.00 per share liquidation preference)				46,000	46,000
Total Equity				1,433,752	1,065,151
Total Market Capitalization				\$ 1,813,192	\$ 1,446,366
Total Debt-to-Total Investments in Properties				27.8%	31.6%
Total Debt-to-Total Market Capitalization				20.9%	26.4%
Total Debt and Preferred Stock-to-Total Market Capitalization				23.5%	29.5%
Floating Rate Debt as a % of Total Debt ⁽¹⁾				43.4%	53.5%
Adjusted EBITDA ⁽²⁾				\$ 20,275	\$ 15,487
Interest Coverage				5.4 x	5.0 x
Fixed Charge Coverage				4.4 x	3.7 x
Total Debt-to-Adjusted EBITDA ⁽²⁾				4.7 x	6.2 x
Total Debt and Preferred Stock-to-Adjusted EBITDA ⁽²⁾				5.2 x	6.9 x
Weighted Average Maturity of Total Debt (years)				5.8	5.2

(1) Floating rate debt includes our existing \$150.0 million of variable-rate term loan borrowings with LIBOR interest rate caps of 4.0%

(2) See Reporting Definitions for further explanation.

Appendix: Submarket Focus

Market	Shrinking Supply (1)	No Net New Supply (2)	New Supply (3)
Los Angeles	LAX West of 405	South Bay Commerce/Vernon Mid-Counties San Fernando Valley Orange County	Inland Empire West Inland Empire East
New York City/Northern New Jersey	Secaucus Bayonne Jersey City Teterboro	Meadowlands Newark/Elizabeth Fairfield Exit 12 JFK	Exit 8A Exit 10 / I 287
San Francisco Bay Area	Silicon Valley South SF	East Bay	Livermore
Miami	Central Dade	Airport/Doral Hialeah	Medley Airport North North Dade Miami Lakes
Seattle	South Seattle Tukwila	Kent SeaTac Renton	Auburn Sumner Fife Pullayup
Washington D.C./Baltimore	D.C. Inside the D.C. Beltway	Corridor Close in PG County Close in NOVA	Dulles
Percentage of Terreno's Portfolio ⁽⁴⁾	22%	53%	25%

(1) *Shrinking Supply: Characterized by shrinking industrial supply. Offers opportunities to convert existing buildings into higher and better use over time. Super infill.*

(2) *No Net New Supply: Characterized by older existing industrial product. Offers opportunities to redevelop existing buildings into new, modern industrial buildings. Infill.*

(3) *New Supply: Characterized by industrial buildings that will remain in their current state for the foreseeable future with previously undeveloped land available for industrial development. Greenfield.*

(4) *Reflects Terreno portfolio composition based on geography and purchase price.*



Appendix: Management and Board of Directors

Blake Baird <i>Chairman and CEO</i>	<ul style="list-style-type: none"> ▪ Co-founded Terreno Realty Corporation in 2007 ▪ Former President and Director of AMB Property Corporation (NYSE: AMB) ▪ Director of Matson, Inc. (NYSE: MATX) and Sunstone Hotel Investors, Inc. (NYSE: SHO)
Mike Coke <i>President</i>	<ul style="list-style-type: none"> ▪ Co-founded Terreno Realty Corporation in 2007 ▪ Former Chief Financial Officer and Executive Vice President of AMB ▪ Director of DuPont Fabros Technology, Inc. (NYSE: DFT)
Andy Burke <i>EVP</i>	<ul style="list-style-type: none"> ▪ Joined Terreno Realty Corporation in 2008 ▪ Former Vice President, Investment Officer of Perseus Realty Partners ▪ Former Transaction Officer at AMB
Jaime Cannon <i>EVP and CFO</i>	<ul style="list-style-type: none"> ▪ Joined Terreno Realty Corporation in 2010 ▪ Former Vice President, Treasury at AMB ▪ Former Audit Manager at PriceWaterhouseCoopers LLP
John Meyer <i>EVP</i>	<ul style="list-style-type: none"> ▪ Joined Terreno Realty Corporation in 2010 ▪ Former Senior Vice President, Director of Transactions, Southwest Region for AMB
Lee Carlson <i>Audit Chair</i>	<ul style="list-style-type: none"> ▪ Principal of NNC Apartment Ventures, LLC ▪ Former Executive Vice President, Chief Operating Officer, Chief Financial Officer and Board Member of BRE Properties (NYSE: BRE)
Peter Merlone <i>Compensation Chair</i>	<ul style="list-style-type: none"> ▪ Founder and Co-Managing Partner of Merlone Geier Partners & Merlone Geier Management ▪ Former founder and owner of The Merlone Company
Doug Pasquale <i>Lead Director</i>	<ul style="list-style-type: none"> ▪ Former President, Chief Executive Officer and Chairman of Nationwide Health Properties (formerly NYSE: NHP) ▪ Director of Alexander & Baldwin (NYSE: ALEX) and Sunstone Hotel Investors, Inc. (NYSE: SHO)
Dennis Polk – Nominating & Corporate Governance Chair	<ul style="list-style-type: none"> ▪ Chief Operating Officer and Director of SYNEX Corporation (NYSE: SNX) ▪ Former Senior Vice President and Chief Financial Officer of Savoir Technology Group

Appendix: Reporting Definitions

Adjusted EBITDA: We compute Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, gain on sales of real estate investments, acquisition costs and stock-based compensation. We believe that presenting Adjusted EBITDA provides useful information to investors regarding our operating performance because it is a measure of our operations on an unleveraged basis before the effects of tax, gain (loss) on sales of real estate investments, non-cash depreciation and amortization expense, acquisition costs and stock-based compensation. By excluding interest expense, Adjusted EBITDA allows investors to measure our operating performance independent of our capital structure and indebtedness and, therefore, allows for more meaningful comparison of our operating performance between quarters as well as annual periods and for the comparison of our operating performance to that of other companies, both in the real estate industry and in other industries. As we are currently in a growth phase, acquisition costs are excluded from Adjusted EBITDA to allow for the comparison of our operating performance to that of stabilized companies.

The following table reflects the calculation of Adjusted EBITDA reconciled from net income for the three months ended March 31, 2017 and 2016 (dollars in thousands):

	<i>For the Three Months Ended March 31,</i>			
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Net income	\$ 5,799	\$ 7,433	\$ (1,634)	(22.0)%
Gain on sales of real estate investments	-	(5,248)	5,248	n/a
Depreciation and amortization from continuing operations	9,184	8,262	922	11.2%
Interest expense, including amortization	3,766	3,070	696	22.7%
Loss on extinguishment of debt	-	-	-	n/a
Stock-based compensation	1,525	1,011	514	50.8%
Acquisition costs	1	959	(958)	(99.9)%
Adjusted EBITDA	<u>\$ 20,275</u>	<u>\$ 15,487</u>	<u>\$ 4,788</u>	<u>30.9%</u>

Appendix: Reporting Definitions

Adjusted Funds from Operations (AFFO): We compute AFFO by adding to or subtracting from FFO (see definition below) (i) acquisition costs (ii) stock-based compensation (iii) straight-line rents, (iii) amortization of above- and below-market lease intangibles and (iv) non-recurring capital expenditures required to stabilize acquired vacancy or renovation projects. We use AFFO as a meaningful supplemental measure of our operating performance because it captures trends in our portfolio operating results when compared year over year. We also believe that AFFO is a widely recognized supplemental measure of the performance of REITs and is used by investors as a basis to assess operating performance in comparison to other REITs. As a result, we believe that the use of AFFO, together with the required GAAP presentations, provide a more complete understanding of our operating performance.

Funds from Operations (FFO): We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts (“NAREIT”), which defines FFO as net income (loss) (determined in accordance with GAAP), excluding gains (losses) from sales of property and impairment write-downs of depreciable real estate, plus depreciation and amortization on real estate assets and after adjustments for unconsolidated partnerships and joint ventures (which are calculated to reflect FFO on the same basis). We believe that presenting FFO provides useful information to investors regarding our operating performance because it is a measure of our operations without regard to specified non-cash items, such as real estate depreciation and amortization and gain or loss on sale of assets.

We believe that FFO is a meaningful supplemental measure of our operating performance because historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting alone to be insufficient. As a result, we believe that the use of FFO, together with the required GAAP presentations, provide a more complete understanding of our operating performance.

Appendix: Reporting Definitions

Net Operating Income (NOI): We compute NOI as rental revenues, including tenant expense reimbursements, less property operating expenses. We compute same store NOI as rental revenues, including tenant expense reimbursements, less property operating expenses on a same store basis. NOI excludes depreciation, amortization, general and administrative expenses, acquisition costs and interest expense. We compute cash-basis same store NOI as same store NOI excluding straight-line rents and amortization of lease intangibles. The same store pool includes all properties that were owned as of March 31, 2017 and since January 1, 2016 and excludes properties that were either disposed of prior to, held for sale to a third party or in redevelopment as of March 31, 2017. As of March 31, 2017, the same store pool consisted of 144 buildings aggregating approximately 10.7 million square feet representing approximately 88.8% of our total square feet owned and three improved land parcels containing 4.9 acres. We believe that presenting NOI, same store NOI and cash-basis same store NOI provides useful information to investors regarding the operating performance of our properties because NOI excludes certain items that are not considered to be controllable in connection with the management of the property, such as depreciation, amortization, general and administrative expenses, acquisition costs and interest expense. By presenting same store NOI and cash-basis same store NOI, the operating results on a same store basis are directly comparable from period to period.

Stabilized Cap Rate: We compute estimated stabilized cap rates as annualized cash basis net operating income stabilized to market occupancy (generally 95%) divided by total acquisition cost. Total acquisition cost includes the initial purchase price, the effects of marking assumed debt to market, buyer's due diligence and closing costs, estimated near-term capital expenditures and leasing costs necessary to achieve stabilization.