

Terreno Realty Corporation

Q3 2017 Update

November 1, 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 (93.3%)
 - Flex (including light industrial and R&D) (5.3%)
 - Transshipment (1.4%)
- 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 September 30, 2017.

(2) Terreno also owns eight improved land parcels totaling approximately 41.6 acres that are 74.7% leased to eight 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 \$0.36 per diluted share for the quarter ended September 30, 2017 compared to \$0.05 for the same period in 2016 and \$0.29 for the quarter ended June 30, 2017.
- Funds From Operations (FFO)⁽¹⁾ of \$0.25 per diluted share for the quarter ended September 30, 2017 compared to \$0.20 for the same period in 2016 and \$0.27 for the quarter ended June 30, 2017. FFO for the quarter ended September 30, 2017 decreased as compared to the quarter ended June 30, 2017 primarily due to a \$1.8 million charge (\$0.03 per share) for the write-off of original issuance costs related to the redemption of preferred stock.

Operating Highlights

- Cash-basis Same Store NOI⁽¹⁾ for the three and nine months ended September 30, 2017 increased approximately 14.6% and 19.1%, respectively, as compared to the same periods in 2016 due primarily to leasing at the V Street, Interstate 130, Airgate, Kent 202 and 180 Manor properties.
- Cash rents on new and renewed leases commencing during the three and nine months ended September 30, 2017 increased approximately 14.7% and 12.5%, respectively on approximately 0.2 million and 1.2 million square feet, respectively.
- Total portfolio was 96.7% leased as of September 30, 2017 as compared to 96.9% at June 30, 2017 and 96.4% at September 30, 2016. Occupancy decreased from June 30, 2017 primarily due to the sale of two 100% leased properties aggregating approximately 448,000 square feet and approximately 41,000 square feet of acquired vacancy.
- The same store portfolio of approximately 10.2 million square feet, representing approximately 80.9% of our total square feet owned, was 97.5% leased at September 30, 2017 as compared to 98.0% at June 30, 2017 and 96.1% at September 30, 2016.

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



Recent Highlights

Investment Highlights

Q3 2017 Acquisitions	\$51.8 million
YTD 2017 Acquisitions ⁽¹⁾	\$207.5 million
Acquisitions Under Contract ⁽²⁾	\$104.2 million
Acquisitions Under LOI ⁽²⁾	\$47.3 million

- As of September 30, 2017, one property under contract to sell for a sale price of approximately \$11.5 million (net book value of approximately \$6.1 million)⁽²⁾
- Year-to-date through September 30, 2017, three properties sold for approximately \$65.8 million (net book value of approximately \$38.1 million)

Capital Markets Activities

- Issued 2,206,685 shares of common stock under the ATM program during the third quarter with a weighted average offering price of \$35.84 per share, receiving gross proceeds of approximately \$79.1 million. Year-to-date, issued 7,042,771 shares of common stock with a weighted average price of \$31.87 for gross proceeds of \$224.5 million.
- Redeemed all 1,840,000 outstanding shares of 7.75% Series A Cumulative Redeemable Preferred Stock⁽³⁾ on July 19, 2017 at a redemption price of \$25.00 per share.
- Issued \$100.0 million of senior unsecured notes with a seven-year term at a fixed annual interest rate of 3.75%.

(1) Through November 1, 2017

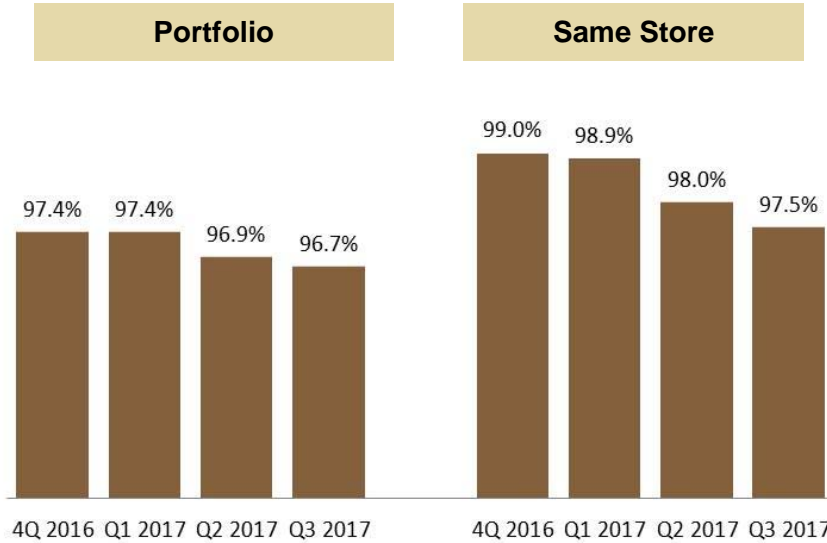
(2) As of November 1, 2017. There is no assurance that we will acquire or dispose of the properties under contract or letter of intent because the proposed acquisitions and dispositions are subject to the completion of satisfactory due diligence and various closing conditions and, in the case of the properties under letter of intent, entry into purchase and sale agreements.

5 (3) The Company recognized a charge of approximately \$1.8 million during the three months ended September 30, 2017 representing the write-off of original issuance costs related to the redemption of the Series A Cumulative Redeemable Preferred Stock.

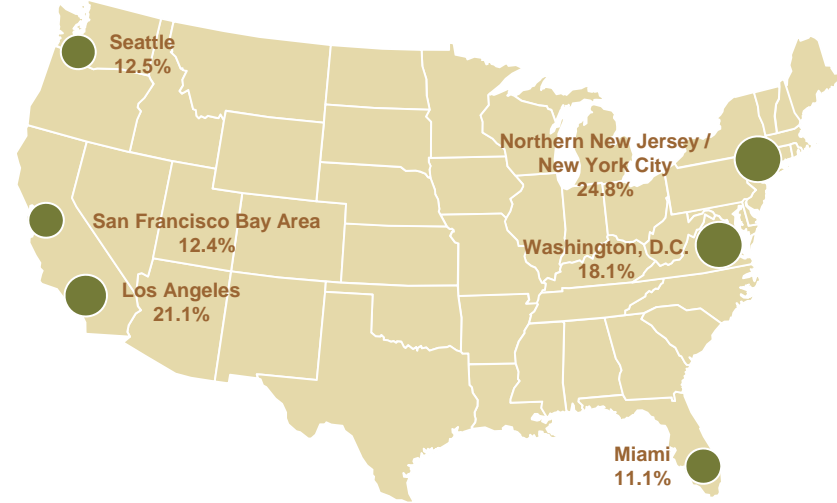


Current Portfolio Overview

Occupancy



Six Major Coastal U.S. Markets⁽¹⁾



Key Metrics⁽²⁾

Square Feet	12.5 Million	Average Acquisition Size	\$12.2 million
Number of Buildings	183	Weighted Average Occupancy at Acquisition	82.4%
8 Improved Land Parcels	41.6 acres; 74.7% leased		

(1) Based on purchase price by market aggregating approximately 12.5 million square feet owned and eight improved land parcels consisting of 41.6 acres at September 30, 2017.

6 (2) Properties owned as of September 30, 2017.

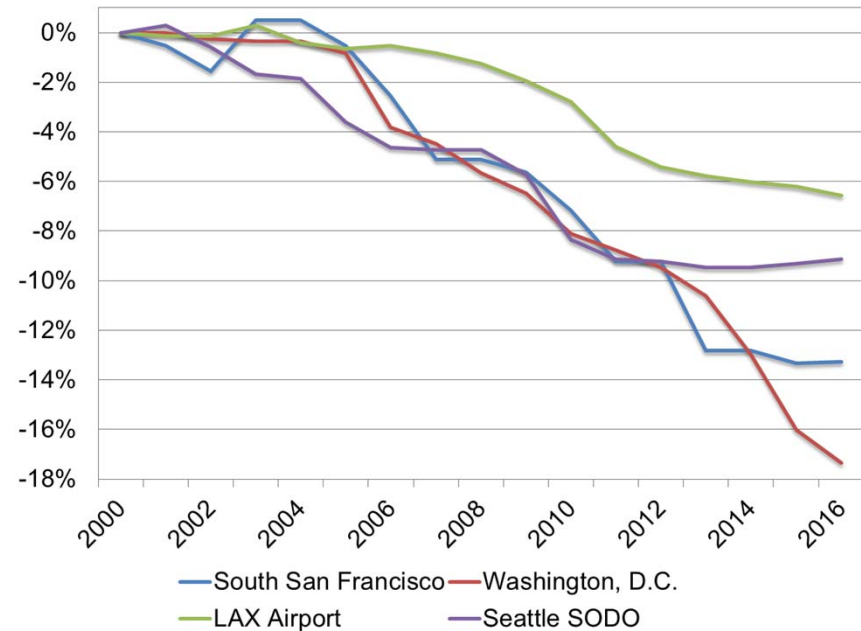


Terreno's Submarket Focus

Highly Focused Submarket Strategy

- 21% 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.
- 56% 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.
- 23% 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 Select 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

Dawson

Seattle, WA
July, 2017

- Purchase Price: \$4 million
- Estimated Stabilized Cap Rate: 2.8%
- Size: One industrial building containing approximately 13,000 square feet on 1.4 acres acquired at approximately \$64 per land foot
- Occupancy: 100% leased through February 2019
- Location: Within the SoDo district and two miles from downtown Seattle



NW 70th V

Miami, FL
October, 2017

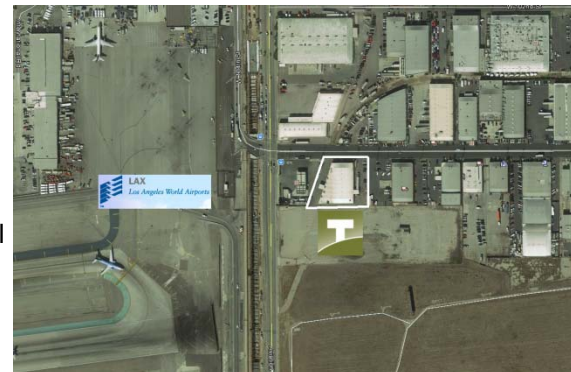
- Purchase Price: \$8.4 million
- Estimated Stabilized Cap Rate: 5.4%
- Size: One industrial distribution building containing approximately 59,000 square feet on 3.2 acres
- Occupancy: 100% leased on a short-term basis
- Location: Immediately adjacent to Miami International Airport



104th

Los Angeles, CA
October, 2017

- Purchase Price: \$4.8 million
- Estimated Stabilized Cap Rate: 4.5%
- Size: One industrial building containing approximately 20,000 square feet on 1.0 acres
- Occupancy: 100% leased
- Location: Immediately adjacent to Los Angeles International Airport



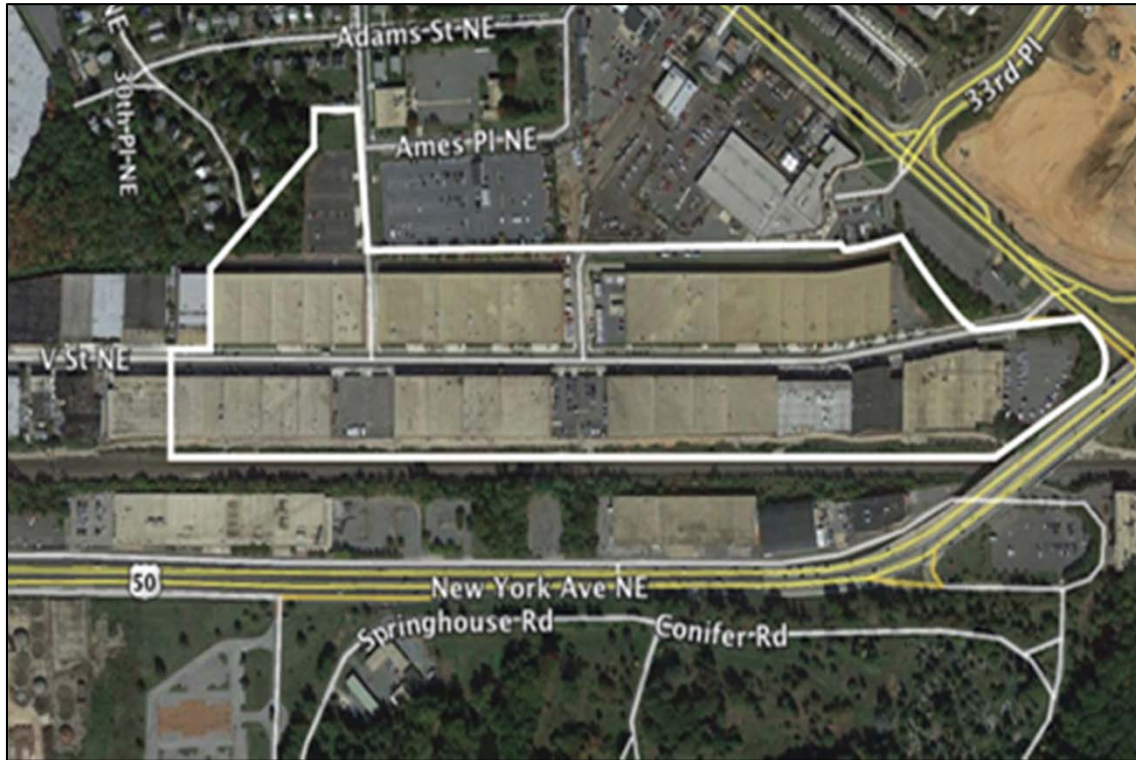
Selected Examples of Value Creation

- 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 57 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 in July 2015 and replaced by a single new front-load industrial distribution building containing approximately 210,000 square feet in September 2016. The office building was renovated. The 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. 180 Manor Rd: Acquired with a short-term leaseback in October 2015. The property was renovated with full re-paving, upgraded façade and office, upgraded dock doors and lighting. Renovation was completed nine months after acquisition and was fully leased in December 2016.
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 approximately 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 approximately 64%; 97.1% leased as of September 30, 2017.
Value Realized	<ul style="list-style-type: none"> Whittier: Terreno acquired a 100% leased industrial building in June 2012 for approximately \$16.1 million. 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 14.5%. The capital was recycled into a new acquisition.



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 97.1%



Value Creation – Renovation

BEFORE



AFTER



- **Property:** 180 Manor Road
- **Location:** East Rutherford, NJ
- **Size:** One building, 85,000 SF on 4.3 acres
- **Acquisition Price:** Acquired for \$9.3 million, \$110 PSF in October 2015
- **Renovation:** Acquired with a short-term leaseback. The property was renovated with full re-paving, upgraded façade and office, upgraded dock doors and lighting. Renovation was completed nine months after acquisition and was fully leased in December 2016.

Value Creation – Total investment of \$11.0 million generating an estimated stabilized cap rate of 6.1%



Value Creation – Redevelopment

BEFORE



- **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:** Demolished the existing industrial buildings in July 2015 and constructed a front-load industrial distribution building containing approximately 210,000 square feet. Renovated the existing office building. The redevelopment was completed in September 2016 and the incremental development cost was approximately \$17.8 million for a total investment of \$39.3 million. The property was 100% leased upon completion.

AFTER



Value Creation – Total investment of \$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 valued at \$49 million)

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 ten assets sold for approximately \$149 million earning a 14.4% 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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
REVENUES				
Rental revenues	\$ 26,452	\$ 21,288	\$ 76,629	\$ 61,801
Tenant expense reimbursements	7,188	5,816	21,230	16,777
Total revenues	33,640	27,104	97,859	78,578
COSTS AND EXPENSES				
Property operating expenses	9,023	7,288	26,022	22,144
Depreciation and amortization	9,595	8,872	27,855	25,214
General and administrative ⁽¹⁾	5,041	5,566	15,250	13,304
Acquisition costs	-	696	11	2,139
Total costs and expenses	23,659	22,422	69,138	62,801
OTHER INCOME (EXPENSE)				
Interest and other income	17	-	75	19
Interest expense, including amortization	(4,514)	(3,265)	(12,086)	(9,411)
Gain on sales of real estate investments	15,449	1,892	25,549	7,140
Total other income and expenses	10,952	(1,612)	13,538	(2,491)
Net income	20,933	3,070	42,259	13,286
Redemption of preferred stock	(1,767)	-	(1,767)	-
Preferred stock dividends	(178)	(891)	(1,961)	(2,674)
Net income, net of redemption of preferred stock and preferred stock dividends	18,988	2,179	38,531	10,612
Allocation to participating securities	(136)	(18)	(277)	(90)
Net income available to common stockholders, net of redemption of preferred stock and preferred stock dividends	\$ 18,852	\$ 2,161	\$ 38,254	\$ 10,522
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:				
Net income available to common stockholders, net of redemption of preferred stock and preferred stock dividends	\$ 0.36	0.05	\$ 0.76	\$ 0.24
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
	52,804,611	45,762,761	50,277,432	44,204,965

(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:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Performance share award expense	\$ 1,935	\$ 2,600	\$ 5,568	\$ 4,316



Appendix: Net Income, FFO and Adjusted FFO

NET INCOME, FFO AND ADJUSTED FFO ⁽¹⁾	For the Three Months Ended September		For the Nine Months Ended September	
	2017	2016	2017	2016
Total revenues	\$ 33,640	\$ 27,104	\$ 97,859	\$ 78,578
Property operating expenses	(9,023)	(7,288)	(26,022)	(22,144)
Depreciation and amortization	(9,595)	(8,872)	(27,855)	(25,214)
General and administrative ⁽²⁾	(5,041)	(5,566)	(15,250)	(13,304)
Acquisition costs	-	(696)	(11)	(2,139)
Interest and other income	17	-	75	19
Interest expense, including amortization	(4,514)	(3,265)	(12,086)	(9,411)
Gain on sales of real estate investments	15,449	1,892	25,549	7,140
Net income	20,933	3,070	42,259	13,286
Redemption of preferred stock	(1,767)	-	(1,767)	-
Preferred stock dividends	(178)	(891)	(1,961)	(2,674)
Net income, net of redemption of preferred stock and preferred stock divider	\$ 18,988	\$ 2,179	\$ 38,531	\$ 10,612
Allocation to participating securities	(136)	(18)	(277)	(90)
Net income available to common stockholders, net of redemption of preferred stock and preferred stock dividends	\$ 18,852	\$ 2,161	\$ 38,254	\$ 10,522
Net income available to common stockholders per common share, net of redemption of preferred stock and preferred stock dividends	\$ 0.36	\$ 0.05	\$ 0.76	\$ 0.24
Adjustments to arrive at Funds from Operations:				
Gain on sales of real estate investments	(15,449)	(1,892)	(25,549)	(7,140)
Depreciation and amortization related to real estate	9,565	8,850	27,777	25,149
Allocation to participating securities	(90)	(78)	(297)	(251)
Funds from operations ⁽³⁾	\$ 13,014	\$ 9,059	\$ 40,462	\$ 28,370
Funds from operations per common share (basic and diluted)	\$ 0.25	\$ 0.20	\$ 0.80	\$ 0.64
Adjustments to arrive at Adjusted Funds From Operations:				
Acquisition costs	-	696	11	2,139
Redemption of preferred stock	1,767	-	1,767	-
Stock-based compensation	2,411	3,037	7,261	5,970
Straight-line rents	(856)	(589)	(2,865)	(3,124)
Amortization of lease intangibles	(707)	(318)	(1,521)	(992)
Total capital expenditures	(5,953)	(15,321)	(18,567)	(36,652)
Capital expenditures related to stabilization ⁽⁴⁾	3,109	13,360	9,621	29,955
Adjusted funds from operations	\$ 12,785	\$ 9,924	\$ 36,169	\$ 25,666
Common stock dividends paid	\$ 10,473	\$ 8,291	\$ 29,861	\$ 23,900
Weighted average basic and diluted common shares	52,804,611	45,762,761	50,277,432	44,204,965

(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 September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Performance share award expense	\$ 1,935	\$ 2,600	\$ 5,568	\$ 4,316

(3) Includes expensed acquisition costs of approximately \$0 and \$0.7 million for the three months ended September 30, 2017 and 2016, respectively and \$11,000 and \$2.1 million for the nine months ended September 30, 2017 and 2016, respectively. Includes preferred redemption charge of approximately \$1.8 million for the three and nine months ended September 30, 2017, 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</i>	
COMPONENTS OF NET OPERATING INCOME⁽¹⁾	September 30, 2017	
Total revenues	\$	33,640
Less straight-line rents		(856)
Less amortization of lease intangibles		(707)
Less property operating expenses		(9,023)
Net operating income	\$	23,054
CONTRACTUAL RENT ABATEMENTS⁽²⁾	\$	675
NOI FROM DISPOSED PROPERTIES	\$	240
BALANCE SHEET ITEMS		
Other assets and liabilities		
Cash and cash equivalents	\$	109,058
Restricted cash		4,265
Other assets, net		27,079
Less straight-line rents		(19,168)
Security deposits		(10,494)
Dividends payable		(12,005)
Performance share awards payable		(10,677)
Accounts payable and other liabilities		(22,387)
Total other assets and liabilities	\$	55,177
DEBT AND PREFERRED STOCK		
Credit facility	\$	-
Term loans payable ⁽³⁾		(150,000)
Senior unsecured notes ⁽³⁾		(250,000)
Mortgage loans payable ⁽³⁾		(65,529)
Total debt	\$	(465,529)
Preferred stock ⁽⁴⁾		-
Total debt and preferred stock	\$	(465,529)
Total shares outstanding		54,569,238

(1) See Reporting Definitions for further explanation.

(2) Represents contractual free rent given to tenants.

(3) Excluding deferred financing costs.

(4) Redeemed as of July 19, 2017.

Q3 2017 Acquisitions

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
Telegraph	July 6, 2017	\$ 14,930	4.7%	100%
Dawson	July 7, 2017	4,000	2.8%	100%
Walnut	July 21, 2017	9,352	5.2%	100%
NW 70th IV	August 4, 2017	2,515	6.1%	100%
Kero Road	September 1, 2017	13,500	5.2%	100%
Hotchkiss	September 28, 2017	7,275	5.2%	0%
Total/Weighted Average		\$ 51,572	4.9%	86%

SUMMARY MARKET INFORMATION (Investments in Real Estate)

Market	Rentable Square Feet	Occupancy Percentage as of September 30, 2017	Annualized Base Rent (000's)	Annualized Base Rent Per Occupied Square Foot
Los Angeles	2,234,626	100.0%	\$ 16,349	\$ 7.32
Northern New Jersey/New York City	3,095,107	98.6%	25,517	8.36
San Francisco Bay Area	1,368,607	91.8%	13,781	10.97
Seattle	1,626,620	99.4%	11,789	7.29
Miami	1,890,549	96.0%	13,777	7.59
Washington, D.C.	2,332,961	92.7%	19,168	8.86
Total/Weighted Average	12,548,470	96.7%	\$ 100,381	\$ 8.27

SUMMARY MARKET INFORMATION (Improved Land)

Market	Number of Parcels	Acreage	Occupancy Percentage as of September 30, 2017	Annualized Base Rent (000's)
Los Angeles	2	2.6	100.0%	\$ 466
Northern New Jersey/New York City	4	23.3	54.8%	1,588
San Francisco Bay Area	-	-	-	-
Seattle	-	-	-	-
Miami	1	2.3	100.0%	202
Washington, D.C.	1	13.4	100.0%	720
Total/Weighted Average	8	41.6	74.7%	\$ 2,976



TERRENO

Appendix: Same Store and Disposition Results

SAME STORE GROWTH ⁽¹⁾	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change
Net income	\$ 20,933	\$ 3,070	\$ 17,863	581.9%	\$ 42,259	\$ 13,286	\$ 28,973	218.1%
Depreciation and amortization from continuing operations	9,595	8,872	723	8.1%	27,855	25,214	2,641	10.5%
General and administrative	5,041	5,566	(525)	(9.4)%	15,250	13,304	1,946	14.6%
Acquisition costs	-	696	(696)	n/a	11	2,139	(2,128)	(99.5)%
Total other income and expenses	(10,952)	1,612	(12,564)	n/a	(13,538)	2,491	(16,029)	n/a
Net operating income	24,617	19,816	4,801	24.2%	71,837	56,434	15,403	27.3%
Less non-same store NOI	(4,904)	(2,288)	(2,616)	114.3%	(12,648)	(5,098)	(7,550)	148.1%
Same store NOI	\$ 19,713	\$ 17,528	\$ 2,185	12.5%	\$ 59,189	\$ 51,336	\$ 7,853	15.3%
Less straight-line rents and amortization of lease intangibles	(387)	(660)	273	(41.4)%	(2,232)	(3,531)	1,299	(36.8)%
Cash-basis same store NOI	\$ 19,326	\$ 16,868	\$ 2,458	14.6%	\$ 56,957	\$ 47,805	\$ 9,152	19.1%

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

	Full Year 2012	Full Year 2013	Full Year 2014	Full Year 2015	Full Year 2016	Q1 2017	Q2 2017	Q3 2017
Same store square feet	2,235,500	3,091,365	4,792,329	6,312,641	8,627,109	10,741,111	10,293,556	10,155,471
Occupancy %	93.0%	96.8%	97.1%	94.4%	99.0%	99.0%	98.0%	97.5%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	3.1%	8.6%	23.8%	20.2%	14.6%

Average quarterly cash-basis same store growth since IPO: 13.4%

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%
Bollman	June 2011	August 2017	7,500	12,000	12.4%
Route 100	June 2013	August 2017	16,650	28,500	15.7%
Total			\$ 99,124	\$ 148,859	14.4%

- (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 September 30, 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 10-K's. Previously reported cash-basis same store NOI growth has not been adjusted for properties that were subsequently disposed of or are held for sale to a third party.

Appendix: Capitalization

Debt Summary

Maturity	Credit Facility	Term Loans	Senior Unsecured	Mortgage Loans Payable	Total Debt
2017 (3 months)	\$ -	\$ -	\$ -	\$ 466	\$ 466
2018	-	-	-	1,910	1,910
2019	-	-	-	18,805	18,805
2020	-	-	-	33,077	33,077
2021	-	50,000	-	11,271	61,271
Thereafter	-	100,000	250,000	-	350,000
Subtotal	-	150,000	250,000	65,529	465,529
Unamortized net premiums	-	-	-	-	-
Total Debt	-	150,000	250,000	65,529	465,529
Deferred financing costs, net	-	(1,173)	(2,120)	(265)	(3,558)
Total Debt, net	\$ -	\$ 148,827	\$ 247,880	\$ 65,264	\$ 461,971
Weighted Average Interest Rate	n/a	2.5%	4.1%	4.0%	3.6%
				As of	As of
				September 30,	September 30,
Total Debt, net				\$ 461,971	\$ 384,208
Common Stock					
Shares Outstanding				54,569,238	46,415,327
Market Price				\$ 36.18	\$ 27.51
Market Value				1,974,315	1,276,886
Preferred Stock (\$25.00 per share liquidation preference)				-	46,000
Total Equity				1,974,315	1,322,886
Total Market Capitalization				\$ 2,436,286	\$ 1,707,094
Total Debt-to-Total Investments in Properties				30.3%	29.8%
Total Debt-to-Total Market Capitalization				19.0%	22.5%
Total Debt and Preferred Stock-to-Total Market Capitalization				19.0%	25.2%
Floating Rate Debt as a % of Total Debt ⁽¹⁾				32.2%	43.9%
Unhedged Floating Rate Debt as a % of Total Debt ⁽²⁾				0.0%	5.2%
Mortgage Loans Payable as a % of Total Debt				14.1%	17.5%
Mortgage Loans Payable as a % of Total Investments in Properties				4.3%	5.2%
Adjusted EBITDA ⁽³⁾				\$ 63,923	\$ 49,119
Interest Coverage				5.3 x	5.2 x
Fixed Charge Coverage				4.6 x	3.9 x
Total Debt-to-Adjusted EBITDA ⁽³⁾				5.2 x	5.6 x
Total Debt and Preferred Stock-to-Adjusted EBITDA ⁽³⁾				5.2 x	6.2 x
Weighted Average Maturity of Total Debt (years)				5.7	6.2

(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) Excludes \$150.0 million of variable-rate term loan borrowings with LIBOR interest rate caps of 4.0%

(3) 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 Hawthorne	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.	D.C. Inside the D.C. Beltway	Corridor Close in PG County Close in NOVA	Dulles
Percentage of Terreno's Portfolio ⁽⁴⁾			
	21%	56%	23%

- (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

<p>Blake Baird <i>Chairman and CEO</i></p>	<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)
<p>Mike Coke <i>President</i></p>	<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 Digital Realty Trust, Inc. (NYSE: DLR)
<p>Andy Burke <i>EVP</i></p>	<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
<p>Jaime Cannon <i>EVP and CFO</i></p>	<ul style="list-style-type: none"> ▪ Joined Terreno Realty Corporation in 2010 ▪ Former Vice President, Treasury at AMB ▪ Former Audit Manager at PriceWaterhouseCoopers LLP
<p>John Meyer <i>EVP</i></p>	<ul style="list-style-type: none"> ▪ Joined Terreno Realty Corporation in 2010 ▪ Former Senior Vice President, Director of Transactions, Southwest Region for AMB
<p>Lee Carlson <i>Audit Chair</i></p>	<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)
<p>Peter Merlone <i>Compensation Chair</i></p>	<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
<p>Doug Pasquale <i>Lead Director</i></p>	<ul style="list-style-type: none"> ▪ Former President, Chief Executive Officer and Chairman of Nationwide Health Properties (formerly NYSE: NHP) ▪ Chairman of Sunstone Hotel Investors, Inc. (NYSE: SHO) ▪ Director of Alexander & Baldwin (NYSE: ALEX) and DineEquity, Inc. (NYSE: DIN)
<p>Dennis Polk – <i>Nominating & Corporate Governance Chair</i></p>	<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 and nine months ended September 30, 2017 and 2016 (dollars in thousands):

	<i>For the Three Months Ended September 30,</i>				<i>For the Nine Months Ended September 30,</i>			
	<i>2017</i>	<i>2016</i>	<i>\$ Change</i>	<i>% Change</i>	<i>2017</i>	<i>2016</i>	<i>\$ Change</i>	<i>% Change</i>
Net income	\$ 20,933	\$ 3,070	\$ 17,863	581.9%	\$ 42,259	\$ 13,286	\$ 28,973	218.1%
Gain on sales of real estate investments	(15,449)	(1,892)	(13,557)	716.5%	(25,549)	(7,140)	(18,409)	257.8%
Depreciation and amortization from continuing operations	9,595	8,872	723	8.1%	27,855	25,214	2,641	10.5%
Interest expense, including amortization	4,514	3,265	1,249	38.3%	12,086	9,411	2,675	28.4%
Loss on extinguishment of debt	-	239	(239)	n/a	-	239	(239)	n/a
Stock-based compensation	2,411	4,959	(2,548)	(51.4)%	7,261	5,970	1,291	21.6%
Acquisition costs	-	696	(696)	n/a	11	2,139	(2,128)	(99.5)%
Adjusted EBITDA	<u>\$ 22,004</u>	<u>\$ 10,209</u>	<u>\$ 2,795</u>	<u>14.6%</u>	<u>\$ 63,923</u>	<u>\$ 49,119</u>	<u>\$ 14,804</u>	<u>30.1%</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 September 30, 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 September 30, 2017. As of September 30, 2017, the same store pool consisted of 140 buildings aggregating approximately 10.2 million square feet representing approximately 80.9% 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.