Terreno Realty Corporation

Q2 2015 Update

August 5, 2015

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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, 2014, 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.

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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 ground up 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

Focus on Functional Assets in Infill Locations

- Broad product opportunity set(1)(2)
  - Warehouse / distribution (91.4%)
  - Flex (including light industrial and R&D) (7.0%)
  - Trans-shipment (1.6%)
- Functional and flexible assets
  - Generally suitable for multiple tenants
  - In proximity to transportation infrastructure
  - Caters to sub-market tenant demands
- Multiple value creation opportunities
  - Emphasis on discount to replacement cost to provide for margin of safety
  - Opportunity for higher and better use over time

(1) Reflects Terreno portfolio composition based on square footage at June 30, 2015.
(2) Terreno also owns two improved land parcels totaling approximately 3.5 acres that are leased to two tenants. Such land is used for truck, trailer and container storage and/or car parking.

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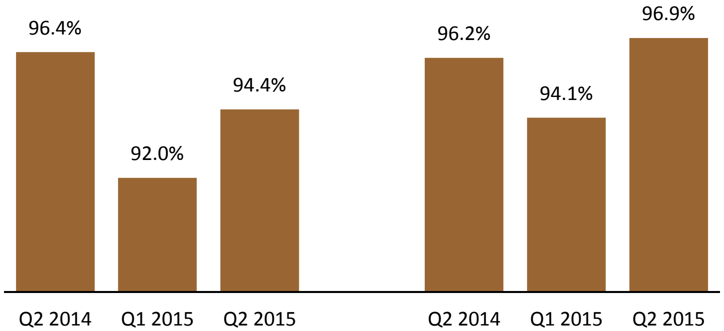
Recent Highlights

Occupancy

Portfolio | **Same Store**



Investment Activities

- Year-to-date through August 5, 2015, closed approximately $178.2 million of acquisitions comprising approximately 1.5 million square feet
- As of August 5, 2015, $46.6 million of acquisitions were under contract and $17.1 million were under letter of intent(1)
- Sold one property located in the San Francisco Bay Area for a sale price of approximately $13.4 million, recording a gain of approximately $6.3 million and generating an unleveraged IRR of approximately 15.1%
- Announced redevelopment and 74% pre-lease of the South Main property with a total expected investment of approximately $38.0 million and an estimated stabilized cap rate of 6.1%

Operating and Capital Markets Highlights

- Cash-basis same store NOI growth was 5.0% for the quarter ended June 30, 2015
- Cash rent changes on approximately 1.4 million square feet of new and renewed leases increased approximately +6.8% for the six months ended June 30, 2015(2)
- Received credit rating of BBB- with a stable outlook from Fitch Ratings
- Issued 136,600 shares under the ATM program at a weighted average offering price of $22.85, receiving net proceeds of approximately $3.1 million

(1) 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 properties under letter of intent, purchase and sale agreements.

(2) Cash rent change is calculated as the difference, weighted by square feet, of the net base rent due the first month of the new lease term and the net base rent due the last month of the former lease term. If free rent is given, then the first positive full rent value is used. Rental amounts exclude base stop amounts and holdover rent. The calculation excludes month-to-month, former or current lease terms of less than 12 months and circumstances where there is no prior lease for comparison.

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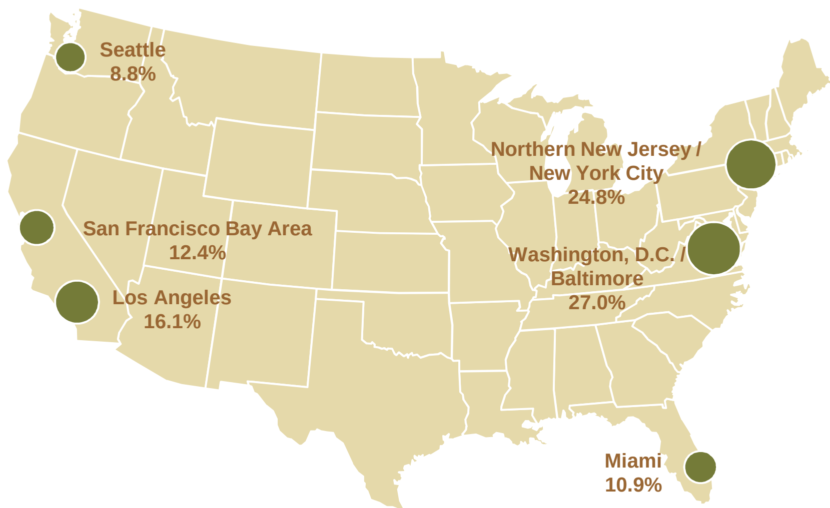
Current Portfolio Overview

Key Metrics[(1)]

Square Feet	10.5 million
Number of Buildings	137
Total Investments in Properties	$1.1 billion
Average Acquisition Size	$12.8 million
Weighted Average Occupancy at Acquisition	80.3%
Occupancy as of June 30, 2015	94.4%

Current Portfolio by Geography [(2)]



(1) *Properties owned as of June 30, 2015*
(2) *Based on purchase price by market aggregating approximately 10.5 million square feet owned at June 30, 2015*

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Selected Recent Acquisitions

V Street

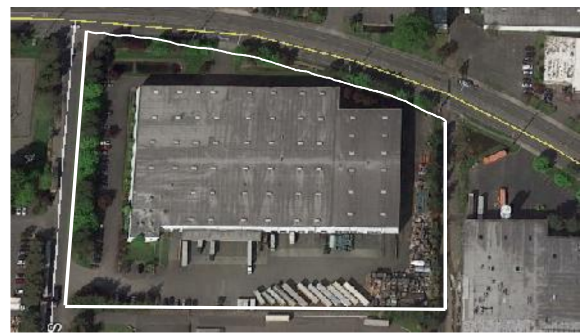
Washington, D.C.
January 29, 2015

- Purchase Price: $115.5 million
- Estimated Stabilized Cap Rate: 5.8%
- Size: Six industrial buildings, 820,000 square feet on approximately 18.9 acres making Terreno the largest industrial owner in D.C.
- Occupancy: 87% leased to 22 tenants at acquisition
- Location: One block from New York Avenue/Route 50 in the northeastern section of the District of Columbia

Kent 190th

Kent, WA
April 16, 2015

- Purchase Price: $11.2 million
- Estimated Stabilized Cap Rate: 5.2%
- Size: One industrial building, 115,000 square feet on approximately 6.3 acres
- Occupancy: 100% leased to two tenants at acquisition
- Location: Adjacent to Highway 167 in the Kent Valley



Kent Corporate Park

Kent, WA
July 2, 2015

- Purchase Price: $12.3 million
- Estimated Stabilized Cap Rate: 6.2%
- Size: Four industrial buildings, 138,000 square feet on approximately 7.6 acres
- Occupancy: 94% leased to 13 tenants at acquisition
- Location: Adjacent to Highway 167 in the Kent Valley

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Selected Examples of Value Creation

- In addition to the acquisition and operation of core properties, Terreno has successfully stabilized 29 of 42 value-added investments to date. Since its IPO, approximately half of Terreno's acquisitions have been value-add investments

Strategy	Examples
Repositioning of Vacant Properties	▪ 240 Littlefield: A vacant 85,000 square foot building was acquired and substantially renovated by removing approximately 15,500 square feet of building and adding 11 dock-high loading positions and trailer storage creating a 69,500 square foot rear-load distribution facility. In May 2014, Terreno executed a long term lease with a leading national airline catering company upon redevelopment completion. ▪ 78^{th} Avenue: A 75,000 square foot property in Miami's Airport West submarket, which previously had not been leased for over 5 years as it required substantial renovation. Terreno renovated the property including reconfiguring the office and upgrading the overall condition of the exterior, warehouse and truck court. In May 2013, Terreno executed a long term lease with a packaging and printing company.
Vacant and Near Term Lease Expirations	▪ Hart: The Rahway, NJ property was purchased 52% occupied in October 2014 and was 100% leased as of June 30, 2015. ▪ Las Hermanas: Acquired this Compton, CA property in June 2014 via a short-term sale-leaseback with the warehouse tenant expiring in three months. In August 2014, executed a long term lease with a tenant for the entire warehouse.
Value Realized	▪ Rialto: The San Bernardino trans-shipment property was acquired for approximately \$12.1 million in September 2010. After the tenant restructured its debt and renegotiated its labor contracts, Terreno realized value by selling the property for approximately \$17.0 million in November 2012 and recycled the capital into new acquisitions. ▪ Warm Springs: Terreno acquired two 50% leased Fremont, CA distribution buildings in March 2010 for approximately \$7.3 million. Terreno realized value by leasing the vacancy and selling the property for approximately \$13.4 million and recycled the capital into new acquisitions.

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Value Creation – Warm Springs

- **Location:** Fremont, CA
- **Size:** Two buildings, 141,000 SF
- **Acquisition Price:** $7.3 million, $52 PSF
- **Sale Price:** $13.4 million, $95 PSF
- **Occupancy:** 50% occupied at acquisition
- **Gain on Sale:** $6.3 million, 15.1% unleveraged IRR

Value Creation – Two buildings acquired with 50% occupancy in Fremont, CA in March 2010; disposed of buildings in June 2015 for a sale price of approximately $13.4 million generating an estimated unleveraged internal rate of return of approximately 15.1%

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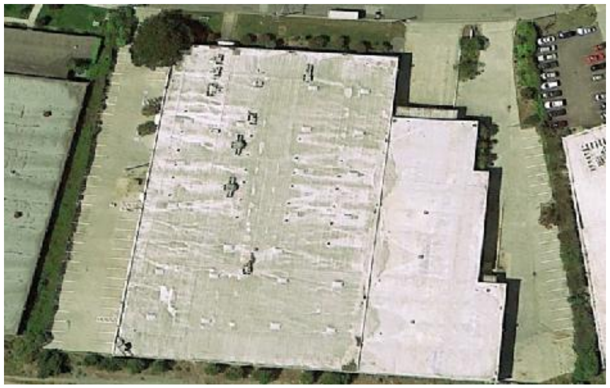
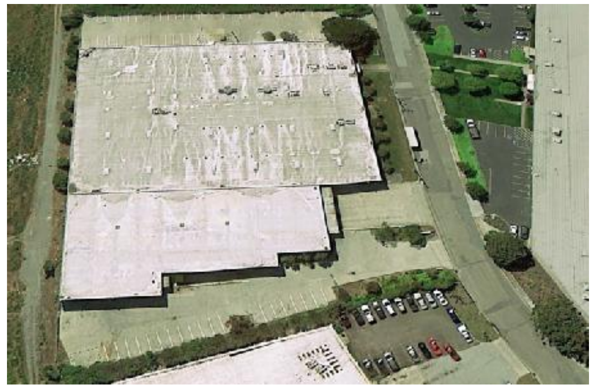
Value Creation – 240 Littlefield

BEFORE





AFTER

- **Location:** South San Francisco, CA
- **Size:** One building, 69,500 SF
- **Acquisition Price:** $8.4 million, $114 PSF
- **Occupancy:** Vacant at acquisition; lease executed during approximate $2.6 million redevelopment
- **Redevelopment:** Removed 15,500 square feet and added 11 dock-loading positions and trailer storage

Value Creation – Excessive coverage building acquired vacant. Executed a 15-year lease for 100% of the building, immediately after redevelopment completion

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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 2% of outstanding shares)

Corporate Governance

- Majority independent directors with diverse expertise serving annual terms
- 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 intended unless approved in advance by stockholders or if adopted, subject to termination if not ratified by stockholders within 12 months

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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
- Strong balance sheet
- Aligned management team and market leading corporate governance
  - CEO and President incentive compensation based solely on total shareholder return outperformance and CFO and other senior officers' 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

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Appendix: Statements Of Operations

CONSOLIDATED STATEMENTS OF OPERATIONS	For the Three Months Ended June 30, 2015	For the Three Months Ended June 30, 2014	For the Six Months Ended June 30, 2015	For the Six Months Ended June 30, 2014
REVENUES				
Rental revenues	$ 19,444	$ 13,184	$ 37,251	$ 25,255
Tenant expense reimbursements	4,793	3,426	10,117	7,159
Total revenues	24,237	16,610	47,368	32,414
COSTS AND EXPENSES				
Property operating expenses	6,197	4,394	13,327	9,216
Depreciation and amortization	8,229	4,763	15,855	9,129
General and administrative (1)	3,089	2,462	6,924	4,818
Acquisition costs	214	611	3,432	1,493
Total costs and expenses	17,729	12,230	39,538	24,656
OTHER INCOME (EXPENSE)				
Interest and other income (expense)	4	2	11	(3)
Interest expense, including amortization	(2,159)	(1,661)	(4,333)	(3,249)
Gain on sales of real estate investments	6,319	-	6,319	-
Total other income and expenses	4,164	(1,659)	1,997	(3,252)
Net income	10,672	2,721	9,827	4,506
Preferred stock dividends	(891)	(891)	(1,783)	(1,783)
Net income, net of preferred stock dividends	9,781	1,830	8,044	2,723
Allocation to participating securities	(28)	(7)	(22)	(12)
Net income available to common stockholders, net of preferred stock dividends	$ 9,753	$ 1,823	$ 8,022	$ 2,711
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:				
Net income available to common stockholders, net of preferred stock dividends	$ 0.23	$ 0.06	$ 0.19	$ 0.10
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	42,898,126	28,419,154	42,815,423	26,644,814

(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. 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 June 30, 2015	For the Three Months Ended June 30, 2014	For the Six Months Ended June 30, 2015	For the Six Months Ended June 30, 2014
Performance share award expense	$ 535	$ 248	$ 1,940	$ 531

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Appendix: Supplemental Components of NAV

COMPONENTS OF NET OPERATING INCOME	*For the Three Months Ended June 30, 2015*
Total revenues	$ 24,237
Less straight-line rents	(876)
Less amortization of lease intangibles	(636)
Less property operating expenses	(6,197)
Net operating income	$ 16,528
CONTRACTUAL RENT ABATEMENTS [(1)]	$ 748
ADJUSTMENTS TO STABILIZE PORTFOLIO	
BALANCE SHEET ITEMS	
Other assets and liabilities	
Cash and cash equivalents	$ 26,690
Restricted cash	5,357
Other assets, net	17,463
Less straight-line rents	(11,186)
Security deposits	(6,857)
Dividends payable	(6,885)
Accounts payable and other liabilities	(11,957)
Total other assets and liabilities	$ 12,625
DEBT AND PREFERRED STOCK	
Credit facility	$ -
Term loans payable	(200,000)
Mortgage loans payable	(93,740)
Total debt	$ (293,740)
Preferred stock	$ (46,000)
Total debt and preferred stock	$ (339,740)
Total shares outstanding	43,028,129

Q2 2015 Acquisitions

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
Kent 190th	April 16, 2015	$ 11,150	5.2%	100%
Olympic	April 23, 2015	3,200	5.0%	100%
Total/Weighted Average		$ 14,350	5.2%	100%

SUMMARY MARKET INFORMATION (Investments in Real Estate)

Market	Rentable Square Feet	Occupancy Percentage as of June 30, 2015	Annualized Base Rent (000's)	Annualized Base Rent Per Occupied Square Foot
Los Angeles [(2)]	1,568,571	99.5%	$ 11,061	$ 7.09
Northern New Jersey/New York City	2,608,563	90.6%	19,022	8.05
San Francisco Bay Area	968,179	99.9%	9,875	10.21
Seattle	1,054,414	97.4%	6,216	6.05
Miami	1,529,317	98.4%	10,914	7.25
Washington, D.C./Baltimore	2,731,978	89.9%	17,873	7.28
Total/Weighted Average	10,461,022	94.4%	$ 74,961	$ 7.59

SUMMARY MARKET INFORMATION (Improved Land)

Market	Number of Parcels	Acreage	Occupancy Percentage as of June 30, 2015	Annualized Base Rent (000's)
Los Angeles	1	1.2	100.0%	$ 146
Northern New Jersey/New York City	-	-	-	-
San Francisco Bay Area	-	-	-	-
Seattle	-	-	-	-
Miami	1	2.3	100.0%	202
Washington, D.C./Baltimore	-	-	-	-
Total/Weighted Average	2	3.5	100.0%	348

(1) Represents contractual free rent given to tenants

(2) Includes the South Main property that is subject to a ground lease until June 30, 2015 that was acquired for a purchase price of $12.8 million and an actual cap rate of approximately 0.3%. This property and the adjacent South Main II asset will be redeveloped beginning in Q3 2015 and are expected to generate an estimated stabilized cap rate of approximately 6.1% with a total expected investment of approximately $38.0 million. The incremental development cost of the redevelopment is approximately $16.4 million and is approximately 74% pre-leased as of August 5, 2015.

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Appendix: Net Income, FFO and Adjusted FFO

NET INCOME, FFO AND ADJUSTED FFO	For the Three Months Ended June 30, 2015	2014	For the Six Months Ended June 30, 2015	2014
Total revenues	$ 24,237	$ 16,610	$ 47,368	$ 32,414
Property operating expenses	(6,197)	(4,394)	(13,327)	(9,216)
Depreciation and amortization	(8,229)	(4,763)	(15,855)	(9,129)
General and administrative	(3,089)	(2,462)	(6,924)	(4,818)
Acquisition costs	(214)	(611)	(3,432)	(1,493)
Interest and other income (expense)	4	2	11	(3)
Interest expense, including amortization	(2,159)	(1,661)	(4,333)	(3,249)
Gain on sales of real estate investments	6,319	-	6,319	-
Net income	**10,672**	**2,721**	**9,827**	**4,506**
Preferred stock dividends	(891)	(891)	(1,783)	(1,783)
Net income, net of preferred stock dividends	**$ 9,781**	**$ 1,830**	**$ 8,044**	**$ 2,723**
Allocation to participating securities	(28)	(7)	(22)	(12)
Net income available to common stockholders, net of preferred stock dividends	**$ 9,753**	**$ 1,823**	**$ 8,022**	**$ 2,711**
Net income available to common stockholders per common share, net of preferred stock dividends	**$ 0.23**	**$ 0.06**	**$ 0.19**	**$ 0.10**
Adjustments to arrive at Funds from Operations:				
Gain on sales of real estate investments	(6,319)	-	(6,319)	-
Depreciation and amortization related to real estate	8,201	4,739	15,800	9,082
Allocation to participating securities	(33)	(33)	(51)	(66)
Funds from operations [1]	**$ 11,630**	**$ 6,536**	**$ 17,474**	**$ 11,739**
Funds from operations per common share (basic and diluted)	**$ 0.27**	**$ 0.23**	**$ 0.41**	**$ 0.44**
Adjustments to arrive at Adjusted Funds From Operations:				
Acquisition costs	214	611	3,432	1,493
Stock-based compensation	1,041	827	2,682	1,352
Straight-line rents	(876)	(715)	(2,184)	(1,168)
Amortization of lease intangibles	(636)	(261)	(1,217)	(489)
Total capital expenditures	(3,800)	(4,676)	(8,410)	(7,984)
Capital expenditures related to stabilization [2]	1,583	3,641	3,339	6,026
Adjusted funds from operations	**$ 9,156**	**$ 5,963**	**$ 15,116**	**$ 10,969**
Common stock dividends paid	**$ 6,872**	**$ 3,254**	**$ 13,731**	**$ 6,503**
Weighted average basic and diluted common shares	**42,898,126**	**28,419,154**	**42,815,423**	**26,644,814**

(1) Includes expensed acquisition costs of $0.2 million and $0.6 million for the three months ended June 30, 2015 and 2014, respectively and $3.4 million and $1.5 million for the six months ended June 30, 2015 and 2014, respectively
(2) Capital expenditures related to stabilization includes costs incurred related to leasing acquired vacancy and renovation projects

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Appendix: Same Store and Disposition Results

SAME STORE GROWTH [1]	For the Three Months Ended June 30, 2015	2014	$ Change	% Change	For the Six Months Ended June 30, 2015	2014	$ Change	% Change
Net income	$ 10,672	$ 2,721	$ 7,951	292.2%	$ 9,827	$ 4,506	$ 5,321	118.1%
Depreciation and amortization from continuing operations	8,229	4,763	3,466	72.8%	15,855	9,129	6,726	73.7%
General and administrative	3,089	2,462	627	25.5%	6,924	4,818	2,106	43.7%
Acquisition costs	214	611	(397)	(65.0)%	3,432	1,493	1,939	129.9%
Total other income and expenses	(4,164)	1,659	(5,823)	n/a	(1,997)	3,252	(5,249)	n/a
Net operating income	18,040	12,216	5,824	47.7%	34,041	23,198	10,843	46.7%
Less non-same store NOI	(6,818)	(1,418)	(5,400)	380.8%	(12,226)	(1,914)	(10,312)	538.8%
Same store NOI	$ 11,222	$ 10,798	$ 424	3.9%	$ 21,815	$ 21,284	$ 531	2.5%
Less straight-line rents and amortization of lease intangibles	(885)	(951)	66	(6.9)%	(2,041)	(1,625)	(416)	25.6%
Cash-basis same store NOI	$ 10,337	$ 9,847	$ 490	5.0%	$ 19,774	$ 19,659	$ 115	0.6%

HISTORICAL SAME STORE RESULTS [1] [2]	Full Year 2012	Full Year 2013	Full Year 2014	Q1 2015	Q2 2015
Same store square feet	2,235,500	3,091,365	4,792,329	6,570,157	6,570,157
Occupancy %	93.0%	96.8%	97.1%	94.1%	96.9%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	-4.1%	5.0%
Average cash-basis same store growth since IPO:			14.6%		

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	11.6%
Warm Springs	March 2010	June 2015	7,264	13,400	15.1%
		Total	$ 35,874	$ 49,362	15.1%

(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 June 30, 2015 and since January 2014 and excludes properties that were either disposed of or held for sale to a third party

(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

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