Terreno Realty Corporation

Q3 2016 Update

November 2, 2016

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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, 2015, 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	Focus on Functional Assets in Infill Locations

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
    - Shrinking supply in certain submarkets

Focus on Functional Assets in Infill Locations

- Broad product opportunity set(1)(2)
  - Warehouse / distribution (92.7%)
  - Flex (including light industrial and R&D) (5.7%)
  - Trans-shipment (1.6%)
- 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 to provide for margin of safety
  - Opportunity for higher and better use over time

(1) Reflects Terreno portfolio composition based on square footage at September 30, 2016.
(2) Terreno also owns four improved land parcels totaling approximately 21.4 acres that are leased to four tenants. Such land is used for truck, trailer and container storage and/or car parking.

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Recent Highlights

Financial Highlights

- Net Income available to common stockholders of $0.05 per diluted share for the quarter ended September 30, 2016 compared to $0.08 for the same period in 2015 and $0.04 for the quarter ended June 30, 2016.
- Funds From Operations (FFO)[1] of $0.20 per diluted share for the quarter ended September 30, 2016 compared to $0.26 for the same period in 2015 and $0.22 for the quarter ended June 30, 2016. FFO[1] for the quarter ended September 30, 2016 decreased as compared to the quarter ended June 30, 2016 primarily due to an increase in performance share award[2] expense of approximately $1.5 million, loss on extinguishment of debt of $0.2 million and offset by an increase in net operating income (NOI)[1] of approximately $1.1 million.

Operating Highlights

- Cash-basis Same Store NOI[1] increased 7.6% in the third quarter compared to the same quarter in 2015 due primarily to increased same store occupancy at September 30, 2016 of 97.9% as compared to 92.0% as of September 30, 2015.
- Cash rents on new and renewed leases commencing during the three and nine months ended September 30, 2016 increased approximately 20.9% and 13.2% on 0.5 million square feet and 1.3 million square feet, respectively.
- Total portfolio was 96.4% leased as of September 30, 2016 compared to 92.7% at June 30, 2016 and 90.2% at September 30, 2015.
- The same store portfolio of approximately 8.6 million square feet, representing approximately 73.9% of our total square feet owned, was 97.9% leased at September 30, 2016 as compared to 95.1% at June 30, 2016 and 92.0% at September 30, 2015.
- Commenced a 221,000 square lease in South Brunswick, New Jersey and a 158,000 square foot lease in Kent, Washington.

(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.

Recent Highlights

Investment Highlights

Q3 2016 Acquisitions	$36.5 million
YTD 2016 Acquisitions (1)	$105.1 million
Acquisitions Under Contract (2)	$101.9 million

- Completed the redevelopment of South Main in Carson, CA totaling approximately 244,000 square feet and 100% leased to two tenants. The total cost was approximately $39.3 million with an estimated stabilized cap rate of 6.2%.
- Sold one industrial property for approximately $6.1 million, generating an approximate 12.1% unleveraged internal rate of return.

Capital Markets Activities

- Issued 361,351 shares of common stock under the ATM program during the third quarter with a weighted average offering price of $27.44 per share, receiving gross proceeds of approximately $9.9 million; year-to-date through September 30, 2016, issued 2,990,959 shares of common stock with a weighted average offering price of $24.64, receiving gross proceeds of approximately $73.7 million.
- Completed the private placement of $50 million 10-year senior unsecured notes that bear interest at 3.99%.
- Closed a $350 million amended and restated credit facility which increased the revolving credit facility from $100 million to $200 million, extended maturities and reduced interest rates.

(1) Through November 1, 2016.
(2) There is no assurance that we will acquire the properties under contract because the proposed acquisitions are subject to the completion of satisfactory due diligence and various closing conditions.

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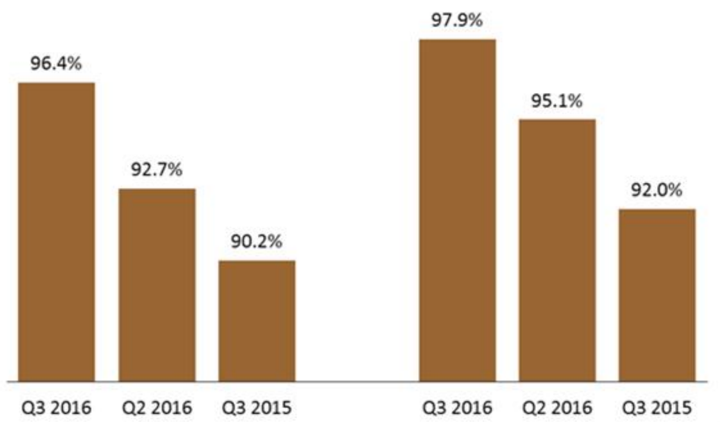
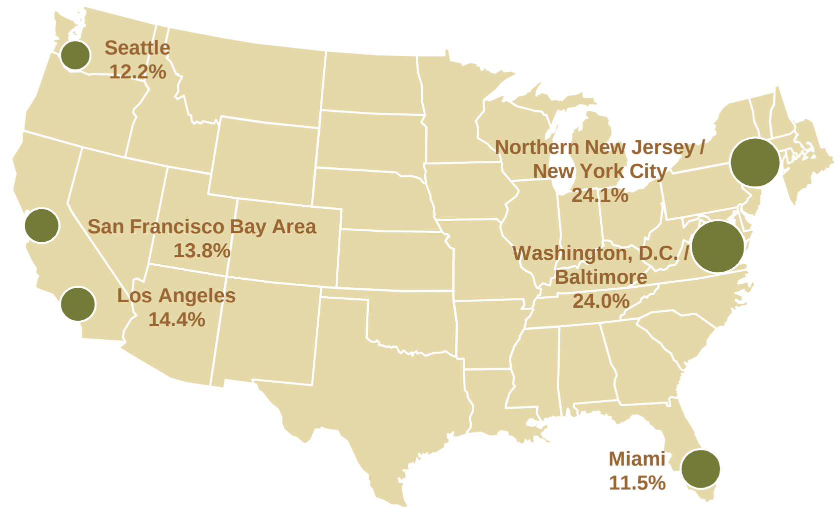
Current Portfolio Overview

Occupancy

Portfolio | **Same Store**



Current Portfolio by Geography (1)



Key Metrics(2)

Square Feet	11.7 Million	**Average Acquisition Size**	$12.6 million
Number of Buildings	159	**Weighted Average Occupancy at Acquisition**	81.2%

(1) Based on purchase price by market aggregating approximately 11.7 million square feet owned at September 30, 2016.
(2) Properties owned as of September 30, 2016.

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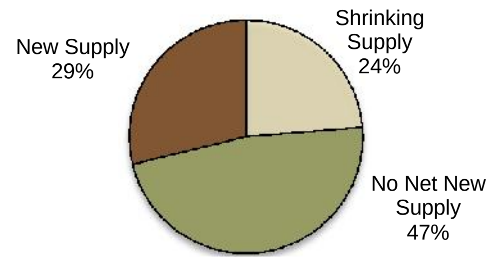
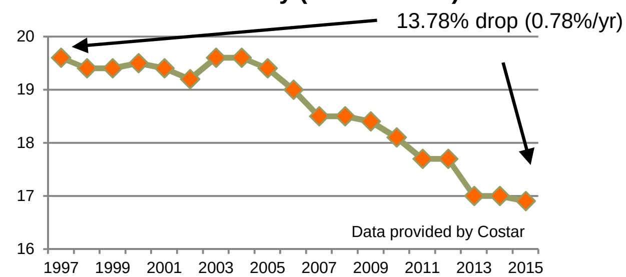
Terreno's Submarket Focus

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

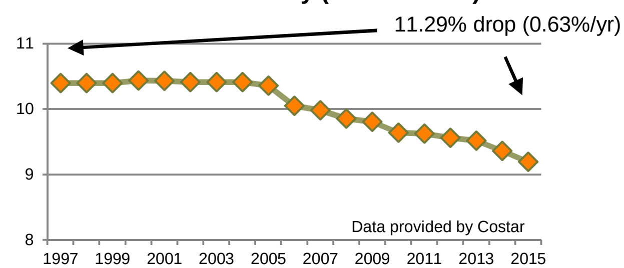
Terreno Portfolio (4)



South San Francisco
Industrial Inventory (million of SF)



Washington, D.C.
Industrial Inventory (million of SF)



(1) Shrinking Supply: Characterized by shrinking industrial supply and opportunities to convert existing industrial buildings into a higher and better use.
(2) No Net New Supply: Characterized by older existing B & C product industrial buildings with opportunities to redevelop into modern, more functional industrial buildings with very little land available for industrial development. Some change of use evident.
(3) New Supply: Characterized by industrial buildings that will remain in their current state for the foreseeable future with land available for industrial development.
(4) Reflects Terreno portfolio composition based on geography and purchase price.

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Selected Recent Acquisitions

Hampton Overlook

Capitol Heights, MD
August 4, 2016

- Purchase Price: $14.1 million
- Estimated Stabilized Cap Rate: 6.9%
- Size: Two industrial distribution buildings and one light industrial flex building containing approximately 135,000 square feet on 12.1 acres
- Occupancy: 81% leased to nine tenants at acquisition
- Location: Inside the Capital Beltway (I-95) at MD State Route 214

709 Hindry

Inglewood, CA
September 19, 2016

- Purchase Price: $5.2 million
- Estimated Stabilized Cap Rate: 3.5%
- Size: One industrial distribution building containing approximately 22,000 square feet on 0.9 acres
- Occupancy: 100% leased to one tenant at acquisition
- Location: West of Interstate 405 and adjacent to Los Angeles International Airport

West 140th

San Leandro, CA
October 20, 2016

- Purchase Price: $15.9 million
- Estimated Stabilized Cap Rate: 5.2%
- Size: Two industrial distribution buildings containing approximately 100,000 square feet on 8.2 acres, including three acres of excess improved yard
- Occupancy: 100% vacant at acquisition
- Location: West of Interstate 880 and approximately three miles south of Oakland International Airport

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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 42 value add investments to date.

Strategy	Examples
Repositioning/ Redeveloping of Vacant Properties	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 approximately 6.2% with a total expected investment of approximately $39.3 million.
Vacant and Near Term Lease Expirations	Kent Corporate Park: This approximately 138,000 square foot industrial property in Kent, WA was acquired in July 2015 and was 94% leased with near-term lease roll. Approximately 57,000 square feet of new and renewal leasing was completed and this property was 100% leased as of December 31, 2015.
Value Realized	Fortune/Qume: Terreno acquired a 100% leased property with near-term lease roll in March 2010 for approximately $5.6 million. Terreno sold the property in February 2016 for approximately $8.2 million and recognized an estimated unleveraged internal rate of return of approximately 11.3%. The capital was recycled into new acquisitions. Global Plaza: Terreno acquired one 100% leased Sterling, VA industrial building in March 2012 out of bankruptcy for approximately $6.1 million. Terreno sold the property in March 2016 for approximately $8.2 million and recognized an estimated unleveraged internal rate of return of approximately 13.2%. The capital was recycled into new acquisitions.

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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
- **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 expected investment of $39.3 million. The property was approximately 100% leased upon completion

Value Creation – Total expected investment of approximately $39.3 million expected to generate an estimated stabilized return on cost of 6.2%

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Value Creation – Capital Recycling

- **Property:** Sweitzer
- **Location:** Laurel, MD
- **Size:** One building, 85,000 SF on 6.9 acres
- **Acquisition Price:** $7.0 million, $82 PSF ($23 per land SF) in October 2012
- **Sale Price:** $11.2 million, $132 PSF ($37 per land SF)
- **Occupancy:** 100% leased but unoccupied at acquisition
- **Disposition:** Sold to adjacent user to expand trailer and employee parking
- **Unleveraged IRR:** 21.5%

Value Creation – Disposed of building in November 2015 for a sale price of $11.2 million generating an estimated unleveraged internal rate of return of 21.5%

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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 3% 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
  - Higher and better use opportunities over time
- Strong balance sheet including an investment grade credit rating
- 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

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Appendix

Appendix: Statements Of Operations

CONSOLIDATED STATEMENTS OF OPERATIONS	For the Three Months Ended September 30, 2016	For the Three Months Ended September 30, 2015	For the Nine Months Ended September 30, 2016	For the Nine Months Ended September 30, 2015
REVENUES				
Rental revenues	$ 21,288	$ 19,337	$ 61,801	$ 56,588
Tenant expense reimbursements	5,816	4,990	16,777	15,107
Total revenues	27,104	24,327	78,578	71,695
COSTS AND EXPENSES				
Property operating expenses	7,288	6,405	22,144	19,732
Depreciation and amortization	8,872	8,106	25,214	23,961
General and administrative (1)	5,566	3,175	13,304	10,099
Acquisition costs	696	219	2,139	3,651
Total costs and expenses	22,422	17,905	62,801	57,443
OTHER INCOME (EXPENSE)				
Interest and other income	-	3	19	14
Interest expense, including amortization	(3,265)	(2,211)	(9,411)	(6,544)
Loss on extinguishment of debt	(239)	-	(239)	-
Gain on sales of real estate investments	1,892	-	7,140	6,319
Total other income and expenses	(1,612)	(2,208)	(2,491)	(211)
Net income	3,070	4,214	13,286	14,041
Preferred stock dividends	(891)	(891)	(2,674)	(2,674)
Net income, net of preferred stock dividends	2,179	3,323	10,612	11,367
Allocation to participating securities	(18)	(39)	(90)	(63)
Net income available to common stockholders, net of preferred stock dividends	$ 2,161	$ 3,284	$ 10,522	$ 11,304
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:				
Net income available to common stockholders, net of preferred stock dividends	$ 0.05	$ 0.08	$ 0.24	$ 0.26
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	45,762,761	42,906,222	44,204,965	42,846,022

(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, 2016	For the Three Months Ended September 30, 2015	For the Nine Months Ended September 30, 2016	For the Nine Months Ended September 30, 2015
Performance share award expense	$ 2,600	$ 516	$ 4,316	$ 2,456

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Appendix: Net Income, FFO and Adjusted FFO

NET INCOME, FFO AND ADJUSTED FFO[1]	For the Three Months Ended September 30, 2016	2015	For the Nine Months Ended September 30, 2016	2015
Total revenues	$ 27,104	$ 24,327	$ 78,578	$ 71,695
Property operating expenses	(7,288)	(6,405)	(22,144)	(19,732)
Depreciation and amortization	(8,872)	(8,106)	(25,214)	(23,961)
General and administrative	(5,566)	(3,175)	(13,304)	(10,099)
Acquisition costs	(696)	(219)	(2,139)	(3,651)
Interest and other income	-	3	19	14
Interest expense, including amortization	(3,265)	(2,211)	(9,411)	(6,544)
Loss on extinguishment of debt	(239)	-	(239)	-
Gain on sales of real estate investments	1,892	-	7,140	6,319
Net income	**3,070**	**4,214**	**13,286**	**14,041**
Preferred stock dividends	(891)	(891)	(2,674)	(2,674)
Net income, net of preferred stock dividends	**$ 2,179**	**$ 3,323**	**$ 10,612**	**$ 11,367**
Allocation to participating securities	(18)	(39)	(90)	(63)
Net income available to common stockholders, net of preferred stock dividends	**$ 2,161**	**$ 3,284**	**$ 10,522**	**$ 11,304**
Net income available to common stockholders per common share, net of preferred stock dividends	**$ 0.05**	**$ 0.08**	**$ 0.24**	**$ 0.26**
Adjustments to arrive at Funds from Operations:				
Gain on sales of real estate investments	(1,892)	-	(7,140)	(6,319)
Depreciation and amortization related to real estate	8,850	8,082	25,149	23,882
Allocation to participating securities	(78)	(96)	(251)	(140)
Funds from operations [2]	**$ 9,059**	**$ 11,309**	**$ 28,370**	**$ 28,790**
Funds from operations per common share (basic and diluted)	**$ 0.20**	**$ 0.26**	**$ 0.64**	**$ 0.67**
Adjustments to arrive at Adjusted Funds From Operations:				
Acquisition costs	696	219	2,139	3,651
Stock-based compensation	3,037	889	5,970	3,571
Straight-line rents	(589)	(944)	(3,124)	(3,128)
Amortization of lease intangibles	(318)	(369)	(992)	(1,586)
Total capital expenditures	(15,321)	(6,209)	(36,652)	(14,619)
Capital expenditures related to stabilization [3]	13,360	3,135	29,955	6,474
Adjusted funds from operations	**$ 9,924**	**$ 8,030**	**$ 25,666**	**$ 23,153**
Common stock dividends paid	**$ 8,291**	**$ 7,244**	**$ 23,900**	**$ 20,615**
Weighted average basic and diluted common shares	**45,762,761**	**42,906,222**	**44,204,965**	**42,846,022**

(1) See Reporting Definitions for further explanation.

(2) Includes expensed acquisition costs of approximately $0.7 million and $0.2 million for the three months ended September 30, 2016 and 2015, respectively and $2.1 million and $3.7 million for the nine months ended September 30, 2016 and 2015, respectively.

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

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Appendix: Supplemental Components of NAV

COMPONENTS OF NET OPERATING INCOME[1]		*For the Three Months Ended September 30, 2016*
Total revenues	$	27,104
Less straight-line rents		(589)
Less amortization of lease intangibles		(318)
Less property operating expenses		(7,288)
Net operating income	$	18,909
CONTRACTUAL RENT ABATEMENTS [1]	$	524
ADJUSTMENTS TO STABILIZE PORTFOLIO		
BALANCE SHEET ITEMS		
Other assets and liabilities		
Cash and cash equivalents	$	10,919
Restricted cash		3,550
Other assets, net		25,243
Less straight-line rents		(15,667)
Security deposits		(8,757)
Dividends payable		(9,283)
Accounts payable and other liabilities		(30,603)
Total other assets and liabilities	$	(24,598)
DEBT AND PREFERRED STOCK		
Credit facility	$	(20,000)
Term loans payable		(150,000)
Senior unsecured notes		(150,000)
Mortgage loans payable		(67,509)
Total debt	$	(387,509)
Preferred stock		(46,000)
Total debt and preferred stock	$	(433,509)
Total shares outstanding		46,415,327

Q3 2016 Acquisitions

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
New Ridge	July 12, 2016	$ 8,200	7.9%	100%
Hampton Overlook	August 4, 2016	14,104	6.9%	81%
Schoolhouse	September 1, 2016	9,072	5.5%	100%
709 Hindry	September 19, 2016	5,150	3.6%	100%
Total/Weighted Average		$ 36,526	6.3%	93%

SUMMARY MARKET INFORMATION (Investments in Real Estate)

Market	Rentable Square Feet	Occupancy Percentage as of September 30, 2016	Annualized Base Rent (000's)	Annualized Base Rent Per Occupied Square Foot
Los Angeles	1,614,761	94.0%	$ 12,833	$ 8.45
Northern New Jersey/New York City	2,836,068	95.7%	20,964	7.72
San Francisco Bay Area	1,227,283	99.4%	12,647	10.36
Seattle	1,526,648	96.6%	9,672	6.56
Miami	1,757,622	97.5%	12,192	7.11
Washington, D.C./Baltimore	2,716,713	96.3%	20,320	7.77
Total/Weighted Average	11,679,095	96.4%	$ 88,628	$ 7.87

SUMMARY MARKET INFORMATION (Improved Land)

Market	Number of Parcels	Acreage	Occupancy Percentage as of September 30, 2016	Annualized Base Rent (000's)
Los Angeles	1	1.2	100.0%	$ 150
Northern New Jersey/New York City	1	4.5	100.0%	425
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	4	21.4	100.0%	$ 1,497

(1) See Reporting Definitions for further explanation.
(2) Represents contractual free rent given to tenants.

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Appendix: Same Store and Disposition Results

SAME STORE GROWTH [1]	For the Three Months Ended September 30, 2016	2015	$ Change	% Change	For the Nine Months Ended September 30, 2016	2015	$ Change	% Change
Net income	$ 3,070	$ 4,214	$ (1,144)	(27.1)%	$ 13,286	$ 14,041	$ (755)	(5.4)%
Depreciation and amortization from continuing operations	8,872	8,106	766	9.4%	25,214	23,961	1,253	5.2%
General and administrative	5,566	3,175	2,391	75.3%	13,304	10,099	3,205	31.7%
Acquisition costs	696	219	477	217.8%	2,139	3,651	(1,512)	(41.4)%
Total other income and expenses	1,612	2,208	(596)	(27.0)%	2,491	211	2,280	1080.6%
Net operating income	19,816	17,922	1,894	10.6%	56,434	51,963	4,471	8.6%
Less non-same store NOI	(4,859)	(3,362)	(1,497)	44.5%	(12,241)	(9,494)	(2,747)	28.9%
Same store NOI	$ 14,957	$ 14,560	$ 397	2.7%	$ 44,193	$ 42,469	$ 1,724	4.1%
Less straight-line rents and amortization of lease intangibles	(350)	(987)	637	(64.5)%	(1,938)	(3,260)	1,322	(40.6)%
Cash-basis same store NOI	$ 14,607	$ 13,573	$ 1,034	7.6%	$ 42,255	$ 39,209	$ 3,046	7.8%

HISTORICAL SAME STORE RESULTS [1] [2]

	Full Year 2012	*Full Year 2013*	*Full Year 2014*	*Full Year 2015*	*Q1 2016*	*Q2 2016*	*Q3 2016*
Same store square feet	2,235,500	3,091,365	4,792,329	6,312,641	8,667,109	8,627,109	8,627,109
Occupancy %	93.0%	96.8%	97.1%	94.4%	92.2%	95.1%	97.9%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	3.1%	11.5%	4.5%	7.6%

Average cash-basis same store growth since IPO: 12.6%

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	11.8%
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%
		Total	$ 58,874	$ 83,059	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 September 30, 2016 and since January 2015 and excludes properties that were disposed of or held for sale to a third party or are 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.

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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.

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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, 2016 and since January 1, 2015 and excludes properties that were either disposed of prior to, held for sale to a third party or in redevelopment as of September 30, 2016. As of September 30, 2016, the same store pool consisted of 116 buildings aggregating approximately 8.6 million square feet representing approximately 73.8% of our total square feet owned and two improved land parcels containing 3.5 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.

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