Terreno Realty Corporation

NAREIT Update

June 7-8, 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

- 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 (92.8%)
  - Flex (including light industrial and R&D) (5.7%)
  - Trans-shipment (1.5%)
- Functional and flexible assets
  - Generally suitable for multiple tenants
  - In proximity to transportation infrastructure
  - Caters to sub-market tenant demands
- 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 March 31, 2016.
(2) Terreno also owns three improved land parcels totaling approximately 8.0 acres that are leased to three tenants. Such land is used for truck, trailer and container storage and/or car parking.

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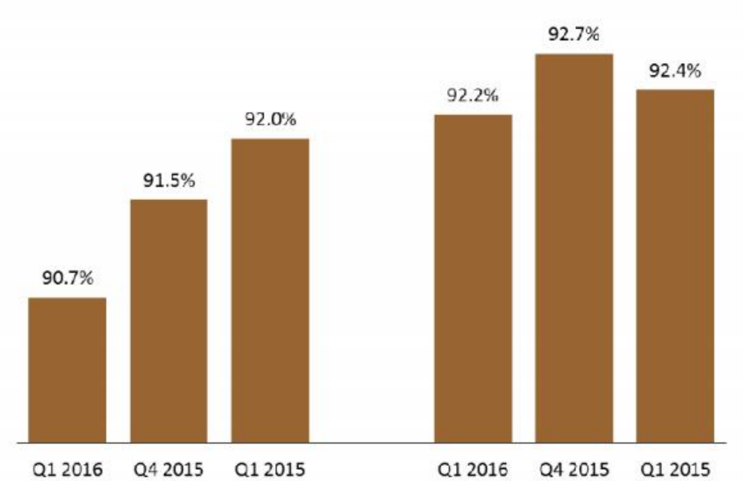
Recent Highlights

Occupancy

Portfolio | **Same Store**



Investment Activities

- During the first quarter of 2016, acquired approximately 125,000 square feet and an improved land site of approximately 4.5 acres for approximately $27.0. Subsequent to March 31, 2016, acquired approximately 67,000 square feet for approximately $7.4 million
- As of May 3, 2016, $26.6 million of acquisitions were under contract and one asset was held for sale with a sales price of $6.1 million(1)
- During the three months ended March 31, 2016, sold two properties for $16.4 million generating an unleveraged IRR of approximately 12.0%.

Operating and Capital Markets Highlights

- Subsequent to March 31, 2016, executed two leases at the Company's Interstate property for 411,000 square feet representing approximately 3.7% of the Company's total square footage and 4.7% of the Company's same store total square footage (2)
- Quarter-to-date through June 2, 2016, issued 1.6 million shares of common stock under the ATM program with a weighted average offering price of $23.90, receiving gross proceeds of approximately $37.1 million.
- Announced the private placement of $50 million 10-year senior unsecured notes that will bear interest at 3.99% and are expected to close on or around July 7, 2016

(1) There is no assurance that we will acquire or dispose of the properties under contract or letter of intent because the proposed acquisitions and disposition 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) Comprised of a three-year 190,000 square feet lease that commenced on April 5, 2016 and a separate five-year 221,000 square foot lease that commences on September 1, 2016.

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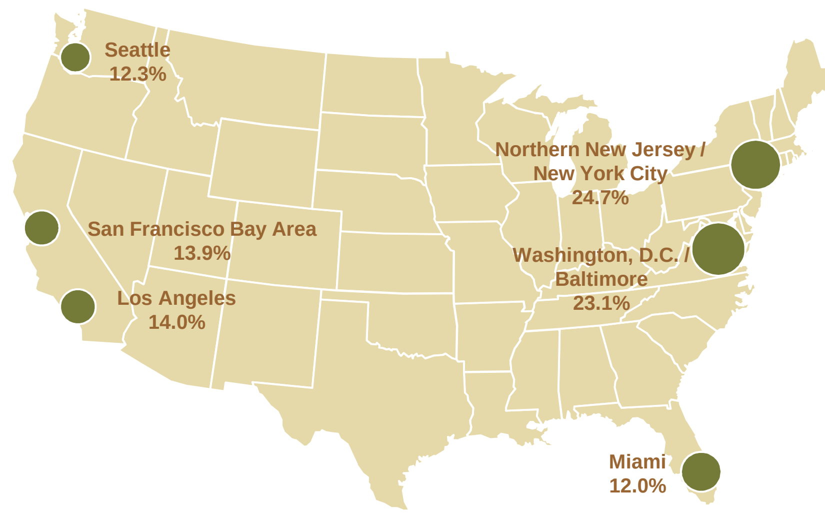
Current Portfolio Overview

Key Metrics[1]	
Square Feet	11.1 Million
Number of Buildings	149
Total Investments in Properties	$1.2 billion
Average Acquisition Size	$12.9 million
Weighted Average Occupancy at Acquisition	81.9%
Occupancy as of March 31, 2016	90.7%

Current Portfolio by Geography [2]



(1) *Properties owned as of March 31, 2016*
(2) *Based on purchase price by market aggregating approximately 11.1 million square feet owned at March 31, 2016, including approximately $21.3 million in purchase price related to the South Main asset undergoing redevelopment*

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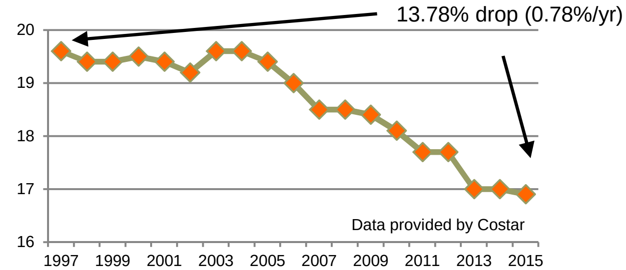
Terreno's Submarket Focus

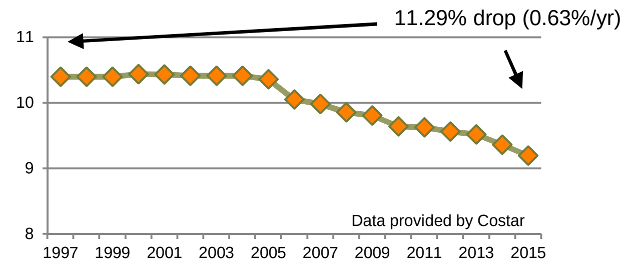
Market	Shrinking Supply (1)	No Net New Supply (2)	New Supply (3)
Los Angeles	LAX West of 405	South Bay Commerce/Vernon Mid-Counties San Fernando Valley Orange County	Inland Empire West Inland Empire East
New York City/Northern New Jersey	Secaucus Bayonne Jersey City Teterboro	Meadowlands Newark/Elizabeth 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.

Selected Recent Acquisitions

4930 3rd Avenue South

Seattle, WA
January 25, 2016

- Purchase Price: $6.5 million
- Estimated Stabilized Cap Rate: 6.3%
- Size: One industrial distribution building containing approximately 35,000 square feet on approximately 1.7 acres
- Occupancy: 100% leased to one tenant
- Location: Adjacent to Seattle's Port and SoDo district

South River

Medley, FL
March 11, 2016

- Purchase Price: $6 million
- Estimated Stabilized Cap Rate: 5.6%
- Size: One industrial distribution building containing approximately 60,000 square feet on approximately 2.7 acres
- Occupancy: 100% leased to one tenant on a short-term basis at acquisition
- Location: Miami-Dade County adjacent to North Okeechobee Road and the Florida Turnpike

North Ave

Elizabeth, NJ
March 24, 2016

- Purchase Price: $9.3 million
- Estimated Stabilized Cap Rate: 5.9%
- Size: Approximately 4.5 acres of paved land
- Occupancy: 100% leased to one tenant at acquisition
- Location: Adjacent to Newark Liberty International Airport, Exit 13A of the New Jersey Turnpike and US Routes 1 and 9

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Selected Examples of Value Creation

- In addition to the acquisition and operation of core properties, Terreno has successfully stabilized 35 of 52 value-added investments to date. Since its IPO, approximately half of Terreno's acquisitions have been value-add investments

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 have been demolished and are being replaced by a single new front-load industrial distribution building containing approximately 210,000 square feet. The office building is being renovated. The expected redevelopment cost is approximately $16.4 million. The estimated stabilized return on cost of the redeveloped property is approximately 6.1% with a total expected investment of approximately $38.0 million.
Vacant and Near Term Lease Expirations	▪ V Street: The District of Columbia property was purchased 87% occupied with near-term lease roll in January 2015 and was 95% leased as of April 30, 2016. ▪ 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 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 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 – 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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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 is approximately $16.4 million for a total expected investment of $38.0 million. The property was approximately 74% pre-leased as of March 31, 2016

Value Creation – Total expected investment of approximately $38.0 million expected to generate an estimated stabilized return on cost of 6.1%

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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
- 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

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Appendix

Appendix: Statements Of Operations

CONSOLIDATED STATEMENTS OF OPERATIONS	For the Three Months Ended March 31, 2016	For the Three Months Ended March 31, 2015
REVENUES		
Rental revenues	$ 19,998	$ 17,807
Tenant expense reimbursements	5,659	5,324
Total revenues	25,657	23,131
COSTS AND EXPENSES		
Property operating expenses	7,754	7,130
Depreciation and amortization	8,262	7,626
General and administrative (1)	3,440	3,835
Acquisition costs	959	3,218
Total costs and expenses	20,415	21,809
OTHER INCOME (EXPENSE)		
Interest and other income	13	7
Interest expense, including amortization	(3,070)	(2,174)
Gain on sales of real estate investments	5,248	-
Total other income and expenses	2,191	(2,167)
Net income (loss)	7,433	(845)
Preferred stock dividends	(891)	(891)
Net income (loss), net of preferred stock dividends	6,542	(1,736)
Allocation to participating securities	(58)	-
Net income (loss) available to common stockholders, net of preferred stock dividends	$ 6,484	$ (1,736)
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:		
Net income (loss) available to common stockholders, net of preferred stock dividends	$ 0.15	$ (0.04)
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	42,995,106	42,731,802

(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 March 31, 2016	For the Three Months Ended March 31, 2015
Performance share aw ard expense	$ 628	$ 1,405

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Appendix: Supplemental Components of NAV

COMPONENTS OF NET OPERATING INCOME		*For the Three Months Ended March 31, 2016*
Total revenues	$	25,657
Less straight-line rents		(1,446)
Less amortization of lease intangibles		(344)
Less property operating expenses		(7,754)
Net operating income	$	16,113
CONTRACTUAL RENT ABATEMENTS [1]	$	1,133
ADJUSTMENTS TO STABILIZE PORTFOLIO		
BALANCE SHEET ITEMS		
Other assets and liabilities		
Cash and cash equivalents	$	3,580
Restricted cash		2,323
Construction in progress [2]		27,787
Other assets, net		22,664
Less straight-line rents		(13,988)
Security deposits		(7,696)
Dividends payable		(7,814)
Accounts payable and other liabilities		(15,514)
Total other assets and liabilities	$	11,342
DEBT AND PREFERRED STOCK		
Credit facility	$	(5,000)
Term loans payable		(200,000)
Senior unsecured notes		(100,000)
Mortgage loans payable		(78,613)
Total debt	$	(383,613)
Preferred stock		(46,000)
Total debt and preferred stock	$	(429,613)
Total shares outstanding		43,460,616

Q1 2016 Acquisitions

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
4930 3rd Avenue South	January 25, 2016	$ 6,500	6.3%	100%
221 Michele	March 4, 2016	5,250	5.9%	100%
12950 NW South River	March 11, 2016	6,000	5.6%	100%
901 North	March 24, 2016	9,283	5.9%	100%
Total/Weighted Average		$ 27,033	5.9%	100%

SUMMARY MARKET INFORMATION (Investments in Real Estate)

Market	Rentable Square Feet	Occupancy Percentage as of March 31, 2016	Annualized Base Rent (000's)	Annualized Base Rent Per Occupied Square Foot
Los Angeles [2]	1,348,802	96.0%	$ 10,441	$ 8.07
Northern New Jersey/New York City	2,733,068	77.1%	17,664	8.38
San Francisco Bay Area	1,227,283	93.0%	11,671	10.23
Seattle	1,434,190	99.2%	7,880	5.54
Miami	1,743,978	93.5%	11,646	7.14
Washington, D.C./Baltimore	2,578,028	94.8%	18,151	7.43
Total/Weighted Average	11,065,349	90.7%	$ 77,453	$ 7.72

SUMMARY MARKET INFORMATION (Improved Land)

Market	Number of Parcels	Acreage	Occupancy Percentage as of March 31, 2016	Annualized Base Rent (000's)
Los Angeles	1	1.2	100.0%	$ 146
Northern New Jersey/New York City	1	4.5	100.0%	403
San Francisco Bay Area	-	-	-	-
Seattle	-	-	-	-
Miami	1	2.3	100.0%	202
Washington, D.C./Baltimore	-	-	-	-
Total/Weighted Average	3	8.0	100.0%	$ 751

(1) Represents contractual free rent given to tenants

(2) The South Main properties under redevelopment are excluded from the summary market information table and are expected to generate an estimated stabilized return on cost of approximately 6.1% with a total expected investment of approximately $38.0 million, excluding acquired intangible liabilities totaling approximately $2.3 million. The expected remaining cost to complete is approximately $12.2 million and the properties are approximately 74% pre-leased as of March 31, 2016.

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Appendix: Net Income, FFO and Adjusted FFO

NET INCOME, FFO AND ADJUSTED FFO	For the Three Months Ended March 31, 2016	2015
Total revenues	$ 25,657	$ 23,131
Property operating expenses	(7,754)	(7,130)
Depreciation and amortization	(8,262)	(7,626)
General and administrative	(3,440)	(3,835)
Acquisition costs	(959)	(3,218)
Interest and other income	13	7
Interest expense, including amortization	(3,070)	(2,174)
Gain on sales of real estate investments	5,248	-
Net income (loss)	**7,433**	**(845)**
Preferred stock dividends	(891)	(891)
Net income (loss), net of preferred stock dividends	**$ 6,542**	**$ (1,736)**
Allocation to participating securities	(58)	-
Net income (loss) available to common stockholders, net of preferred stock dividends	**$ 6,484**	**$ (1,736)**
Net income (loss) available to common stockholders per common share, net of preferred stock dividends	**$ 0.15**	**$ (0.04)**
Adjustments to arrive at Funds from Operations:		
Gain on sales of real estate investments	(5,248)	-
Depreciation and amortization related to real estate	8,240	7,599
Allocation to participating securities	(86)	(16)
Funds from operations (1)	**$ 9,448**	**$ 5,847**
Funds from operations per common share (basic and diluted)	**$ 0.22**	**$ 0.14**
Adjustments to arrive at Adjusted Funds From Operations:		
Acquisition costs	959	3,218
Stock-based compensation	1,011	1,641
Straight-line rents	(1,446)	(1,308)
Amortization of lease intangibles	(344)	(581)
Total capital expenditures	(5,495)	(4,610)
Capital expenditures related to stabilization (2)	3,687	1,756
Adjusted funds from operations	**$ 7,820**	**$ 5,963**
Common stock dividends paid	**$ 7,796**	**$ 6,859**
Weighted average basic and diluted common shares	**42,995,106**	**42,731,802**

(1) Includes expensed acquisition costs of approximately $1.0 million and $3.2 million for the three months ended March 31, 2016 and 2015, 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 March 31, 2016	2015	$ Change	% Change
Net income (loss)	$ 7,433	$ (845)	$ 8,278	n/a
Depreciation and amortization from continuing operations	8,262	7,626	636	8.3%
General and administrative	3,440	3,835	(395)	(10.3)%
Acquisition costs	959	3,218	(2,259)	(70.2)%
Total other income and expenses	(2,191)	2,167	(4,358)	n/a
Net operating income	17,903	16,001	1,902	11.9%
Less non-same store NOI	(3,391)	(2,419)	(972)	40.2%
Same store NOI	$ 14,512	$ 13,582	$ 930	6.8%
Less straight-line rents and amortization of lease intangibles	(914)	(1,386)	472	(34.1)%
Cash-basis same store NOI	$ 13,598	$ 12,196	$ 1,402	11.5%

HISTORICAL SAME STORE RESULTS [1] [2]	*Full Year 2012*	*Full Year 2013*	*Full Year 2014*	*Full Year 2015*	*Q1 2016*
Same store square feet	2,235,500	3,091,365	4,792,329	6,312,641	8,667,109
Period End Occupancy %	93.0%	96.8%	97.1%	94.4%	92.2%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	3.1%	11.5%

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%
		Total	$ 54,474	$ 76,962	14.8%

(1) Same Store NOI is computed as rental revenues, including tenant expense reimbursements, less property operating expenses on a same store basis. The same store pool includes all properties that were owned as of March 31, 2016 and since January 2015 and excludes properties that were disposed of or held for sale to a third party or are under redevelopment

(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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