Terreno Realty Corporation

NAREIT Update June 2018

June 4, 2018

TERRENO

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”, “outlook”, 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, 2017, 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.

TERRENO

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 (93.4%)
  - Flex (including light industrial and R&D) (5.2%)
  - 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 March 31, 2018. Excludes three properties under redevelopment that upon completion will contain approximately 0.4 million square feet.

(2) Terreno also owns ten improved land parcels totaling approximately 47.9 acres that are 78.0% leased to eleven tenants. Such land is used for truck, trailer and container storage and/or car parking and may be redeveloped to higher and better use.

TERRENO

Recent Highlights

Financial Highlights

- Net Income available to common stockholders of $0.18 per diluted share for the quarter ended March 31, 2018 compared to $0.20 for the quarter ended December 31, 2017.
- Funds From Operations (FFO)[(1)] of $0.32 per diluted share for the quarter ended March 31, 2018 compared to $0.29 for the quarter ended December 31, 2017 and $0.29 for the quarter ended March 31, 2017. FFO increased versus the prior quarter primarily due to acquisitions and increased rents on new and renewal leases.

Operating Highlights

- Cash-basis Same Store NOI[(1)] for the three months ended March 31, 2018 increased approximately 12.5% as compared to same period in 2017 due to increased rental revenue and tenant reimbursement revenue on new and renewed leases, and approximately $0.5 million (250bps) of lease termination income at our Hart property. The vacant space at Hart was re-leased in March 2018 with cash rents increasing by approximately 27.8%.
- Cash rents on new and renewed leases commencing during the three months ended March 31, 2018 increased approximately 12.5% on approximately 0.6 million square feet.
- Total portfolio, excluding three properties under redevelopment, was 97.0% leased as of March 31, 2018 as compared to 97.3% at December 31, 2017 and 97.4% at March 31, 2017.
- The same store portfolio of approximately 11.1 million square feet, representing approximately 86.4% of our total square feet owned, was 97.5% leased at March 31, 2018 as compared to 98.3% at December 31, 2017 and 97.2% at March 31, 2017.

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

TERRENO

Recent Highlights

Investment Highlights

Q1 2018 Acquisitions	$84.7 million
YTD Acquisitions [(1)]	$99.5 million
Secured Loan Investment	$55.0 million
Acquisitions Under Contract [(2)]	$39.8 million

- For the three months ended March 31, 2018, sold one property for approximately $20.3 million generating an unleveraged internal rate of return of 6.9% (total GAAP gain of approximately $3.3 million)
- One disposition under contract for approximately $24.3 million (net book value of $10.2 million)
- Made a two-year secured loan that bears interest at 8.0% and is secured by a portfolio of nine improved land parcels primarily located in Newark and Kearny, New Jersey.

Capital Markets Activities

- Quarter-to-date through May 31, 2018, issued 2.3 million shares of common stock under the ATM program with a weighted average offering price of $37.32, receiving gross proceeds of approximately $86.8 million

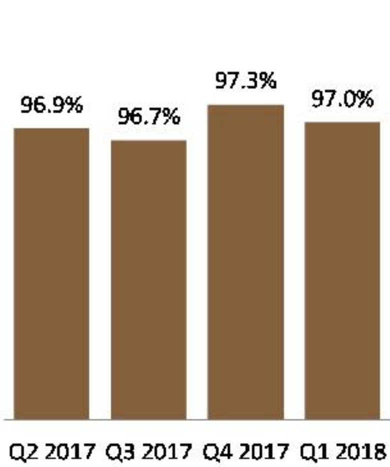
(1) As of June 4, 2018
(2) As of June 4, 2018. There is no assurance that we will acquire or dispose of the properties under contract because the proposed acquisitions and dispositions are subject to the completion of satisfactory due diligence and various closing conditions.

TERRENO

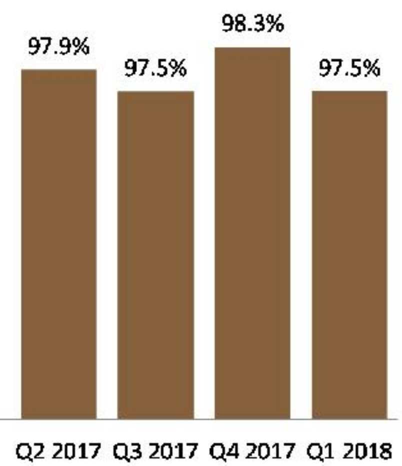
Current Portfolio Overview

Occupancy

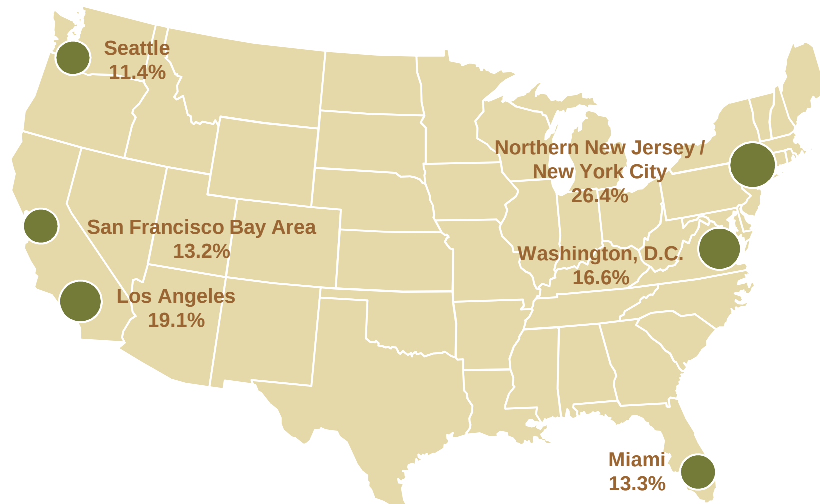
Portfolio



Same Store



Six Major Coastal U.S. Markets(1)



Key Metrics(2)

Square Feet	12.9 Million	**Average Acquisition Size**	$12.7 million
Number of Buildings	195	**Weighted Average Occupancy at Acquisition**	81.7%
10 Improved Land Parcels	47.9 acres; 78.0% leased	**Square Feet in Redevelopment**	377,000

(1) Based on annualized base rent by market including 12.9 million square feet and ten improved land parcels consisting of 47.9 acres as of March 31, 2018. Excludes three properties under redevelopment that upon completion will contain approximately 0.4 million square feet.

(2) Properties owned as of March 31, 2018. Excludes three properties under redevelopment that upon completion will contain approximately 0.4 million square feet.

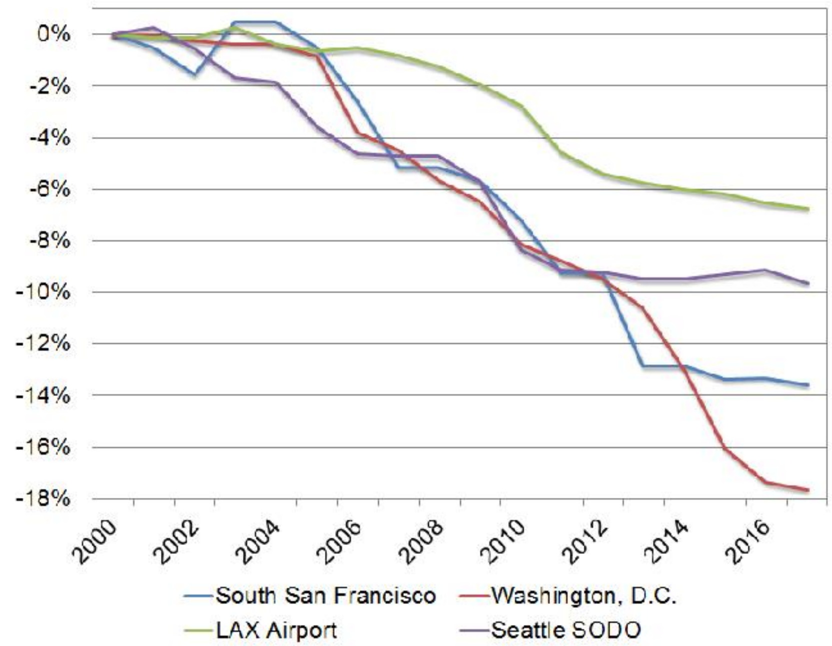
TERRENO

Terreno's Submarket Focus

Highly Focused Submarket Strategy

- 25% 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.
- 19% 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)	Decrease Since 2000	Annual SF Decrease
Washington, D.C.	1.9	17.6%	1.0%
South San Francisco	2.6	13.5%	0.8%
Seattle SODO	2.1	9.6%	0.5%
LAX Airport	1.5	6.7%	0.4%

(1) Reflects Terreno portfolio composition based on geography and purchase price, and includes properties under redevelopment. Refer to Appendix for submarket classifications.
(2) Data provided by Costar as of 12/31/17.

TERRENO

Selected Recent Acquisitions

Vermont

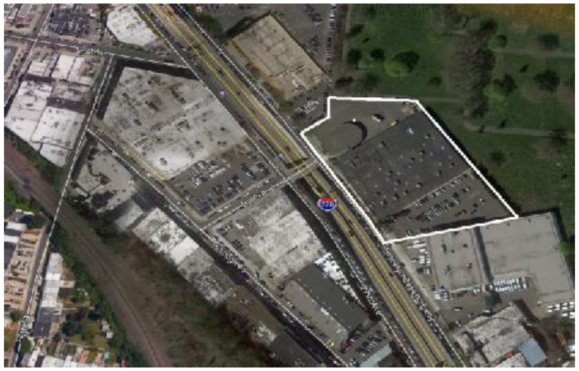
Los Angeles, CA
January, 2018

- Purchase Price: $17.5 million
- Estimated Stabilized Cap Rate: 3.3%
- Size: One industrial distribution building containing approximately 100,000 square feet on 4.7 acres
- Occupancy: 100% leased
- Location: Less than one mile from Interstates 405 and 110 in the South Bay submarket of Los Angeles

Bulova

Woodside Queens, NY
March, 2018

- Purchase Price: $25.2 million
- Estimated Stabilized Cap Rate: 5.7%
- Size: One industrial distribution building containing approximately 83,000 square feet on 3.7 acres
- Occupancy: 23% leased on a short-term basis; property is being redeveloped
- Location: Adjacent to the Brooklyn-Queens Expressway and Grand Central Parkway; approximately one mile from LaGuardia International Airport



4786 1st Ave S

Seattle, WA
March, 2018

- Purchase Price: $42.0 million
- Estimated Stabilized Cap Rate: 5.1%
- Size: One distribution building containing approximately 235,000 square feet on 8.7 acres
- Occupancy: 65% leased to three tenants; property is being redeveloped
- Location: Adjacent to Seattle's Port and SoDO districts approximately 2 miles south of downtown Seattle

TERRENO

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 58 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 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. ▪ West 140th: Acquired vacant in October 2016. The property was renovated with upgraded façade and office, added dock-level loading, fencing, lighting, landscaping, and seismic upgrades. Renovation was completed 11 months after acquisition and the project fully leased in December 2017.
Vacant and Near Term Lease Expirations	▪ Lucile: The Seattle property was purchased 100% leased with three months remaining on the existing lease term. Executed a new lease six months into ownership earning an estimated stabilized cap rate of 6.0%. Completed cosmetic improvements, seismic upgrades, and reconfiguration of office areas as part of releasing activity.
Value Realized	▪ Route 100: Terreno acquired the two industrial buildings 64% leased in June 2013 for approximately $16.7 million. Terreno sold the property 100% leased in August 2017 for approximately $28.5 million and recognized an unleveraged internal rate of return of 15.7%. The capital was recycled into new acquisitions.

TERRENO

Value Creation – Near Term Lease Expiration

AERIAL

BUILDING

- **Property:** 637 South Lucile
- **Location:** Seattle, WA, two miles south of Downtown Seattle
- **Size:** One building, 45,300 SF on 1.5 acres
- **Acquisition Price:** $7.75 million, $171 PSF in February 2017
- **Renovation**: Completed cosmetic improvements, seismic upgrades, and reconfiguration of office areas.
- **Leasing:** 100% leased for first three months of ownership; lease with new tenant commenced six months after acquisition.

Value Creation – Released building to new tenant six months after acquisition and three months after vacancy generating an estimated stabilized cap rate of 6.0%.

TERRENO

Value Creation – Renovation

BEFORE

AFTER

- **Property:** West 140th
- **Location:** San Leandro, CA
- **Size:** Two buildings, 100,500 SF on 8.2 acres
- **Acquisition Price:** $15.9 million, $159 PSF in October 2016
- **Renovation:** Acquired vacant. The property was renovated with updated façade and office, creation of dock-level loading, interior lighting, landscaping, and seismic upgrades.

Value Creation – Total investment of $19.5 million generating an estimated stabilized cap rate of 5.4%

TERRENO

Value Creation – Redevelopment

BEFORE

AFTER

- **Property:** South Main
- **Location:** Carson, CA
- **Acquisition size and price:** Three industrial buildings totaling 186,000 SF and one 34,000 SF office building on 14.3 acres acquired for $21.3 million ($34.53 per SF of land).
- **Occupancy:** Industrial buildings were purchased at a 0.3% in-place cap rate and subject to a ground lease until June 30, 2015 and the adjacent 34,000 square foot office building was 100% occupied on a short term basis.
- **Redevelopment:** 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.

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 2.5% of outstanding shares valued at $48.5 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 three 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

TERRENO

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 twelve assets sold for approximately $181 million earning a 13.5% unleveraged IRR
- Aligned management team and market leading corporate governance
  - CEO and President incentive compensation based solely on total shareholder return outperformance and EVPs' long-term incentive compensation based on total shareholder return outperformance
  - Executive management invested approximately $11 million in common shares through the company's public offerings and open market purchases

TERRENO

Appendix

Appendix: Statements Of Operations

	For the Three Months Ended March 31, 2018	2017
REVENUES		
Rental revenues	$ 28,734	$ 24,467
Tenant expense reimbursements	8,373	6,974
Total revenues	37,107	31,441
COSTS AND EXPENSES		
Property operating expenses	9,893	8,547
Depreciation and amortization	10,735	9,184
General and administrative	5,078	4,179
Acquisition costs	2	1
Total costs and expenses	25,708	21,911
OTHER INCOME (EXPENSE)		
Interest and other income	60	35
Interest expense, including amortization	(4,685)	(3,766)
Gain on sales of real estate investments	3,283	-
Total other income and expenses	(1,342)	(3,731)
Net income	10,057	5,799
Preferred stock dividends	-	(891)
Net income, net of preferred stock dividends	10,057	4,908
Allocation to participating securities	(65)	(34)
Net income available to common stockholders, net of preferred stock dividends	$ 9,992	$ 4,874
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:		
Net income available to common stockholders, net of preferred stock dividends	$ 0.18	$ 0.10
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	55,127,580	47,645,321

(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 March 31, 2018	2017
Performance share award expense	$ 1,658	$ 1,121

TERRENO

Appendix: Net Income, FFO and Adjusted FFO

NET INCOME, FFO AND ADJUSTED FFO[1]	For the Three Months Ended March 31, 2018		For the Three Months Ended March 31, 2017	
Total revenues	$	37,107	$	31,441
Property operating expenses		(9,893)		(8,547)
Depreciation and amortization		(10,735)		(9,184)
General and administrative [2]		(5,078)		(4,179)
Acquisition costs		(2)		(1)
Interest and other income		60		35
Interest expense, including amortization		(4,685)		(3,766)
Gain on sales of real estate investments		3,283		-
Net income		**10,057**		**5,799**
Preferred stock dividends		-		(891)
Net income, net of preferred stock dividends	**$**	**10,057**	**$**	**4,908**
Allocation to participating securities		(65)		(34)
Net income available to common stockholders, net of preferred stock dividends	**$**	**9,992**	**$**	**4,874**
Net income available to common stockholders per common share, net of preferred stock dividends	**$**	**0.18**	**$**	**0.10**
Adjustments to arrive at Funds from Operations:				
Gain on sales of real estate investments		(3,283)		-
Depreciation and amortization related to real estate		10,705		9,163
Allocation to participating securities		(113)		(109)
Funds from operations	**$**	**17,366**	**$**	**13,962**
Funds from operations per common share (basic and diluted)	**$**	**0.32**	**$**	**0.29**
Adjustments to arrive at Adjusted Funds From Operations:				
Acquisition costs		2		1
Stock-based compensation		2,042		1,525
Straight-line rents		(1,047)		(1,043)
Amortization of lease intangibles		(877)		(336)
Total capital expenditures		(5,142)		(5,986)
Capital expenditures related to stabilization [3]		2,022		3,162
Adjusted funds from operations	**$**	**14,366**	**$**	**11,285**
Common stock dividends paid	**$**	**12,181**	**$**	**9,483**
Weighted average basic and diluted common shares		**55,127,580**		**47,645,321**

(1) See Reporting Definitions for further explanation.

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

	For the Three Months Ended March 31, 2018		For the Three Months Ended March 31, 2017	
Performance share award expense	$	1,658	$	1,121

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

TERRENO

Appendix: Supplemental Components of NAV

COMPONENTS OF NET OPERATING INCOME[1]		*For the Three Months Ended March 31, 2018*
Total revenues	$	37,107
Less straight-line rents		(1,047)
Less amortization of lease intangibles		(877)
Less property operating expenses		(9,893)
Net operating income	$	25,290
CONTRACTUAL RENT ABATEMENTS [2]	$	926
LEASE TERMINATION INCOME	$	505
CASH NOI FROM DISPOSED PROPERTIES	$	40
BALANCE SHEET ITEMS		
Other assets and liabilities		
Cash and cash equivalents	$	7,476
Restricted cash		4,030
Construction in progress [3]		77,263
Other assets, net		29,150
Less straight-line rents		(20,869)
Security deposits		(10,973)
Dividends payable		(12,220)
Performance share awards payable		(6,641)
Accounts payable and other liabilities		(18,016)
Total other assets and liabilities	$	49,200
DEBT AND PREFERRED STOCK		
Credit facility	$	(40,350)
Term loans payable [4]		(150,000)
Senior unsecured notes [4]		(250,000)
Mortgage loans payable [4]		(64,593)
Total debt	$	(504,943)
Total shares outstanding		55,543,670

Q1 2018

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
Vermont	January 31, 2018	$ 17,500	3.3%	100%
Woodside	March 6, 2018	25,170	5.7%	23%
1st Avenue South	March 6, 2018	42,000	5.1%	65%
Total/Weighted Average		$ 84,670	4.9%	60%

SUMMARY MARKET INFORMATION (Investments in Real Estate) [3]

Market	Rentable Square Feet	Occupancy Percentage as of March 31, 2018	Annualized Base Rent (000's)	Annualized Base Rent Per Occupied Square Foot
Los Angeles	2,737,226	99.1%	$ 20,472	$ 7.55
Northern New Jersey/New York City	3,145,507	99.1%	27,232	8.73
San Francisco Bay Area	1,368,607	94.7%	14,464	11.16
Seattle	1,626,620	99.4%	12,505	7.73
Miami	1,932,592	95.9%	14,300	7.71
Washington, D.C.	2,059,181	91.4%	17,421	9.26
Total/Weighted Average	12,869,733	97.0%	$ 106,394	$ 8.53

SUMMARY MARKET INFORMATION (Improved Land)

Market	Number of Parcels	Acreage	Occupancy Percentage as of March 31, 2018	Annualized Base Rent (000's)
Los Angeles	3	8.0	100.0%	$ 465
Northern New Jersey/New York City	4	23.3	54.8%	1,653
San Francisco Bay Area	-	-	-	-
Seattle	-	-	-	-
Miami	2	3.2	100.0%	329
Washington, D.C.	1	13.4	100.0%	734
Total/Weighted Average	10	47.9	78.0%	$ 3,181

(1) See Reporting Definitions for further explanation.
(2) Represents contractual free rent given to tenants.
(3) The Company had three properties under redevelopment as of March 31, 2018 that upon completion will contain approximately 0.4 million square feet with a total expected investment of $106.3 million, including redevelopment costs of approximately $30 million.
(4) Excludes deferred financing costs.

TERRENO

Appendix: Same Store Results

SAME STORE GROWTH [1]	For the Three Months Ended March 31, 2018	2017	$ Change	% Change
Net income	$ 10,057	$ 5,799	$ 4,258	73.4%
Depreciation and amortization	10,735	9,184	1,551	16.9%
General and administrative	5,078	4,179	899	21.5%
Acquisition costs	2	1	1	n/a
Total other income and expenses	1,342	3,731	(2,389)	(64.0)%
Net operating income	27,214	22,894	4,320	18.9%
Less non-same store NOI	(3,777)	(1,521)	(2,256)	148.3%
Same store NOI	$ 23,437	$ 21,373	$ 2,064	9.7%
Less straight-line rents and amortization of lease intangibles	(957)	(1,388)	431	(31.1)%
Cash-basis same store NOI	$ 22,480	$ 19,985	$ 2,495	12.5%

HISTORICAL SAME STORE RESULTS [1] [2]	Full Year 2012	Full Year 2013	Full Year 2014	Full Year 2015	Full Year 2016	Full Year 2017	Q1 2018
Same store square feet	2,235,500	3,091,365	4,792,329	6,312,641	8,627,109	10,159,084	11,121,373
Occupancy %	93.0%	96.8%	97.1%	94.4%	99.0%	97.5%	97.5%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	3.1%	8.6%	16.5%	12.5%
Average cash-basis same store growth since IPO:			13.1%				

(1) Same store NOI for the quarter ended March 31, 2018 included lease termination income of approximately $0.5 million. 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, 2018 and since January 1, 2017 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 or are held for sale to a third party.

TERRENO

Appendix: Redevelopments and Dispositions

REDEVELOPMENTS

Property Name	Total Expected Investment (in thousands) [1]	Estimated Stabilized Cap Rate [2]	Estimated Completion Quarter
1775 NW 70th Avenue	$ 9,997	5.3%	Q4 2018
Woodside	32,592	5.7%	Q3 2019
1st Avenue South	63,673	5.1%	Q3 2020
Total/Weighted Average	$ 106,262	5.3%	

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%
8441 Dorsey	March 2011	December 2017	5,800	11,475	11.9%
Hampton	May 2014	February 2018	18,050	20,250	6.9%
		Total	$ 122,974	$ 180,584	13.5%

(1) Total expected investment for the property includes the initial purchase price, buyer's due diligence and closing costs, estimated near-term redevelopment expenditures, capitalized interest and leasing costs necessary to achieve stabilization.

(2) Stabilized cap rates are calculated as annualized cash basis net operating income for the property stabilized to market occupancy (generally 95%) divided by the total acquisition cost for the property.

TERRENO

Appendix: Capitalization

Maturity	Credit Facility	Term Loans	Senior Unsecured	Mortgage Loans Payable	Total Debt
2018 (9 months)	$ -	$ -	$ -	$ 1,440	$ 1,440
2019	-	-	-	18,805	18,805
2020	40,350	-	-	33,077	73,427
2021	-	50,000	-	11,271	61,271
2022	-	100,000	50,000	-	150,000
Thereafter	-	-	200,000	-	200,000
Subtotal	40,350	150,000	250,000	64,593	504,943
Unamortized net premiums	-	-	-	-	-
Total Debt	40,350	150,000	250,000	64,593	504,943
Deferred financing costs, net	-	(1,026)	(1,962)	(200)	(3,188)
Total Debt, net	$ 40,350	$ 148,974	$ 248,038	$ 64,393	$ 501,755
Weighted Average Interest Rate	3.0%	2.9%	4.1%	4.0%	3.6%

	As of March 31, 2018	As of March 31, 2017
Total Debt, net	$ 501,755	$ 379,440
Common Stock		
Shares Outstanding	55,543,670	49,562,579
Market Price	$ 34.51	$ 28.00
Market Value	1,916,812	1,387,752
Preferred Stock ($25.00 per share liquidation preference)	-	46,000
Total Equity	1,916,812	1,433,752
Total Market Capitalization	$ 2,418,567	$ 1,813,192
Total Debt-to-Total Investments in Properties	29.3%	27.8%
Total Debt-to-Total Market Capitalization	20.7%	20.9%
Total Debt and Preferred Stock-to-Total Market Capitalization	20.7%	23.5%
Floating Rate Debt as a % of Total Debt (1)	37.7%	43.4%
Unhedged Floating Rate Debt as a % of Total Debt (2)	8.0%	4.2%
Mortgage Loans Payable as a % of Total Debt	12.8%	17.4%
Mortgage Loans Payable as a % of Total Investments in Properties	3.8%	4.9%
Adjusted EBITDA (3)	$ 24,238	$ 20,275
Interest Coverage	5.2 x	5.4 x
Fixed Charge Coverage	5.0 x	4.4 x
Total Debt-to-Adjusted EBITDA (3)	5.2 x	4.7 x
Total Debt and Preferred Stock-to-Adjusted EBITDA (3)	5.2 x	5.2 x
Weighted Average Maturity of Total Debt (years)	5.0	5.8

(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.

TERRENO

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 Brooklyn/Queens	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)	**25%**	**56%**	**19%**

(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.

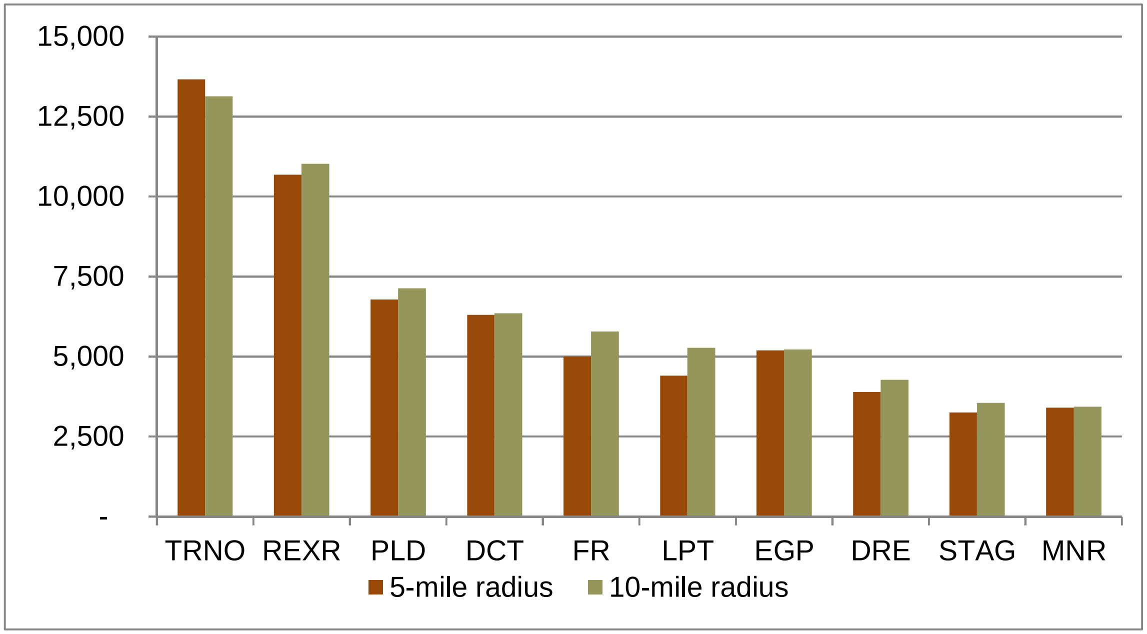
(4) Reflects Terreno portfolio composition based on geography and purchase price, and includes three properties under redevelopment. Completed redevelopments are included at total investment.

TERRENO

Appendix: Submarket Focus

Portfolio located within highest population areas as compared to other logistics REITs

Population Density Per Square Mile within Radius of Properties



Source: S&P Global Market Intelligence, sorted by 10-mile radius

Appendix: Management and Board of Directors

Blake Baird ***Chairman and CEO***	▪ Co-founded Terreno Realty Corporation in 2007 ▪ Former President and Director of AMB Property Corporation (NYSE: AMB) ▪ Director of Matson, Inc. (NYSE: MATX) and Sunstone Hotel Investors, Inc. (NYSE: SHO)
Mike Coke *President*	▪ 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)
Andy Burke *EVP*	▪ Joined Terreno Realty Corporation in 2008 ▪ Former Vice President, Investment Officer of Perseus Realty Partners ▪ Former Transaction Officer at AMB
Jaime Cannon *EVP and CFO*	▪ Joined Terreno Realty Corporation in 2010 ▪ Former Vice President, Treasury at AMB ▪ Former Audit Manager at PriceWaterhouseCoopers LLP
John Meyer *EVP*	▪ Joined Terreno Realty Corporation in 2010 ▪ Former Senior Vice President, Director of Transactions, Southwest Region for AMB
Lee Carlson *Audit Chair*	▪ Principal of NNC Apartment Ventures, LLC ▪ Former Executive Vice President, Chief Operating Officer, Chief Financial Officer and Board Member of BRE Properties (NYSE: BRE)
Gabriela Parcella – *Nominating & Corporate Governance Chair*	▪ Former Chairman, President, and Chief Executive Officer of Mellon Capital ▪ Joined Terreno Realty Corporation Board of Directors in May, 2018
Doug Pasquale *Lead Director*	▪ 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)
Dennis Polk *Compensation Chair*	▪ President, Chief Executive Officer and Director of SYNNEX Corporation (NYSE: SNX) ▪ Former Senior Vice President and Chief Financial Officer of Savoir Technology Group

Appendix: Reporting Definitions

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

The following table reflects the calculation of Adjusted EBITDA reconciled from net income for the three months ended March 31, 2018 (dollars in thousands):

	For the Three Months Ended March 31,			
	2018	2017	$ Change	% Change
Net income	$ 10,057	$ 5,799	$ 4,258	73.4%
Gain on sales of real estate investments	(3,283)	-	(3,283)	n/a
Depreciation and amortization	10,735	9,184	1,551	16.9%
Interest expense, including amortization	4,685	3,766	919	24.4%
Stock-based compensation	2,042	1,525	517	33.9%
Acquisition costs	2	1	1	n/a
Adjusted EBITDA	$ 24,238	$ 20,275	$ 3,963	19.5%

TERRENO

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.

TERRENO

Appendix: Reporting Definitions

Net Operating Income (NOI): We compute NOI as rental revenues, including tenant expense reimbursements, less property operating expenses. We compute same store NOI as rental revenues, including tenant expense reimbursements, less property operating expenses on a same store basis. NOI excludes depreciation, amortization, general and administrative expenses, acquisition costs and interest expense. We compute cash-basis same store NOI as same store NOI excluding straight-line rents and amortization of lease intangibles. The same store pool includes all properties that were owned as of March 31, 2018 and since January 1, 2017 and excludes properties that were either disposed of prior to, held for sale to a third party or in redevelopment as of March 31, 2018. As of March 31, 2018, the same store pool consisted of 160 buildings aggregating approximately 11.1 million square feet representing approximately 86.4% of our total square feet owned and five improved land parcels containing 22.8 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.