

Terreno Realty Corporation

Q3 2018 Update

November 1, 2018



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,” “seek,” “target,” “see,” “likely,” “position,” “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 properly 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.

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 vacancy 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) (5.3%)
 - Transshipment (2.0%)
- Functional and flexible assets
 - Generally suitable for multiple tenants
 - In proximity to transportation infrastructure
 - Caters to sub-market tenant demands, including last-mile distribution
- Multiple value creation opportunities
 - Emphasis on discount to replacement cost provides margin of safety
 - Opportunity for higher and better use over time

(1) Reflects Terreno portfolio composition based on square footage at September 30, 2018. Excludes four properties under redevelopment that upon completion will contain approximately 0.5 million square feet.

(2) Terreno also owns 13 improved land parcels totaling approximately 52.9 acres that are 73.6% leased to 14 customers. Such land is used for truck, trailer and container storage and/or car parking and may be redeveloped to higher and better use.



Recent Highlights

Financial Highlights

- Net Income available to common stockholders of \$0.17 per diluted share for the quarter ended September 30, 2018 compared to \$0.35 for the quarter ended June 30, 2018 and \$0.36 for the quarter ended September 30, 2017.
- Funds From Operations (FFO)⁽¹⁾ of \$0.34 per diluted share for the quarter ended September 30, 2018 compared to \$0.32 for the quarter ended June 30, 2018 and \$0.25 for the quarter ended September 30, 2017.

Operating Highlights

- Cash-basis Same Store NOI⁽¹⁾ for the three months ended September 30, 2018 increased approximately 9.7% as compared to the same period in 2017 due to increased revenue on new and renewed leases, and approximately \$0.2 million (90bps) in lease termination income, which was offset by approximately \$0.2 million (90bps) in rent abatements provided to the tenant at our Belleville property. In addition, approximately \$0.5 million (240bps) of the increase in cash-basis same store NOI for the three months ended September 30, 2018 was related to properties that were acquired vacant or with near term expirations.
- Cash rents on new and renewed leases commencing during the three and nine months ended September 30, 2018 increased approximately 13.4% and 17.5% on approximately 0.3 million and 1.2 million square feet, respectively.
- Total portfolio, excluding four properties under redevelopment, was 98.5% leased as of September 30, 2018 as compared to 98.2% at June 30, 2018 and 96.7% at September 30, 2017.
- The same store portfolio of approximately 10.7 million square feet, representing approximately 82.7% of our total square feet, was 98.9% leased at September 30, 2018 as compared to 98.3% at June 30, 2018 and 97.4% at September 30, 2017.

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



Recent Highlights

Investment Highlights

Q3 2018 Acquisitions	\$67.8 million
YTD Acquisitions ⁽¹⁾	\$195.8 million
Secured Loan Investment⁽²⁾	\$55.0 million
Acquisitions Under Contract ⁽¹⁾	\$17.5 million
Acquisitions Under LOI⁽¹⁾	\$51.0 million

- Year-to-date, sold two properties for approximately \$44.6 million generating an unleveraged internal rate of return of 10.0% (total GAAP gain of \$15.0 million).
- Two dispositions under contract for approximately \$38.8 million⁽¹⁾ (net book value of approximately \$23.0 million)
- On May 7, 2018, made a \$55.0 million two-year 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⁽²⁾.

Capital Markets Activities

- Issued 0.7 million shares of common stock under the ATM program during the third quarter with a weighted average offering price of \$38.22, receiving gross proceeds of approximately \$27.9 million. Year-to-date, issued 3.6 million shares of common stock with a weighted average price of \$37.59 for gross proceeds of \$135.9 million.
- On October 19, 2018, we amended our unsecured revolving credit facility to increase our borrowing capacity from \$200 million to \$250 million and extend the maturity from August 2020 to October 2022. The new current interest rate decreased to LIBOR plus 1.05% and a facility fee of 15bps (previously 1.35% plus an unused fee of 20bps).

(1) As of November 1, 2018. There is no assurance that we will acquire or dispose of properties under contract or letter of intent because the proposed acquisitions and dispositions are subject to the completion of satisfactory due diligence and various closing conditions and, in the case of properties under letter of intent, purchase and sale agreements.

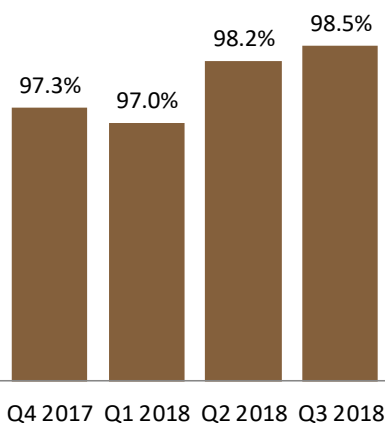
(2) One of the properties securing the Senior Secured Loan may be put to the Company as partial repayment of the Senior Secured Loan. This property, and two of the other properties, may be called by the Company as partial or full repayment of the Senior Secured Loan at previously agreed upon values. In addition, per the terms of the Senior Secured Loan, the borrower may repay the loan at any time with either cash or deeds in lieu, with the deeds subject to the Company's approval. As of September 30, 2018, the borrower has offered repayment with deeds in lieu on two of the call properties for an aggregate purchase price of approximately \$39.1 million. As of November 1, 2018, the Company has entered into two non-binding letters of intent to acquire those properties for approximately \$39.1 million.



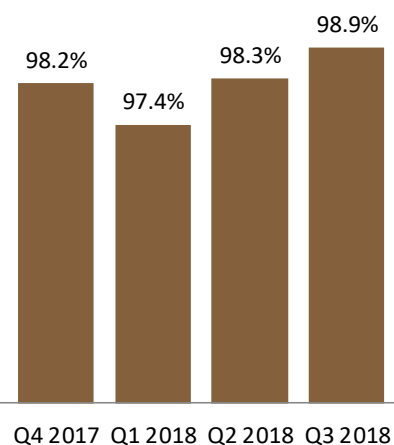
Current Portfolio Overview

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

203

Weighted Average Occupancy at Acquisition

83.3%

13 Improved Land Parcels

52.9 acres; 73.6% leased

Square Feet in Redevelopment

484,000

(1) Based on annualized base rent by market including 12.9 million square feet and 13 improved land parcels consisting of 52.9 acres as of September 30, 2018. Excludes four properties under redevelopment that upon completion will contain approximately 0.5 million square feet.

(2) Properties owned as of September 30, 2018. Excludes four properties under redevelopment that upon completion will contain approximately 0.5 million square feet. Average acquisition size and weighted average occupancy at acquisition exclude 13 properties sold with an aggregate 1.9 million square feet.

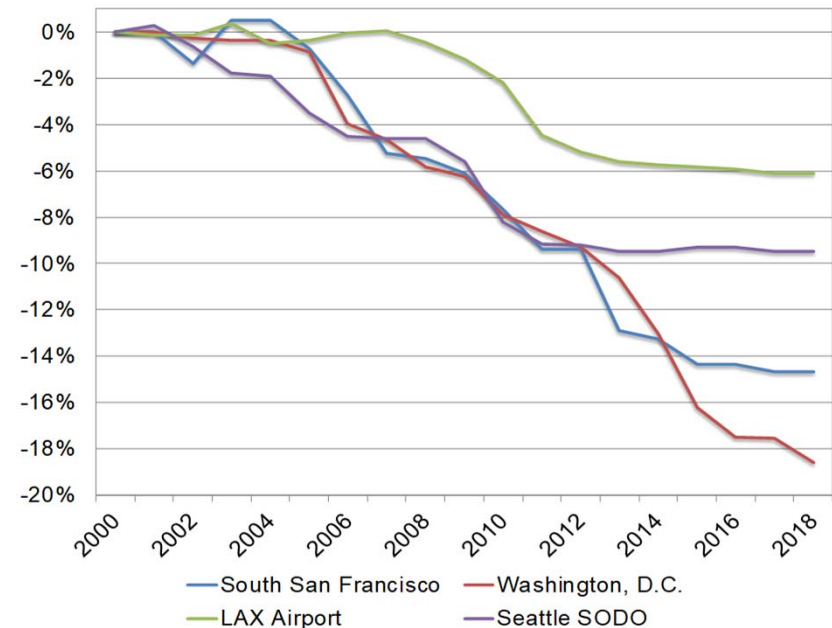


Terreno's Submarket Focus

Highly Focused Submarket Strategy

- 24% 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.
- 58% 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.
- 18% 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.	2.0	18.6%	1.0%
South San Francisco	2.7	14.7%	0.8%
Seattle SODO	2.3	9.5%	0.5%
LAX Airport	1.1	6.1%	0.3%

(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.



Selected Recent Acquisitions

Merced

San Leandro, CA
August 2, 2018

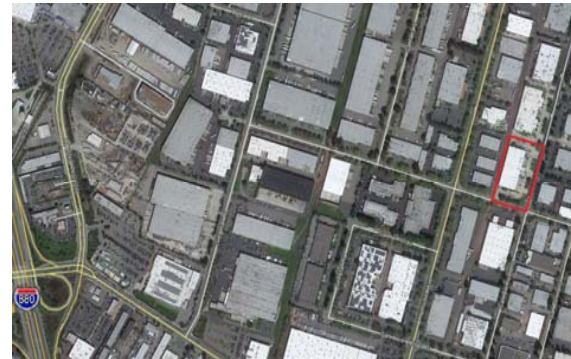
- Purchase Price: \$36.0 million
- Estimated Stabilized Cap Rate: 5.2%
- Size: Three industrial distribution buildings and one office building containing an aggregate 225,000 square feet, and one improved land parcel on 14.8 acres
- Occupancy: 82.6% leased with four out of seven tenants expiring on or before December 2020
- Location: West of Interstate 880 and approximately three miles south of Oakland International Airport



San Clemente

Hayward, CA
September 7, 2018

- Purchase Price: \$9.0 million
- Estimated Stabilized Cap Rate: 4.6%
- Size: One industrial distribution building containing approximately 54,000 square feet on 3.4 acres
- Occupancy: 100% leased to three tenants, two of which expire by February 2020
- Location: Adjacent to Interstate 880 between California Highways 84 and 92



Whitney

San Leandro, CA
September 17, 2018

- Purchase Price: \$22.8 million
- Estimated Stabilized Cap Rate: 4.8%
- Size: Three industrial distribution buildings containing an aggregate 128,000 square feet on 7.3 acres
- Occupancy: 95.4% leased with seven out of 13 tenants expiring within 12 months
- Location: West of Interstate 880 and less than two miles from Oakland International Airport



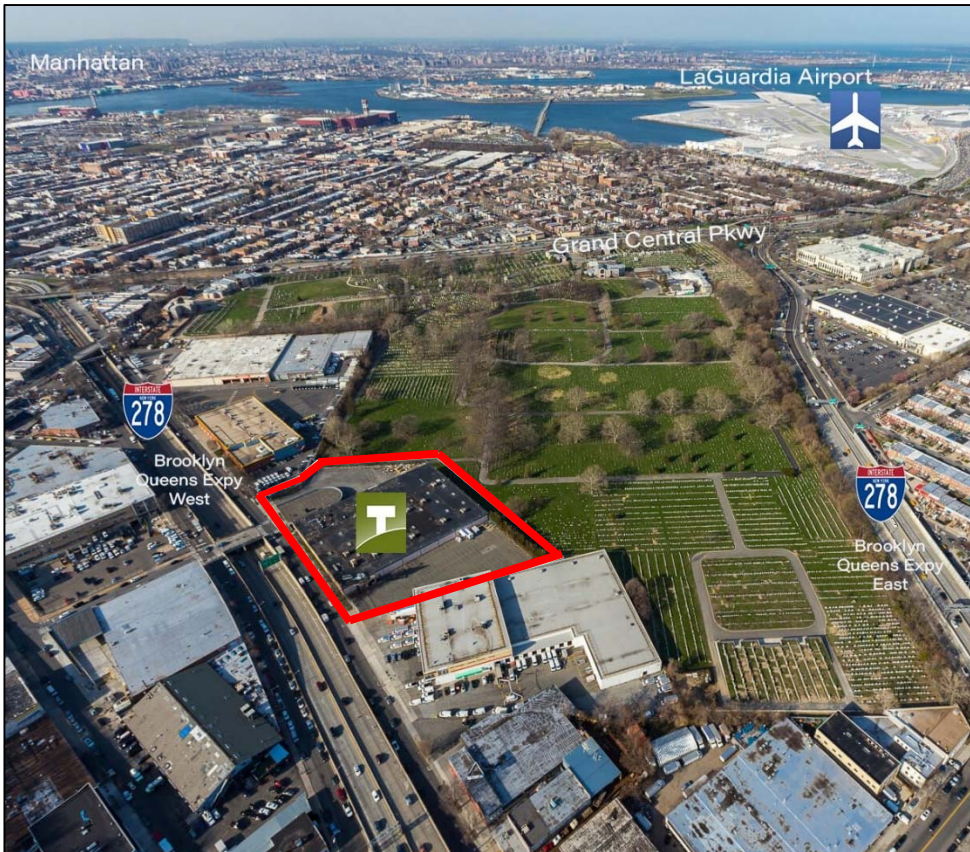
Selected Examples of Value Creation

- In addition to the acquisition and operation of core properties, Terreno focuses on value-add projects. Since its IPO, approximately half of Terreno's acquisitions have been value-add investments. Terreno has successfully stabilized 65 value-add investments to date.

Strategy	Examples
Redevelopment and Leasing	Woodside: Acquired with a short-term lease in March 2018. \$6.6 million redevelopment includes removal of 10,000 SF of office, update of remaining office, replacement of roof and windows, upgrade of lighting and HVAC, installation of six grade-level doors, painting of interior and exterior, and paving. New 10-year lease with leading e-commerce firm commencing December 2018 with an estimated stabilized return on cost of 6.3% on \$32.0 million of total investment.
Near Term Lease Expirations and Below Market Rents	- Lucile: This 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. - Denver Ave: This single-tenant property was purchased 100% leased with three years remaining on the existing term. Negotiated an early termination with the existing tenant which was replaced by a new tenant with no downtime at 78% higher rents. Increased estimated stabilized cap rate from 5.5% to 9.4%.
Value Realized	10th Avenue: Terreno acquired the 300,000 SF building vacant in December 2010 for \$9.0 million. Terreno sold the property 100% leased in June 2018 for approximately \$24.3 million and recognized a GAAP gain of approximately \$11.7 million and generated an unleveraged internal rate of return of 11.5%.



Value Creation – Redevelopment and Leasing



- **Property:** 1 Bulova Ave
- **Location:** Woodside, Queens
- **Acquisition Size:** One building, 83,294 SF on 3.7 acres
- **Acquisition Price:** \$25.2 million, \$302 PSF in March 2018
- **Initial Occupancy:** 23% occupied with a short-term sale leaseback
- **Redevelopment Plan:** \$6.6 million 18-month repositioning of a 1960 18'-20' clear height building. Redevelopment includes removing 10,000 SF of office, updating remaining office, replacing roof and windows, upgrading lighting and HVAC systems, installing six grade-level doors, painting interior and exterior, and paving.
- **Leasing:** Executed new 10-year lease with leading e-commerce firm commencing December 2018, nine months ahead of underwriting.

Value Creation – 6.3% stabilized return on cost on a \$32.0 million total investment.



Value Creation – Near Term Lease Expiration

SoDo
Submarket



Lucile



- **Property:** 637 South Lucile
- **Location:** Seattle, WA, three 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%.

Value Creation – Below Market Rents

Select SoDo Area Properties



Denver Ave



- **Property:** 5300 Denver Avenue
- **Location:** Seattle, WA, three miles south of Downtown Seattle
- **Size:** One building, 30,000 SF on 1.5 acres
- **Acquisition Price:** \$4.7 million, \$160 PSF in May 2016
- **Rent Change on Rollover:** Acquired with three years remaining on existing lease term. Negotiated a zero cost early termination with the existing tenant and immediately signed a seven-year lease with a replacement tenant at 78% higher rents and no downtime.

Value Creation – Early termination of existing lease rolling rents to market 1.5 years early. New rents 78% higher increasing estimated stabilized cap rate from 5.5% to 9.4%.

Market Leading Corporate Structure

Management Alignment

- Executive Team's long-term incentive compensation fully aligned with stockholders
 - Performance shares tied 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 2.4% of outstanding shares valued at \$54.7 million)
 - \$11 million invested by management in public offerings and open market purchases

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



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 13 assets sold for an aggregate sales price of approximately \$205 million earning a 13.2% unleveraged IRR
- Aligned management team and market leading corporate governance

Appendix

Appendix: Statements Of Operations

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
REVENUES				
Rental revenues	\$ 29,702	\$ 26,452	\$ 87,342	\$ 76,629
Tenant expense reimbursements	8,197	7,188	24,902	21,230
Total revenues	37,899	33,640	112,244	97,859
COSTS AND EXPENSES				
Property operating expenses	9,486	9,023	29,692	26,022
Depreciation and amortization	10,057	9,595	30,566	27,855
General and administrative ⁽¹⁾	5,047	5,041	15,132	15,250
Acquisition costs	122	-	129	11
Total costs and expenses	24,712	23,659	75,519	69,138
OTHER INCOME (EXPENSE)				
Interest and other income	1,341	17	2,323	75
Interest expense, including amortization	(4,406)	(4,514)	(13,717)	(12,086)
Gain on sales of real estate investments	-	15,449	14,986	25,549
Total other income and expenses	(3,065)	10,952	3,592	13,538
Net income	10,122	20,933	40,317	42,259
Redemption of preferred stock	-	(1,767)	-	(1,767)
Preferred stock dividends	-	(178)	-	(1,961)
Net income, net of redemption of preferred stock and preferred stock dividends	10,122	18,988	40,317	38,531
Allocation to participating securities	(66)	(136)	(256)	(277)
Net income available to common stockholders, net of redemption of preferred stock and preferred stock dividends	\$ 10,056	\$ 18,852	\$ 40,061	\$ 38,254
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:				
Net income available to common stockholders, net of redemption of preferred stock and preferred stock dividends	\$ 0.17	\$ 0.36	\$ 0.71	\$ 0.76
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
	58,369,252	52,804,611	56,743,805	50,277,432

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Performance share award expense	\$ 1,301	\$ 1,935	\$ 4,326	\$ 5,568

Appendix: Net Income, FFO and Adjusted FFO

NET INCOME, FFO AND ADJUSTED FFO ⁽¹⁾	For the Three Months Ended September		For the Nine Months Ended September	
	2018	2017	2018	2017
Total revenues	\$ 37,899	\$ 33,640	\$ 112,244	\$ 97,859
Property operating expenses	(9,486)	(9,023)	(29,692)	(26,022)
Depreciation and amortization	(10,057)	(9,595)	(30,566)	(27,855)
General and administrative ⁽²⁾	(5,047)	(5,041)	(15,132)	(15,250)
Acquisition costs	(122)	-	(129)	(11)
Interest and other income	1,341	17	2,323	75
Interest expense, including amortization	(4,406)	(4,514)	(13,717)	(12,086)
Gain on sales of real estate investments	-	15,449	14,986	25,549
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Allocation to participating securities	(66)	(136)	(256)	(277)
Net income available to common stockholders, net of redemption of preferred stock and preferred stock dividends	\$ 10,056	\$ 18,852	\$ 40,061	\$ 38,254
Net income available to common stockholders per common share, net of redemption of preferred stock and preferred stock dividends	\$ 0.17	\$ 0.36	\$ 0.71	\$ 0.76
Adjustments to arrive at Funds from Operations:				
Gain on sales of real estate investments	-	(15,449)	(14,986)	(25,549)
Depreciation and amortization related to real estate	10,029	9,565	30,480	27,777
Allocation to participating securities	(130)	(90)	(355)	(297)
Funds from operations ⁽¹⁾	\$ 20,021	\$ 13,014	\$ 55,456	\$ 40,462
Funds from operations per common share (basic and diluted)	\$ 0.34	\$ 0.25	\$ 0.98	\$ 0.80
Adjustments to arrive at Adjusted Funds From Operations:				
Acquisition costs	122	-	129	11
Redemption of preferred stock	-	1,767	-	1,767
Stock-based compensation	1,793	2,411	6,022	7,261
Straight-line rents	(738)	(856)	(2,937)	(2,865)
Amortization of lease intangibles	(903)	(707)	(2,678)	(1,521)
Total capital expenditures	(8,475)	(5,953)	(23,450)	(18,567)
Capital expenditures related to stabilization ⁽³⁾	5,589	3,109	13,826	9,621
Adjusted funds from operations	\$ 17,409	\$ 12,785	\$ 46,368	\$ 36,169
Common stock dividends paid	\$ 12,858	\$ 10,473	\$ 37,259	\$ 29,861
Weighted average basic and diluted common shares	58,369,252	52,804,611	56,743,805	50,277,432

(1) See Reporting Definitions for further explanation.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Performance share award expense	\$ 1,301	\$ 1,935	\$ 4,326	\$ 5,568

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



Appendix: Supplemental Components of NAV

		<i>For the Three Months Ended September 30, 2018</i>
COMPONENTS OF NET OPERATING INCOME⁽¹⁾		
Total revenues	\$	37,899
Less straight-line rents		(738)
Less amortization of lease intangibles		(903)
Less property operating expenses		(9,486)
Net operating income	\$	26,772
CONTRACTUAL RENT ABATEMENTS⁽²⁾	\$	567
LEASE TERMINATION INCOME	\$	166
CASH NOI FROM REDEVELOPMENTS	\$	107
BALANCE SHEET ITEMS		
Other assets and liabilities		
Cash and cash equivalents	\$	3,587
Restricted cash		4,466
Construction in progress ⁽³⁾		91,055
Senior secured loan ⁽⁴⁾		55,000
Other assets, net		30,924
Less straight-line rents		(21,287)
Security deposits		(11,340)
Dividends payable		(14,186)
Performance share awards payable		(9,310)
Accounts payable and other liabilities		(22,666)
Total other assets and liabilities	\$	106,243
DEBT AND PREFERRED STOCK		
Credit facility	\$	(21,850)
Term loans payable ⁽⁴⁾		(150,000)
Senior unsecured notes ⁽⁴⁾		(250,000)
Mortgage loans payable ⁽⁴⁾		(63,638)
Total debt	\$	(485,488)
Total shares outstanding		59,136,072

Q3 2018 ACQUISITIONS

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
Merced	August 2, 2018	\$ 36,000	5.2%	86%
San Clemente	September 7, 2018	9,000	4.6%	100%
Whitney	September 17, 2018	22,790	4.8%	95%
Total/Weighted Average		\$ 67,790	5.0%	91%

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

Market	Rentable Square Feet	Occupancy Percentage as of September 30, 2018	Annualized Base Rent (000's)	Annualized Base Rent Per Occupied Square Foot
Los Angeles	2,736,305	98.9%	\$ 21,103	\$ 7.79
Northern New Jersey/New York City	3,145,507	99.4%	27,707	8.86
San Francisco Bay Area	1,787,422	96.6%	19,072	11.04
Seattle	1,665,625	99.4%	13,459	8.13
Miami	1,522,904	98.0%	12,625	8.46
Washington, D.C.	2,059,480	97.7%	18,972	9.43
Total/Weighted Average	12,917,243	98.5%	\$ 112,938	\$ 8.88

SUMMARY MARKET INFORMATION (Improved Land)

Market	Number of Parcels	Acreage	Occupancy Percentage as of September 30, 2018	Annualized Base Rent (000's)
Los Angeles	3	8.0	57.6%	\$ 727
Northern New Jersey/New York City	5	26.9	60.7%	2,053
San Francisco Bay Area	2	1.4	100.0%	202
Seattle	-	-	-	-
Miami	2	3.2	100.0%	335
Washington, D.C.	1	13.4	100.0%	734
Total/Weighted Average	13	52.9	73.6%	\$ 4,051

(1) See Reporting Definitions for further explanation.

(2) Represents contractual free rent given to tenants and includes approximately \$0.2 million of rent abatements to the tenant at our Belleville property.

(3) The Company had four properties under redevelopment as of September 30, 2018 that upon completion will contain approximately 0.5 million square feet with a total expected investment of approximately \$119.0 million, including redevelopment costs of approximately \$32.7 million.

(4) Excludes deferred financing costs and loan fees.



Appendix: Same Store Results

SAME STORE GROWTH ⁽¹⁾	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2018	2017	\$ Change	% Change	2018	2017	\$ Change	% Change
Net income	\$ 10,122	\$ 20,933	\$ (10,811)	(51.6)%	\$ 40,317	\$ 42,259	\$ (1,942)	(4.6)%
Depreciation and amortization	10,057	9,595	462	4.8%	30,566	27,855	2,711	9.7%
General and administrative	5,047	5,041	6	0.1%	15,132	15,250	(118)	(0.8)%
Acquisition costs	122	-	122	n/a	129	11	118	1072.7%
Total other income and expenses	3,065	(10,952)	14,017	n/a	(3,592)	(13,538)	9,946	(73.5)%
Net operating income	28,413	24,617	3,796	15.4%	82,552	71,837	10,715	14.9%
Less non-same store NOI	(4,980)	(2,900)	(2,080)	71.7%	(13,697)	(7,253)	(6,444)	88.8%
Same store NOI	<u>\$ 23,433</u>	<u>\$ 21,717</u>	<u>\$ 1,716</u>	<u>7.9%</u>	<u>\$ 68,855</u>	<u>\$ 64,584</u>	<u>\$ 4,271</u>	<u>6.6%</u>
Less straight-line rents and amortization of lease intangibles	(514)	(822)	308	(37.5)%	(2,448)	(3,296)	848	(25.7)%
Cash-basis same store NOI	<u>\$ 22,919</u>	<u>\$ 20,895</u>	<u>\$ 2,024</u>	<u>9.7%</u>	<u>\$ 66,407</u>	<u>\$ 61,288</u>	<u>\$ 5,119</u>	<u>8.4%</u>

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	Q2 2018	Q3 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	10,712,629	10,687,465
Occupancy %	93.0%	96.8%	97.1%	94.4%	99.0%	97.5%	97.5%	98.3%	98.9%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	3.1%	8.6%	16.5%	12.5%	2.8%	9.7%
Average cash-basis same store growth since IPO:			12.5%						

- (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, 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.



Appendix: Redevelopments and Dispositions

REDEVELOPMENTS

Property Name	Total Expected Investment (in thousands) ⁽¹⁾	Amount Spent to Date	Amount Remaining to Spend	Estimated Stabilized Return on Cost ⁽²⁾	Estimated Stabilization Quarter
1775 NW 70th Avenue	\$ 10,198	\$ 9,802	\$ 396	5.3%	Q1 2019
Woodside	31,910	26,829	5,081	6.3%	Q4 2018
1st Avenue South	63,675	44,372	19,303	5.1%	Q3 2020
10100 NW 25th Street	13,231	10,052	3,179	5.3%	Q1 2019
Total/Weighted Average	\$ 119,014	\$ 91,055	\$ 27,959	5.5%	

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%
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%
10th Avenue	December 2010	June 2018	9,000	24,300	11.5%
		Total	\$ 131,974	\$ 204,884	13.2%

(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) Estimated stabilized return on cost is calculated as annualized cash basis net operating income for the property stabilized to market occupancy (generally 95%) divided by the total expected investment for the property.

Appendix: Capitalization

Maturity	Credit Facility	Term Loans	Senior Unsecured	Mortgage Loans Payable	Total Debt
2018 (3 months)	\$ -	\$ -	\$ -	\$ 485	\$ 485
2019	-	-	-	18,805	18,805
2020	21,850	-	-	33,077	54,927
2021	-	50,000	-	11,271	61,271
2022	-	100,000	50,000	-	150,000
Thereafter	-	-	200,000	-	200,000
Subtotal	21,850	150,000	250,000	63,638	485,488
Unamortized net premiums	-	-	-	-	-
Total Debt	21,850	150,000	250,000	63,638	485,488
Deferred financing costs, net	-	(886)	(1,812)	(136)	(2,834)
Total Debt, net	\$ 21,850	\$ 149,114	\$ 248,188	\$ 63,502	\$ 482,654
Weighted Average Interest Rate	3.5%	3.4%	4.1%	4.0%	3.8%
				As of September 30, 2018	As of September 30, 2017
Total Debt, net					\$ 482,654
					\$ 461,971
Common Stock					
Shares Outstanding				59,136,072	54,569,238
Market Price				\$ 37.70	\$ 36.18
Total Equity				2,229,430	1,974,315
Total Market Capitalization				\$ 2,712,084	\$ 2,436,286
Total Debt-to-Total Investments in Properties				26.8%	30.3%
Total Debt-to-Total Investments in Properties and Senior Secured Loan				26.2%	30.3%
Total Debt-to-Total Market Capitalization				17.8%	19.0%
Floating Rate Debt as a % of Total Debt ⁽¹⁾				35.4%	32.2%
Unhedged Floating Rate Debt as a % of Total Debt ⁽²⁾				4.5%	0.0%
Mortgage Loans Payable as a % of Total Debt				13.2%	14.1%
Mortgage Loans Payable as a % of Total Investments in Properties				3.5%	4.3%
Adjusted EBITDA (nine months ended September 30, 2018) ⁽³⁾				\$ 75,765	\$ 63,923
Interest Coverage				5.5 x	5.3 x
Fixed Charge Coverage				4.9 x	4.6 x
Total Debt-to-Adjusted EBITDA ⁽³⁾				4.6 x	5.2 x
Weighted Average Maturity of Total Debt (years)				4.6	5.7

- (1) Floating rate debt includes our existing \$150.0 million of variable-rate term loan borrowings with LIBOR interest rate caps of 4.0%.
(2) Excludes \$150.0 million of variable-rate term loan borrowings with LIBOR interest rate caps of 4.0%.
(3) See Reporting Definitions for further explanation.



Appendix: Submarket Focus

Market	Shrinking Supply (1)	No Net New Supply (2)	New Supply (3)
Los Angeles	LAX	South Bay	Inland Empire West
	West of 405	Commerce/Vernon	Inland Empire East
	Hawthorne	Mid-Counties	
		San Fernando Valley	
		Orange County	
New York City/Northern New Jersey	Secaucus	Meadowlands	Exit 8A
	Bayonne	Newark/Elizabeth	Exit 10 / I 287
	Jersey City	Fairfield	
	Teterboro	Exit 12	
	Brooklyn/Queens	JFK	
San Francisco Bay Area	Silicon Valley	East Bay	Livermore
	South SF		
Miami	Central Dade	Airport/Doral	Medley
		Hialeah	Airport North
			North Dade
			Miami Lakes
Seattle	South Seattle	Kent	Auburn
	Tukwila	SeaTac	Sumner
		Renton	Fife
			Pullayup
Washington D.C.	D.C.	Corridor	Dulles
	Inside the D.C. Beltway	Close in PG County	
		Close in NOVA	
Percentage of Terreno's Portfolio ⁽⁴⁾			
	24%	58%	18%

(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.

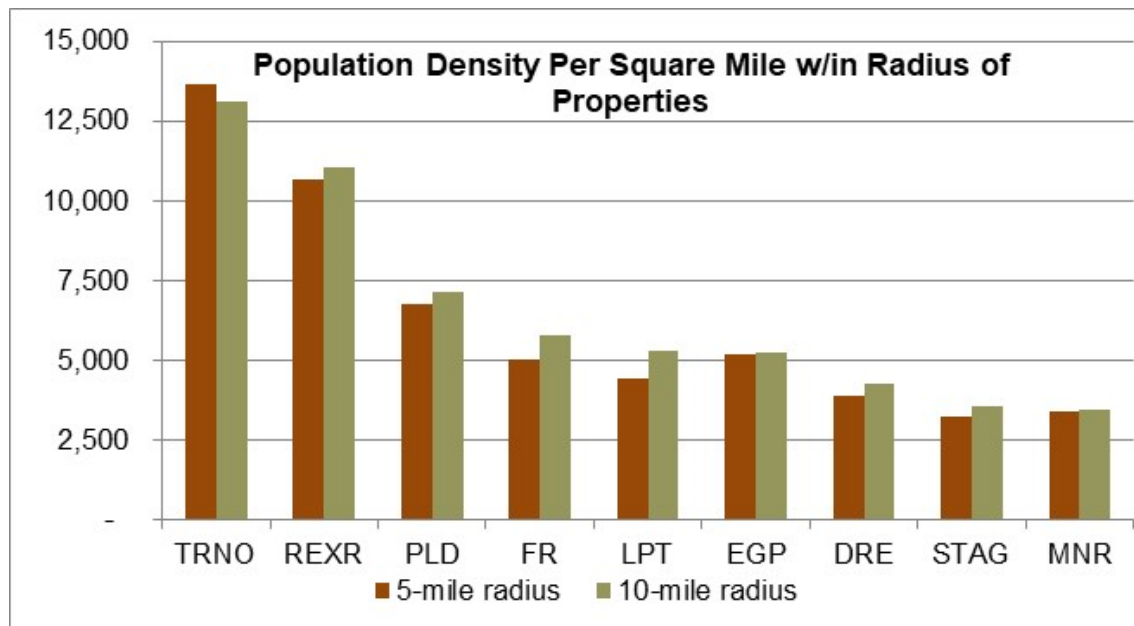
22 (4) Reflects Terreno portfolio composition based on geography and purchase price, and includes four properties under redevelopment. Completed redevelopments are included at total investment.



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 <i>Chairman and CEO</i>	- 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 <i>President</i>	- 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 <i>EVP</i>	- Joined Terreno Realty Corporation in 2008 - Former Vice President, Investment Officer of Perseus Realty Partners - Former Transaction Officer at AMB
Jaime Cannon <i>EVP and CFO</i>	- Joined Terreno Realty Corporation in 2010 - Former Vice President, Treasury at AMB - Former Audit Manager at PriceWaterhouseCoopers LLP
John Meyer <i>EVP</i>	- Joined Terreno Realty Corporation in 2010 - Former Senior Vice President, Director of Transactions, Southwest Region for AMB
Lee Carlson <i>Audit Chair</i>	- 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 <i>& Corporate Governance Chair</i>	- Executive Managing Director of Merlone Geier Partners - Former Chairman, President, and Chief Executive Officer of Mellon Capital - Joined Terreno Realty Corporation Board of Directors in May, 2018
Doug Pasquale <i>Lead Director</i>	- 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 <i>Compensation Chair</i>	- President, Chief Executive Officer and Director of SYNEX Corporation (NYSE: SNX) - Former Senior Vice President and Chief Financial Officer of Savoir Technology Group

Appendix: Reporting Definitions

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

The following table reflects the calculation of Adjusted EBITDA reconciled from net income for the three and nine months ended September 30, 2018 and 2017 (dollars in thousands):

	<i>For the Three Months Ended September 30,</i>				<i>For the Nine Months Ended September 30,</i>			
	<i>2018</i>	<i>2017</i>	<i>\$ Change</i>	<i>% Change</i>	<i>2018</i>	<i>2017</i>	<i>\$ Change</i>	<i>% Change</i>
Net income	\$ 10,122	\$ 20,933	\$ (10,811)	(51.6)%	\$ 40,317	\$ 42,259	\$ (1,942)	(4.6)%
Gain on sales of real estate investments	-	(15,449)	15,449	n/a	(14,986)	(25,549)	10,563	(41.3)%
Depreciation and amortization	10,057	9,595	462	4.8%	30,566	27,855	2,711	9.7%
Interest expense, including amortization	4,406	4,514	(108)	(2.4)%	13,717	12,086	1,631	13.5%
Stock-based compensation	1,793	2,411	(618)	(25.6)%	6,022	7,261	(1,239)	(17.1)%
Acquisition costs	122	-	122	n/a	129	11	118	1072.7%
Adjusted EBITDA	\$ 26,500	\$ 22,004	\$ 4,496	20.4%	\$ 75,765	\$ 63,923	\$ 11,842	18.5%

Appendix: Reporting Definitions

Adjusted Funds from Operations (AFFO): We compute AFFO by adding to or subtracting from FFO (see definition below) (i) acquisition costs (ii) stock-based compensation (iii) straight-line rents, (iii) amortization of above- and below-market lease intangibles and (iv) non-recurring capital expenditures required to stabilize acquired vacancy or renovation projects. We use AFFO as a meaningful supplemental measure of our operating performance because it captures trends in our portfolio operating results when compared year over year. We also believe that AFFO is a widely recognized supplemental measure of the performance of REITs and is used by investors as a basis to assess operating performance in comparison to other REITs. As a result, we believe that the use of AFFO, together with the required GAAP presentations, provide a more complete understanding of our operating performance.

Funds from Operations (FFO): We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts (“Nareit”), which defines FFO as net income (loss) (determined in accordance with GAAP), excluding gains (losses) from sales of property and impairment write-downs of depreciable real estate, plus depreciation and amortization on real estate assets and after adjustments for unconsolidated partnerships and joint ventures (which are calculated to reflect FFO on the same basis). We believe that presenting FFO provides useful information to investors regarding our operating performance because it is a measure of our operations without regard to specified non-cash items, such as real estate depreciation and amortization and gain or loss on sale of assets.

We believe that FFO is a meaningful supplemental measure of our operating performance because historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting alone to be insufficient. As a result, we believe that the use of FFO, together with the required GAAP presentations, provide a more complete understanding of our operating performance.

Appendix: Reporting Definitions

Net Operating Income (NOI): We compute NOI as rental revenues, including tenant expense reimbursements, less property operating expenses. We compute same store NOI as rental revenues, including tenant expense reimbursements, less property operating expenses on a same store basis. NOI excludes depreciation, amortization, general and administrative expenses, acquisition costs and interest expense. We compute cash-basis same store NOI as same store NOI excluding straight-line rents and amortization of lease intangibles. The same store pool includes all properties that were owned as of September 30, 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 September 30, 2018. As of September 30, 2018, the same store pool consisted of 157 buildings aggregating approximately 10.7 million square feet representing approximately 82.7% 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.