Terreno Realty Corporation

NAREIT Update June 2019

June 3, 2019

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,” “seek,” “target,” “see,” “likely,” “position,” “opportunity,” “outlook,” “potential,” “enthusiastic,” “future,” 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, 2018, 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 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)
  - Warehouse / distribution (81.5%)
  - Flex (including light industrial and R&D) (8.4%)
  - Transshipment (4.8%)
  - Improved land (5.3%) (2)
- Functional and flexible assets
  - Caters to sub-market tenant demands, including last-mile distribution
  - Generally suitable for multiple tenants
  - Adjacent to transportation infrastructure
- 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 annualized base rent as of March 31, 2019. Excludes four properties under redevelopment that upon completion will contain approximately 0.6 million square feet.

(2) Includes 18 improved land parcels totaling approximately 74.9 acres that are 86.6% leased to 20 customers. 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 $0.25 per diluted share for the quarter ended March 31, 2019 compared to $0.38 for the quarter ended December 31, 2018 and $0.18 for the quarter ended March 31, 2018.
- Funds From Operations (FFO)(1) of $0.35 per basic and diluted share for the quarter ended March 31, 2019 compared to $0.33 for the quarter ended December 31, 2018 and $0.32 for the quarter ended March 31, 2018. FFO for the quarter ended March 31, 2019 increased from the prior quarter primarily due to property acquisitions, same store NOI growth, and a decrease in performance share award expense.

Operating Highlights

- Cash-basis Same Store NOI(1) for the three months ended March 31, 2019 increased approximately 11.1% as compared to the same period in 2018 due to increased revenue on new and renewed leases. In addition, approximately $0.5 million (200bps) of the increase in cash-basis same store NOI for the three months ended March 31, 2019 was related to properties that were acquired vacant or with near term expirations.
- Cash rents on new and renewed leases of approximately 1.0 million square feet commencing during the three months ended March 31, 2019 increased approximately 14.5%.
- Total portfolio, excluding four properties under redevelopment and 18 improved land parcels, was 98.1% leased as of March 31, 2019 as compared to 98.4% at December 31, 2018 and 97.0% at March 31, 2018.
- The same store portfolio of approximately 12.0 million square feet, representing approximately 93.2% of our total square feet, was 99.0% leased at March 31, 2019 as compared to 99.1% at December 31, 2018 and 96.7% at March 31, 2018.

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

TERRENO

Recent Highlights

Investment Highlights

Q1 2019 Acquisitions	$63.1 million
YTD Acquisitions (1)	$110.9 million
Acquisitions Under Contract (2)	$7.2 million
Acquisitions Under LOI (2)	$80.5 million
Q1 2019 Dispositions	$12.4 million

- For three months ended March 31, 2019, sold one property for approximately $12.4 million generating an unleveraged internal rate of return of 12.4% (total GAAP gain of approximately $4.5 million).
- For the three months ended March 31, 2019, acquired two properties that partially secured a $55 million Senior Secured Loan (3) for an aggregate purchase price of approximately $39.1 million, reducing the outstanding balance to $15.8 million.

Capital Markets Activities

- Issued approximately 2.0 million shares of common stock under the ATM program during the three months ended March 31, 2019 with a weighted average offering price of $41.39, receiving gross proceeds of approximately $82.3 million.

(1) As of June 3, 2019.

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

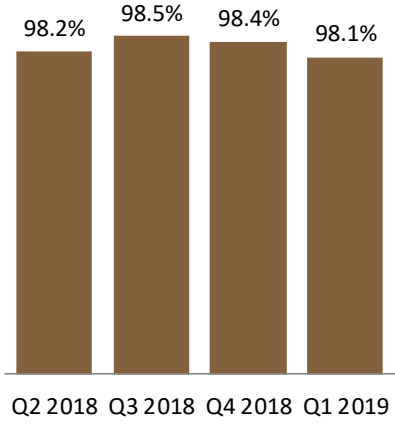
(3) The Senior Secured Loan is secured by a portfolio of seven improved land parcels primarily located in Newark, New Jersey. One property may be called by us as partial or full repayment of the Senior Secured Loan at a previously agreed upon value. This property may also be put to us as partial repayment of the Senior Secured Loan. In addition, per the terms of the Senior Secured Loan, the borrower may repay the loan at any time with either cash or deed in lieu, with the deed subject to our approval.

TERRENO

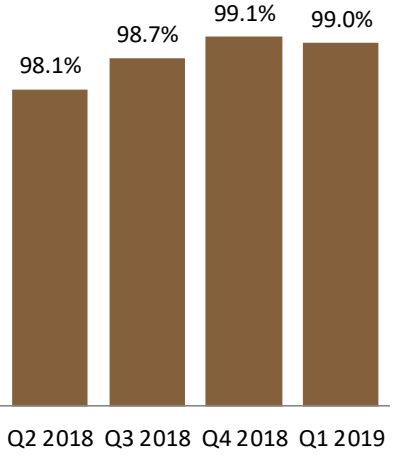
Current Portfolio Overview

Occupancy

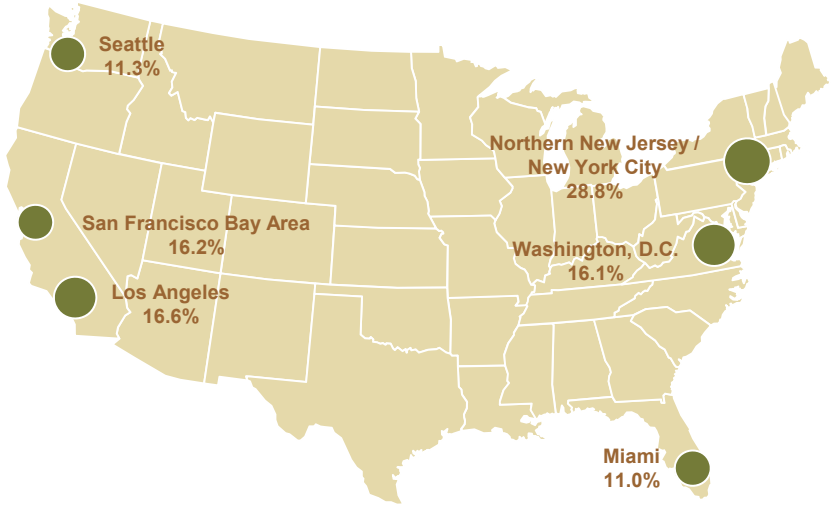
Portfolio



Same Store



Six Major Coastal U.S. Markets(1)



Key Metrics(2)

Square Feet	12.9 million	**Average Acquisition Size**	$12.8 million
Number of Buildings	207	**Weighted Average Occupancy at Acquisition**	82.8%
18 Improved Land Parcels	74.9 acres; 86.6% leased	**Square Feet Under Redevelopment**	612,000

(1) Based on annualized base rent by market including 12.9 million square feet and 18 improved land parcels consisting of 74.9 acres as of March 31, 2019. Excludes four properties under redevelopment that upon completion will contain approximately 0.6 million square feet.

(2) Properties owned as of March 31, 2019. Excludes four properties under redevelopment that upon completion will contain approximately 0.6 million square feet. Average acquisition size and weighted average occupancy at acquisition exclude 16 properties sold with an aggregate 2.3 million square feet.

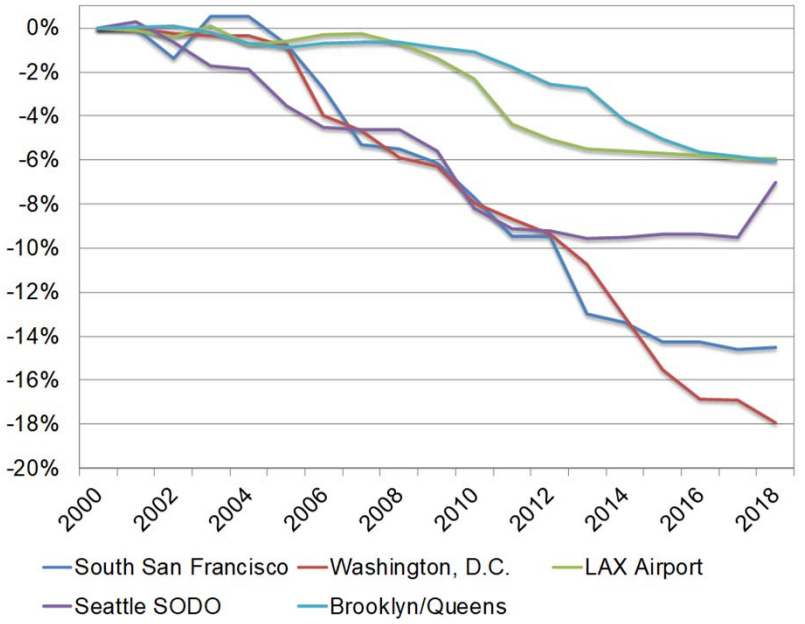
TERRENO

Terreno's Submarket Focus

Highly Focused Submarket Strategy

- 27% 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. Urban 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.
- 15% 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	18.0%	1.0%
South San Francisco	2.7	14.5%	0.8%
Seattle SODO	1.7	7.0%	0.4%
Brooklyn/Queens	10.7	6.0%	0.3%
LAX Airport	1.1	5.9%	0.3%

(1) As of June 3, 2019. Reflects Terreno's portfolio composition based on geography and purchase price, includes properties under redevelopment, and improved land parcels. Refer to Appendix for submarket classifications.

(2) Data provided by Costar. As a comparison, industrial supply has increased 20% nationally and 108% in the Inland Empire since 2000.

TERRENO

Shrinking Supply: South San Francisco

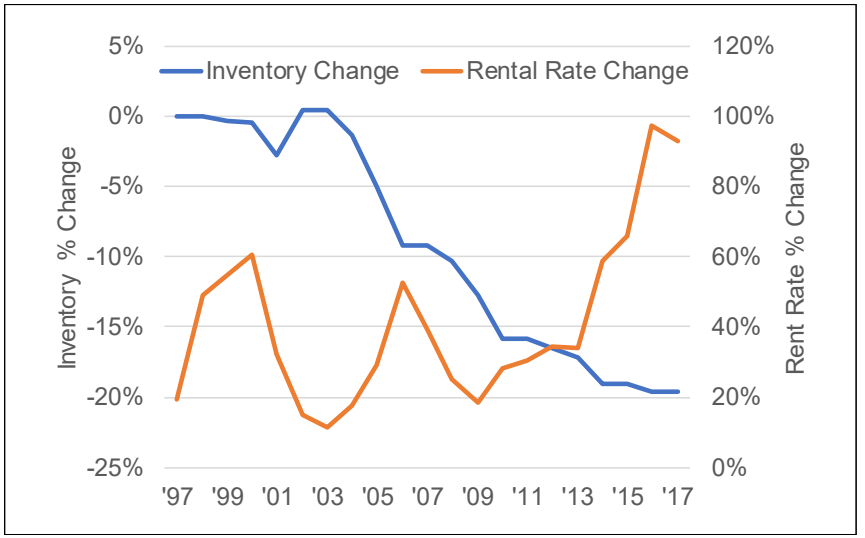
20% Decrease in Supply Since 1997



Demolished Industrial Inventory Approved for Redevelopment

Terreno Properties

Percentage Inventory Decrease and Rental Rate Increase Since 1997



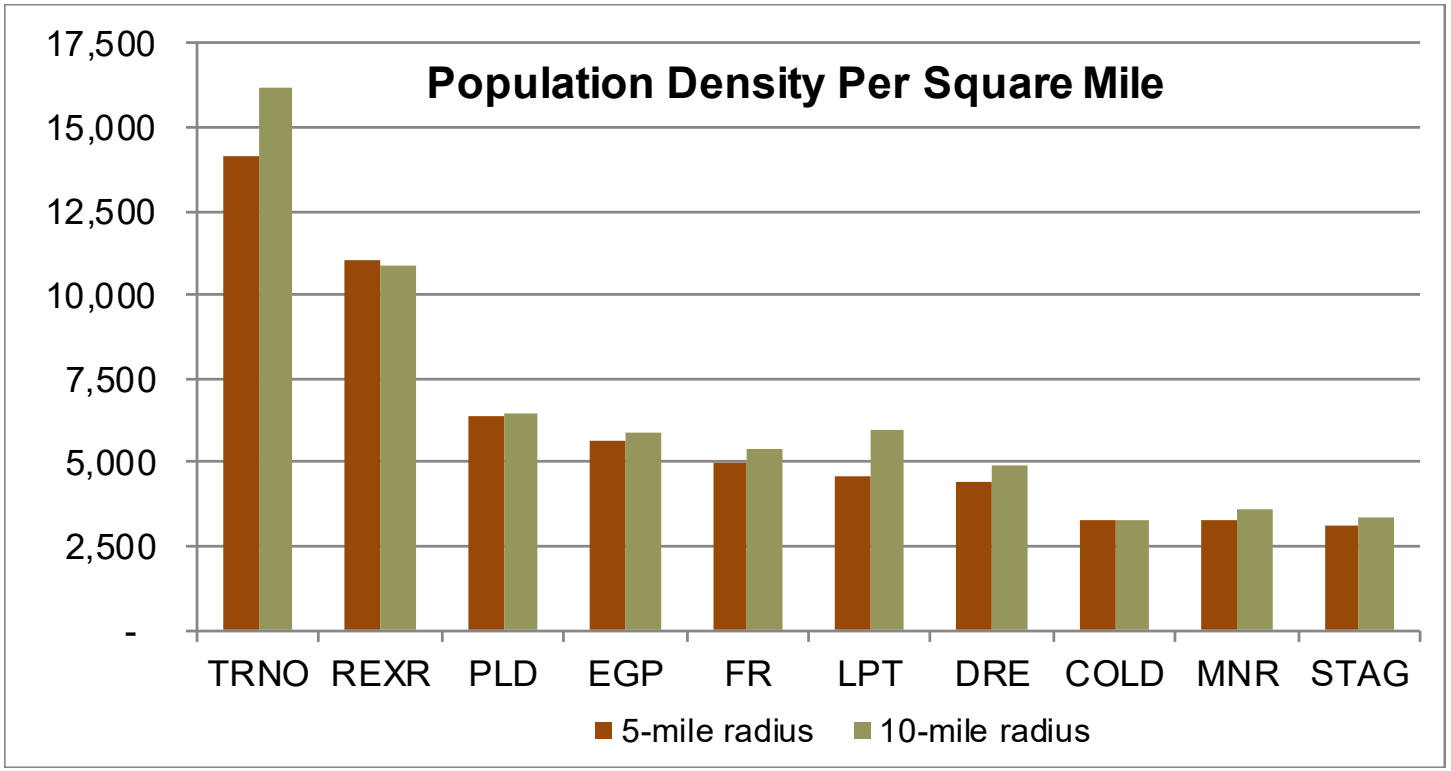
Source: CoStar

- South San Francisco zoning limits freight forwarding contributing to higher and better use conversions.
- Industrial buildings are being demolished and replaced by life science, office, manufacturing, and multifamily.

TERRENO

Submarket Focus: Infill

Terreno portfolio located within highest density population areas as compared to other industrial REITs



Represent average population density weighted by square feet and ranked by 5-mile radius.
Prologis (NYSE: PLD) average population density data as of 2018; PLD no longer discloses property level information.
Source: S&P Global Market Intelligence, Terreno Realty Corporation.

TERRENO

Selected Recent Acquisitions

56-85 49th Street

Queens, NY
February 12, 2019

- Purchase Price: $24.0 million
- Estimated Stabilized Cap Rate: 5.3%
- Size: One transshipment building containing approximately 18,000 square feet on 2.0 acres
- Occupancy: 100% leased to one tenant on a short-term basis through April 2019
- Location: Adjacent to the intersection of the Brooklyn-Queens Expressway and the Long Island Expressway



81 N Hackensack & 48 3rd / 286 Central

Kearny, NJ
March 8, 2019 &
March 29, 2019

- Purchase Price: $39.1 million
- Estimated Stabilized Cap Rate: 5.3%
- Size: One transshipment building containing approximately 28,000 square feet on 4.6 acres and two improved land parcels totaling 19.7 acres
- Occupancy: 100% leased to four tenants
- Acquired as partial payment of $55 million Senior Secured Loan
- Location: Adjacent to Exit 15E of the New Jersey Turnpike, U.S. Routes 1 and 9, and the Pulaski Skyway



1501 Tennessee St
1400 Minnesota St

San Francisco, CA
May 28, 2019

- Purchase Price: $47.8 million
- Estimated Stabilized Cap Rate: 4.0%
- Size: Two industrial buildings containing approximately 119,000 square feet on 2.7 acres
- Occupancy: 100% leased to nine tenants, two of which expire within one year and all of which expire by January 2024.
- Location: Adjacent to Interstate 280 in the Dogpatch submarket of San Francisco's Central Waterfront



TERRENO

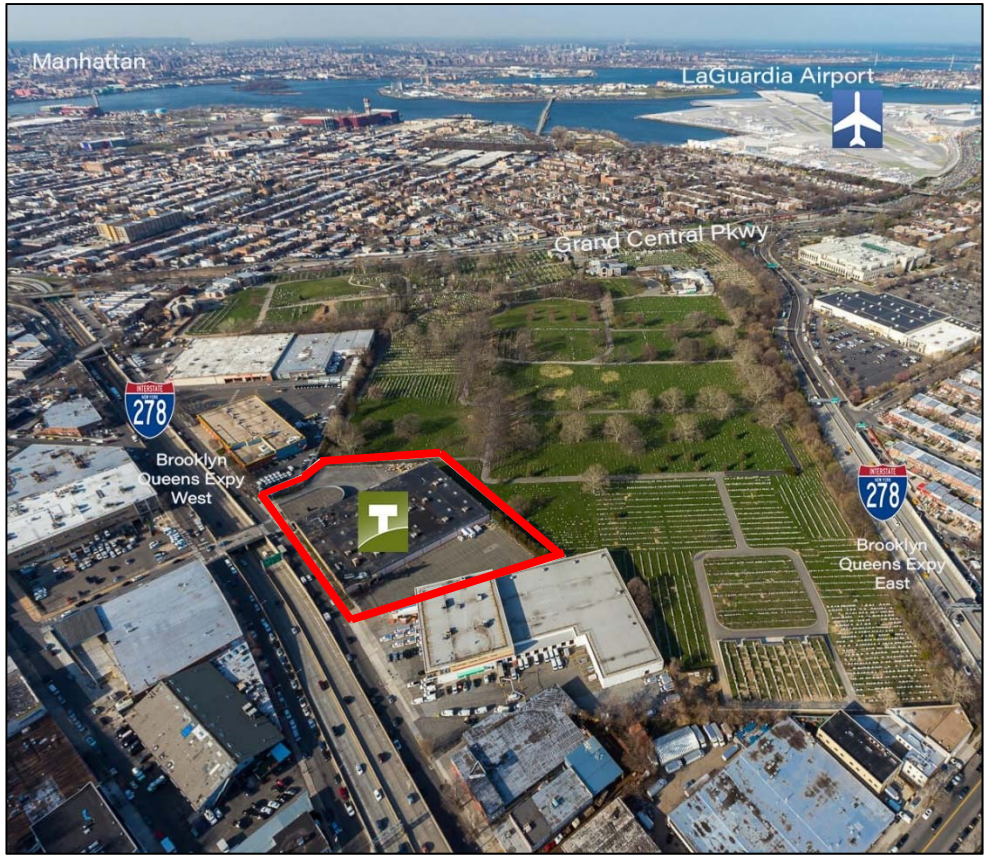
Selected Examples of Value Creation

- In addition to the acquisition and operation of core properties, Terreno acquires value-add projects. Since its 2010 IPO, approximately half of Terreno's acquisitions have been value-add investments. Terreno has successfully stabilized 70 value-add investments to date.

Strategy	Examples
Redevelopment and Leasing	▪ Woodside, Queens: Acquired with a short-term lease in March 2018. $6.8 million redevelopment included 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 commenced December 2018 with an estimated stabilized return on cost of 6.3% on $32.1 million of total investment. ▪ 1775 NW 70th, Miami: Acquired with a short-term lease in October 2017. $1.5 million redevelopment included removal of 15,000 SF of second story office and refurbishment of remaining 9,000 SF of office, demolition of cooler area and restoration to dry warehouse, upgrade of lighting, HVAC, and electrical systems, repair of loading platform, painting of interior and exterior, and paving. New 5-year lease commenced in February 2019 generating an estimated stabilized return on cost of 5.5% on $10.0 million of total investment.
Below Market Rents	▪ Dawson, Seattle: Acquired in July 2017 for an estimated 2.8% stabilized cap rate with 19 months remaining on below-market lease. Executed five-year renewal with tenant in March 2019 increasing rent 119% over expiring rate.
Value Realized	▪ California Avenue, Corona: Terreno acquired the 90,000 SF building in June 2014 for $7.8 million. Terreno sold the property 100% leased on March 13, 2019 for approximately $12.4 million, exiting the Inland Empire, and recognized a GAAP gain of approximately $4.5 million and generated an unleveraged internal rate of return of 12.4%.

TERRENO

Value Creation – Redevelopment and Leasing



- **Property:** 1 Bulova Ave
- **Location:** Woodside, Queens
- **Acquisition Size:** One building, 83,300 SF on 3.7 acres
- **Acquisition Price:** $25.2 million in March 2018
- **Initial Occupancy:** 23% occupied with a short-term sale leaseback
- **Redevelopment Plan:** $6.8 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:** 10-year lease with leading e-commerce firm commenced December 2018, nine months ahead of underwriting.

Value Creation – 6.3% stabilized return on cost on a $32.1 million total investment.

TERRENO

Value Creation – Redevelopment and Leasing





- **Property:** 1775 NW 70th Avenue
- **Location:** Miami, Florida
- **Acquisition Size:** One building, 65,400 SF on 3.2 acres
- **Acquisition Price:** $8.4 million in October 2017
- **Initial Occupancy:** 100% occupied on a short-term basis
- **Redevelopment Plan:** $1.5 million redevelopment included demolition of existing cooler and 15,000 SF of second story office, updating remaining office, upgrading lighting and HVAC systems, repairing dock platform, painting interior and exterior, and paving.
- **Leasing:** 5-year lease commenced February 2019 achieving 5.5% stabilized return on cost.

Value Creation – 5.5% stabilized return on cost on a $10.0 million total investment.

TERRENO

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 an 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%.

TERRENO

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 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 2.3% of outstanding shares valued at $68.3 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

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 16 properties sold for an aggregate sales price of approximately $254.9 million earning a 13.3% unleveraged IRR
- Aligned management team and market leading corporate governance

TERRENO

Appendix

TERRENO

Appendix: Statements Of Operations

CONSOLIDATED STATEMENTS OF OPERATIONS	For the Three Months Ended March 31,	
	2019	2018
REVENUES		
Rental revenues and tenant expense reimbursements	$ 40,880	$ 37,107
Total revenues	40,880	37,107
COSTS AND EXPENSES		
Property operating expenses	10,693	9,893
Depreciation and amortization	10,415	10,735
General and administrative (1)	5,963	5,078
Acquisition costs	-	2
Total costs and expenses	27,071	25,708
OTHER INCOME (EXPENSE)		
Interest and other income	1,522	60
Interest expense, including amortization	(4,264)	(4,685)
Gain on sales of real estate investments	4,465	3,283
Total other income and expenses	1,723	(1,342)
Net income	15,532	10,057
Allocation to participating securities	(98)	(65)
Net income available to common stockholders	$ 15,434	$ 9,992
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:		
Net income available to common stockholders - basic	$ 0.25	$ 0.18
Net income available to common stockholders - diluted	$ 0.25	$ 0.18
BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	61,456,965	55,127,580
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	61,604,250	55,127,580

(1) Includes non-cash compensation associated with the Company's Performance Share Awards. For Performance Share Awards granters prior to January 1, 2019, 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. For Performance Share Awards granted after January 1, 2019, the Company estimates the fair value using a Monte Carlo simulation model on the date of grant and recognizes the expense over the performance period. Compensation expense related to all Performance Share Awards outstanding was as follows:

	For the Three Months Ended March 31,	
	2019	2018
Performance share award expense	$ 1,974	$ 1,658

TERRENO

Appendix: Net Income, FFO and Adjusted FFO

NET INCOME, FFO AND ADJUSTED FFO[1]	For the Three Months Ended March 31, 2019	2018
Total revenues	$ 40,880	$ 37,107
Property operating expenses	(10,693)	(9,893)
Depreciation and amortization	(10,415)	(10,735)
General and administrative [2]	(5,963)	(5,078)
Acquisition costs	-	(2)
Interest and other income	1,522	60
Interest expense, including amortization	(4,264)	(4,685)
Gain on sales of real estate investments	4,465	3,283
Net income	**$ 15,532**	**$ 10,057**
Allocation to participating securities	(98)	(65)
Net income available to common stockholders	**$ 15,434**	**$ 9,992**
Net income available to common stockholders per common share - basic	**$ 0.25**	**$ 0.18**
Net income available to common stockholders per common share - diluted	**$ 0.25**	**$ 0.18**
Adjustments to arrive at Funds from Operations:		
Gain on sales of real estate investments	(4,465)	(3,283)
Depreciation and amortization related to real estate	10,387	10,705
Allocation to participating securities	(135)	(113)
Funds from operations [1]	**$ 21,319**	**$ 17,366**
Funds from operations per common share - basic	**$ 0.35**	**$ 0.32**
Funds from operations per common share - diluted	**$ 0.35**	**$ 0.32**
Adjustments to arrive at Adjusted Funds From Operations:		
Acquisition costs	-	2
Stock-based compensation	2,500	2,042
Straight-line rents	(737)	(1,047)
Amortization of lease intangibles	(870)	(877)
Total capital expenditures	(14,177)	(5,142)
Capital expenditures related to stabilization [3]	8,414	2,022
Adjusted funds from operations	**$ 16,449**	**$ 14,366**
Common stock dividends paid	**$ 14,643**	**$ 12,181**
Weighted average basic common shares	**61,456,965**	**55,127,580**
Weighted average diluted common shares	**61,604,250**	**55,127,580**

(1) See Reporting Definitions for further explanation.

(2) Includes non-cash compensation associated with the Company's Performance Share Awards. For Performance Share Awards granters prior to January 1, 2019, 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. For Performance Share Awards granted after January 1, 2019, the Company estimates the fair value using a Monte Carlo simulation model on the date of grant and recognizes the expense over the performance period. Compensation expense related to all Performance Share Awards outstanding was as follows:

	For the Three Months Ended March 31, 2019	2018
Performance share award expense	$ 1,974	$ 1,658

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

TERRENO

Appendix: Supplemental Components of NAV

COMPONENTS OF NET OPERATING INCOME[1]		*For the Three Months Ended March 31, 2019*
Total revenues	$	40,880
Less straight-line rents		(737)
Less amortization of lease intangibles		(870)
Less property operating expenses		(10,693)
Net operating income	$	28,580
CONTRACTUAL RENT ABATEMENTS	$	582
LEASE TERMINATION INCOME	$	7
CASH NOI FROM DISPOSED PROPERTIES	$	108
CASH NOI FROM REDEVELOPMENTS	$	181
BALANCE SHEET ITEMS		
Other assets and liabilities		
Cash and cash equivalents	$	59,750
Restricted cash		2,630
Construction in progress [2]		91,492
Senior secured loan [3]		15,915
Other assets, net		41,385
Less straight-line rents		(22,349)
Security deposits		(12,147)
Dividends payable		(15,109)
Performance share awards payable		(6,586)
Accounts payable and other liabilities		(24,812)
Total other assets and liabilities	$	130,169
DEBT AND PREFERRED STOCK		
Credit facility	$	-
Term loans payable [3]		(150,000)
Senior unsecured notes [3]		(250,000)
Mortgage loans payable [3]		(45,490)
Total debt	$	(445,490)
Total shares outstanding		63,128,894

Q1 2019 ACQUISITIONS

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
49th Street	February 12, 2019	$ 24,017	5.3%	100%
81 N Hackensack	March 8, 2019	25,000	5.3%	100%
48 3rd / 286 Central	March 29, 2019	14,085	5.4%	100%
Total/Weighted Average		$ 63,102	5.3%	100%

SUMMARY MARKET INFORMATION (Investments in Real Estate) [2]

Market	Rentable Square Feet	Occupancy Percentage as of March 31, 2019	Annualized Base Rent (000's)	Annualized Base Rent Per Occupied Square Foot
Los Angeles	2,441,026	97.1%	$ 19,714	$ 8.32
Northern New Jersey/New York City	3,305,629	99.6%	31,327	9.52
San Francisco Bay Area	1,816,636	96.4%	19,862	11.35
Seattle	1,665,625	99.4%	14,023	8.47
Miami	1,563,352	98.7%	13,285	8.61
Washington, D.C.	2,059,481	96.7%	19,167	9.62
Total/Weighted Average	12,851,749	98.1%	$ 117,378	$ 9.31

SUMMARY MARKET INFORMATION (Improved Land)

Market	Number of Parcels	Acreage	Occupancy Percentage as of March 31, 2019	Annualized Base Rent (000's)
Los Angeles	5	10.1	47.8%	$ 860
Northern New Jersey/New York City	8	46.8	90.2%	4,429
San Francisco Bay Area	2	1.4	87.6%	189
Seattle	-	-	-	-
Miami	2	3.2	100.0%	393
Washington, D.C.	1	13.4	100.0%	749
Total/Weighted Average	18	74.9	86.6%	$ 6,620

(1) See Reporting Definitions for further explanation.

(2) The Company had four properties under redevelopment as of March 31, 2019 that upon completion will contain approximately 0.6 million square feet with a total expected investment of approximately $126.1 million, including redevelopment costs of approximately $48.1 million.

(3) Excludes deferred financing costs and loan fees.

TERRENO

Appendix: Same Store Results

SAME STORE GROWTH [1]	For the Three Months Ended March 31, 2019	2018	$ Change	% Change
Net income	$ 15,533	$ 10,057	$ 5,476	54.4%
Depreciation and amortization	10,415	10,735	(320)	(3.0)%
General and administrative	5,963	5,078	885	17.4%
Acquisition costs	-	2	(2)	n/a
Total other income and expenses	(1,724)	1,342	(3,066)	n/a
Net operating income	30,187	27,214	2,973	10.9%
Less non-same store NOI	(2,613)	(1,381)	(1,232)	89.2%
Same store NOI	$ 27,574	$ 25,833	$ 1,741	6.7%
Less straight-line rents and amortization of lease intangibles	(913)	(1,839)	926	(50.4)%
Cash-basis same store NOI [3]	$ 26,661	$ 23,994	$ 2,667	11.1%

HISTORICAL SAME STORE RESULTS [1] [2]

	Full Year 2012	Full Year 2013	Full Year 2014	Full Year 2015	Full Year 2016	Full Year 2017	Full Year 2018	Q1 2019
Same store square feet	2,235,500	3,091,365	4,792,329	6,312,641	8,627,109	10,159,084	10,421,965	11,980,491
Occupancy %	93.0%	96.8%	97.1%	94.4%	99.0%	97.5%	99.1%	99.0%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	3.1%	8.6%	16.5%	9.1%	11.1%
Average cash-basis same store growth since IPO:			12.4%					

(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, 2019 and since January 1, 2018 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 of or are held for sale to a third party.

(3) Included in cash-basis same store NOI was termination income of $0.0 million and $0.5 million for the three months ended March 31, 2019 and 2018, respectively.

TERRENO

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 Post-Development Square Feet	Estimated Stabilization Quarter
1st Avenue South	$ 63,675	$ 48,605	$ 15,070	5.1%	234,720	Q3 2020
10100 NW 25th Street	13,252	11,479	1,773	5.0%	106,810	Q2 2019
6th Avenue South	15,302	13,212	2,090	5.1%	50,270	Q4 2019
Kent 192	33,875	18,196	15,679	5.6%	219,910	Q4 2020
Total/Weighted Average	$ 126,104	$ 91,492	$ 34,612	5.2%	611,710	

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	11,500	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%
26th Street (office)	September 2012	November 2018	3,150	4,325	14.4%
Miller Ave	December 2010	November 2018	22,899	33,217	14.5%
California Ave	June 2014	March 2019	7,815	12,410	12.4%
		Total	$ 165,838	$ 254,861	13.3%

(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.

TERRENO

Appendix: Capitalization

Maturity	Credit Facility	Term Loans	Senior Unsecured	Mortgage Loans Payable	Total Debt
2019 (9 months)	$ -	$ -	$ -	$ 1,142	$ 1,142
2020	-	-	-	33,077	33,077
2021	-	50,000	-	11,271	61,271
2022	-	100,000	50,000	-	150,000
2023	-	-	-	-	-
Thereafter	-	-	200,000	-	200,000
Total Debt	-	150,000	250,000	45,490	445,490
Deferred financing costs, net	-	(851)	(1,662)	(79)	(2,592)
Total Debt, net	$ -	$ 149,149	$ 248,338	$ 45,411	$ 442,898
Weighted Average Interest Rate	n/a	3.7%	4.1%	4.1%	4.0%

	As of March 31, 2019	As of March 31, 2018
Total Debt, net	$ 442,898	$ 501,755
Common Stock		
Shares Outstanding	63,128,894	55,543,670
Market Price	$ 42.04	$ 34.51
Total Equity	2,653,939	1,916,812
Total Market Capitalization	$ 3,096,837	$ 2,418,567
Total Debt-to-Total Investments in Properties	23.1%	29.3%
Total Debt-to-Total Investments in Properties and Senior Secured Loan	22.9%	29.3%
Total Debt-to-Total Market Capitalization	14.3%	20.7%
Floating Rate Debt as a % of Total Debt [1]	33.7%	37.7%
Unhedged Floating Rate Debt as a % of Total Debt [2]	0.0%	8.0%
Mortgage Loans Payable as a % of Total Debt	10.3%	12.8%
Mortgage Loans Payable as a % of Total Investments in Properties	2.4%	3.8%
Adjusted EBITDA [3]	$ 28,246	$ 24,238
Interest Coverage	6.6 x	5.2 x
Fixed Charge Coverage	5.6 x	5.0 x
Total Debt-to-Adjusted EBITDA [3]	3.9 x	5.2 x
Weighted Average Maturity of Total Debt (years)	4.4	5.0

(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	Brooklyn/Queens Secaucus Bayonne Jersey City Teterboro	Meadowlands Newark/Elizabeth Fairfield Exit 12 JFK Kearny	Exit 8A Exit 10 / I 287
San Francisco Bay Area	Silicon Valley South SF Dogpatch/Mission Bay	East Bay	Livermore Richmond Fremont
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]	**27%**	**58%**	**15%**

(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) *As of June 3, 2019. Reflects Terreno portfolio composition based on geography and purchase price, includes four properties under redevelopment and improved land parcels. Completed redevelopments are included at total investment.*

TERRENO

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)
David Lee *Director*	▪ Former founder and portfolio manager of T. Rowe Price Real Estate Fund ▪ Member of the Real Estate Advisory Board at Johns Hopkins University Carey School of Business
Gabriela Parcella *Nominating & Corporate Governance Chair*	▪ Executive Managing Director of Merlone Geier Partners ▪ Former Chairman, President, and Chief Executive Officer of Mellon Capital
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, 2019 and 2018 (dollars in thousands):

	For the Three Months Ended March 31,			
	2019	***2018***	**$ Change**	**% Change**
Net income	$ 15,532	$ 10,057	$ 5,475	54.4%
Gain on sales of real estate investments	(4,465)	(3,283)	(1,182)	36.0%
Depreciation and amortization	10,415	10,735	(320)	(3.0)%
Interest expense, including amortization	4,264	4,685	(421)	(9.0)%
Stock-based compensation	2,500	2,042	458	22.4%
Acquisition costs	-	2	(2)	n/a
Adjusted EBITDA	$ 28,246	$ 24,238	$ 4,008	16.5%

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, 2019 and since January 1, 2018 and excludes properties that were either disposed of prior to, held for sale to a third party or in redevelopment as of March 31, 2019. As of March 31, 2019, the same store pool consisted of 189 buildings aggregating approximately 12.0 million square feet representing approximately 93.2% of our total square feet owned and 10 improved land parcels containing 47.2 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.

TERRENO