

Terreno Realty Corporation

Q1 2021 Update

May 5, 2021



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, including risks related to our ability to meet our estimated forecasts related to stabilized cap rates and the impact of the COVID-19 pandemic on our business, our tenants and the national and local economies. 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; (xx) changes in real estate and zoning laws and increases in real property tax rates; and (xxi) the impact of COVID-19 on the U.S., regional and global economies and the business, financial condition and results of operations of our Company and our tenants. 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, 2020, 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
 - Emphasis on discount to replacement cost provides margin of safety
- Superior market fundamentals
 - Strong demand generators (high population densities, high volume distribution points, logistics infrastructure)
 - Physical and regulatory constraints to new supply
 - Shrinking supply in certain submarkets

Functional Assets in Infill Locations

- Broad product opportunity set ⁽¹⁾
 - Warehouse / distribution (81.6%)
 - Flex (including light industrial and R&D) (5.0%)
 - Transshipment (5.6%)
 - Improved land (7.8%) ⁽²⁾
- Functional and flexible assets
 - Cater to sub-market tenant demands, including last-mile distribution
 - Generally suitable for multiple tenants
 - Opportunity for higher and better use over time

Goal: Superior same store NOI and per share NAV growth

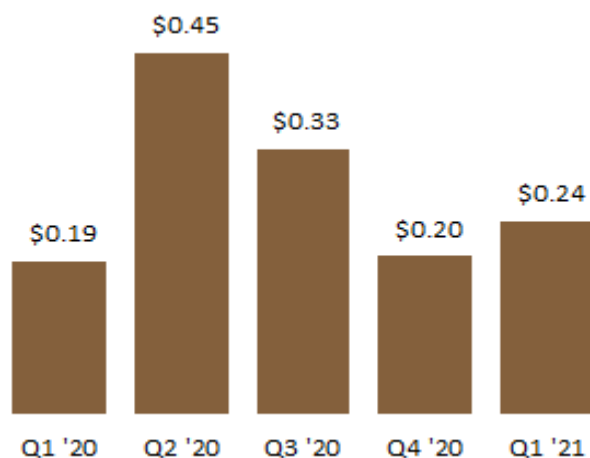
(1) Reflects Terreno portfolio composition based on annualized base rent as of March 31, 2021. Excludes two properties under redevelopment that upon completion will contain approximately 0.3 million square feet.

(2) Includes 25 improved land parcels totaling approximately 92.5 acres that are 97.9% leased as of March 31, 2021. Such land is used for industrial outdoor storage and may be redeveloped to higher and better use.

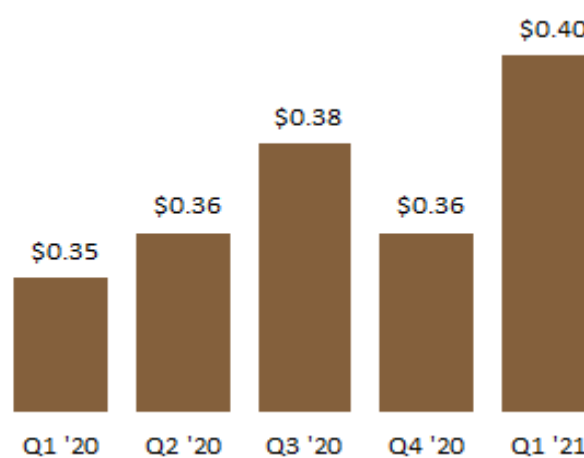


Financial Highlights

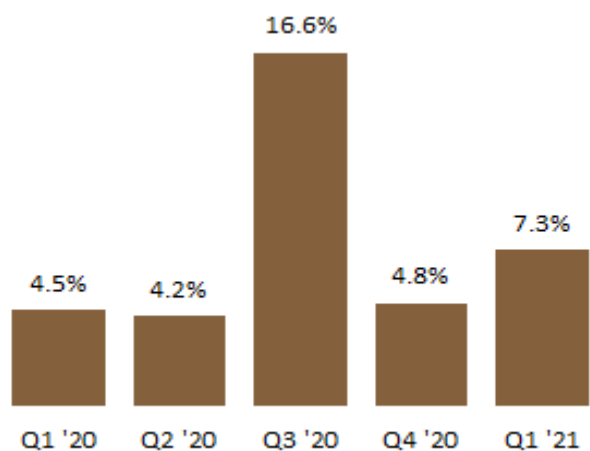
Net Income Per Share



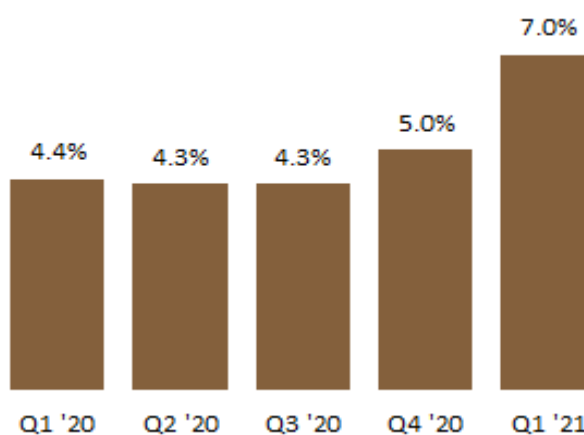
FFO Per Share⁽¹⁾



Cash Same Store NOI Growth ⁽¹⁾⁽²⁾



Cash SSNOI Excluding Termination Fees⁽¹⁾⁽²⁾



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

(2) Approximately \$0.8 million (260bps) of the increase in cash-basis same store NOI for the three months ended March 31, 2021 was related to properties that were acquired vacant or with near term expirations. Same store NOI for the three months ended September 30, 2020 included approximately \$3.3 million of termination fees at our Belleville property

Recent Highlights

Investment Highlights

Q1 2021 Acquisitions	\$110.1 million
YTD Acquisitions ⁽¹⁾	\$133.9 million
Acquisitions Under Contract⁽¹⁾⁽²⁾	\$93.9 million

Capital Markets Activities

- Issued 706,524 shares of common stock under the ATM during the three months ended March 31, 2021 with a weighted average offering price of \$58.20 per share, receiving gross proceeds of approximately \$41.1 million.
- During the three months ended March 31, 2021, paid off last secured mortgage loan with an \$11.3 million balance and 5.5% interest rate. All outstanding debt is now unsecured.
- Cash balance of approximately \$29.4 million as of March 31, 2021.

Operating Highlights

- Cash rents on new and renewed leases commencing during the three months ended March 31, 2021 increased approximately 16.0% on approximately 0.3 million square feet; tenant retention during the three months ended March 31, 2021 was 82.3%.
- Total portfolio, excluding two properties under redevelopment and 25 improved land parcels, was 96.1% leased as of March 31, 2021 as compared to 97.8% at December 31, 2020 and 97.8% at March 31, 2020. Total portfolio occupancy for the three months ended March 31, 2021 includes an approximately 130bps negative impact from the acquisition of Countyline which was 32.1% leased to one tenant with the remaining 67.9% pre-leased to four tenants with leases commencing between April and July 2021.
- The same store portfolio of approximately 12.7 million square feet, representing approximately 93.0% of our total square feet, was 97.4% leased as of March 31, 2021 as compared to 97.8% as of December 31, 2020 and 97.0% as of March 31, 2020.

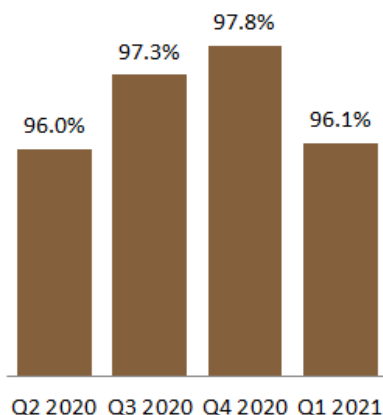
(1) As of May 4, 2021.

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

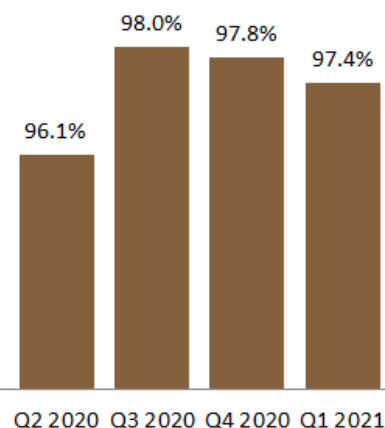
Current Portfolio Overview

Occupancy ⁽¹⁾

Portfolio



Same Store



Six Major Coastal U.S. Markets ⁽²⁾



Key Metrics ⁽³⁾

Square Feet

13.7 million

Average Acquisition Size

\$13.4 million

Number of Buildings

228

Weighted Average Occupancy at Acquisition

83.5%

25 Improved Land Parcels

92.5 acres; 97.9% leased

Square Feet Under Redevelopment

286,000

- (1) Portfolio and Same Store occupancy based on 13.7 million and 12.7 million square feet, respectively, as of March 31, 2021, and excludes 25 improved land parcels consisting of 92.5 acres and two properties under redevelopment that upon completion are expected to contain approximately 0.3 million square feet.
- (2) Based on annualized base rent by market including 13.7 million square feet and 25 improved land parcels consisting of 92.5 acres as of March 31, 2021. Excludes two properties under redevelopment that upon completion will contain approximately 0.3 million square feet.
- (3) Properties owned as of March 31, 2021. Excludes two properties under redevelopment that upon completion will contain approximately 0.3 million square feet. Average acquisition size and weighted average occupancy at acquisition exclude 23 properties sold with an aggregate 3.1 million square feet.

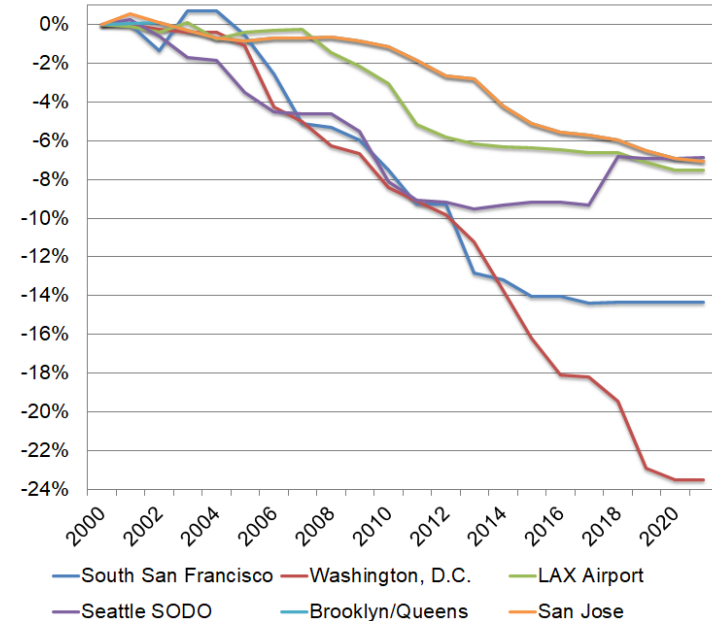


Terreno's Submarket Focus

Highly Focused Submarket Strategy

- 31% 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.
- 54% 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.	2.4	23.5%	1.1%
South San Francisco	2.6	14.3%	0.7%
San Jose	6.4	10.6%	0.5%
LAX Airport	1.4	7.5%	0.4%
Brooklyn/Queens	12.6	7.1%	0.3%
Seattle SODO	1.6	6.9%	0.3%

(1) As of May 4, 2021. 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 24% nationally and 119% in the Inland Empire since 2000.



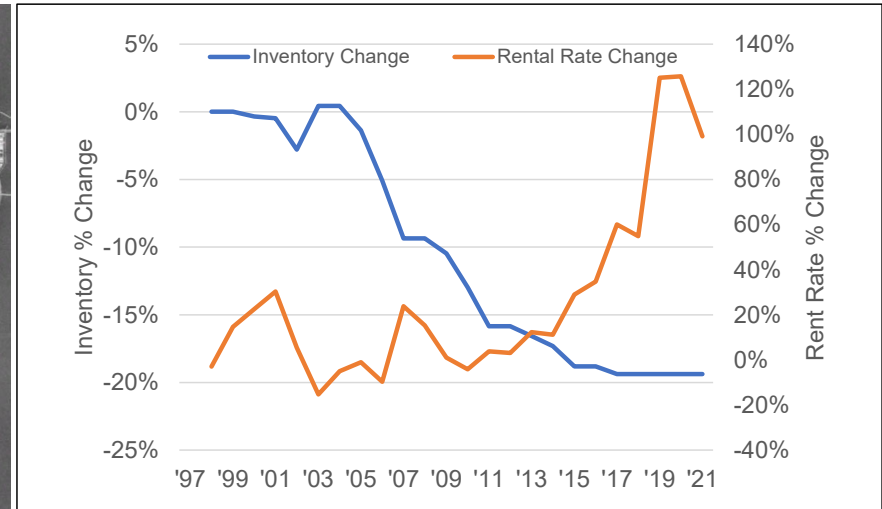
Shrinking Supply: South San Francisco

Approximately 20% Decrease in Supply Since 1997



■ Demolished Industrial Inventory
 ■ Approved for Redevelopment
 ■ Terreno Properties (6 buildings, 223,000 SF)

Percentage Inventory Decrease and Rental Rate Increase Since 1997



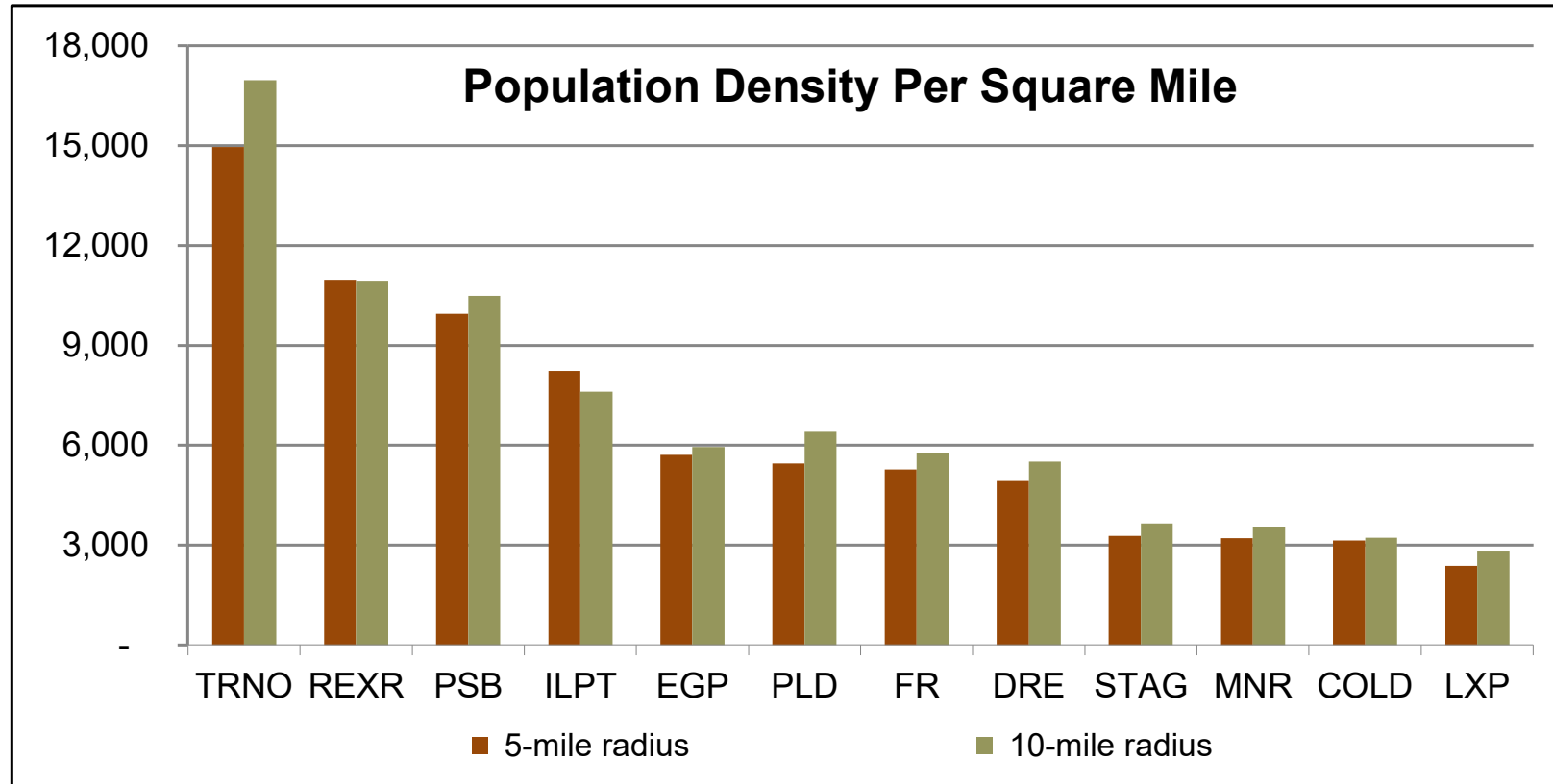
Source: CoStar

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



Submarket Focus: Infill

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



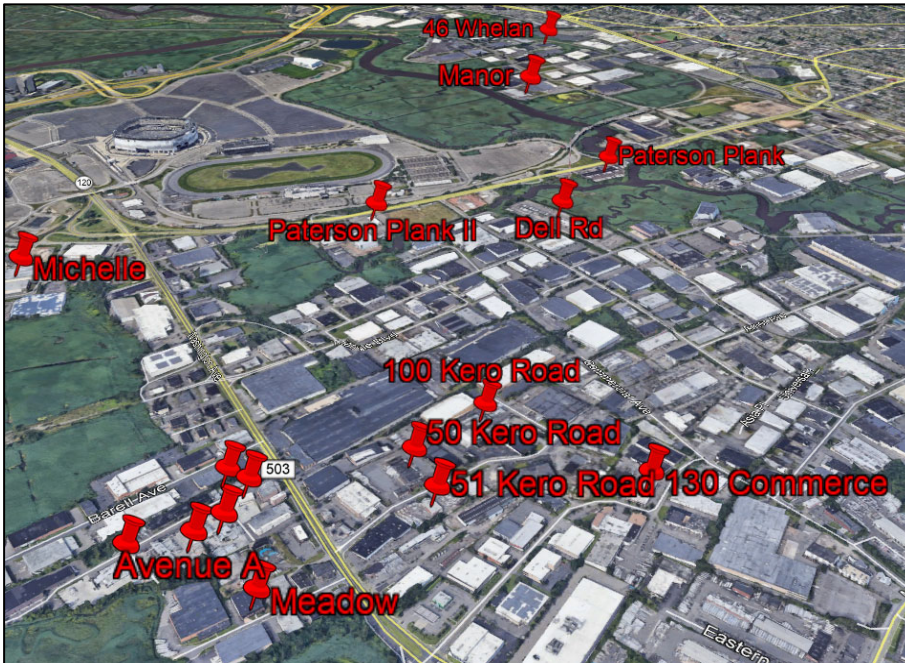
*Represents average population density weighted by square feet and ranked by 5-mile radius.
Source: S&P Global Market Intelligence, Terreno Realty Corporation.*



Submarket Focus: Ownership Density

Expanding presence in urban infill submarkets

Meadowlands, Northern New Jersey:



SoDo, Seattle Washington:



Selected Recent Acquisitions

4021-4071 West 108th Street

Hialeah, FL
March 17, 2021

- Purchase Price: \$48.1 million
- Estimated Stabilized Cap Rate: 3.7%
- Size: Two Class A industrial distribution buildings totaling approximately 274,000 square feet on 15.9 acres to be LEED certified
- Occupancy: 100% pre-leased at acquisition
- Location: Adjacent to Interstate 75 and Florida's Turnpike



2002-2150 Edison Avenue

San Leandro, CA
March 31, 2021

- Purchase Price: \$17.6 million
- Estimated Stabilized Cap Rate: 5.6%
- Size: Three industrial distribution buildings containing approximately 112,000 square feet on 7.8 acres
- Occupancy: 100% leased to a 13 tenants, all of which expire by June 2023
- Location: West of I-880 and immediately adjacent to Terreno's Whitney Street portfolio



21414 68th Ave S

Kent, WA
April 13, 2021

- Purchase Price: \$10.0 million
- Estimated Stabilized Cap Rate: 5.5%
- Size: One industrial building containing approximately 40,000 square feet and one flex building containing approximately 27,000 square feet on 4.4 acres
- Occupancy: 100% leased to three tenants
- Location: Adjacent to the intersection of West Valley Highway and S 212th Street.



Selected Examples of Value Creation

- Since Terreno's 2010 IPO, approximately two-thirds of our acquisitions have been value-add investments. Terreno has successfully stabilized 86 value-add investments to date. Terreno has sold approximately 11% of its properties for an unleveraged IRR of 11.8%.

Strategy	Examples
Leasing	14732 S. Maple Avenue, Rancho Dominguez: Acquired 2.5-acre improved land parcel vacant in December 2020. Executed a 5-year lease that commenced December 31, 2020 generating an estimated stabilized cap rate of 5.7%.
Redevelopment	9615 South 192nd Street, Kent: Acquired in October of 2018 for \$12.4 million. Site redeveloped with a new 220,000 square foot rear-load industrial distribution building featuring 36' clear height, ESFR fire protection, LED lighting, 3,000 amps, secured fencing, concrete truck court, and trailer storage. Executed a 7-year lease that commenced August 2020 resulting in an estimated stabilized cap rate of 5.0% and a total investment cost of \$33.9 million.
Value Realized	Sold 23 properties since inception for a sales price totaling \$365 million, including exiting Maryland's Baltimore/Washington Corridor, realizing an 11.8% unleveraged IRR. Most recently, sold one property in Miami in July 2020 for approximately \$22.2 million recognizing a GAAP gain of approximately \$9.0 million and generating an unleveraged IRR of 7.4%.

Value Creation – Leasing



- **Property:** 14732 S. Maple Avenue
- **Location:** Rancho Dominguez, CA
- **Size:** One improved land parcel on 2.5 acres
- **Acquisition Price:** \$9.8 million in December 2020
- **Initial Occupancy:** Acquired vacant
- **Leasing:** Executed a 5-year lease that commenced December 31, 2020 generating an estimated cap rate of 5.7%.

Value Creation – Executed 5-year lease with an estimated stabilized cap rate of 5.7%

Value Creation – Redevelopment

Before



After



- **Property:** 8615 South 192nd Street
- **Location:** Kent, WA
- **Size:** One building, 220,000 SF on 12.7 acres
- **Acquisition Price:** \$12.4 million in October 2018
- **Initial Occupancy:** Vacant
- **Redevelopment:** Redevelopment included construction of a Class A rear-load industrial building in northern Kent Valley with 36' clear height, ESFR sprinklers, LED lighting, 3,000 amps of power, secured fencing, concrete truck court, and trailer storage.
- **Stabilization:** Executed a 7-year lease with a provider of retail supply chain, warehousing and final-mile delivery with an estimated stabilized cap rate of approximately 5.0% and total cost of redevelopment of approximately \$33.9 million.

Value Creation – Executed lease with a provider of retail supply chain, warehousing, and final-mile delivery generating stabilized cap rate of 5.0%



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 2.4% of outstanding shares valued at \$105.8 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
- Ranked #1 among all REITs for Corporate Governance by Green Street Advisors, June 30, 2020



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
 - Urban infill locations provide superior rent growth and higher and better use opportunities over time
- Strong balance sheet including an investment grade credit rating
- Demonstrated value creation with 23 properties sold for an aggregate sales price of approximately \$364.7 million earning a 11.8% unleveraged IRR
- 10.9% dividend CAGR since initiating dividend in 2011
- 13.6% compounded annual total shareholder return since 2010 IPO
- Aligned management team and market leading corporate governance

Appendix

Appendix: Statements Of Operations

CONSOLIDATED STATEMENTS OF OPERATIONS

	<i>For the Three Months Ended March 31,</i>	
	2021	2020
REVENUES		
Rental revenues and tenant expense reimbursements	\$ 50,691	\$ 45,116
Total revenues	50,691	45,116
COSTS AND EXPENSES		
Property operating expenses	13,512	11,908
Depreciation and amortization	11,376	11,100
General and administrative ⁽¹⁾	5,582	5,758
Acquisition costs	55	52
Total costs and expenses	30,525	28,818
OTHER INCOME (EXPENSE)		
Interest and other income	236	564
Interest expense, including amortization	(4,145)	(4,006)
Total other income and expenses	(3,909)	(3,442)
Net income	16,257	12,856
Allocation to participating securities	(51)	(83)
Net income available to common stockholders	\$ 16,206	\$ 12,773
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:		
Net income available to common stockholders - basic	\$ 0.24	\$ 0.19
Net income available to common stockholders - diluted	\$ 0.24	\$ 0.19
BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
	68,603,068	67,062,582
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
	68,862,922	67,469,721

(1) Includes non-cash compensation associated with the Company's Performance Share awards. For Performance Share awards granted 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 is detailed below.

	<i>For the Three Months Ended March 31,</i>	
	2021	2020
Performance share award expense	\$ 1,322	\$ 1,473



Appendix: Net Income, FFO and Adjusted FFO

NET INCOME, FFO AND ADJUSTED FFO ⁽¹⁾	For the Three Months Ended March 31,	
	2021	2020
Total revenues	\$ 50,691	\$ 45,116
Property operating expenses	(13,512)	(11,908)
Depreciation and amortization	(11,376)	(11,100)
General and administrative ⁽²⁾	(5,582)	(5,758)
Acquisition costs	(55)	(52)
Interest and other income	236	564
Interest expense, including amortization	(4,145)	(4,006)
Net income	16,257	12,856
Allocation to participating securities	(51)	(83)
Net income available to common stockholders	\$ 16,206	\$ 12,773
Net income available to common stockholders per common share - basic	\$ 0.24	\$ 0.19
Net income available to common stockholders per common share - diluted	\$ 0.24	\$ 0.19
Adjustments to arrive at Funds from Operations:		
Depreciation and amortization related to real estate	11,363	11,074
Allocation to participating securities	(86)	(154)
Funds from Operations ⁽¹⁾	\$ 27,534	\$ 23,776
Funds from operations per common share - basic	\$ 0.40	\$ 0.35
Funds from operations per common share - diluted	\$ 0.40	\$ 0.35
Adjustments to arrive at Adjusted Funds From Operations:		
Acquisition costs	55	52
Stock-based compensation	1,970	2,179
Straight-line rents	(1,410)	(316)
Amortization of lease intangibles	(1,443)	(1,389)
Total capital expenditures	(5,989)	(7,751)
Capital expenditures related to stabilization ⁽³⁾	1,157	4,398
Adjusted Funds from Operations	\$ 21,874	\$ 20,949
Common stock dividends paid	\$ 19,870	\$ 18,158
Weighted average basic common shares	68,603,068	67,062,582
Weighted average diluted common shares	68,862,922	67,469,721

(1) See Reporting Definitions for further explanation.

(2) Includes non-cash compensation associated with the Company's Performance Share awards. For Performance Share awards granted 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,	
	2021	2020
Performance share award expense	\$ 1,322	\$ 1,473



Appendix: Supplemental Components of NAV

		<i>For the Three Months Ended March 31, 2021</i>
COMPONENTS OF NET OPERATING INCOME⁽¹⁾		
Total revenues	\$	50,691
Less straight-line rents		(1,410)
Less amortization of lease intangibles		(1,443)
Less property operating expenses		(13,512)
Net operating income	\$	34,326
CONTRACTUAL RENT ABATEMENTS	\$	1,070
LEASE TERMINATION INCOME	\$	118
CASH NOI FROM REDEVELOPMENTS	\$	(16)

BALANCE SHEET ITEMS

Other assets and liabilities		
Cash and cash equivalents	\$	29,377
Restricted cash		1,028
Construction in progress ⁽²⁾		65,883
Other assets, net		43,504
Less straight-line rents		(24,538)
Security deposits		(18,009)
Dividends payable		(20,091)
Accounts payable and other liabilities		(23,988)
Total other assets and liabilities	\$	53,166

DEBT

Credit facility	\$	-
Term loans payable		(100,000)
Senior unsecured notes ⁽³⁾		(350,000)
Total debt	\$	(450,000)
Total shares outstanding		69,102,008

Q1 2021 ACQUISITIONS

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
256 Patterson Plank	January 13, 2021	10,625	5.2%	0%
117th Place NE	February 25, 2021	33,750	3.0%	100%
Countyline ⁽⁴⁾	March 17, 2021	48,114	3.7%	100%
Edison	March 31, 2021	17,600	5.6%	100%
Total/Weighted Average		\$ 110,089	3.9%	90%

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

Market	Rentable Square Feet	Occupancy % as of March 31, 2021	Annualized Base Rent (000's)	Annualized Base Rent Per Occupied Square Foot
Los Angeles	2,584,648	98.4%	\$ 24,223	\$ 9.52
Northern New Jersey/New York City	3,571,409	94.1%	37,904	11.28
San Francisco Bay Area	2,155,510	99.9%	28,132	13.07
Seattle	2,223,143	98.7%	21,314	9.72
Miami	1,587,649	86.8%	13,017	9.45
Washington, D.C.	1,534,625	97.4%	17,137	11.46
Total/Weighted Average	13,656,984	96.1%	\$ 141,727	\$ 10.80

SUMMARY MARKET INFORMATION (Improved Land)

Market	Number of Parcels	Acreage	Occupancy % as of March 31, 2021	Annualized Base Rent (000's)
Los Angeles	8	16.4	88.2%	\$ 3,279
Northern New Jersey/New York City	9	48.6	100.0%	5,639
San Francisco Bay Area	2	5.0	100.0%	985
Seattle	3	5.9	100.0%	888
Miami	2	3.2	100.0%	396
Washington, D.C.	1	13.4	100.0%	868
Total/Weighted Average	25	92.5	97.9%	\$ 12,055

(1) See Reporting Definitions for further explanation.

(2) The Company had two properties under redevelopment as of March 31, 2021 that upon completion are expected to contain approximately 0.3 million square feet with a total expected investment of approximately \$71.6 million.

(3) Excludes deferred financing costs and loan fees.

20 (4) Countyline was 32.1% leased to one tenant as of March 31, 2021, with the remaining 67.9% pre-leased to four tenants with leases commencing between April and July 2021.



Appendix: Same Store Results

SAME STORE GROWTH ⁽¹⁾	For the Three Months Ended March 31,			
	2021	2020	\$ Change	% Change
Net income	\$ 16,257	\$ 12,856	\$ 3,401	26.5%
Depreciation and amortization	11,376	11,100	276	2.5%
General and administrative	5,582	5,758	(176)	(3.1)%
Acquisition costs	55	52	3	5.8%
Total other income and expenses	3,909	3,442	467	13.6%
Net operating income	37,179	33,208	3,971	12.0%
Less non-same store NOI	(2,178)	(1,402)	(776)	55.4%
Same store NOI	<u>\$ 35,001</u>	<u>\$ 31,806</u>	<u>\$ 3,195</u>	<u>10.0%</u>
Less straight-line rents and amortization of lease intangibles	(2,434)	(1,442)	(992)	68.8%
Cash-basis same store NOI	<u>\$ 32,567</u>	<u>\$ 30,364</u>	<u>\$ 2,203</u>	<u>7.3%</u>
Less termination fee income	(118)	(39)	(79)	202.6%
Cash-basis same store NOI excluding termination fees	<u>32,449</u>	<u>\$ 30,325</u>	<u>\$ 2,124</u>	<u>7.0%</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	Full Year 2018	Full Year 2019	Full Year 2020	YTD 2021
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	11,795,386	12,018,238	12,696,388
Occupancy %	93.0%	96.8%	97.1%	94.4%	99.0%	97.5%	99.1%	98.4%	98.0%	97.4%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	3.1%	8.6%	16.5%	9.1%	9.2%	7.7%	7.3%
Average cash-basis same store growth since IPO:			11.2%							

(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, 2021 and since January 1, 2020 and excludes properties that were held for sale, disposed of prior to or were under redevelopment as of March 31, 2021. 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 held for sale.



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	% Pre-leased March 31, 2021
Sodo Row - North & South	\$ 64,133	\$ 61,814	\$ 2,319	4.3%	234,308	Q4 2021	27.0%
Americas Gateway 5	7,429	4,069	3,360	5.5%	51,800	Q4 2022	0%
Total/Weighted Average	\$ 71,562	\$ 65,883	\$ 5,679	4.4%	286,108		22.1%

HISTORICAL DISPOSITIONS

Property	Market	Acquisition Date	Disposition Date	Acquisition Price	Disposition Price	Unleveraged IRR
Rialto	Los Angeles	September 2010	November 2012	\$ 12,110	\$ 16,962	20.9%
Maltese	New Jersey/New York	September 2010	December 2013	16,500	19,000	11.8%
Warm Springs	San Francisco	March 2010	June 2015	7,264	13,400	15.1%
Sweitzer	Washington, D.C.	October 2012	November 2015	6,950	11,200	21.5%
Fortune Qume	San Francisco	March 2010	February 2016	5,550	8,200	11.3%
Global Plaza	Washington, D.C.	March 2012	March 2016	6,100	8,200	13.2%
39th Street	Miami	August 2011	September 2016	4,400	6,097	12.1%
Whittier	Los Angeles	June 2012	April 2017	16,100	25,300	14.5%
Bollman	Washington, D.C.	June 2011	August 2017	7,500	12,000	12.4%
Route 100	Washington, D.C.	June 2013	August 2017	16,650	28,500	15.7%
8441 Dorsey	Washington, D.C.	March 2011	December 2017	5,800	11,500	11.9%
Hampton	Washington, D.C.	May 2014	February 2018	18,050	20,250	6.9%
10th Avenue	Miami	December 2010	June 2018	9,000	24,300	11.5%
26th Street (office)	Miami	September 2012	November 2018	3,150	4,325	14.4%
Miller Ave	Los Angeles	December 2014	November 2018	22,899	33,217	14.5%
California Ave	Los Angeles	June 2014	March 2019	7,815	12,410	12.4%
10100 NW 25th Str	Miami	January 2011	August 2019	9,875	14,000	7.2%
8215 Dorsey	Washington, D.C.	November 2009	October 2019	6,000	7,470	7.5%
9020 Junction	Washington, D.C.	November 2010	December 2019	13,800	15,000	7.6%
9070 Junction	Washington, D.C.	February 2015	June 2020	10,360	16,609	8.3%
Troy Hill	Washington, D.C.	August 2012	June 2020	6,664	9,348	9.2%
Parkway	Washington, D.C.	March 2014	June 2020	18,000	25,293	12.8%
NW 60th Avenue	Miami	December 2010	July 2020	7,750	22,150	7.4%
Total				\$ 238,287	\$ 364,731	11.8%

- (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.
- (3) We expect to use Sodo Row - North as a parking amenity for tenants at Sodo Row - South and may seek to opportunistically lease-up or redevelop the space separately in the future.

Appendix: Capitalization

Maturity	Credit Facility	Term Loans	Senior Unsecured	Mortgage Loans Payable	Total Debt
2021 (9 months)	\$ -	\$ -	\$ -	\$ -	\$ -
2022	-	100,000	50,000	-	150,000
2023	-	-	-	-	-
2024	-	-	100,000	-	100,000
2025	-	-	-	-	-
Thereafter	-	-	200,000	-	200,000
Total Debt	-	100,000	350,000	-	450,000
Deferred financing costs, net	-	(156)	(1,840)	-	(1,996)
Total Debt, net	<u>\$ -</u>	<u>\$ 99,844</u>	<u>\$ 348,160</u>	<u>\$ -</u>	<u>\$ 448,004</u>
Weighted Average Interest Rate	n/a	1.3%	3.8%	0.0%	3.3%
				As of March 31, 2021	As of March 31, 2020
Total Debt, net					
				\$ 448,004	\$ 459,008
Common Stock					
Shares Outstanding					
					69,372,554
Market Price					\$ 59.21
Total Equity					4,107,549
Total Market Capitalization					\$ 4,555,553
Total Debt-to-Total Investments in Properties					19.1%
Total Debt-to-Total Investments in Properties and Senior Secured Loan					19.1%
Total Debt-to-Total Market Capitalization					9.8%
Floating Rate Debt as a % of Total Debt ⁽¹⁾					22.3%
Unhedged Floating Rate Debt as a % of Total Debt ⁽²⁾					11.2%
Mortgage Loans Payable as a % of Total Debt					0.0%
Mortgage Loans Payable as a % of Total Investments in Properties					0.0%
Adjusted EBITDA ⁽³⁾					\$ 33,803
Interest Coverage					8.2 x
Fixed Charge Coverage					8.1 x
Total Debt-to-Adjusted EBITDA ⁽³⁾					3.3 x
Weighted Average Maturity of Total Debt (years)					4.3

23 (1) Floating rate debt includes our existing \$100.0 million of variable-rate term loan borrowings, \$50 million of which are subject to a LIBOR interest rate cap of 4.0%.

(2) Excludes \$50.0 million of variable-rate term loan borrowings with a LIBOR interest rate cap 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		
	Downtown LA	San Fernando Valley		
		Orange County		
New York City/Northern New Jersey	Brooklyn/Queens/Bronx	Meadowlands	Exit 8A	
	Secaucus	Newark/Elizabeth	Exit 10 / I 287	
	Bayonne	Fairfield		
	Jersey City	Exit 12		
	Teterboro	JFK Kearny		
San Francisco Bay Area	Silicon Valley	East Bay	Livermore	
	San Jose		Richmond	
	South SF		Fremont	
	Dogpatch/Mission Bay			
Miami	Central Dade	Airport/Doral	Medley	
		Hialeah	Airport North	
			North Dade	
			Hialeah North	
Seattle	South Seattle	Kent	Auburn	
	Tukwila	SeaTac	Sumner	
	Eastside	Renton	Fife	
			Pullayup	
Washington D.C.	D.C.	Corridor	Dulles	
	Inside the D.C. Beltway	Close in PG County		
		Close in NOVA		
% of Terreno's Portfolio ⁽⁴⁾		31%	54%	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.*

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(4) *As of May 4, 2021. Reflects Terreno portfolio composition based on geography and purchase price, includes two properties under redevelopment and improved land parcels. Completed redevelopments are included at total investment.*



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 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
Linda Asante <i>Director</i>	- Former Managing Partner at Jasper Ridge Partners and Former Principal with The Townsend Group - Director of James Campbell Company LLC
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
David Lee <i>Director</i>	- Former founder and portfolio manager of T. Rowe Price Real Estate Fund - Former founder and portfolio manager of T. Rowe Price Global Real Estate Fund
Gabriela Parcella <i>Nominating & Corporate Governance Chair</i>	- Managing Partner of Merlone Geier Partners and President of Merlone Geier Management, LLC - Independent Trustee of Dodge & Cox Funds mutual fund Board of Trustees - Former Chairman, President, and Chief Executive Officer of Mellon Capital
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 Dine Brands Global (NYSE: DIN)
Dennis Polk <i>Compensation Chair</i>	- President, Chief Executive Officer and Director of SYNEX Corporation (NYSE: SNX) - Director of Concentrix Corporation (NASDAQ: CNXC)

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, 2021 and 2020 (dollars in thousands):

	<i>For the Three Months Ended March 31,</i>			
	<i>2021</i>	<i>2020</i>	<i>\$ Change</i>	<i>% Change</i>
Net income	\$ 16,257	\$ 12,856	\$ 3,401	26.5%
Gain on sales of real estate investments	-	-	-	n/a
Depreciation and amortization	11,376	11,100	276	2.5%
Interest expense, including amortization	4,145	4,006	139	3.5%
Loss on extinguishment of debt	-	-	-	n/a
Stock-based compensation	1,970	2,179	(209)	(9.6)%
Acquisition costs	55	52	3	5.8%
Adjusted EBITDA	<u>\$ 33,803</u>	<u>\$ 30,193</u>	<u>\$ 3,610</u>	<u>12.0%</u>

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 March 31, 2021 and since January 1, 2020 and excludes properties that were either held for sale, disposed of prior to, or in redevelopment as of March 31, 2021. As of March 31, 2021, the same store pool consisted of 213 buildings aggregating approximately 12.7 million square feet representing approximately 93.0% of our total square feet owned and 19 improved land parcels containing 79.6 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.