

Terreno Realty Corporation

Q3 2021 Update

November 3, 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 (80.5%)
 - Flex (including light industrial and R&D) (4.9%)
 - Transshipment (6.0%)
 - Improved land (8.6%) ⁽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

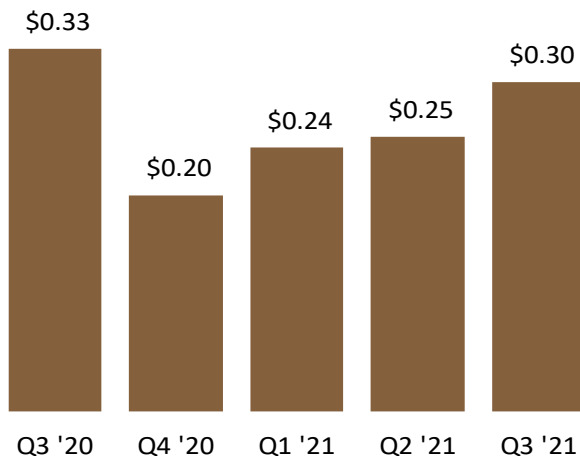
(1) Reflects Terreno portfolio composition based on annualized base rent as of September 30, 2021. Excludes four properties under redevelopment that upon completion will contain approximately 0.4 million square feet.

3 (2) Includes 31 improved land parcels totaling approximately 114.7 acres that are 96.1% leased as of September 30, 2021. Such land is used for industrial outdoor storage and may be redeveloped to higher and better use.

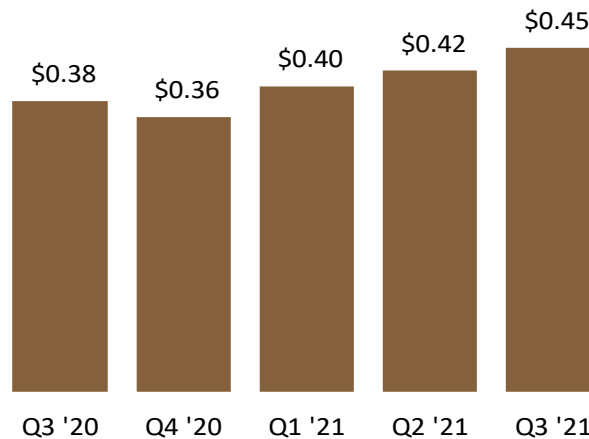


Financial Highlights

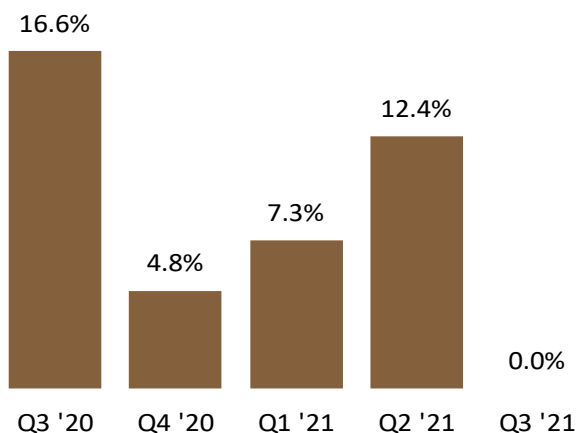
Net Income Per Share



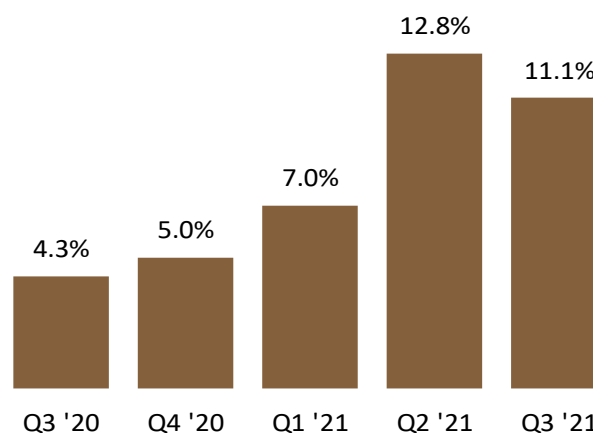
FFO Per Share⁽¹⁾



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 \$0.5 million (130bps) of the increase in cash-basis same store NOI for the three months ended September 30, 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

Q3 2021 Acquisitions	\$167.0 million
YTD Acquisitions ⁽¹⁾	\$444.1 million
Acquisitions Under Contract⁽¹⁾⁽²⁾	\$94.2 million
Acquisitions Under LOI⁽¹⁾⁽²⁾	\$175.3 million
YTD Dispositions ⁽¹⁾	\$43.0 million

Capital Markets Activities

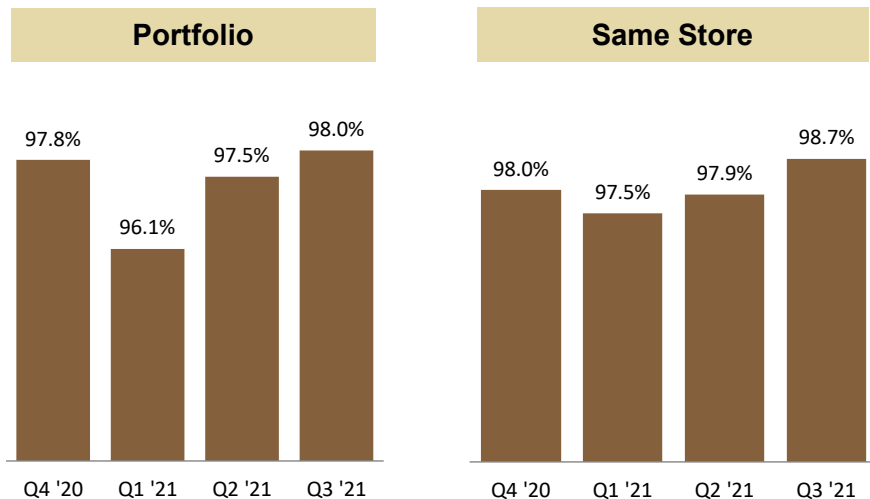
- During the three and nine months ended September 30, 2021, issued an aggregate of 751,539 and 2,542,357 shares, respectively, of common stock under the ATM at a weighted average offering price of \$66.51 and \$63.22 per share, respectively, receiving gross proceeds of approximately \$50.0 million and \$160.7 million, respectively.
- Issued \$100 million senior unsecured green notes with seven-year term at 2.41% and \$50 million senior unsecured notes with ten-year term at 2.84% in a private placement in July 2021. The net proceeds of the senior unsecured green notes will be allocated to recently completed and future LEED certified buildings and energy-saving improvements.
- Issued \$125 million senior unsecured notes with nine-year term at 2.38% in a private placement in October 2021.
- Amended existing senior unsecured credit facility, consisting of a \$250 million revolving credit facility that bears a current interest rate of LIBOR plus 1.00% (previously 1.05%) and will mature in August 2025, and a \$100 million term loan that bears a current interest rate of LIBOR plus 1.15% (previously 1.20%) and will mature in January 2027.

Operating Highlights

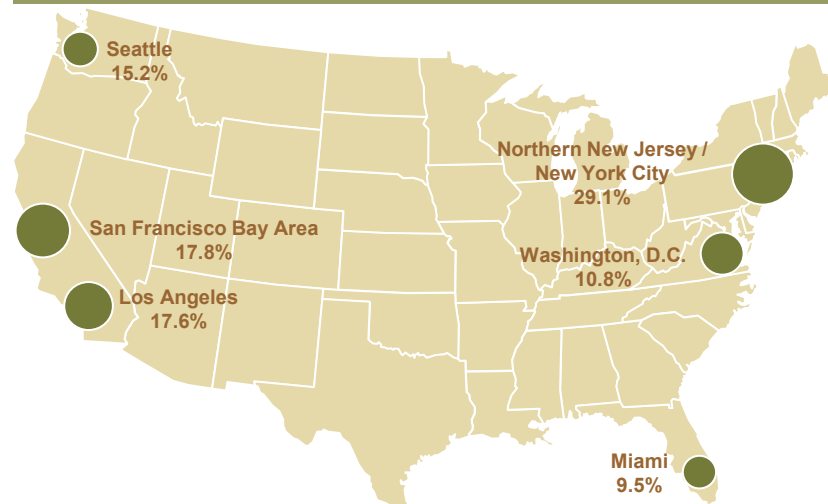
- Cash rents on new and renewed leases commencing during the three months ended September 30, 2021 increased approximately 34.9% on approximately 0.8 million square feet; tenant retention during the three months ended September 30, 2021 was 57.5%. Cash rents on new and renewed leases commencing during the nine months ended September 30, 2021 increased approximately 26.8% on approximately 1.9 million square feet; tenant retention during the nine months ended September 30, 2021 was 67.4%.
- Total portfolio, excluding four properties under redevelopment and 31 improved land parcels, was 98.0% leased as of September 30, 2021 as compared to 97.5% at June 30, 2021 and 97.3% at September 30, 2020.
- The same store portfolio of approximately 12.5 million square feet, representing approximately 88.6% of our total square feet, was 98.7% leased as of September 30, 2021 as compared to 97.9% as of June 30, 2021 and 98.3% as of September 30, 2020.

Current Portfolio Overview

Occupancy ⁽¹⁾



Six Major Coastal U.S. Markets ⁽²⁾



Key Metrics ⁽³⁾

Square Feet	14.1 million	Average Acquisition Size	\$13.6 million
Number of Buildings	241	Weighted Average Occupancy at Acquisition	84.0%
31 Improved Land Parcels	114.7 acres; 96.1% leased	Square Feet Under Redevelopment	415,000

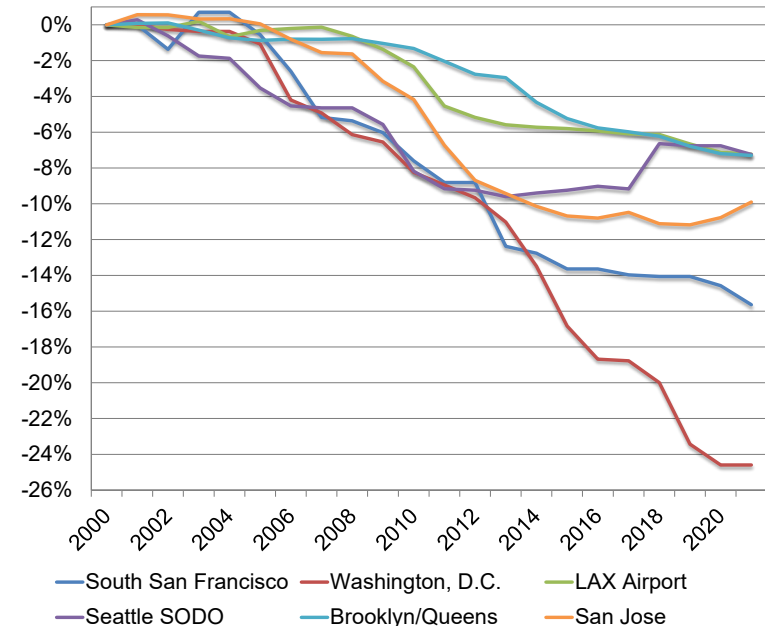
- (1) Portfolio and Same Store occupancy based on 14.1 million and 12.5 million square feet, respectively, as of September 30, 2021, and excludes 31 improved land parcels consisting of 114.7 acres and four properties under redevelopment that upon completion are expected to contain approximately 0.4 million square feet.
- (2) Based on annualized base rent by market including 14.1 million square feet and 31 improved land parcels consisting of 114.7 acres as of September 30, 2021. Excludes four properties under redevelopment that upon completion will contain approximately 0.4 million square feet.
- (3) Properties owned as of September 30, 2021. Excludes four properties under redevelopment that upon completion will contain approximately 0.4 million square feet. Average acquisition size and weighted average occupancy at acquisition exclude 25 properties sold with an aggregate 3.5 million square feet.

Terreno's Submarket Focus

Highly Focused Submarket Strategy

- 33% 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.
- 53% 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.
- 14% 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)	Total SF Decrease Since 2000	Annual SF Decrease
Washington, D.C.	2.6	24.6%	1.2%
South San Francisco	2.9	15.6%	0.7%
San Jose	6.0	9.9%	0.5%
LAX Airport	1.3	7.2%	0.3%
Brooklyn/Queens	13.1	7.3%	0.3%
Seattle SODO	1.7	7.2%	0.3%

(1) As of November 2, 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 123% in the Inland Empire since 2000.

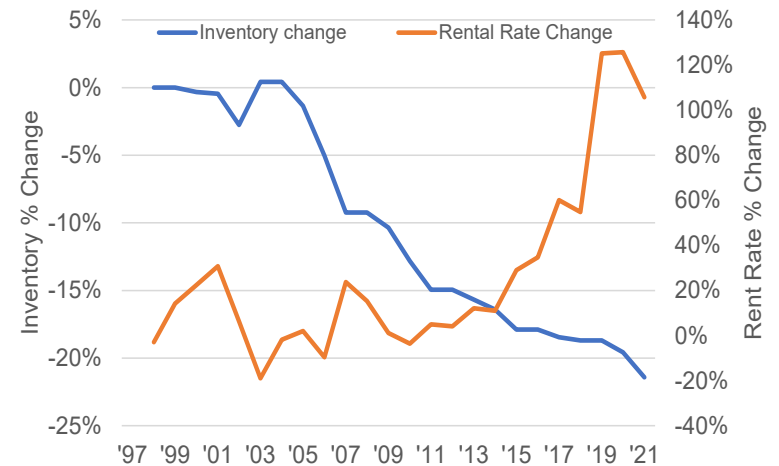
Shrinking Supply: South San Francisco

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

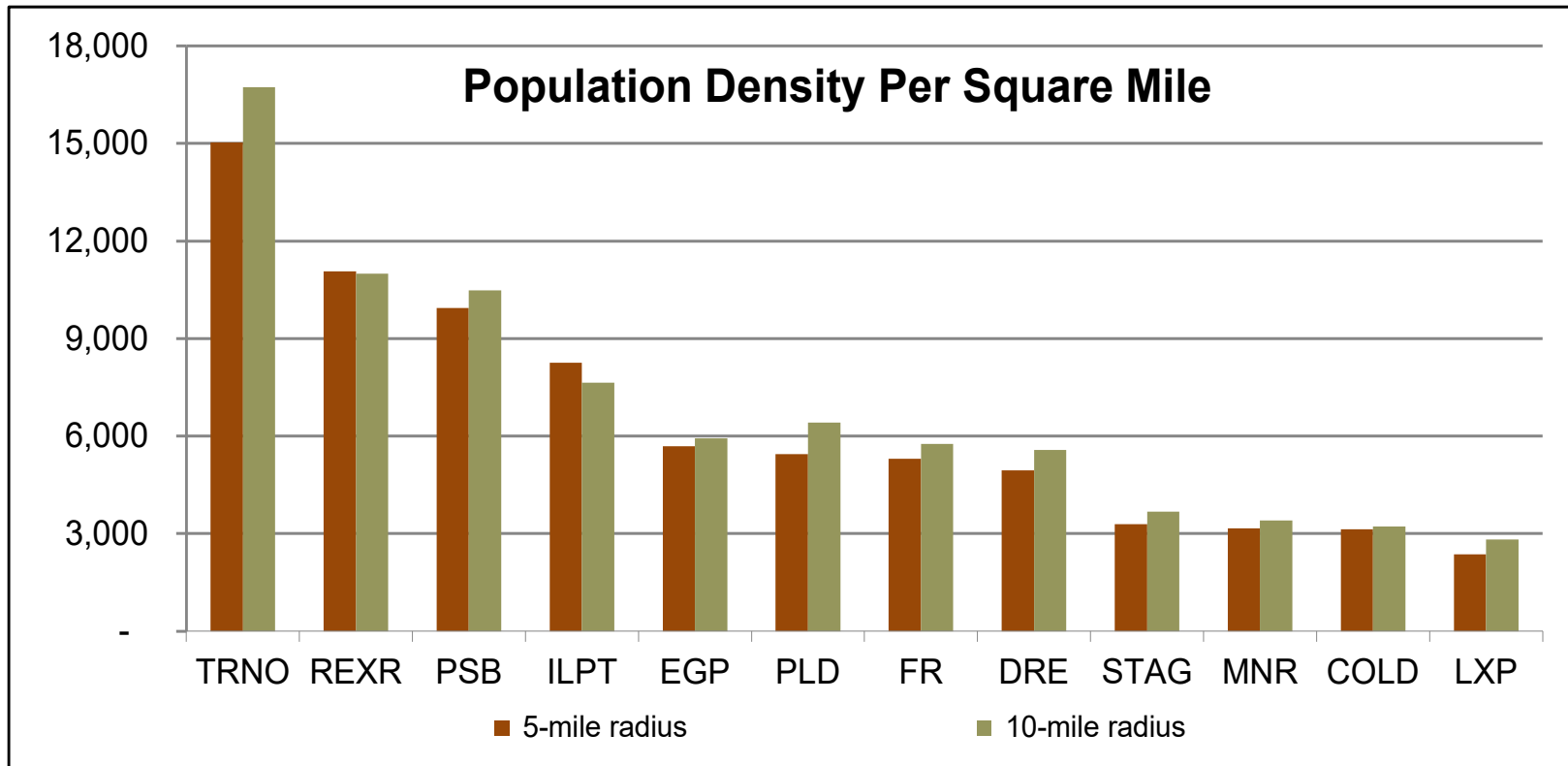


Source: CoStar

- 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.
Prologis (NYSE: PLD) average population density data as of March 31, 2021.
Source: S&P Global Market Intelligence, Terreno Realty Corporation.*



Submarket Focus: Ownership Density

Expanding presence in infill submarkets

Meadowlands, Northern New Jersey:



SoDo, Seattle Washington:



Selected Recent Acquisitions

16224-16240 Woodinville Redmond Road

Woodinville, WA
October 1, 2021

- Purchase Price: \$23.6 million
- Estimated Stabilized Cap Rate: 3.1%
- Size: One industrial distribution building containing approximately 84,000 square feet on 5.1 acres
- Occupancy: 100% leased to one tenant
- Location: Southeast of the intersection of I-405 and SR 522



228 North Avenue

Elizabeth, NJ
October 20, 2021

- Purchase Price: \$44.0 million
- Estimated Stabilized Cap Rate after re-leasing: 4.8%
- Size: one industrial transshipment building containing approximately 31,000 square feet on 6.0 acres
- Occupancy: 100% leased to one tenant on a short-term basis
- Location: Adjacent to Exit 13A of the New Jersey Turnpike, Port Newark and Newark Liberty International Airport



1300 Berryessa Road

San Jose, CA
October 29, 2021

- Purchase Price: \$23.0 million
- Estimated Stabilized Cap Rate: 5.2%
- Size: 7.2-acre improved land parcel
- Occupancy: Vacant
- Location: Between U.S. 101 and Interstate 680 and adjacent to the Berryessa/North San Jose Bay Area Rapid Transit Station



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 88 value-add investments to date. Terreno has sold approximately 10% of its properties for an unleveraged IRR of 11.6%.

Strategy	Examples
Leasing and Redevelopment	13150 SE 32nd Street, Bellevue: Acquired 100% leased to one tenant in November 2020 for approximately \$11.7 million. The property consists of one industrial flex building containing approximately 39,000 square feet on 2.1 acres. Executed early termination with previous tenant and commenced a 5.5-year lease on September 1, 2021 with an aerospace company generating an estimated stabilized cap rate of 6.0%. 15001 South San Pedro Street, Gardena: 2.0-acre improved land parcel acquired in October 2021 for approximately \$8.8 million. The property was acquired vacant. Upon acquisition, executed a 5-year lease that commenced October 18, 2021 with a regional logistics provider resulting in an estimated stabilized cap rate of 7.0%.
Value Realized	Sold 25 properties since inception for a sales price totaling \$408 million, realizing an 11.6% unleveraged IRR. Most recently, sold one property in Seattle in September 2021 for approximately \$10.3 million generating an unleveraged IRR of 11.0%, and one property in East Hanover, New Jersey in October 2021 for approximately \$32.7 million generating an unleveraged IRR of 10.1%.

Value Creation – Leasing

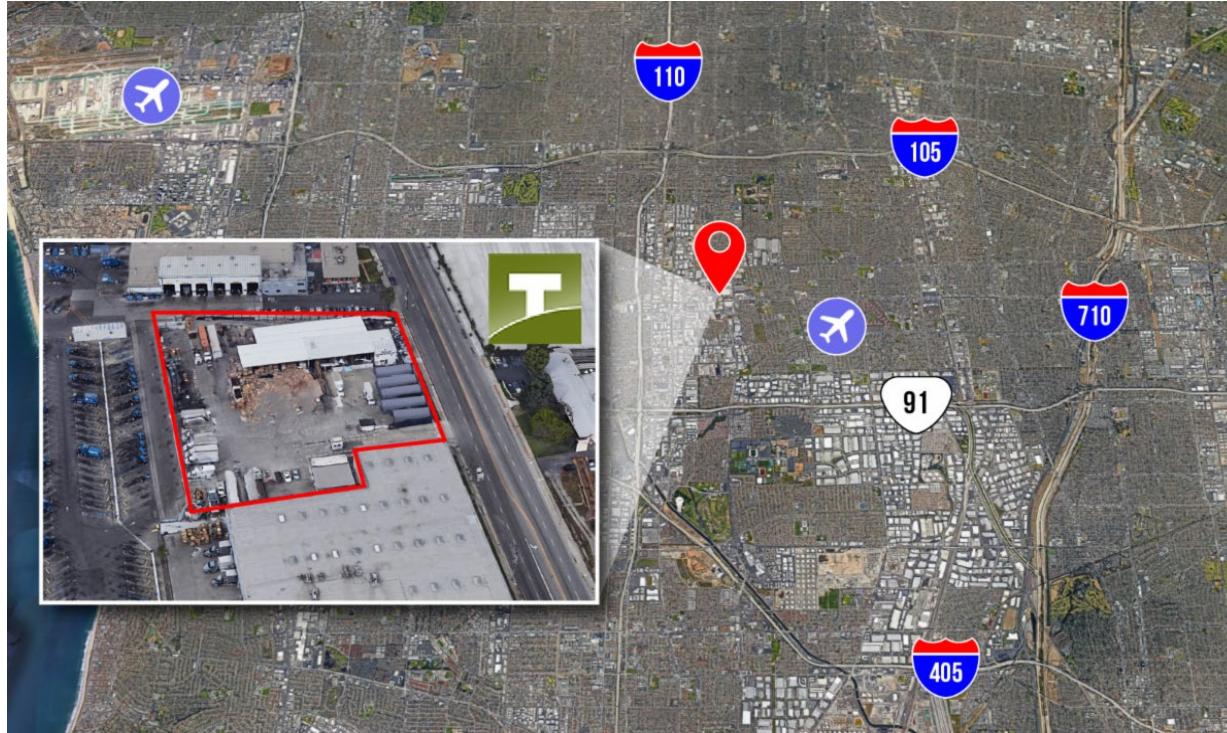


- **Property:** 13150 SE 32nd Street
- **Location:** Bellevue, WA
- **Size:** One industrial flex building containing approximately 39,000 square feet on 2.1 acres
- **Acquisition Price:** \$11.7 million in November 2020
- **Initial Occupancy:** Acquired 100% leased to one tenant
- **Leasing:** Executed early termination with original tenant and a new 5.5-year lease that commenced September 1, 2021, generating an estimated stabilized cap rate of 6.0%

Value Creation – Executed early termination and a new 5.5-year lease with an estimated stabilized cap rate of 6.0%

Value Creation – Leasing

- **Property:** 15001 South San Pedro Street
- **Location:** Gardena, CA
- **Size:** 2.0-acre improved land parcel
- **Acquisition Price:** \$8.8 million in October 2021
- **Initial Occupancy:** Vacant
- **Leasing:** Executed a 5-year lease upon acquisition commencing October 2021 with a regional logistics provider resulting in an estimated stabilized cap rate of 7.0%



Value Creation – Executed 5-year lease providing an estimated stabilized cap rate of 7.0%

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 \$130 million)

Corporate Governance

- Ranked #1 among all REITs for Corporate Governance by Green Street Advisors, June 30, 2021
- 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
 - 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 25 properties sold for an aggregate sales price of approximately \$407.7 million earning a 11.6% unleveraged IRR
- 12.4% dividend CAGR since initiating dividend in 2011
- 14.6% 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 (in thousands except share and per share data)

	<i>For the Three Months Ended September 30,</i>		<i>For the Nine Months Ended September 30,</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
REVENUES				
Rental revenues and tenant expense reimbursements	\$ 57,269	\$ 47,147	\$ 161,255	\$ 138,005
Total revenues	57,269	47,147	161,255	138,005
COSTS AND EXPENSES				
Property operating expenses	14,200	12,228	40,883	36,070
Depreciation and amortization	13,636	12,124	36,980	34,683
General and administrative ⁽¹⁾	6,800	5,130	19,248	16,553
Acquisition costs	-	123	172	186
Total costs and expenses	34,636	29,605	97,283	87,492
OTHER INCOME (EXPENSE)				
Interest and other income	228	51	685	805
Interest expense, including amortization	(4,686)	(3,887)	(12,847)	(11,802)
Gain on sales of real estate investments	3,185	9,016	3,185	26,766
Total other income and expenses	(1,273)	5,180	(8,977)	15,769
Net income	21,360	22,722	54,995	66,282
Allocation to participating securities	(87)	(194)	(191)	(277)
Net income available to common stockholders	\$ 21,273	\$ 22,528	\$ 54,804	\$ 66,005
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:				
Net income available to common stockholders - basic	\$ 0.30	\$ 0.33	\$ 0.79	\$ 0.98
Net income available to common stockholders - diluted	\$ 0.30	\$ 0.33	\$ 0.79	\$ 0.97
BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	70,516,787	68,112,661	69,571,511	67,600,957
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	70,752,863	68,372,515	69,799,206	67,860,811

(1) Includes non-cash compensation associated with the Company's Performance Share awards. Compensation expense related to all Performance Share awards outstanding is detailed below.

	<i>For the Three Months Ended September 30,</i>		<i>For the Nine Months Ended September 30,</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Performance share award expense	\$ 1,322	\$ 1,264	\$ 3,967	\$ 3,723

Appendix: Net Income, FFO and Adjusted FFO

NET INCOME, FFO AND ADJUSTED FFO ⁽¹⁾ (in thousands except share and per share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Total revenues	\$ 57,269	\$ 47,147	\$ 161,255	\$ 138,005
Property operating expenses	(14,200)	(12,228)	(40,883)	(36,070)
Depreciation and amortization	(13,636)	(12,124)	(36,980)	(34,683)
General and administrative ⁽²⁾	(6,800)	(5,130)	(19,248)	(16,553)
Acquisition costs	-	(123)	(172)	(186)
Interest and other income	228	51	685	805
Interest expense, including amortization	(4,686)	(3,887)	(12,847)	(11,802)
Gain on sales of real estate investments	3,185	9,016	3,185	26,766
Net income	21,360	22,722	54,995	66,282
Allocation to participating securities	(87)	(194)	(191)	(277)
Net income available to common stockholders	\$ 21,273	\$ 22,528	\$ 54,804	\$ 66,005
Net income available to common stockholders per common share - basic	\$ 0.30	\$ 0.33	\$ 0.79	\$ 0.98
Net income available to common stockholders per common share - diluted	\$ 0.30	\$ 0.33	\$ 0.79	\$ 0.97
Adjustments to arrive at Funds from Operations:				
Gain on sales of real estate investments	(3,185)	(9,016)	(3,185)	(26,766)
Depreciation and amortization related to real estate	13,614	12,111	36,928	34,624
Allocation to participating securities	(126)	(125)	(302)	(438)
Funds from Operations ⁽¹⁾	\$ 31,663	\$ 25,692	\$ 88,436	\$ 73,702
Funds from operations per common share - basic	\$ 0.45	\$ 0.38	\$ 1.27	\$ 1.09
Funds from operations per common share - diluted	\$ 0.45	\$ 0.38	\$ 1.27	\$ 1.09
Adjustments to arrive at Adjusted Funds From Operations:				
Acquisition costs	-	123	172	186
Stock-based compensation	2,360	1,859	7,007	6,353
Straight-line rents	(2,254)	2,269	(5,845)	1,051
Amortization of lease intangibles	(2,046)	(1,306)	(5,117)	(4,054)
Total capital expenditures	(21,405)	(13,652)	(50,129)	(30,277)
Capital expenditures related to stabilization ⁽³⁾	14,216	7,203	28,013	19,429
Adjusted Funds from Operations	\$ 22,534	\$ 22,188	\$ 62,537	\$ 66,390
Common stock dividends paid	\$ 20,428	\$ 18,484	\$ 60,389	\$ 54,949
Weighted average basic common shares	70,516,787	68,112,661	69,571,511	67,600,957
Weighted average diluted common shares	70,752,863	68,372,515	69,799,206	67,860,811

(1) See Reporting Definitions for further explanation.

(2) Includes non-cash compensation associated with the Company's Performance Share awards. The Company recognized compensation expense related to all Performance Share awards outstanding of approximately \$1.3 million and \$1.3 million for the three months ended September 30, 2021 and 2020, respectively, and approximately \$4.0 million and \$3.7 million for the nine months ended September 30, 2021 and 2020, respectively.

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

Appendix: Supplemental Components of NAV

COMPONENTS OF NET OPERATING INCOME⁽¹⁾ (in thousands except share and per share data)	For the Three Months Ended September 30, 2021
Total revenues	\$ 57,269
Less straight-line rents	(2,254)
Less amortization of lease intangibles	(2,046)
Less property operating expenses	(14,200)
Cash net operating income	\$ 38,769
CONTRACTUAL RENT ABATEMENTS	\$ 1,504
LEASE TERMINATION INCOME	\$ 655
CASH NOI FROM DISPOSED PROPERTIES	\$ 437
CASH NOI FROM REDEVELOPMENTS	\$ 131
BALANCE SHEET ITEMS	
Other assets and liabilities	
Cash and cash equivalents	\$ 68,732
Restricted cash	4,970
Construction in progress ⁽²⁾	99,949
Other assets, net	53,050
Less straight-line rents	(28,966)
Security deposits	(22,268)
Dividends payable	(24,239)
Accounts payable and other liabilities	(40,358)
Total other assets and liabilities	\$ 110,870
DEBT	
Credit facility	\$ -
Term Loan ⁽³⁾	(100,000)
Senior unsecured notes ⁽³⁾	(500,000)
Total debt	\$ (600,000)
Total shares outstanding	71,291,250

Q3 2021 ACQUISITIONS

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
Countyline #26	July 14, 2021	\$ 39,409	3.7%	0% ⁽⁴⁾
13020 & 13030 Cerise	July 14, 2021	8,075	5.4%	100%
1150 & 1250 W. Trenton Ave	July 30, 2021	9,335	3.6%	100%
MLK 9801	August 11, 2021	11,900	2.4%	100%
MLK 9845	August 11, 2021	15,750	3.4%	100%
MLK 9600	August 11, 2021	22,350	4.9%	100%
Foley Street	August 26, 2021	8,250	4.9%	92%
Paterson Plank III	August 27, 2021	17,850	4.5%	0% ⁽⁵⁾
97 Third Street	September 27, 2021	26,250	3.1%	51%
13025 Cerise	September 30, 2021	7,875	2.9%	100%
Total/Weighted Average		\$ 167,044	3.8%	58%

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

Market	Rentable Square Feet	Occupancy % as of Sept 30 2021	Annualized Base Rent (000's)	Base Rent Per Occupied Square Foot
Los Angeles	2,678,531	98.3%	\$ 26,823	\$ 10.18
Northern New Jersey/New York City	3,570,180	98.5%	43,366	12.34
San Francisco Bay Area	2,196,337	96.5%	29,006	13.68
Seattle	2,309,059	99.7%	23,668	10.28
Miami	1,808,591	95.4%	15,820	9.17
Washington, D.C.	1,534,625	99.0%	17,592	11.58
Total/Weighted Average	14,097,323	98.0%	\$ 156,275	\$ 11.31

SUMMARY MARKET INFORMATION (Improved Land) ⁽²⁾

Market	Number of Parcels	Acreage	Occupancy % as of Sept 30 2021	Annualized Base Rent (000's)
Los Angeles	8	16.4	88.0%	\$ 3,334
Northern New Jersey/New York City	10	54.1	95.4%	6,369
San Francisco Bay Area	3	7.1	100.0%	1,405
Seattle	7	20.5	100.0%	2,305
Miami	2	3.2	100.0%	422
Washington, D.C.	1	13.4	100.0%	868
Total/Weighted Average	31	114.7	96.1%	\$ 14,703

(1) See Reporting Definitions for further explanation.

(2) The Company had four properties under redevelopment as of September 30, 2021 that upon completion are expected to contain approximately 0.4 million square feet with a total expected investment of approximately \$117.8 million.

(3) Excludes deferred financing costs and loan fees.

(4) Property was 100% pre-leased to three tenants with leases that commenced between August and October 2021.

(5) Improved land placed immediately into redevelopment.

Appendix: Same Store Results

SAME STORE GROWTH ⁽¹⁾ (in thousands)	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2021	2020	\$ Change	% Change	2021	2020	\$ Change	% Change
Net income	\$ 21,360	\$ 22,722	\$ (1,362)	(6.0)%	\$ 54,995	\$ 66,282	\$ (11,287)	(17.0)%
Depreciation and amortization	13,636	12,124	1,512	12.5%	36,980	34,683	2,297	6.6%
General and administrative	6,800	5,130	1,670	32.6%	19,248	16,553	2,695	16.3%
Acquisition costs	-	123	(123)	n/a	172	186	(14)	(7.5)%
Total other income and expenses	1,273	(5,180)	6,453	n/a	8,977	(15,769)	24,746	n/a
Net operating income	43,069	34,919	8,150	23.3%	120,372	101,935	18,437	18.1%
Less non-same store NOI	(5,877)	(1,574)	(4,303)	273.4%	(12,462)	(5,344)	(7,118)	133.2%
Same store NOI	<u>\$ 37,192</u>	<u>\$ 33,345</u>	<u>\$ 3,847</u>	<u>11.5%</u>	<u>\$ 107,910</u>	<u>\$ 96,591</u>	<u>\$ 11,319</u>	<u>11.7%</u>
Less straight-line rents and amortization of lease intangibles	(2,435)	1,412	(3,847)	n/a	(7,633)	(2,167)	(5,466)	252.2%
Cash-basis same store NOI	<u>\$ 34,757</u>	<u>\$ 34,757</u>	<u>\$ -</u>	<u>0.0%</u>	<u>\$ 100,277</u>	<u>\$ 94,424</u>	<u>\$ 5,853</u>	<u>6.2%</u>
Less termination fee income	(15)	(3,483)	3,468	(99.6)%	(162)	(3,642)	3,480	(95.6)%
Cash-basis same store NOI excluding termination fees	<u>\$ 34,742</u>	<u>\$ 31,274</u>	<u>\$ 3,468</u>	<u>11.1%</u>	<u>\$ 100,115</u>	<u>\$ 90,782</u>	<u>\$ 9,333</u>	<u>10.3%</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	12,493,470
Occupancy %	93.0%	96.8%	97.1%	94.4%	99.0%	97.5%	99.1%	98.4%	98.0%	97.8%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	3.1%	8.6%	16.5%	9.1%	9.2%	7.7%	6.2%

Average cash-basis same store growth since IPO: 11.0%

(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, 2021 and since January 1, 2020 and excludes properties that were held for sale, disposed of prior to or were under redevelopment as of September 30, 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 (in thousands)	Amount Remaining to Spend (in thousands)	Estimated Stabilized Return on Cost ⁽²⁾	Estimated Post-Development Square Feet	Estimated Stabilization Quarter	% Pre-leased Sept 30, 2021
Sodo Row - North & South	\$ 66,609	\$ 63,145	\$ 3,464	5.0%	234,308	Q4 2021	64.8%
Americas Gateway 5	7,429	5,673	1,756	5.5%	51,800	Q4 2022	0%
73rd Street	20,136	12,493	7,643	5.1%	129,000	Q4 2022	0%
Paterson Plank III	23,643	18,638	5,005	4.5%	N/A	Q4 2022	0%
Total/Weighted Average	\$ 117,817	\$ 99,949	\$ 17,868	4.9%	415,108		36.5%

HISTORICAL DISPOSITIONS

Property	Market	Acquisition Date	Disposition Date	Acquisition Price (in thousands)	Disposition Price (in thousands)	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%
Hanford	Seattle	April 2017	September 2021	5,900	10,300	11.0%
Melanie Lane	New Jersey/New York	September 2013	October 2021	20,000	32,700	10.1%
Total				\$ 264,187	\$ 407,731	11.6%

(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 (in thousands except share and per share data)	Credit Facility	Term Loans	Senior Unsecured Notes	Total Debt
2021 (3 months)	\$ -	\$ -	\$ -	\$ -
2022	-	-	50,000	50,000
2023	-	-	-	-
2024	-	-	100,000	100,000
2025	-	-	-	-
Thereafter	-	100,000	350,000	450,000
Total Debt	-	100,000	500,000	600,000
Deferred financing costs, net	-	(530)	(2,847)	(3,377)
Total Debt, net	<u>\$ -</u>	<u>\$ 99,470</u>	<u>\$ 497,153</u>	<u>\$ 596,623</u>
Weighted Average Interest Rate	n/a	1.3%	3.4%	3.1%
Total Debt, net			As of September 30, 2021	As of September 30, 2020
			\$ 596,623	\$ 459,083
Common Stock				
Shares Outstanding			71,291,250	68,372,568
Market Price			\$ 63.23	\$ 54.76
Total Equity			<u>4,507,746</u>	<u>3,744,082</u>
Total Market Capitalization			<u>\$ 5,104,369</u>	<u>\$ 4,203,165</u>
Total Debt-to-Total Investments in Properties			22.8%	21.1%
Total Debt-to-Total Market Capitalization			11.7%	10.9%
Floating Rate Debt as a % of Total Debt ⁽¹⁾			16.7%	21.7%
Unhedged Floating Rate Debt as a % of Total Debt ⁽²⁾			16.7%	10.9%
Mortgage Loans Payable as a % of Total Debt			0.0%	2.5%
Mortgage Loans Payable as a % of Total Investments in Properties			0.0%	0.5%
Adjusted EBITDA ⁽³⁾			\$ 108,816	\$ 92,540
Interest Coverage			8.5 x	7.8 x
Fixed Charge Coverage			8.3 x	7.0 x
Total Debt-to-Adjusted EBITDA ⁽³⁾			3.8 x	3.6 x
Weighted Average Maturity of Total Debt (years)			5.6	4.7

(1) Floating rate debt includes our existing \$100.0 million of variable-rate term loan borrowings, \$50 million of which was subject to an interest rate cap of 4.0% plus 1.20% to 1.70%, depending on leverage, as of September 30, 2020.

(2) Hedged debt includes our existing \$100.0 million of variable-rate term loan borrowings, \$50 million of which was subject to an interest rate cap of 4.0% plus 1.20% to 1.70%, depending on leverage, as of September 30, 2020.

(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 West of 405 Hawthorne Downtown LA	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/Bronx 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 San Jose South SF Dogpatch/Mission Bay	East Bay	Livermore Richmond Fremont
Miami	Central Dade	Airport/Doral Hialeah	Medley Airport North North Dade Hialeah North
Seattle	South Seattle Tukwila Eastside	Kent SeaTac Renton	Auburn Sumner Fife Pullayup
Washington D.C.	D.C. Inside the D.C. Beltway Alexandria	Corridor Close in PG County Close in NOVA	Dulles
% of Terreno's Portfolio ⁽⁴⁾			
	33%	53%	14%

- (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 November 2, 2021. 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.*



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 Broadstone Net Lease, Inc. (NYSE: BNL)
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>	- Executive Chair of the Board of Directors of TD SYNEX (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 and nine months ended September 30, 2021 and 2020 (dollars in thousands):

	<i>For the Three Months Ended September 30,</i>				<i>For the Nine Months Ended September 30,</i>			
	<i>2021</i>	<i>2020</i>	<i>\$ Change</i>	<i>% Change</i>	<i>2021</i>	<i>2020</i>	<i>\$ Change</i>	<i>% Change</i>
Net income	\$ 21,360	\$ 22,722	\$ (1,362)	(6.0)%	\$ 54,995	\$ 66,282	\$ (11,287)	(17.0)%
Gain on sales of real estate investments	(3,185)	(9,016)	5,831	(64.7)%	(3,185)	(26,766)	23,581	(88.1)%
Depreciation and amortization	13,636	12,124	1,512	12.5%	36,980	34,683	2,297	6.6%
Interest expense, including amortization	4,686	3,887	799	20.6%	12,847	11,802	1,045	8.9%
Stock-based compensation	2,360	1,859	501	26.9%	7,007	6,353	654	10.3%
Acquisition costs	-	123	(123)	n/a	172	186	(14)	(7.5)%
Adjusted EBITDA	<u>\$ 38,857</u>	<u>\$ 31,699</u>	<u>\$ 7,158</u>	<u>22.6%</u>	<u>\$ 108,816</u>	<u>\$ 92,540</u>	<u>\$ 16,276</u>	<u>17.6%</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 September 30, 2021 and since January 1, 2020 and excludes properties that were either held for sale, disposed of prior to, held for sale to a third party or in redevelopment as of September 30, 2021. As of September 30, 2021, the same store pool consisted of 209 buildings aggregating approximately 12.5 million square feet representing approximately 88.6% 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.