

Terreno Realty Corporation

Q4 2021 Update

February 9, 2022



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, 2021, 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 (79.5%)
 - Flex (including light industrial and R&D) (4.8%)
 - Transshipment (6.4%)
 - Improved land (9.3%) ⁽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

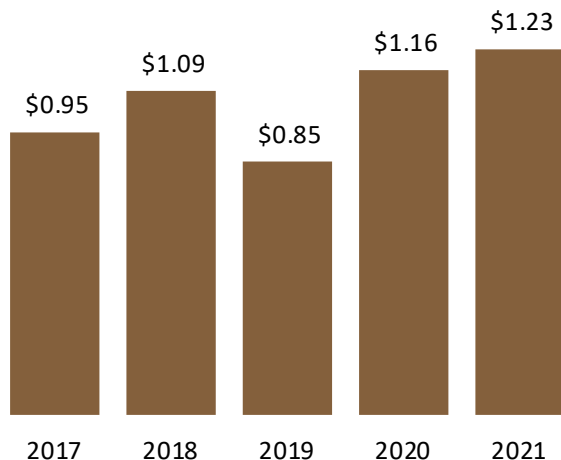
Goal: Superior same store NOI and per share NAV growth

(1) Reflects Terreno portfolio composition based on annualized base rent as of December 31, 2021. Excludes four properties under redevelopment that upon completion will consist of two properties aggregating approximately 0.2 million square feet and two improved land parcels aggregating approximately 12.1 acres.

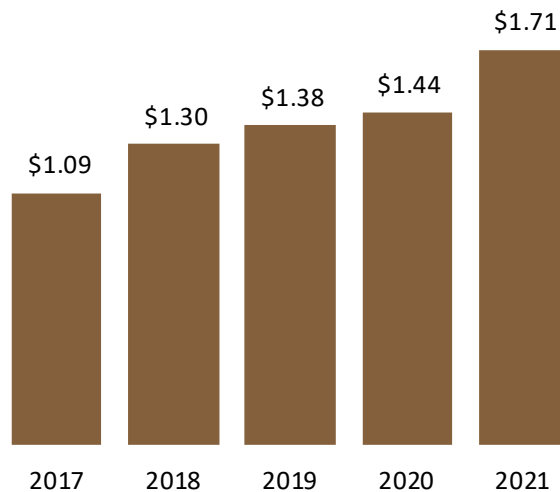
(2) Includes 36 improved land parcels totaling approximately 127.1 acres that are 94.8% leased as of December 31, 2021. Such land is used for industrial outdoor storage and may be redeveloped to higher and better use.

Financial Highlights

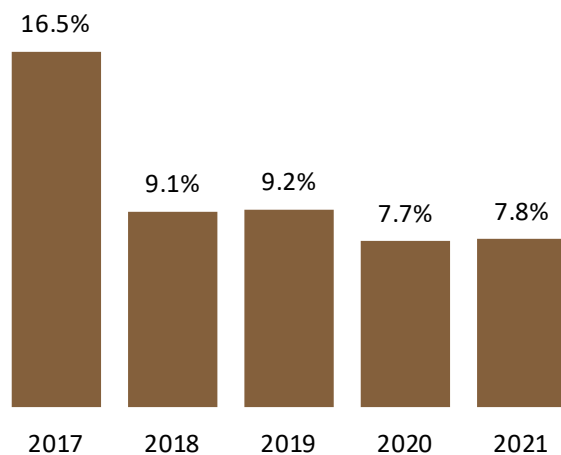
Net Income Per Share



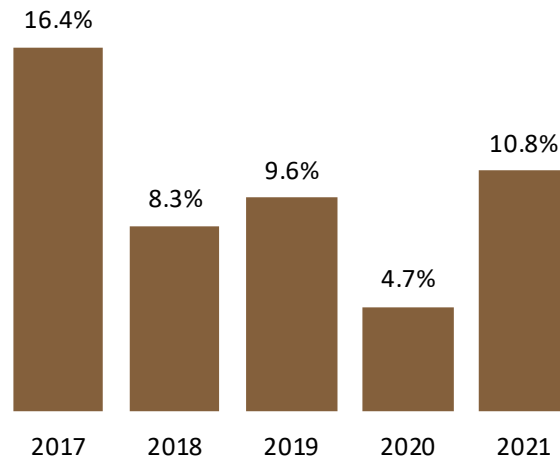
FFO Per Share ⁽¹⁾



Cash Same Store NOI Growth ⁽¹⁾⁽²⁾



Cash SSNOI Excluding Termination Fees ⁽¹⁾⁽²⁾



Recent Highlights

Investment Highlights

Q4 2021 Acquisitions	\$326.1 million
2021 Acquisitions	\$657.3 million
Acquisitions Under Contract⁽¹⁾⁽²⁾	\$125.8 million
Acquisitions Under LOI⁽¹⁾⁽²⁾	\$94.9 million
2021 Dispositions	\$43.0 million

Capital Markets Activities

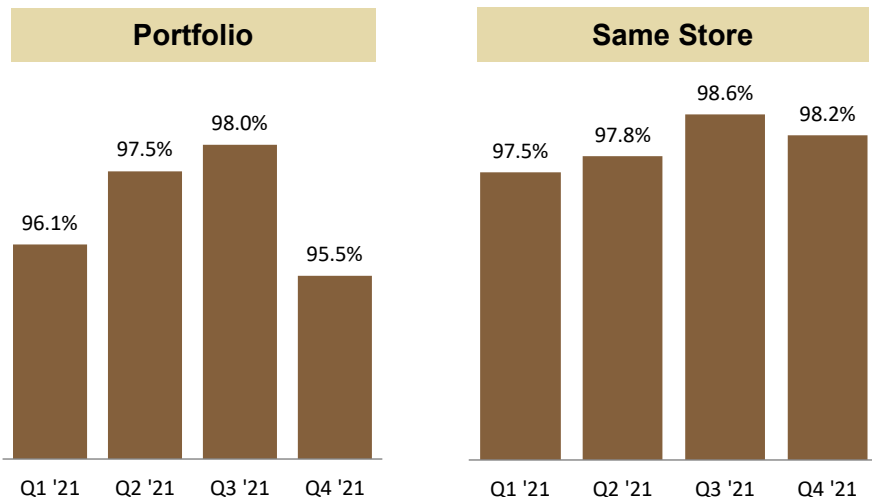
- During the fourth quarter of 2021, closed an offering of 4,025,000 shares of common stock at a price to the public of \$74.50 per share, receiving gross proceeds of \$299.9 million. We intend to use the net proceeds to acquire industrial properties and for general corporate purposes.
- During the three months and year ended December 31, 2021, issued an aggregate of 27,414 and 2,569,771 shares, respectively, of common stock under the ATM at a weighted average offering price of \$64.07 and \$63.23 per share, respectively, receiving gross proceeds of approximately \$1.8 million and \$162.5 million, respectively.
- Issued \$125 million senior unsecured notes with nine-year term at 2.38% in a private placement in October 2021.

Operating Highlights

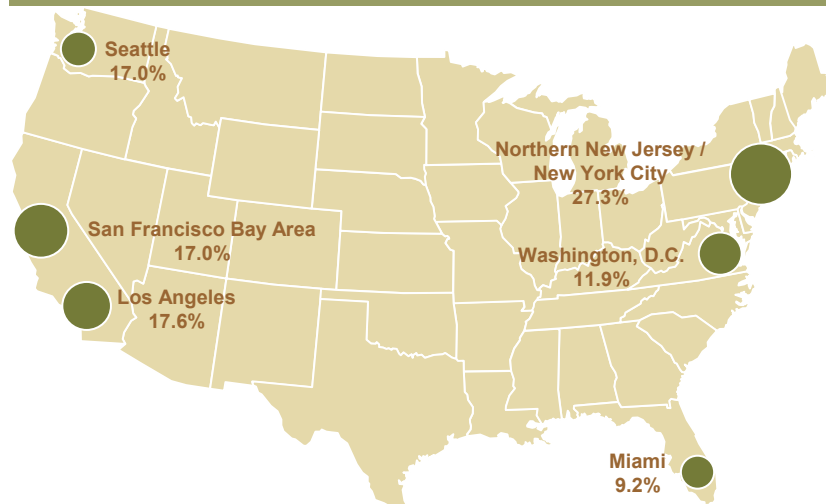
- Cash rents on new and renewed leases commencing during the three months ended December 31, 2021 increased approximately 34.4% on approximately 0.6 million square feet; tenant retention during the three months ended December 31, 2021 was 57.5%. Cash rents on new and renewed leases commencing during the year ended December 31, 2021 increased approximately 28.4% on approximately 2.6 million square feet; tenant retention during the year ended December 31, 2021 was 65.7%.
- Total portfolio, excluding four properties under redevelopment and 36 improved land parcels, was 95.5% leased as of December 31, 2021 as compared to 98.0% at September 30, 2021 and 97.8% at December 31, 2020. The decline in occupancy as compared to the prior quarter was driven primarily by acquired vacancy of 373,000 square feet (approximately 250bps) of which 361,000 square feet (approximately 240bps) is pre-leased and expected to commence prior to June 30, 2022, and 82,000 square feet (approximately 50bps) from the inclusion of SoDo Row Seattle.
- The same store portfolio of approximately 12.5 million square feet, representing approximately 83.0% of our total square feet, was 98.2% leased as of December 31, 2021 as compared to 98.6% as of September 30, 2021 and 98.0% as of December 31, 2020.

Current Portfolio Overview

Occupancy ⁽¹⁾



Six Major Coastal U.S. Markets ⁽²⁾



Key Metrics ⁽³⁾

Square Feet	15.1 million	Average Acquisition Size	\$14.3 million
Number of Buildings	253	Weighted Average Occupancy at Acquisition	84.5%
36 Improved Land Parcels	127.1 acres; 94.8% leased	Square Feet Under Redevelopment	181,000

- (1) Portfolio and Same Store occupancy based on 15.1 million and 12.5 million square feet, respectively, as of December 31, 2021, and excludes 36 improved land parcels consisting of 127.1 acres and four properties under redevelopment that upon completion are expected to contain approximately 0.2 million square feet. The decline in occupancy as compared to the prior quarter was driven primarily by acquired vacancy of 373,000 square feet (approximately 250bps) of which 361,000 square feet (approximately 240bps) is pre-leased and expected to commence prior to June 30, 2022, and 82,000 square feet (approximately 50bps) from the inclusion of SoDo Row Seattle.
- (2) Based on annualized base rent by market including 15.1 million square feet and 36 improved land parcels consisting of 127.1 acres as of December 31, 2021. Excludes four properties under redevelopment that upon completion will contain approximately 0.2 million square feet.
- (3) Properties owned as of December 31, 2021. Excludes four properties under redevelopment that upon completion will contain approximately 0.2 million square feet. Average acquisition size and weighted average occupancy at acquisition exclude 25 properties sold with an aggregate 3.5 million square feet.

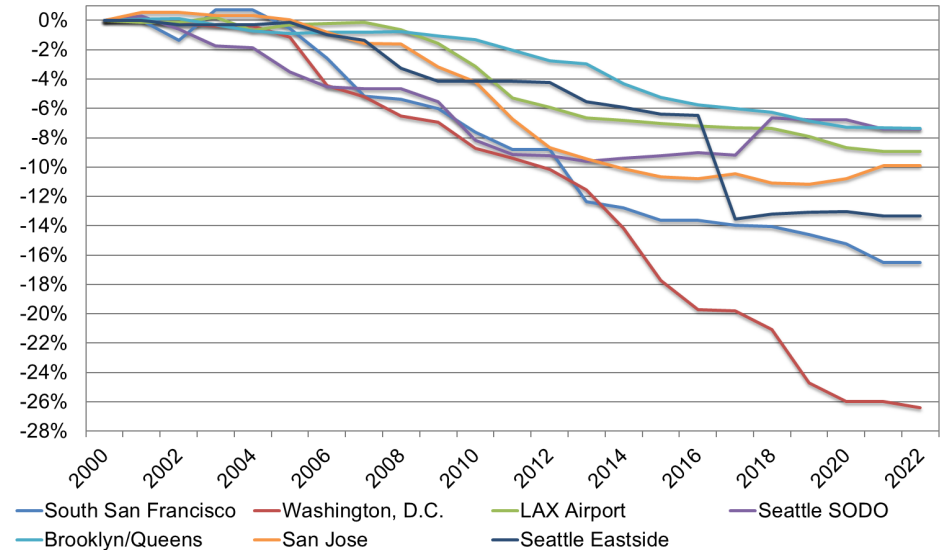


Terreno's Submarket Focus

Highly Focused Submarket Strategy

- 35% 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.
- 52% 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.
- 13% 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	26.4%	1.2%
South San Francisco	3.0	16.5%	0.7%
Seattle Eastside	1.5	13.3%	0.6%
San Jose	6.0	9.9%	0.5%
LAX Airport	1.6	8.9%	0.4%
Brooklyn/Queens	13.2	7.4%	0.3%
Seattle SODO	1.7	7.4%	0.3%

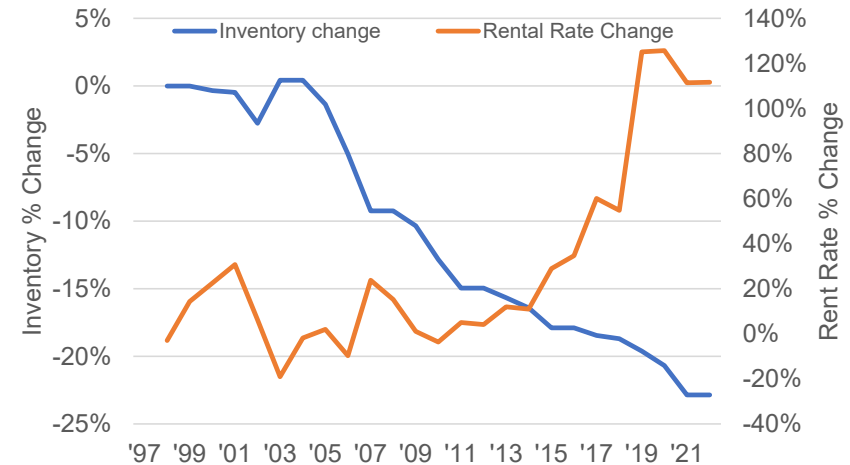
Shrinking Supply: South San Francisco

Approximately 23% Decrease in Supply Since 1997

Percentage Inventory Decrease and Rental Rate Increase Since 1997



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

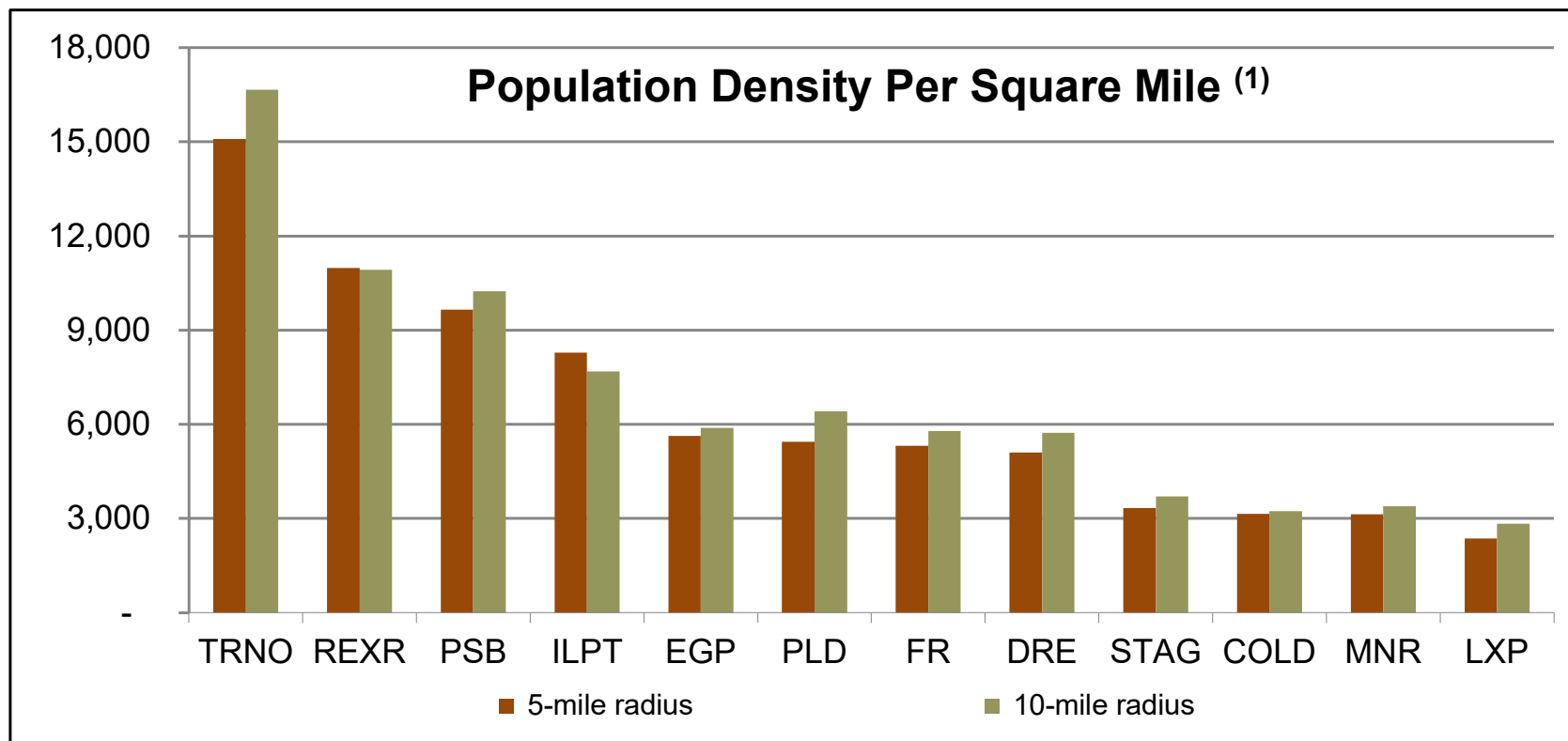


Source: CoStar

- 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



(1) Represents average population density weighted by square feet and ranked by 5-mile radius.

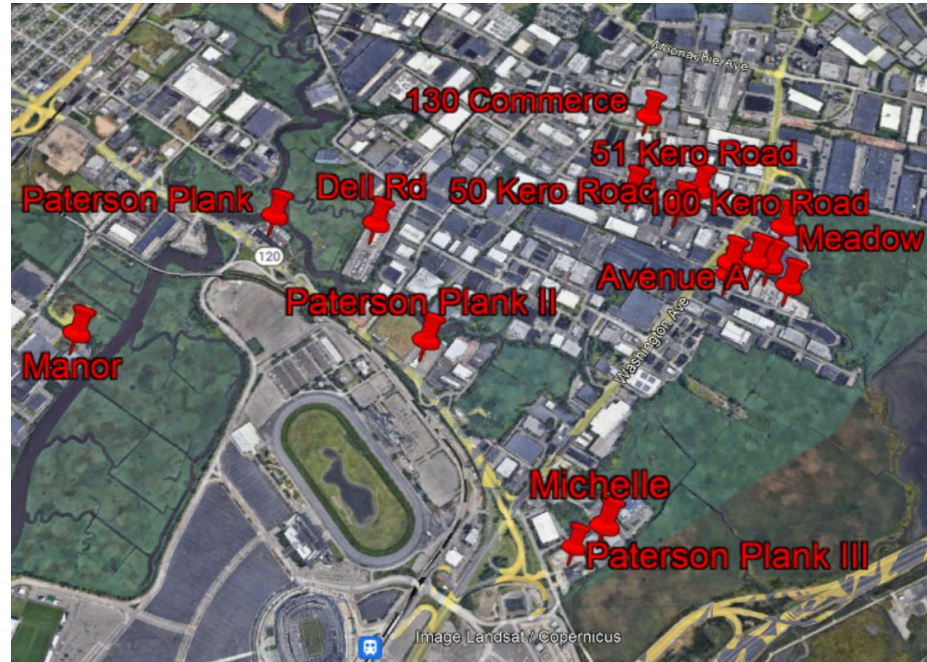
Prologis (NYSE: PLD) average population density data as of March 31, 2021.

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

1300 Berryessa Road

San Jose, CA
October 29, 2021

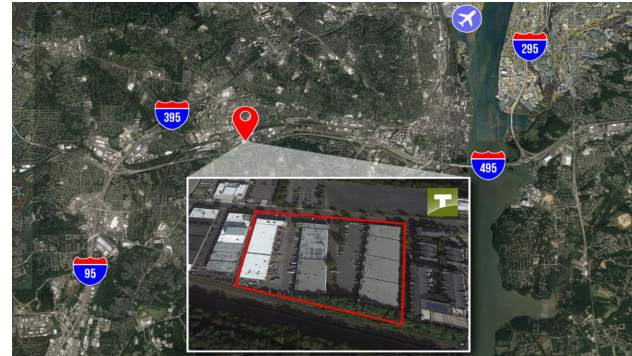
- Purchase Price: \$23.0 million
- Estimated Stabilized Cap Rate: 5.2%
- Size: 7.2-acre improved land parcel
- Occupancy: Vacant
- Location: Between U.S. 101 and Interstate 680 and adjacent to the Berryessa/North San Jose Bay Area Rapid Transit (BART) Station



5150-5236 Eisenhower Avenue

Alexandria, VA
December 10, 2021

- Purchase Price: \$60.8 million
- Estimated Stabilized Cap Rate: 3.0%
- Size: Three industrial distribution buildings containing approximately 199,000 square feet on 9.3 acres
- Occupancy: 100% leased to 13 tenants, all of which expire by 2026
- Location: Inside the Capital Beltway



16650-16750 Woodinville Redmond Road

Woodinville, WA
December 23, 2021

- Purchase Price: \$33.5 million
- Estimated Stabilized Cap Rate: 3.7%
- Size: Two industrial distribution buildings containing approximately 118,000 square feet on 9.6 acres
- Occupancy: 100% leased to four tenants
- Location: Immediately adjacent to Terreno Realty Corporation's property at 16224-16240 Woodinville Redmond Road, southeast of the intersection of I-405 and SR 522



Selected Examples of Value Creation

- Since Terreno's 2010 IPO, approximately 60% of our acquisitions have been value-add investments. Terreno has successfully stabilized 91 value-add investments to date. Terreno has sold approximately 9% of its properties for an unleveraged IRR of 11.6%.

Strategy	Examples
Leasing and Redevelopment	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%. 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%.
Value Realized	Sold 25 properties since inception for a sales price totaling \$407.7 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:** 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%**

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%

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 2.5% of outstanding shares valued at \$134 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
- 12.1% dividend CAGR since initiating dividend in 2011
- 15.7% 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)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2021	2020	2021	2020
REVENUES				
Rental revenues and tenant expense reimbursements	\$ 60,675	\$ 48,879	\$ 221,930	\$ 186,884
Total revenues	60,675	48,879	221,930	186,884
COSTS AND EXPENSES				
Property operating expenses	15,365	13,026	56,248	49,096
Depreciation and amortization	13,707	11,192	50,687	45,875
General and administrative ⁽¹⁾	7,716	6,936	26,964	23,489
Acquisition costs	-	85	172	271
Total costs and expenses	36,788	31,239	134,071	118,731
OTHER INCOME (EXPENSE)				
Interest and other income	137	68	822	873
Interest expense, including amortization	(5,207)	(4,195)	(18,054)	(15,997)
Gain on sales of real estate investments	13,442	-	16,627	26,766
Total other income and expenses	8,372	(4,127)	(605)	11,642
Net income	32,259	13,513	87,254	79,795
Allocation to participating securities	(124)	(40)	(311)	(400)
Net income available to common stockholders	\$ 32,135	\$ 13,473	\$ 86,943	\$ 79,395
EARNINGS PER COMMON SHARE - BASIC AND DILUTED:				
Net income available to common stockholders - basic	\$ 0.44	\$ 0.20	\$ 1.23	\$ 1.17
Net income available to common stockholders - diluted	\$ 0.44	\$ 0.20	\$ 1.23	\$ 1.16
BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	73,380,519	68,245,315	70,534,202	67,762,927
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	73,735,244	68,652,454	70,793,670	68,170,066

(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.

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2021	2020	2021	2020
Performance share award expense	\$ 1,322	\$ 2,881	\$ 5,289	\$ 6,605

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 December 31,		For the Year Ended December 31,	
	2021	2020	2021	2020
Total revenues	\$ 60,675	\$ 48,879	\$ 221,930	\$ 186,884
Property operating expenses	(15,365)	(13,026)	(56,248)	(49,096)
Depreciation and amortization	(13,707)	(11,192)	(50,687)	(45,875)
General and administrative ⁽²⁾	(7,716)	(6,936)	(26,964)	(23,489)
Acquisition costs	-	(85)	(172)	(271)
Interest and other income	137	68	822	873
Interest expense, including amortization	(5,207)	(4,195)	(18,054)	(15,997)
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Net income	32,259	13,513	87,254	79,795
Allocation to participating securities	(124)	(40)	(311)	(400)
Net income available to common stockholders	\$ 32,135	\$ 13,473	\$ 86,943	\$ 79,395
Net income available to common stockholders per common share - basic	\$ 0.44	\$ 0.20	\$ 1.23	\$ 1.17
Net income available to common stockholders per common share - diluted	\$ 0.44	\$ 0.20	\$ 1.23	\$ 1.16
Adjustments to arrive at Funds from Operations:				
Gain on sales of real estate investments	(13,442)	-	(16,627)	(26,766)
Depreciation and amortization related to real estate	13,685	11,181	50,613	45,805
Allocation to participating securities	(126)	(73)	(428)	(496)
Funds from Operations ⁽¹⁾	\$ 32,376	\$ 24,621	\$ 120,812	\$ 98,338
Funds from operations per common share - basic	\$ 0.44	\$ 0.36	\$ 1.71	\$ 1.45
Funds from operations per common share - diluted	\$ 0.44	\$ 0.36	\$ 1.71	\$ 1.44
Adjustments to arrive at Adjusted Funds From Operations:				
Acquisition costs	-	85	172	271
Stock-based compensation	2,547	3,472	9,554	9,826
Straight-line rents	(2,838)	(1,412)	(8,683)	(361)
Amortization of lease intangibles	(2,569)	(1,366)	(7,686)	(5,420)
Total capital expenditures	(17,701)	(8,336)	(67,830)	(38,613)
Capital expenditures related to stabilization ⁽³⁾	10,978	1,957	38,991	17,404
Adjusted Funds from Operations	\$ 22,793	\$ 19,021	\$ 85,330	\$ 81,445
Common stock dividends paid	\$ 24,239	\$ 19,829	\$ 84,628	\$ 74,778
Weighted average basic common shares	73,380,519	68,245,315	70,534,202	67,762,927
Weighted average diluted common shares	73,735,244	68,652,454	70,793,670	68,170,066

(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 \$2.9 million for the three months ended December 31, 2021 and 2020, respectively, and approximately \$5.3 million and \$6.6 million for the year ended December 31, 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 December 31, 2021	
Total revenues	\$	60,675
Less straight-line rents		(2,838)
Less amortization of lease intangibles		(2,569)
Less property operating expenses		(15,365)
Cash net operating income	\$	39,903
CONTRACTUAL RENT ABATEMENTS	\$	1,570
LEASE TERMINATION INCOME	\$	148
CASH NOI FROM DISPOSED PROPERTIES	\$	37
CASH NOI FROM REDEVELOPMENTS	\$	-

BALANCE SHEET ITEMS

Other assets and liabilities		
Cash and cash equivalents	\$	204,404
Restricted cash		397
Construction in progress ⁽²⁾		65,157
Other assets, net		51,650
Less straight-line rents		(31,732)
Security deposits		(23,914)
Dividends payable		(25,618)
Accounts payable and other liabilities		(45,025)
Total other assets and liabilities	\$	195,319

DEBT

Credit facility	\$	-
Term Loan ⁽³⁾		(100,000)
Senior unsecured notes ⁽³⁾		(625,000)
Total debt	\$	(725,000)

Total shares outstanding 75,344,302

Q4 2021 ACQUISITIONS

Property Name	Date	Purchase Price (in thousands)	Estimated Stabilized Cap Rate	Leased % at Acquisition
Woodinville	October 1, 2021	\$ 23,600	3.1%	100%
190 Morgan	October 12, 2021	4,450	4.9%	0%
San Pedro	October 15, 2021	8,800	7.0%	0% ⁽⁴⁾
228 North Avenue	October 20, 2021	44,000	4.8%	100%
Pickett	October 29, 2021	9,000	4.5%	0%
Berryessa	October 29, 2021	23,000	5.2%	0% ⁽⁵⁾
768 772 Ceres	November 18, 2021	7,661	3.4%	100%
Tuxedo	November 23, 2021	8,000	5.6%	100%
Maple II	November 30, 2021	13,800	4.9%	100%
Eisenhower	December 10, 2021	60,750	3.0%	100%
4501 46th Street	December 13, 2021	11,850	3.8%	100%
Countyline #27 & #28	December 15, 2021	74,142	3.8%	0% ⁽⁶⁾
Woodinville II	December 23, 2021	33,500	3.7%	100%
Willows	December 27, 2021	3,500	4.9%	100%
Total/Weighted Average		\$ 326,053	4.0%	63%

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

Market	Rentable Square Feet	Occupancy % as of Dec 31, 2021	Annualized Base Rent (000's)	Base Rent Per Occupied Square Foot
Los Angeles	2,695,418	99.0%	\$ 28,043	10.51
Northern New Jersey/New York City	3,447,704	98.5%	43,228	12.72
San Francisco Bay Area	2,196,384	97.7%	29,861	13.91
Seattle	2,750,349	96.8%	29,076	10.92
Miami ⁽⁷⁾	2,210,497	83.7%	16,527	8.94
Washington, D.C.	1,761,704	93.9%	20,036	12.11
Total/Weighted Average	15,062,056	95.5%	\$ 166,771	11.60

SUMMARY MARKET INFORMATION (Improved Land) ⁽²⁾

Market	Number of Parcels	Acreage	Occupancy % as of Dec 31, 2021	Annualized Base Rent (000's)
Los Angeles	10	20.7	90.5%	\$ 4,341
Northern New Jersey/New York City	10	54.2	100.0%	7,043
San Francisco Bay Area	3	7.1	100.0%	1,418
Seattle	8	21.2	78.1%	2,163
Miami	2	3.2	100.0%	422
Washington, D.C.	3	20.7	100.0%	1,707
Total/Weighted Average	36	127.1	94.8%	\$ 17,094

(1) See Reporting Definitions for further explanation

(2) The Company had four properties under redevelopment as of December 31, 2021 that upon completion will consist of two properties aggregating approximately 0.2 million square feet and two improved land parcels aggregating approximately 12.1 acres, with a total expected investment of approximately \$75.8 million.

(3) Excludes deferred financing costs and loan fees.

(4) Terreno Realty Corporation executed a lease for the property commencing October 18, 2021 resulting in an estimated stabilized cap rate of 7.0%.

(5) Improved land placed immediately into redevelopment.

(6) Property was 100% pre-leased to seven tenants with leases that commence between December 2021 and June 2022.

(7) Includes acquired vacancy of 361,000 square feet which was 100% pre-leased and expected to commence prior to June 30, 2022.

Appendix: Same Store Results

SAME STORE GROWTH ⁽¹⁾ (in thousands)	For the Three Months Ended December 31,				For the Year Ended December 31,			
	2021	2020	\$ Change	% Change	2021	2020	\$ Change	% Change
Net income	\$ 32,259	\$ 13,513	\$ 18,746	138.7%	\$ 87,254	\$ 79,795	\$ 7,459	9.3%
Depreciation and amortization	13,707	11,192	2,515	22.5%	50,687	45,875	4,812	10.5%
General and administrative	7,716	6,936	780	11.2%	26,964	23,489	3,475	14.8%
Acquisition costs	-	85	(85)	n/a	172	271	(99)	(36.5)%
Total other income and expenses	(8,372)	4,127	(12,499)	n/a	605	(11,642)	12,247	n/a
Net operating income	45,310	35,853	9,457	26.4%	165,682	137,788	27,894	20.2%
Less non-same store NOI	(7,094)	(1,859)	(5,235)	281.6%	(19,556)	(7,204)	(12,352)	171.5%
Same store NOI	\$ 38,216	\$ 33,994	\$ 4,222	12.4%	\$ 146,126	\$ 130,584	\$ 15,542	11.9%
Less straight-line rents and amortization of lease intangibles	(2,388)	(2,117)	(271)	12.8%	(10,021)	(4,284)	(5,737)	133.9%
Cash-basis same store NOI	\$ 35,828	\$ 31,877	\$ 3,951	12.4%	\$ 136,105	\$ 126,300	\$ 9,805	7.8%
Less termination fee income	(148)	(75)	(73)	97.3%	(309)	(3,717)	3,408	(91.7)%
Cash-basis same store NOI excluding termination fees	\$ 35,680	\$ 31,802	\$ 3,878	12.2%	\$ 135,796	\$ 122,583	\$ 13,213	10.8%

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	Full Year 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	12,494,870
Occupancy %	93.0%	96.8%	97.1%	94.4%	99.0%	97.5%	99.1%	98.4%	98.0%	98.2%
Cash-basis same store NOI growth %	11.9%	18.1%	12.9%	3.1%	8.6%	16.5%	9.1%	9.2%	7.7%	7.8%

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 December 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 December 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 (in thousands)	Amount Remaining to Spend (in thousands)	Estimated Stabilized Return on Cost ⁽²⁾	Estimated Post-Development Square Feet	Estimated Stabilization Quarter ⁽³⁾	% Pre-leased Dec 30, 2021
Americas Gateway	\$ 7,429	\$ 6,392	\$ 1,037	5.5%	51,800	Q4 2022	50.9%
Paterson Plank III	23,643	19,080	4,563	4.5%	N/A	Q4 2022	0%
73rd Street	20,136	16,254	3,882	5.1%	128,844	Q4 2022	0%
Berryessa	24,563	23,431	1,132	5.1%	N/A	Q1 2023	0%
Total/Weighted Average	\$ 75,771	\$ 65,157	\$ 10,614	5.0%	180,644		14.6%

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 Street	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.

(3) During the fourth quarter of 2021, we completed redevelopment of our Sodo Row – North & South property in Seattle, Washington, an approximately 0.2 million square foot redevelopment property. The total investment was approximately \$62.8 million.

Appendix: Capitalization

Maturity (in thousands except share and per share data)	Credit Facility	Term Loans	Senior Unsecured Notes	Total Debt
2022	\$ -	\$ -	\$ 50,000	\$ 50,000
2023	-	-	-	-
2024	-	-	100,000	100,000
2025	-	-	-	-
2026	-	-	50,000	50,000
Thereafter	-	100,000	425,000	525,000
Total Debt	-	100,000	625,000	725,000
Deferred financing costs, net	-	(505)	(3,825)	(4,330)
Total Debt, net	\$ -	\$ 99,495	\$ 621,175	\$ 720,670
Weighted Average Interest Rate	n/a	1.2%	3.2%	2.9%
			As of December 31, 2021	As of December 31, 2020
Total Debt, net			\$ 720,670	\$ 459,118
Common Stock				
Shares Outstanding			75,344,302	68,515,588
Market Price			\$ 85.29	\$ 58.51
Total Equity			6,426,116	4,008,847
Total Market Capitalization			\$ 7,146,786	\$ 4,467,965
Total Debt-to-Total Investments in Properties			24.5%	20.6%
Total Debt-to-Total Market Capitalization			10.1%	10.3%
Floating Rate Debt as a % of Total Debt ⁽¹⁾			13.8%	21.7%
Unhedged Floating Rate Debt as a % of Total Debt ⁽²⁾			13.8%	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⁾			\$ 149,094	\$ 124,998
Interest Coverage			8.3 x	7.8 x
Fixed Charge Coverage			8.0 x	7.1 x
Total Debt-to-Adjusted EBITDA ⁽³⁾			4.5 x	3.5 x
Weighted Average Maturity of Total Debt (years)			5.9	4.5

(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 December 31, 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 December 31, 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⁾	35%	52%	13%

(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 December 31, 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) - Interim CEO and 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 months and year ended December 31, 2021 and 2020 (dollars in thousands):

	<i>For the Three Months Ended December 31,</i>				<i>For the Year Ended December 31,</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	\$ 32,259	\$ 13,513	\$ 18,746	138.7%	\$ 87,254	\$ 79,795	\$ 7,459	9.3%
Gain on sales of real estate investments	(13,442)	-	(13,442)	n/a	(16,627)	(26,766)	10,139	(37.9)%
Depreciation and amortization	13,707	11,192	2,515	22.5%	50,687	45,875	4,812	10.5%
Interest expense, including amortization	5,207	4,195	1,012	24.1%	18,054	15,997	2,057	12.9%
Stock-based compensation	2,547	3,472	(925)	(26.6)%	9,554	9,826	(272)	(2.8)%
Acquisition costs	-	85	(85)	n/a	172	271	(99)	(36.5)%
Adjusted EBITDA	<u>\$ 40,278</u>	<u>\$ 32,457</u>	<u>\$ 7,821</u>	<u>24.1%</u>	<u>\$ 149,094</u>	<u>\$ 124,998</u>	<u>\$ 24,096</u>	<u>19.3%</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 December 31, 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 December 31, 2021. As of December 31, 2021, the same store pool consisted of 210 buildings aggregating approximately 12.5 million square feet representing approximately 83.0% 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.