

Terreno Realty Corp
Form 424B5
January 09, 2012
Table of Contents

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-173850

Subject to Completion. Dated January 9, 2012.

Prospectus Supplement

to Prospectus dated May 13, 2011

4,000,000 Shares

Terreno Realty Corporation

Common Stock

We are offering 4,000,000 shares of our common stock, par value \$.01 per share.

Our common stock is listed on the New York Stock Exchange, or the NYSE, under the symbol TRNO. The last reported sale price of our common stock on the NYSE on January 6, 2012 was \$15.06 per share.

We are organized and conduct our operations to qualify as a real estate investment trust, or REIT, for federal income tax purposes. To assist us in qualifying as a REIT, ownership of our outstanding common stock by any individual and, subject to certain exceptions, any other person is generally limited to 9.8%. In addition, our charter contains various other restrictions on the ownership and transfer of our common stock. We designed our ownership limits solely to protect our status as a REIT and not for the purpose of serving as an anti-takeover device.

We currently anticipate that we will undertake a directed share program pursuant to which we will direct the underwriters to reserve up to 93,000 shares of common stock for sale at the initial public offering price to W. Blake Baird, our chairman and chief executive officer, Michael A. Coke, our president and chief financial officer, our senior officers and members of our board of directors and their affiliates. We refer to these executive officers, senior officers and directors as affiliated purchasers. The number of shares of common stock available for sale to the general public in the public offering will be reduced to the extent these persons purchase any reserved shares. Any shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby.

Investing in our common stock involves risks. You should read carefully and consider Risk Factors included in our Annual Report on Form 10-K for the year ended December 31, 2010 and beginning on page S-9 of this prospectus supplement before investing in our common stock.

None of the Securities and Exchange Commission, any state securities commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

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	Per Share	Total
Public offering price	\$	\$
Underwriting discounts(1)	\$	\$
Proceeds, before expenses, to us	\$	\$

(1) The underwriters will not receive any underwriting discount on the sale of shares of common stock to any affiliated purchaser. To the extent the underwriters sell more than 4,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 600,000 shares of common stock from us at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on January , 2012.

Goldman, Sachs & Co.

Prospectus Supplement dated January , 2012.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>About This Prospectus Supplement</u>	S-1
<u>Forward-Looking Statements</u>	S-1
<u>Prospectus Supplement Summary</u>	S-3
<u>Risk Factors</u>	S-9
<u>Use of Proceeds</u>	S-11
<u>Capitalization</u>	S-12
<u>Supplemental U.S. Federal Income Tax Considerations</u>	S-13
<u>Underwriting</u>	S-14
<u>Legal Matters</u>	S-18
<u>Experts</u>	S-18
<u>Where You Can Find More Information</u>	S-19
<u>Incorporation of Certain Documents by Reference</u>	S-19

Prospectus

	Page
<u>About This Prospectus</u>	1
<u>Incorporation of Certain Documents by Reference</u>	1
<u>Where You Can Find More Information</u>	2
<u>Forward-Looking Statements</u>	3
<u>Our Company</u>	4
<u>Risk Factors</u>	5
<u>Use of Proceeds</u>	5
<u>Ratio of Earnings To Fixed Charges</u>	5
<u>Description of The Securities We May Offer</u>	6
<u>Description of Capital Stock</u>	6
<u>Description of Debt Securities</u>	12
<u>Global Securities</u>	25
<u>Certain Provisions of Maryland Law and Our Charter and Bylaws</u>	26
<u>Material U.S. Federal Income Tax Considerations</u>	33
<u>Plan of Distribution</u>	48
<u>Legal Matters</u>	52
<u>Experts</u>	52

We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying prospectus are an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement, the accompanying prospectus and the incorporated documents is current only as of their respective dates.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information in the accompanying prospectus and the documents incorporated by reference. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read this entire document, including the prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference. In the event that the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement. To the extent the information included or incorporated by reference in this prospectus supplement differs or varies from the information included or incorporated by reference in the accompanying prospectus, the information included or incorporated by reference in this prospectus supplement updates and supersedes such information.

This prospectus supplement and the accompanying prospectus contain, or incorporate by reference, forward-looking statements. Such forward-looking statements should be considered together with the cautionary statements and important factors included or referred to in this prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference. Please see **Forward-Looking Statements** in this prospectus supplement and **Forward-Looking Statements** in the accompanying prospectus.

Unless otherwise indicated or the context requires otherwise, in this prospectus supplement and the accompanying prospectus, references to our company, we, us and our mean Terreno Realty Corporation and its consolidated subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. We caution investors that forward-looking statements are based on management's beliefs and on assumptions made by, and information currently available to, management. When used, the words anticipate, believe, estimate, expect, intend, may, might, plan, project, result, seek, and similar expressions which do not relate solely to historical matters are intended to identify forward-looking statements. These statements are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law. 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.

Some of the risks and uncertainties that may cause our actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

the factors included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on February 24, 2011, including those set forth under the headings **Risk Factors** and **Management's Discussion and Analysis of Financial Condition and Results of**

Table of Contents

Operations, and beginning on page S-9 of this prospectus supplement under the heading Risk Factors ;

our ability to identify and acquire industrial properties on terms favorable to us;

general volatility of the capital markets and the market price of our common stock;

adverse economic or real estate conditions or developments in the industrial real estate sector and/or in the markets in which we acquire properties;

our dependence on key personnel and our reliance on certain third parties to property manage the majority of our industrial properties;

our dependence upon tenants;

our inability to comply with the laws, rules and regulations applicable to companies, and in particular, public companies;

our ability to manage our growth effectively;

tenant bankruptcies and defaults on or non-renewal of leases by tenants;

decreased rental rates or increased vacancy rates;

increased interest rates and operating costs;

declining real estate valuations and impairment charges;

our expected leverage, our failure to obtain necessary outside financing, and future debt service obligations;

our ability to make distributions to our stockholders;

our failure to successfully hedge against interest rate increases;

our failure to successfully operate acquired properties;

our failure to qualify or maintain our status as a real estate investment trust, or REIT, and possible adverse changes to tax laws;

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uninsured or underinsured losses relating to our properties;

environmental uncertainties and risks related to natural disasters;

financial market fluctuations; and

changes in real estate and zoning laws and increases in real property tax rates.

S-2

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information from this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. It does not contain all of the information that may be important to you. We encourage you to carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference, especially the Risk Factors section beginning on page S-9 of this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed with the SEC on February 24, 2011, before making an investment decision.

Overview

We acquire, own and operate industrial real estate located in six major coastal U.S. markets: Los Angeles; Northern New Jersey/New York City; San Francisco Bay Area; Seattle; Miami; and Washington, D.C./Baltimore. We were formed in November 2009, are an internally managed Maryland corporation and have elected to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2010. We invest in several types of industrial real estate, including warehouse/distribution, flex (including light industrial and research and development, or R&D), and trans-shipment. We invest in functional buildings in infill locations that may be shared by multiple tenants and that cater to customer demand within the various submarkets in which we operate. We completed our initial public offering in February 2010 and as of December 31, 2011, we owned 47 industrial buildings aggregating approximately 3.4 million square feet, which we acquired for a total investment of approximately \$253.0 million, including the assumption of approximately \$38.7 million of mortgage indebtedness.

Our headquarters is located at 16 Maiden Lane, Fifth Floor, San Francisco, California 94108. Our telephone number is (415) 655-4580. We maintain an Internet site, www.terreno.com, which contains additional information concerning Terreno Realty Corporation. Information on our Internet site is neither part of nor incorporated into this prospectus supplement or the accompanying prospectus.

Table of Contents**Recent Developments****Acquisition Activity**

From January 1, 2011 through December 31, 2011, we acquired 14 industrial buildings containing approximately 1.1 million square feet for a total purchase price of approximately \$118.7 million, including the assumption of approximately \$21.5 million of mortgage indebtedness. The following table sets forth additional information related to these properties:

Property Name	Location	Acquisition Date	Number of Buildings	Square Feet	Purchase Price (in thousands)
Dorsey	Jessup, MD	March 25, 2011	1	135,000	\$ 5,800
Belleville	Kearny, NJ	May 20, 2011	1	211,418	32,600
630 Glasgow	Inglewood, CA	June 2, 2011	1	27,505	4,100
8730 Bollman Place	Savage, MD	June 24, 2011	1	98,745	7,500
Dell	Carlstadt, NJ	June 28, 2011	1	27,410	7,725
70th Avenue	Miami, FL	June 28, 2011	1	35,000	4,000
19601 Hamilton	Torrance, CA	July 20, 2011	1	72,808	12,350
39th Street	Doral, FL	August 18, 2011	1	40,000	4,400
620 Division	Elizabeth, NJ	October 7, 2011	1	150,348	10,350
Clawiter	Hayward, CA	December 15, 2011	1	33,842	7,625
48th Avenue	Miami Gardens, FL	December 15, 2011	2	57,682	7,200
Valley Corporate	Kent, WA	December 30, 2011	2	168,790	15,025
			14	1,058,548	\$ 118,675

Contractual Commitment

On January 3, 2012, we entered into an agreement with a third-party seller to acquire one industrial building containing an aggregate of approximately 66,000 square feet. The aggregate purchase price for this industrial building is approximately \$6.7 million. As part of this transaction, we expect to assume a mortgage loan with a total principal amount of approximately \$3.6 million with a fixed annual interest rate of 5.87%. We intend to finance this acquisition with a portion of the proceeds of this offering. See Use of Proceeds. There is no assurance that we will acquire the property under contract because the proposed acquisition is subject to the completion of satisfactory due diligence, various closing conditions and the consent of the mortgage lender.

In the normal course of our business, we enter into non-binding letters of intent to purchase property from third parties that may obligate us to make payments or perform other obligations upon the occurrence of certain events, including the execution of a purchase and sale agreement and satisfactory completion of various due diligence matters. There can be no assurance that we will complete any such prospective purchases.

Leasing Activity

On December 6, 2011, we entered into a lease renewal of approximately 138,000 square feet at one of our industrial buildings located in Kent, Washington, which was 100% leased as of December 31, 2011. On December 20, 2011, we entered into a lease of approximately 166,000 square feet at our industrial building located in Miami Lakes, Florida, which was approximately 94% leased as of December 31, 2011. The lease includes an expansion option exercisable within 13 months for an additional approximately 24,000 square feet. On December 30, 2011, we entered into a lease of

Table of Contents

approximately 302,000 square feet at our industrial building located in Hialeah, Florida, which was 100% leased as of December 31, 2011. On December 30, 2011, we entered into a lease of approximately 75,000 square feet at our industrial building located in Jessup, Maryland, which was 100% leased as of December 31, 2011.

We executed new or renewal leases for a total of approximately 761,000 square feet during the fourth quarter of 2011, which represented approximately 22% of our total rentable square feet as of December 31, 2011. Collectively, our properties were approximately 92.5% leased to 72 tenants as of December 31, 2011, which is an increase from our occupancy of approximately 70.6% as of December 31, 2010. The number of square feet under leases that we anticipate will expire in 2012 was reduced to a total representing approximately 2% of our total rentable square feet as of December 31, 2011.

Amendment to Senior Secured Term Loan

On December 29, 2011, we entered into an amendment to our senior secured term loan, or our term loan, with KeyBank National Association, as a lender and administrative agent, and KeyBanc Capital Markets, as lead arranger, to, among other things, increase the principal amount of our term loan from \$10.1 million to \$20.1 million. As of December 31, 2011, \$20.1 million of indebtedness was outstanding under our term loan. Our wholly-owned subsidiary Terreno Realty LLC is the borrower under the term loan, which is secured by a pledge of the equity interests in three of our wholly-owned subsidiaries that each own one property and is guaranteed by Terreno Realty Corporation and each such subsidiary.

Proposed Amendment to Senior Revolving Credit Facility

We have obtained commitments from KeyBank National Association, as administrative agent and as a lender, KeyBanc Capital Markets, as lead arranger, and the other lenders under our revolving credit facility for an amendment to our \$80.0 million revolving credit facility. The proposed amendment would extend the maturity date of our revolving credit facility from March 22, 2013 to the date that is three years from the closing of the amendment and would provide for one 12-month extension option exercisable by us, which would be subject, among other things, to an absence of any event of default under our revolving credit facility and to our payment of an extension fee. In addition, the proposed amendment would provide that outstanding borrowings under our revolving credit facility would be limited to the lesser of \$80.0 million and 60% of the value of the borrowing base properties (currently 50% under the existing terms of our revolving credit facility).

The applicable LIBOR margin used in the calculation of the interest rate under our revolving credit facility, which ranges from 3.00% to 4.25% under the existing terms of the facility depending on the ratio of our outstanding consolidated indebtedness to the value of our consolidated gross asset value, would be reduced under the proposed amendment to a range from 2.50% to 3.50% depending on such ratio. Interest on our amended revolving credit facility would continue to generally be paid based upon, at our option, either (i) LIBOR plus the applicable LIBOR margin or (ii) the applicable base rate which is the greater of the administrative agent's prime rate plus 1.00%, 0.50% above the federal funds effective rate, or thirty-day LIBOR plus the applicable LIBOR margin for LIBOR rate loans under our revolving credit facility.

The proposed amendment would modify the annual unused facility fee under our revolving credit facility from the current range of 0.35% to 0.50% to an amended range of 0.25% to 0.50% depending on the unused portion of the credit facility. The proposed amendment would also make certain modifications to the requirements relating to borrowing base properties. Our proposed

Table of Contents

amended revolving credit facility would continue to include a series of financial and other covenants with which we must comply, and Terreno Realty Corporation would continue to guarantee the obligations of the borrower (a wholly-owned subsidiary) under our revolving credit facility.

Because the proposed amendment to our revolving credit facility is subject to the negotiation of definitive documentation and the satisfaction of closing conditions, no assurance can be given that this proposed amendment will be procured on any of the terms described above or at all.

Proposed Secured Financing

We recently entered into an agreement in principle with a lender on a non-binding basis (referred to as a loan application with such lender) for the provision of up to a \$20.0 million non-recourse mortgage loan with a seven-year term at a fixed interest rate of 3.79%. The proposed mortgage loan is expected to be secured by five of our properties aggregating approximately 442,000 square feet and is anticipated to close in January 2012. Because the proposed mortgage loan is subject to lender due diligence, the negotiation of definitive documentation and the satisfaction of closing conditions, no assurance can be given that this proposed mortgage loan will be procured on any of these terms or at all.

Table of Contents

The Offering

Common stock offered by us	4,000,000 shares or 4,600,000 if the underwriters' option to purchase additional shares is exercised in full.
Common stock to be outstanding after this offering(1)	13,308,670 shares or 13,908,670 if the underwriters' option to purchase additional shares is exercised in full.
Use of proceeds	We will use the net proceeds to close on the acquisition we have under contract and to repay outstanding borrowings under our revolving credit facility, which were approximately \$41.0 million as of January 9, 2012. We will use the remaining net proceeds, together with the available borrowing capacity under our revolving credit facility, to invest in industrial properties and for general business purposes, which may include the repayment of a portion of our term loan or the repayment of other indebtedness. Prior to the full use of the remaining net proceeds, we intend to invest these net proceeds in interest-bearing short-term U.S. government and government agency securities, which are consistent with our intention to maintain our qualification as a REIT. These initial investments are expected to provide a lower net return than we will seek to achieve from investments in our target industrial properties. See Use of Proceeds.
New York Stock Exchange symbol	TRNO
Restrictions on ownership	To assist us in maintaining our qualification as a REIT, our charter generally prohibits any individual (as defined in the Internal Revenue Code of 1986, as amended, or the Code, to include certain entities) from actually or constructively owning more than 9.8% in value of the aggregate of our outstanding shares of stock or more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock. For more

(1) The number of shares of common stock to be outstanding after this offering is based on 9,308,670 shares of common stock outstanding as of January 9, 2012, including 133,526 unvested restricted shares of common stock issued to our executive officers and other employees under our 2010 Equity Incentive Plan, and does not include 255,762 shares of common stock reserved for future awards under our 2010 Equity Incentive Plan. Unless otherwise indicated, information presented in this prospectus supplement assumes no exercise of the underwriters' option to purchase additional shares of common stock.

Table of Contents

Risk factors

information, see Description of Capital Stock Restrictions on Transfer beginning on page 9 of the accompanying prospectus. We designed our ownership limits solely to protect our status as a REIT and not for the purpose of serving as an anti-takeover device.

See Risk Factors beginning on page S-9 of this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed with the SEC on February 24, 2011 and incorporated by reference into this prospectus supplement for information you should consider before buying our common stock.

S-8

Table of Contents

RISK FACTORS

Investing in our common stock involves risks. Before purchasing the common stock offered by this prospectus supplement, you should carefully consider the risk factors incorporated by reference in this prospectus supplement and the accompanying prospectus from our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on February 24, 2011, as well as the risks, uncertainties and additional information (i) set forth in our SEC reports on Forms 10-K, 10-Q and 8-K and in the other documents incorporated by reference in this prospectus supplement and the accompanying prospectus that we file with the SEC after the date of this prospectus supplement and which are deemed incorporated by reference in this prospectus supplement and the accompanying prospectus, and (ii) the information contained in this prospectus supplement and the accompanying prospectus. For a description of these reports and documents, and information about where you can find them, see *Where You Can Find More Information* and *Incorporation of Certain Documents By Reference*. The risks and uncertainties we discuss in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement are those that we currently believe may materially affect our company. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects.

Future issuances or sales of our common stock may depress the market price of our common stock and have a dilutive effect to our existing shareholders, including purchasers in this offering.

We cannot predict whether future issuances of our common stock or the availability of shares for resale in the open market may depress the market price of our common stock. Future issuances or sales of a substantial number of shares of our common stock in the public market, or the issuance of our common stock in connection with property, portfolio or business acquisitions, or the perception that such issuances or sales might occur, may cause the market price of our shares to decline. In addition, future issuances of our common stock may be dilutive to existing shareholders.

The market price of our common stock could be substantially affected by various factors.

The market price of our common stock on the NYSE may be subject to wide fluctuations. As with other publicly traded securities, the market price of our common stock depends on many factors, which may change from time to time, including:

our financial condition, performance, liquidity and prospects;

the market for similar securities issued by REITs;

changes in earnings estimates by analysts;

our ability to meet analysts' earnings estimates;

our compliance with generally accepted accounting principles;

our compliance with applicable laws and regulations and the listing requirements of the NYSE;

prevailing interest rates; and

general economic, capital markets and real estate market conditions.

Table of Contents

We may not acquire the industrial property that we have entered into an agreement to acquire.

We have entered into an agreement with a third-party seller to acquire one industrial building containing an aggregate of approximately 66,000 square feet as more fully described in Prospectus Supplement Summary Recent Developments Contractual Commitment in this prospectus supplement. There is no assurance that we will acquire the property under contract because the proposed acquisition is subject to the completion of satisfactory due diligence, various closing conditions and the consent of the mortgage lender and there is no assurance that such proposed acquisition, if completed, will be completed on a timeframe we expect. If we do not complete the acquisition of the property under contract, we will have incurred expenses without our stockholders realizing any benefit from the acquisition of such property. In addition, if we do not complete the proposed acquisition, we will not achieve the returns that we seek from the proceeds of this offering by investing in such property.

We may be unable to close on the proposed amendment to our revolving credit facility on the terms described in this prospectus supplement or at all.

Although we have obtained commitments from KeyBank National Association, as administrative agent and as a lender, KeyBanc Capital Markets, as lead arranger, and the other lenders under our revolving credit facility for an amendment to our revolving credit facility, we may be unable to close on the proposed amendment based on the terms described in this prospectus supplement or at all. The proposed amendment to our revolving credit facility is subject to the negotiation of definitive documentation and the satisfaction of closing conditions, which may not be satisfied.

We may be unable to obtain the proposed secured financing on the terms described in this prospectus supplement or at all.

We recently entered into an agreement in principle with a lender on a non-binding basis (referred to as a loan application with such lender) for the provision of up to a \$20.0 million non-recourse mortgage loan with a seven-year term at a fixed interest rate of 3.79%. The proposed mortgage loan is expected to be secured by five of our properties aggregating approximately 442,000 square feet and is anticipated to close in January 2012. Because the proposed mortgage loan is subject to lender due diligence, the negotiation of definitive documentation and the satisfaction of closing conditions, no assurance can be given that this proposed mortgage loan will be procured on any of these terms or at all.

Volatility in the capital and credit markets could materially and adversely impact us.

The capital and credit markets have experienced extreme volatility and disruption in recent years, which has made it more difficult to borrow money or raise equity capital. Market volatility and disruption could hinder our ability to obtain new debt financing or refinance our maturing debt on favorable terms or at all. In addition, our future access to the equity markets could be limited. Any such financing or refinancing issues could materially and adversely affect us. Market turmoil and tightening of credit in recent years have also led to an increased lack of consumer confidence and widespread reduction of business activity generally, which also could materially and adversely impact us, including our ability to acquire and dispose of assets on favorable terms or at all. The volatility in capital and credit markets may also have a material adverse effect on the market price of our common stock.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the underwriting discount and estimated offering costs, will be approximately \$ million. If the underwriters' option to purchase additional shares of common stock is exercised in full, we estimate that our net proceeds from this offering will be approximately \$ million.

We will use the net proceeds to close on the acquisition we have under contract and to repay outstanding borrowings under our revolving credit facility, which were approximately \$41.0 million as of January 9, 2012. We will use the remaining net proceeds, together with the available borrowing capacity under our revolving credit facility, to invest in industrial properties and for general business purposes, which may include the repayment of a portion of our term loan or the repayment of other indebtedness. Prior to the full use of the remaining net proceeds, we intend to invest these net proceeds in interest-bearing short-term U.S. government and government agency securities which are consistent with our intention to maintain our qualification as a REIT. These initial investments are expected to provide a lower net return than we will seek to achieve from investments in our target industrial properties.

Our revolving credit facility matures on March 22, 2013. Interest on our revolving credit facility will generally be paid based upon, at our option, either (i) LIBOR plus the applicable LIBOR margin or (ii) the applicable base rate which is the greater of the administrative agent's prime rate plus 1.00%, 0.50% above the federal funds effective rate, or thirty-day LIBOR plus the applicable LIBOR margin for LIBOR rate loans under our credit facility. The applicable LIBOR margin will range from 3.00% to 4.25% and is currently 3.00%, based on the ratio of our outstanding consolidated indebtedness to the value of our consolidated gross asset value. The current interest rate under our revolving credit facility is approximately 3.25%. As described in Prospectus Supplement Summary Recent Developments Proposed Amendment to Senior Revolving Credit Facility in this prospectus supplement, we have obtained a commitment, which is subject to the negotiation of definitive documentation and the satisfaction of closing conditions, for an amendment to our revolving credit facility that would extend the maturity date of our revolving credit facility from March 22, 2013 to the date that is three years from the closing of the amendment and would provide for one 12-month extension option. The proposed amendment would also reduce the applicable LIBOR margin, which ranges from 3.00% to 4.25% under the existing terms of the facility to a range from 2.50% to 3.50%. The approximately \$41.0 million outstanding under our revolving credit facility that we intend to repay with a portion of the net proceeds received from this offering was drawn between June 27, 2011 and December 29, 2011 and was used primarily to acquire industrial properties.

Table of Contents**CAPITALIZATION**

The following table sets forth, as of September 30, 2011, our capitalization on a historical basis and our adjusted capitalization after giving effect to the sale of 4,000,000 shares of common stock in this offering and the use of the net proceeds from this offering as described under "Use of Proceeds." The capitalization table should be read in conjunction with our consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	September 30, 2011	
	Historical	As Adjusted
	(Unaudited, in thousands)	
Cash and cash equivalents	\$ 6,729	\$
Restricted cash	2,507	
Debt		
Credit Facility	\$ 11,000	\$
Mortgage and term loans payable	48,632	
Total debt	59,632	
Equity		
Stockholders' equity		
Preferred stock		
Common stock	91	
Additional paid-in capital	168,814	
Accumulated deficit	(8,925)	
Total stockholders' equity	159,980	
Total capitalization	\$ 219,612	\$

Table of Contents

SUPPLEMENTAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

This summary supplements and should be read together with the general discussion of the tax considerations relating to our qualification as a REIT and the ownership and disposition of shares of our capital stock described in the accompanying prospectus under the title "Material U.S. Federal Income Tax Considerations." To the extent any information set forth under the title "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus is inconsistent with this supplemental information, this supplemental information will apply and supersede the information in the accompanying prospectus. This supplemental information is provided on the same basis and subject to the same qualifications as are set forth in the paragraphs under the title "Material U.S. Federal Income Tax Considerations - General" in the accompanying prospectus as if those paragraphs were set forth in this prospectus supplement.

Tax Disclosure Update

Additional U.S. Federal Income Tax Withholding Rules

The Foreign Account Tax Compliance Act ("FATCA") provisions of the Code, enacted in 2010, impose withholding taxes on certain types of payments to foreign financial institutions and certain other non-U.S. entities. The withholding tax of 30% would apply to dividends and the gross proceeds of a disposition of our capital stock paid to certain foreign entities unless various information reporting requirements are satisfied. For these purposes, a foreign financial institution generally is defined as any non-U.S. entity that (i) accepts deposits in the ordinary course of a banking or similar business, (ii) is engaged in the business of holding financial assets for the account of others, or (iii) is engaged or holds itself out as being engaged primarily in the business of investing, reinvesting, or trading in securities, partnership interests, commodities, or any interest in such assets. The legislation generally applies by its terms to payments made after December 31, 2012. However, the Treasury and Internal Revenue Service have recently announced plans to phase in the implementation of FATCA in a manner that will defer the collection of withholding taxes on certain U.S. source income (including dividends paid in respect of our capital stock) to payments made on or after January 1, 2014, and withholding on all other withholdable payments (including gross proceeds from a disposition of our capital stock) to payments made on or after January 1, 2015. Prospective investors are encouraged to consult their tax advisors regarding the implications of this legislation on their investment in our capital stock, as well as the status of any related federal regulations and any other legislative proposals that may pertain to the ownership and disposition of our capital stock.

Table of Contents

UNDERWRITING

The company and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. is the representative of the several underwriters.

	Underwriters	Number of Shares
Goldman, Sachs & Co.		
Total		4,000,000

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 600,000 shares from the company to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by the company. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by the Company(1)

	No Exercise	Full Exercise
Per Share	\$	\$
Total	\$	\$

(1) The underwriters will not receive any underwriting discount on the sale of shares of common stock to any affiliated purchaser. Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ per share from the initial public offering price. After the initial offering of the shares, the representative may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The company, its directors and executive officers and participants in the directed share program described below have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus supplement continuing through the date 90 days after the date of this prospectus supplement, except with the prior written consent of the representative. This agreement does not apply to any existing employee benefit plans.

Table of Contents

The 90-day restricted period described in the preceding paragraph will be automatically extended if: (1) during the last 17 days of the 90-day restricted period the company issues an earnings release or announces material news or a material event; or (2) prior to the expiration of the 90-day restricted period, the company announces that it will release earnings results during the 15-day period following the last day of the 90-day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event.

We currently anticipate that we will undertake a directed share program pursuant to which we will direct the underwriters to reserve up to 93,000 shares of common stock for sale at the initial public offering price to W. Blake Baird, our chairman and chief executive officer, Michael A. Coke, our president and chief financial officer, our senior officers and members of our board of directors and their affiliates. We refer to these executive officers, senior officers and directors as "affiliated purchasers". Any shares purchased under this directed share program are subject to the 90-day restricted period described above. The number of shares of common stock available for sale to the general public in the public offering will be reduced to the extent these persons purchase any reserved shares. Any shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

Table of Contents

The company may enter into derivative transactions with third parties, or sell securities not covered by this prospectus supplement to third parties in privately negotiated transactions. In connection with those derivatives, the third parties may sell securities covered by this prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by the company or borrowed from the company or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from the company in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter or will be identified in a post-effective amendment.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representative for any such offer; or
- (d) in any other circumstances which do not require the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of shares to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA would not, if the company was not an authorized person, apply to the company; and

Table of Contents

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any shares, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

The company estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$325,000.

The company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

Table of Contents

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the company, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the company. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Goodwin Procter LLP and for the underwriters by Sullivan & Cromwell LLP, Los Angeles, California.

EXPERTS

The consolidated financial statements, as of December 31, 2010 and 2009, and for the period from February 16, 2010 (commencement of operations) to December 31, 2010, and the related financial statement schedule, as of December 31, 2010, incorporated in this prospectus supplement by reference from our Annual Report on Form 10-K for the period ended December 31, 2010, and the effectiveness of our internal control over financial reporting, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The statements of revenues and certain expenses of 130 Interstate for the year ended December 31, 2009, the statements of revenues and certain expenses of Middlebrook for the year ended December 31, 2009, the statements of revenues and certain expenses of Belleville for the year ended December 31, 2010, the statements of revenues and certain expenses of Warm Springs I and II for the year ended December 31, 2009, the statements of revenues and certain expenses of Fortune/Qume for the year ended December 31, 2009, the statements of revenues and certain expenses of 238/242 Lawrence for the year ended December 31, 2009 and the statements of revenues and certain expenses of Maltese for the year ended December 31, 2009 (collectively, the Historical Summaries), which reports on the statements of revenues and certain expenses express unqualified opinions and include explanatory paragraphs referring to the purpose of the statements, incorporated in this prospectus supplement by reference from our current reports on Form 8-K and Form 8-K/A, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such Historical Summaries have been so incorporated in reliance upon the reports of such firm given on the authority of such firm as experts in accounting and auditing.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and, in accordance with those requirements, file annual, quarterly and current reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information can be inspected at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials may be obtained at prescribed rates. Information about the operation of the public reference facilities may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy statements and other information regarding registrants, including us, that file such information electronically with the SEC. The address of the SEC's website is <http://www.sec.gov>. Copies of these documents may be available on our website at www.terreno.com. Our internet website and the information contained therein or connected thereto are not incorporated into this prospectus supplement or the accompanying prospectus.

We have filed with the SEC a registration statement on Form S-3 (File No. 333-173850) under the Securities Act with respect to the shares of common stock offered by this prospectus supplement. This prospectus supplement, which forms a part of the registration statement, does not contain all of the information set forth in the registration statement and its exhibits and schedules, certain parts of which are omitted in accordance with the SEC's rules and regulations. For further information about us and the shares of common stock offered hereby, we refer you to the registration statement and to such exhibits and schedules. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C. as well as through the SEC's website. Please be aware that statements in this prospectus supplement or the accompanying prospectus referring to a contract or other document are summaries and you should refer to the exhibits that are part of the registration statement for a copy of the contract or document.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

SEC rules allow us to incorporate by reference information into this prospectus supplement. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus supplement from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus supplement and before the date that the offering of shares of our common stock by means of this prospectus supplement is terminated will automatically update and, where applicable, supersede any information contained in this prospectus supplement or incorporated by reference into this prospectus supplement. We incorporate by reference into this prospectus supplement the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed with the SEC on February 24, 2011;

the information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2010 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 11, 2011;

our Quarterly Reports on Form 10-Q filed with the SEC on May 5, 2011, August 8, 2011 and November 8, 2011;

Table of Contents

each of our Current Reports on Form 8-K or Form 8-K/A filed with the SEC on December 6, 2010, January 5, 2011, March 31, 2011, May 2, 2011, May 23, 2011, August 4, 2011, August 26, 2011 and January 5, 2012; and

the description of our shares of common stock included in our registration statement on Form 8-A filed with the SEC on January 14, 2010, and all reports filed for the purpose of updating such description.

All documents that we file (but not those that we furnish) pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this prospectus supplement and prior to the termination of the offering of any of the shares of our common stock covered under this prospectus supplement shall be deemed to be incorporated by reference into this prospectus supplement and will automatically update and supersede the information in this prospectus supplement and any previously filed documents.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement is delivered, upon his or her written or oral request, a copy of any or all documents referred to above that have been or may be incorporated by reference into this prospectus supplement, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. Requests for those documents should be directed to us as follows: Terreno Realty Corporation, 16 Maiden Lane, Fifth Floor, San Francisco, California, Attn: Chief Financial Officer, Telephone: (415) 655-4580.

S-20

Table of Contents

PROSPECTUS

TERRENO REALTY CORPORATION

\$250,000,000

Common Stock

Preferred Stock

Debt Securities

We may offer, issue and sell from time to time, together or separately, the securities described in this prospectus, at an aggregate public offering price that will not exceed \$250,000,000.

This prospectus describes some of the general terms that apply to the securities. We will provide the specific terms of any securities we may offer in supplements to this prospectus. You should read this prospectus and any applicable prospectus supplement carefully before you invest. We may also authorize one or more free writing prospectuses to be provided to you in connection with the offering. The prospectus supplement and any free writing prospectus also may add, update or change information contained or incorporated in this prospectus.

We may offer and sell these securities to or through one or more underwriters, dealers or agents, or directly to purchasers on a continuous or delayed basis. The prospectus supplement for each offering of securities will describe the plan of distribution for that offering. For general information about the distribution of securities offered, see **Plan of Distribution** in this prospectus. The prospectus supplement also will set forth the price to the public of the securities and the net proceeds that we expect to received from the sale of such securities.

Our common stock is listed on the New York Stock Exchange, or the NYSE, under the symbol **TRNO**. On April 29, 2011, the closing price of our common stock on the NYSE was \$16.96.

Investing in our securities involves risks. You should carefully read and consider **Risk Factors included in our most recent Annual Report on Form 10-K and on page 5 of this prospectus and in the applicable prospectus supplement before investing in our securities.**

We impose certain restrictions on the ownership and transfer of our capital stock. You should read the information under the section entitled **Description of Capital Stock - Restrictions on Transfer** in this prospectus for a description of these restrictions.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 13, 2011.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	2
<u>FORWARD-LOOKING STATEMENTS</u>	3
<u>OUR COMPANY</u>	4
<u>RISK FACTORS</u>	5
<u>USE OF PROCEEDS</u>	5
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	5
<u>DESCRIPTION OF THE SECURITIES WE MAY OFFER</u>	6
<u>DESCRIPTION OF CAPITAL STOCK</u>	6
<u>DESCRIPTION OF DEBT SECURITIES</u>	12
<u>GLOBAL SECURITIES</u>	25
<u>CERTAIN PROVISIONS OF MARYLAND LAW AND OUR CHARTER AND BYLAWS</u>	26
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	33
<u>PLAN OF DISTRIBUTION</u>	48
<u>LEGAL MATTERS</u>	52
<u>EXPERTS</u>	52

You should rely only on the information contained in or incorporated by reference into this prospectus, any applicable prospectus supplement or any applicable free writing prospectus. We have not authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus and any applicable prospectus supplement do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation in such jurisdiction. You should assume that the information appearing in this prospectus, any applicable prospectus supplement, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a shelf registration statement on Form S-3 that we have filed with the Securities and Exchange Commission, or the SEC. By using a shelf registration statement, we may sell, at any time and from time to time, in one or more offerings, any combination of the securities described in this prospectus for up to a total dollar amount of \$250,000,000. The exhibits to our registration statement and documents incorporated by reference contain the full text of certain contracts and other important documents that we have summarized in this prospectus or that we may summarize in a prospectus supplement. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents. The registration statement and the exhibits and other documents can be obtained from the SEC as indicated under the sections entitled "Where You Can Find More Information" and "Incorporation of Certain Documents By Reference."

This prospectus only provides you with a general description of the securities we may offer, which is not meant to be a complete description of each security. Each time we sell securities, we will provide a prospectus supplement that contains specific information about the terms of those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read carefully both this prospectus and any prospectus supplement together with the additional information described under the sections entitled "Where You Can Find More Information" and "Incorporation of Certain Documents By Reference."

Unless otherwise indicated or the context requires otherwise, in this prospectus and any prospectus supplement hereto, references to our company, we, us and our mean Terreno Realty Corporation and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

SEC rules allow us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus and before the date that the offering of securities by means of this prospectus is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference into this prospectus. We incorporate by reference into this prospectus the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed with the SEC on February 24, 2011;

the information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2010 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 11, 2011;

Table of Contents

each of our Current Reports on Form 8-K/A filed on December 6, 2010 and our Current Reports on Form 8-K filed on January 5, 2011, March 31, 2011 and May 2, 2011; and

the description of our shares of common stock included in our registration statement on Form 8-A filed on January 14, 2010, and all reports filed for the purpose of updating such description.

All documents that we file (but not those that we furnish) pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, after the date of the initial registration statement of which this prospectus is a part and prior to the effectiveness of the registration statement shall be deemed to be incorporated by reference into this prospectus and will automatically update and supersede the information in this prospectus, and any previously filed documents. All documents that we file (but not those that we furnish) pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this prospectus and prior to the termination of the offering of any of the securities covered under this prospectus shall be deemed to be incorporated by reference into this prospectus and will automatically update and supersede the information in this prospectus, the applicable prospectus supplement and any previously filed documents.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, upon his or her written or oral request, a copy of any or all documents referred to above that have been or may be incorporated by reference into this prospectus, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. Requests for those documents should be directed to us as follows: Terreno Realty Corporation, 16 Maiden Lane, Fifth Floor, San Francisco, California, Attn: Chief Financial Officer, Telephone: (415) 655-4580.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and, in accordance with those requirements, file annual, quarterly and current reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information, as well as this registration statement and the exhibits and schedules thereto, can be inspected at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials may be obtained at prescribed rates. Information about the operation of the public reference facilities may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy statements and other information regarding registrants, including us, that file such information electronically with the SEC. The address of the SEC's website is <http://www.sec.gov>. Copies of these documents may be available on our website at www.terreno.com. Our internet website and the information contained therein or connected thereto are not incorporated into this prospectus or any amendment or supplement thereto.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the securities offered by this prospectus. This prospectus, which forms a part of the registration statement, does not contain all of the information set forth in the registration statement and its exhibits and schedules, certain parts of which are omitted in accordance with the SEC's rules and regulations. For further information about us and the securities, we refer you to the registration statement and to such exhibits and schedules. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C. as well as through the SEC's website. Please be aware that statements in this prospectus referring to a contract or other document are summaries and you should refer to the exhibits that are part of the registration statement for a copy of the contract or document.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act. We caution investors that forward-looking statements are based on management's beliefs and on assumptions made by, and information currently available to, management. When used, the words anticipate, believe, estimate, expect, intend, may, might, plan, project, result, seek, should, will, and similar expressions relate solely to historical matters are intended to identify forward-looking statements. These statements are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law. 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.

Some of the risks and uncertainties that may cause our actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

the factors included in our Annual Report on Form 10-K filed on February 24, 2011, including those set forth under the headings Risk Factors, and Management's Discussion and Analysis of Financial Condition and Results of Operations;

our limited operating history;

our ability to identify and acquire industrial properties on terms favorable to us;

general volatility of the capital markets and the market price of our common stock;

adverse economic or real estate conditions or developments in the industrial real estate sector and/or in the markets in which we acquire properties;

our dependence on key personnel and our reliance on third parties to property manage our industrial properties;

general economic conditions;

our dependence upon tenants;

our inability to comply with the laws, rules and regulations applicable to companies, and in particular, public companies;

our inability to manage our growth effectively;

tenant bankruptcies and defaults on or non-renewal of leases by tenants;

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decreased rental rates or increased vacancy rates;

increased interest rates and operating costs;

declining real estate valuations and impairment charges;

Table of Contents

our expected leverage, our failure to obtain necessary outside financing, and future debt service obligations;

estimates related to our ability to make distributions to our stockholders;

our failure to successfully hedge against interest rate increases;

our failure to successfully operate acquired properties;

our failure to qualify or maintain our status as a real estate investment trust, or REIT, and possible adverse changes to tax laws;

uninsured or underinsured losses relating to our properties;

environmental uncertainties and risks related to natural disasters;

financial market fluctuations; and

changes in real estate and zoning laws and increases in real property tax rates.

OUR COMPANY

Terreno Realty Corporation is an internally managed Maryland corporation focused on acquiring, owning and operating industrial real estate located in six major coastal U.S. markets: Los Angeles Area; Northern New Jersey/New York City; San Francisco Bay Area; Seattle Area; Miami Area; and Washington, D.C./Baltimore. We were formed as a Maryland corporation in November 2009 and intend to elect to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2010. We invest in several types of industrial real estate, including warehouse/distribution, flex (including light industrial and R&D) and trans-shipment. We target functional buildings in infill locations that may be shared by multiple tenants and that cater to customer demand within the various submarkets in which we operate. Infill locations are geographic locations surrounded by high concentrations of already developed land and existing buildings. As of December 31, 2010, we owned a total of 33 buildings in five of the above markets aggregating approximately 2.4 million square feet.

Our principal executive offices are located at 16 Maiden Lane, Fifth Floor, San Francisco, California 94108. Our telephone number is (415) 655-4580. We maintain a website at www.terreno.com. Information on our website is not, and should not be interpreted to be, part of this prospectus.

Table of Contents

RISK FACTORS

Investing in our securities involves risks. Before purchasing the securities offered by this prospectus you should carefully consider the risk factors incorporated by reference in this prospectus from our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on February 24, 2011, as well as the risks, uncertainties and additional information (i) set forth in our SEC reports on Forms 10-K, 10-Q and 8-K and in the other documents incorporated by reference in this prospectus that we file with the SEC after the date of this prospectus and which are deemed incorporated by reference in this prospectus, and (ii) the information contained in any applicable prospectus supplement. For a description of these reports and documents, and information about where you can find them, see [Where You Can Find More Information](#) and [Incorporation of Certain Documents By Reference](#). The risks and uncertainties we discuss in this prospectus and in the documents incorporated by reference in this prospectus are those that we currently believe may materially affect our company. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects.

USE OF PROCEEDS

Unless otherwise indicated in a prospectus supplement, we intend to use the net proceeds from the offering of securities under this prospectus for general corporate purposes, including funding our investment activity, the repayment of outstanding indebtedness, working capital and other general purposes. Further details relating to the use of the net proceeds from the offering of securities under this prospectus will be set forth in the applicable prospectus supplement. Pending such uses, we anticipate that we will invest the net proceeds in interest-bearing securities consistent with maintaining our qualification as a REIT.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods shown:

	For the Period February 16, 2010 (commencement of operations) through December 31, 2010
Ratio of earnings to fixed charges	(1)

(1) The ratio of earnings to fixed charges was less than one-to-one for the period from February 16, 2010 (commencement of operations) through December 31, 2010. The total fixed charges amount for that period was \$554,000 and the total earnings amount was \$(4,836,000). The amount of the deficiency, or the amount of fixed charges in excess of earnings, was approximately \$5,390,000. We have computed the ratio of earnings to fixed charges by dividing earnings by fixed charges. For the purposes of computing these ratios, earnings have been calculated by adding fixed charges to income (loss) before income taxes and fixed charges as the sum of interest expense and an imputed interest factor included in rental expense. As of April 29, 2011, we did not have any shares of preferred stock outstanding.

Table of Contents

DESCRIPTION OF THE SECURITIES WE MAY OFFER

This prospectus contains summary descriptions of our shares of common stock, shares of preferred stock and debt securities that we may offer from time to time. As further described in this prospectus, these summary descriptions are not meant to be complete descriptions of each security. The particular terms of any security will be described in the accompanying prospectus supplement and other offering material. The accompanying prospectus supplement may add, update or change the terms and conditions of the securities as described in this prospectus

DESCRIPTION OF CAPITAL STOCK

The following summary of our capital stock does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and to our charter and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus forms a part. See [Where You Can Find More Information](#) .

General

Our charter provides that we may issue up to 400,000,000 shares of common stock and 100,000,000 shares of preferred stock, both having par value \$0.01 per share. As of April 29, 2011, 9,290,960 shares of common stock were issued and outstanding and no shares of preferred stock were issued and outstanding. Our board of directors, without any action on the part of our stockholders, may establish the terms of any stock to be issued and, with the approval of a majority of the entire board, may amend our charter from time to time to increase or decrease the aggregate number of authorized shares of stock or the number of shares of stock of any class or series. Under Maryland law, our stockholders generally are not personally liable for our debts and obligations solely as a result of their status as stockholders.

Common Stock

All shares of our common stock have equal rights as to earnings, assets, dividends and voting. Subject to our charter restrictions on the transfer and ownership of our stock and the preferential rights of holders of any other class or series of our stock, distributions may be paid to the holders of our common stock if, as and when authorized by our board of directors and declared by us out of funds legally available therefor. Shares of our common stock generally have no preemptive, appraisal, preferential exchange, conversion, sinking fund or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws, by contract or by the restrictions in our charter. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after payment of or adequate provision for all of our known debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time, and our charter restrictions on the transfer and ownership of our stock. Subject to our charter restrictions on the transfer and ownership of our stock and except as may otherwise be specified in the terms of any class or series of common stock, each share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as may be provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. In an uncontested election, a director is elected if he or she receives more for votes than against or withheld votes, and there is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock can elect all of our directors.

Table of Contents

Preferred Stock

Our board of directors may authorize the issuance of shares of our preferred stock in one or more series and may determine, with respect to any such series, the rights, preferences, privileges and restrictions of the shares of preferred stock of that series, including:

distribution rights;

conversion rights;

voting rights;

redemption rights and terms of redemptions; and

liquidation preferences.

The preferred stock we may offer from time to time under this prospectus, when issued, will be duly authorized, fully paid and nonassessable, and holders of shares of our preferred stock will not have any preemptive rights.

The issuance of shares of our preferred stock could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for shares of our common stock or otherwise be in the best interests of our shareholders. In addition, any shares of our preferred stock that we issue could rank senior to our shares of common stock with respect to the payment of distributions, in which case we could not pay any distributions on our common shares until full distributions have been paid with respect to such shares of our preferred stock.

The rights, preferences, privileges and restrictions of each series of shares of our preferred stock will be fixed by articles supplementary relating to the series. We will describe the specific terms of the particular series of shares of our preferred stock in the prospectus supplement relating to that series, which terms will include:

the designation and par value of the shares of our preferred stock;

the voting rights, if any, of the shares of our preferred stock;

the number of shares of our preferred stock offered, the liquidation preference per share of our preferred stock and the offering price of the shares of our preferred stock;

the distribution rate(s), period(s) and payment date(s) or method(s) of calculation applicable to the shares of our preferred stock;

whether distributions will be cumulative or non-cumulative and, if cumulative, the date(s) from which distributions on the shares of our preferred stock will cumulate;

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the procedures for any auction and remarketing for the shares of our preferred stock, if applicable;

the provision for a sinking fund, if any, for the shares of our preferred stock;

the provision for, and any restriction on, redemption, if applicable, of the shares of our preferred stock;

Table of Contents

the provision for, and any restriction on, repurchase, if applicable, of the shares of our preferred stock;

the terms and provisions, if any, upon which the shares of our preferred stock will be convertible into common shares, including the conversion price (or manner or calculation) and conversion period;

the terms under which the rights of the shares of our preferred stock may be modified, if applicable;

the relative ranking and preferences of the shares of our preferred stock as to distribution rights and rights upon the liquidation, dissolution or winding up of our affairs;

any limitation on issuance of any other series of shares of our preferred stock, including any series of shares of our preferred stock ranking senior to or on parity with the series of shares of our preferred stock as to distribution rights and rights upon the liquidation, dissolution or winding up of our affairs;

any listing of the shares of our preferred stock on any securities exchange;

if appropriate, a discussion of any additional material U.S. federal income tax considerations applicable to the shares of our preferred stock;

information with respect to book-entry procedures, if applicable;

in addition to those restrictions described below, any other restrictions on the ownership and transfer of the shares of our preferred stock; and

any additional rights, preferences, privileges or restrictions of the shares of our preferred stock.

Power to Reclassify Shares of Our Stock

Our charter authorizes our board of directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to the issuance of shares of each class or series, the board of directors is required by Maryland law and by our charter to set, subject to our charter restrictions on the transfer and ownership of our stock and the terms of any outstanding class or series of our stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the board of directors could authorize the issuance of shares of common stock or preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or that stockholders may believe is in their best interests. No shares of our preferred stock were outstanding as of April 29, 2011.

Table of Contents

Power to Increase Authorized Stock and Issue Additional Shares of Our Common Stock and Preferred Stock

We believe that the power of our board of directors to increase the number of authorized shares of stock, issue additional authorized but unissued shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to cause us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. Shares of additional classes or series of stock, as well as of common stock, will be available for issuance without further action by our stockholders, unless stockholder consent is required by the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not intend to do so, it could authorize us to issue a class or series that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for our stockholders or otherwise be in their best interest.

Restrictions on Transfer

In order for us to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the Code), our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (other than the first year for which an election to be a REIT has been made). Also, not more than 50% of the value of the outstanding shares of stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Our charter contains restrictions on the ownership and transfer of our stock. The relevant sections of our charter provide that, commencing with the last day of the first half of the second taxable year for which we have elected to be classified as REIT, no individual (as defined under the Code to include certain entities) may actually or constructively own more than 9.8% in value of the aggregate of our outstanding shares of stock or more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock. Subject to the exceptions described below, our charter further prohibits any person or entity from beneficially or constructively owning shares in excess of these limits. We refer to these restrictions as the ownership limits and we sometimes refer to the restrictions on ownership by a person or entity separately as the related party tenant limit. We refer to a person or entity that would, but for the restrictions in our charter, have beneficially or constructively owned shares of our stock in violation of the ownership limit or the other restrictions on ownership and transfer of our stock described below and, if appropriate in the context, any person or entity that would have been the record owner of such shares as a prohibited owner.

The beneficial and constructive ownership rules under the Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% in value of our outstanding stock or less than 9.8% in value or number of our common shares (or the acquisition of an interest in an entity that owns, actually or constructively, our stock) by an individual or entity could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% in value of our outstanding stock or 9.8% in value or number of our outstanding common shares and thereby violate the applicable ownership limit.

Table of Contents

Our charter provides that, subject to our directors' duties under applicable law, upon request, our board of directors will, prospectively or retroactively, waive the related party tenant limit with respect to a particular stockholder, and establish a different ownership limitation for the stockholder, unless such stockholder's increased ownership of our stock would result in us failing to qualify as a REIT or our board of directors determines in its sole judgment that such stockholder's increased ownership could result in any of our rental income to fail to qualify as such for REIT testing purposes as a result of the related party tenant rules that apply to REITs. As a condition of such waiver, our board of directors may require certain representations and undertakings from the stockholder and/or an opinion of counsel or IRS ruling satisfactory to our board of directors with respect to preserving our REIT status.

Our board of directors may from time to time increase the ownership limits for one or more persons or entities and decrease the ownership limits for all other persons and entities unless, after giving effect to such modification of the ownership limits, five or fewer individuals could beneficially own more than 49.9% in value of our outstanding stock or we would otherwise fail to qualify as a REIT. Any such decrease in the ownership limits will not apply to any person or entity whose ownership of our stock exceeds the decreased ownership limits until the person's or entity's ownership of our stock equals or falls below the decreased ownership limits, but any further acquisition of our stock by such a person or entity will violate the decreased ownership limits.

Our charter provisions further prohibit:

any person from transferring shares of our stock if such transfer would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution); and

any person from owning shares of our stock if such ownership would result in our failing to qualify as a REIT for federal income tax purposes.

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock that will or may violate the ownership limits or any of the other foregoing limitations on transferability and ownership will be required to give notice immediately to us and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. The foregoing provisions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance with any or all of the restrictions on ownership and transfer of our stock is no longer required in order for us to qualify as a REIT, but only to the extent thereof.

Pursuant to our charter, if any purported transfer of our stock or any other event would otherwise result in any person violating the ownership limit or such other limit as established by our board of directors or would result in our failing to qualify as a REIT, then that number of shares in excess of the ownership limit or causing us to fail to qualify as a REIT (rounded up to the nearest whole share) will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in a transfer to the trust. Any dividend or other distribution paid to the prohibited owner, prior to our discovery that the shares had been automatically transferred to a trust as described above must be repaid to the trustee upon demand for distribution to the beneficiary of the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or our failing to qualify as a REIT, then our charter provides that the transfer of the shares resulting in such violation will be void. If any transfer would result in shares of our stock being beneficially owned by fewer than 100 persons, then any such purported transfer will be void and of no force or effect.

Table of Contents

Shares of our stock transferred to the trustee are deemed to be offered for sale to us or our designee at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the trust (or, in the case of a devise or gift, the market price at the time of such devise or gift) and (ii) the market price on the date we accept, or our designee accepts, such offer. We may reduce the amount so payable to the trustee by the amount of any dividends or other distributions paid to the prohibited owner and owed by the prohibited owner to the trustee as described above and pay such amount to the trustee for distribution to the beneficiary of the trust. We have the right to accept such offer until the trustee has sold the shares of our stock held in the trust as discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates and the trustee must distribute the net proceeds of the sale to the prohibited owner and any dividends or other distributions held by the trustee with respect to such stock to the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limits or other restrictions on ownership and transfer of our stock. After that, the trustee must distribute to the prohibited owner an amount equal to the lesser of (i) the price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in trust (e.g., in the cause of a gift, devise or other such transaction), the market price of the shares on the day of the event causing the shares to be held in the trust, and (ii) the sales proceeds (net of commissions and other expenses of sale) received by the trustee for the shares. The trustee may reduce the amount payable to the prohibited owner by the amount of any dividends or other distributions paid to the prohibited owner and owed by the prohibited owner to the trustee as described above. Any net sales proceeds in excess of the amount payable to the prohibited owner will be immediately paid to the charitable beneficiary, together with any dividends or other distributions thereon. In addition, if prior to discovery by us that shares of our stock have been transferred to a trust, such shares of stock are sold by a prohibited owner, then such shares shall be deemed to have been sold on behalf of the trust and to the extent that the prohibited owner received an amount for or in respect of such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount shall be paid to the trustee upon demand. The prohibited owner has no rights in the shares held by the trustee.

The trustee shall be designated by us and shall be unaffiliated with us and with any prohibited owner. Prior to the sale of any shares by the trust, the trustee will receive, in trust for the beneficiary, all dividends and other distributions paid by us with respect to the shares, and may also exercise all voting rights with respect to the shares.

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee shall have the authority, at the trustee's sole discretion:

to rescind as void any vote cast by a prohibited owner prior to our discovery that the shares have been transferred to the trust; and

to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust. However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the v