

Terreno Realty Corp
Form 424B5
December 16, 2016
Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-203030

CALCULATION OF REGISTRATION FEE

Title of Securities Being Registered	Proposed	
	Maximum Aggregate Offering Price	Amount of Registration Fee (1)
Common Stock, \$0.01 par value per share	\$150,000,000	\$17,385

- (1) The registration fee is calculated in accordance with Rule 457(o) under the Securities Act of 1933, as amended (the Securities Act), based on the proposed maximum aggregate offering price, and Rule 457(r) under the Securities Act. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the registrant's Registration Statement on Form S-3 (File No. 333-203030) in accordance with Rules 456(b) and 457(r) under the Securities Act.

Table of Contents

Prospectus Supplement

to Prospectus dated March 26, 2015

\$150,000,000

Terreno Realty Corporation

Common Stock

We have entered into separate equity distribution agreements with KeyBanc Capital Markets Inc., Robert W. Baird & Co. Incorporated, BTIG, LLC, Goldman, Sachs & Co., Jefferies LLC, JMP Securities LLC, MUFG Securities Americas Inc. (formerly known as Mitsubishi UFJ Securities (USA), Inc.), and Stifel, Nicolaus & Company, Incorporated, each a sales agent and collectively the sales agents, relating to the shares of our common stock, par value \$0.01 per share, offered by this prospectus supplement and the accompanying prospectus. In accordance with the terms of the equity distribution agreements, we may offer and sell shares of our common stock having an aggregate offering price of up to \$150,000,000 from time to time through the sales agents.

Sales of the shares of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions, which may include block trades, or transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act of 1933, as amended, or the Securities Act, including sales made directly on the New York Stock Exchange, or NYSE, or sales made to or through a market maker other than on an exchange. The sales agents are not required, individually or collectively, to sell any specific number or dollar amount of shares of common stock, but upon acceptance of a placement notice from us and subject to the terms and conditions of the applicable equity distribution agreement, each sales agent, if acting as an agent, will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell our shares of common stock up to the amount specified, and otherwise in accordance with the terms set forth in such placement notice.

Each sales agent will receive from us a commission that will not exceed, but may be lower than, 2.0% of the gross sales price of all shares sold through it as sales agent under the applicable equity distribution agreement. In connection with the sale of shares of common stock on our behalf, the sales agents may be deemed to be underwriters within the meaning of the Securities Act, and the compensation paid to the sales agents may be deemed to be underwriting commissions or discounts.

We may also sell some or all of the shares of common stock to a sales agent as principal for its own account at prices agreed upon at the time of sale.

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 stock. For more information, see **Description of Capital Stock Restrictions on Transfer** in 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.

Our common stock is listed on the NYSE under the symbol **TRNO**. The last reported sale price of our common stock on the NYSE on December 15, 2016 was \$28.23 per share.

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, 2015 and beginning on page S-5 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.

KeyBanc Capital Markets

Jefferies

Baird

JMP Securities

BTIG

MUFG

Goldman, Sachs & Co.

Stifel

Prospectus Supplement dated December 16, 2016.

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-5
<u>USE OF PROCEEDS</u>	S-7
<u>SUPPLEMENTAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	S-8
<u>PLAN OF DISTRIBUTION</u>	S-9
<u>LEGAL MATTERS</u>	S-12
<u>EXPERTS</u>	S-12
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-12

Prospectus

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>PROSPECTUS SUMMARY</u>	2
<u>RISK FACTORS</u>	3
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	3
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	4
<u>FORWARD-LOOKING STATEMENTS</u>	4
<u>USE OF PROCEEDS</u>	6
<u>DESCRIPTION OF THE SECURITIES WE MAY OFFER</u>	7
<u>DESCRIPTION OF CAPITAL STOCK</u>	7
<u>GLOBAL SECURITIES</u>	15
<u>CERTAIN PROVISIONS OF MARYLAND LAW AND OUR CHARTER AND BYLAWS</u>	17
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	24
<u>PLAN OF DISTRIBUTION</u>	40
<u>LEGAL MATTERS</u>	43
<u>EXPERTS</u>	43

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, the accompanying prospectus or in any free writing prospectus we have prepared. We and the sales agents take no responsibility for, and 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, the incorporated documents and any free writing prospectus 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, 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, should, will, and similar expressions which do not relate solely to 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 10, 2016, including those set forth under the headings **Risk Factors** and **Management's Discussion and Analysis of Financial Condition and Results of Operations**, the factors

Edgar Filing: Terreno Realty Corp - Form 424B5

included in our other public filings and the factors beginning on page S-5 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;

S-1

Table of Contents

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 most of our industrial properties;

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 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 REIT and possible adverse changes to tax laws;

uninsured or underinsured losses relating to our properties or that otherwise result from future litigation;

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-5 of this prospectus supplement, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the SEC on February 10, 2016 and in our other public filings before making an investment decision regarding our common stock.

Overview

We acquire, own and operate industrial real estate 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 invest in several types of industrial real estate, including warehouse/distribution, flex (including light industrial and research and development, or R&D) and transshipment. 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 September 30, 2016, we owned a total of 159 buildings aggregating approximately 11.7 million square feet that were approximately 96.4% leased to 374 customers and four improved land parcels consisting of 21.4 acres.

We were formed in November 2009 as a Maryland corporation, are internally managed 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.

Our headquarters are located at 101 Montgomery Street, Suite 200, San Francisco, California 94104. 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

The Offering

Common stock offered from time to time	Shares having an aggregate offering price of up to \$150,000,000.
Use of proceeds	We intend to use the net proceeds of this offering for general corporate purposes, which may include future acquisitions and repayment of indebtedness, including borrowings under our credit facility. Pending the use of the net proceeds as described above, we may invest the 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 industrial properties. See Use of Proceeds in this prospectus supplement.
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 information, see Description of Capital Stock Restrictions on Transfer beginning on page 12 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.
Risk Factors	See Risk Factors beginning on page S-5 of this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the SEC on February 10, 2016 and our other public filings incorporated by reference into this prospectus supplement and the accompanying prospectus for information you should consider before buying our common stock.

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 information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including, without limitation, 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, 2015 filed with the SEC on February 10, 2016, as well as the risks, uncertainties and additional information set forth in our Form 10-K generally and in our SEC reports on Forms 10-Q, 8-K and in the other documents that we file with the SEC, which are incorporated by reference 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* in this prospectus supplement and *Incorporation of Certain Documents By Reference* in the accompanying prospectus. The risks and uncertainties we discuss in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement and the accompanying 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. The trading price of our common stock could decline due to any of these risks and you may lose all or a part of your investment.

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 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;

changes in our credit ratings; and

general economic, capital markets and real estate market conditions.

Our shares of common stock rank junior to our Series A Preferred Stock.

Our shares of common stock rank junior to our 7.75% Series A Cumulative Redeemable Preferred Stock, or Series A Preferred Stock, with respect to dividends and upon liquidation, dissolution or winding up, which could limit or restrict our ability to make distributions on our common stock. In certain circumstances, following a

Table of Contents

change of control of our company, holders of our Series A Preferred Stock will be entitled to convert their shares of Series A Preferred Stock into a specified number of shares of common stock, subject to our option to redeem the Series A Preferred Stock for cash at \$25.00 per share plus accrued and unpaid dividends. Holders of our shares of common stock are not entitled to preemptive rights or other protections against dilution. In addition to this offering, we may in the future attempt to increase our capital resources by making additional offerings of equity securities, including additional classes or series of preferred stock, which would likely have preferences with respect to dividends or upon dissolution that are senior to our shares of common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors, many of which are beyond our control, we cannot predict or estimate the amount, timing or nature of any future offerings. Thus, our common stockholders bear the risk of our future offerings reducing the market price of our shares of common stock and diluting their interest in us.

Table of Contents

USE OF PROCEEDS

We intend to use the net proceeds from any sale of shares of our common stock in this offering for general corporate purposes, which may include future acquisitions and repayment of indebtedness, including borrowings under our credit facility. Pending the use of the net proceeds as described above, we may invest the 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 industrial properties.

Our credit facility consists of a \$200.0 million revolving credit facility, a \$100.0 million term loan and a \$50.0 million term loan. Our revolving credit facility matures in August 2020 with one 12-month extension option exercisable by us, subject, among other things, to there being an absence of an event of default under the credit facility and to the payment of an extension fee. Our \$100.0 million term loan matures in January 2022, and our \$50.0 million term loan matures in August 2021.

Interest on our credit facility, including our revolving credit facility and our term loans, is generally to be paid based upon, at our option, either (i) LIBOR plus the applicable LIBOR margin or (ii) the applicable base rate which is the greatest of the administrative agent's prime rate, 0.50% above the federal funds effective rate, or thirty-day LIBOR plus the applicable LIBOR margin for LIBOR rate loans under the credit facility plus 1.25%. The applicable LIBOR margin will range from 1.35% to 1.90% (1.35% as of September 30, 2016) for the revolving credit facility and 1.30% to 1.85% (1.30% as of September 30, 2016) for the term loans (previously 1.50% to 2.05%), depending on the ratio of our outstanding consolidated indebtedness to the value of our consolidated gross asset value. As of September 30, 2016, there were \$20.0 million of borrowings outstanding under our revolving credit facility and \$150.0 million of borrowings outstanding under our term loans. The outstanding borrowings under our credit facility were used primarily to acquire industrial properties.

Affiliates of KeyBanc Capital Markets Inc., Goldman, Sachs & Co. and MUFG Securities Americas Inc. (formerly known as Mitsubishi UFJ Securities (USA), Inc.) are lenders under our credit facility. In connection with their participation in our credit facility, KeyBanc Capital Markets Inc., Goldman, Sachs & Co., MUFG Securities Americas Inc. (formerly known as Mitsubishi UFJ Securities (USA), Inc.) or their affiliates receive customary syndication fees. In addition, to the extent that we use any of the net proceeds of this offering to repay borrowings outstanding under our credit facility, KeyBanc Capital Markets Inc., Goldman, Sachs & Co., MUFG Securities Americas Inc. (formerly known as Mitsubishi UFJ Securities (USA), Inc.) or their affiliates will receive their proportionate share of such repayment. See Plan of Distribution in this prospectus supplement.

Table of Contents

SUPPLEMENTAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

*This summary supplements and should be read together with the general discussion of the material United States federal income tax considerations associated with an investment in 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 supplement.*

Supplemental Tax Disclosures Updates to REIT Rules

The Protecting Americans from Tax Hikes Act of 2015 (the PATH Act) was enacted on December 18, 2015 and contains several provisions pertaining to REIT qualification and taxation. Some of these provisions are briefly summarized below:

For taxable years beginning before January 1, 2018, no more than 25% of the value of our assets may consist of stock or securities of one or more taxable REIT subsidiaries. For taxable years beginning after December 31, 2017, the PATH Act reduces this limit to 20%.

For purposes of the REIT asset tests, the PATH Act provides that debt instruments issued by publicly offered REITs will constitute real estate assets. However, unless such a debt instrument is secured by a mortgage or otherwise would have qualified as a real estate asset under prior law, (i) interest income and gain from such a debt instrument is not qualifying income for purposes of the 75% gross income test and (ii) all such debt instruments may represent no more than 25% of the value of our total assets.

For taxable years beginning after December 31, 2015, certain obligations secured by a mortgage on both real property and personal property will be treated as a qualifying real estate asset and give rise to qualifying income for purposes of the 75% gross income test if the fair market value of such personal property does not exceed 15% of the total fair market value of all such property.

A 100% excise tax is imposed on redetermined TRS service income, which is income of a taxable REIT subsidiary attributable to services provided to, or on behalf of its associated REIT and which would otherwise be increased on distribution, apportionment, or allocation under Section 482 of the Code.

For distributions made in taxable years beginning after December 31, 2014, the preferential dividend rules no longer apply to us.

Edgar Filing: Terreno Realty Corp - Form 424B5

Additional exceptions to the rules under the Foreign Investment in Real Property Act (FIRPTA) were introduced for non-U.S. persons that constitute qualified shareholders (within the meaning of Section 897(k)(3) of the Code) or qualified foreign pension funds (within the meaning of Section 897(l)(2) of the Code).

After February 16, 2016, the FIRPTA withholding rate under Section 1445 of the Code for dispositions of U.S. real property interests was increased from 10% to 15%.

The PATH Act increases from 5% to 10% the maximum stock ownership of the REIT that a non-U.S. shareholder may have held to avail itself of the FIRPTA exception for shares regularly traded on an established securities market.

S-8

Table of Contents

PLAN OF DISTRIBUTION

We have entered into separate equity distribution agreements with each of the sales agents under which we may from time to time offer and sell shares of common stock having an aggregate offering price of up to \$150,000,000. Sales of our shares of common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions, which may include block trades, or transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE or sales made to or through a market maker other than on an exchange. As an agent, none of the sales agents will engage in any transactions that stabilize the price of our common stock.

The offering of the shares by the sales agents is subject to receipt and acceptance and subject to the sales agents' right to reject any order in whole or in part. Upon its acceptance of a placement notice from us, each sales agent, if acting as agent, will use its commercially reasonable efforts consistent with its normal sales and trading practices to sell our shares of common stock up to the amount specified, and in accordance with the terms and subject to the conditions set forth in the applicable equity distribution agreement and such placement notice. The placement notice that we deliver will set forth the number of shares to be issued, the time period during which sales are requested to be made, any limitation on the number of shares that may be sold in any one day and any minimum price below which sales may not be made. Our shares of common stock sold pursuant to the equity distribution agreements will be sold through only one of the sales agents on any given day. We or any of the sales agents may suspend the sale of shares of common stock upon proper notice and subject to other conditions.

The relevant sales agent will provide written confirmation to us no later than the opening of the trading day on the NYSE on the day following the trading day in which our shares of common stock were sold under the applicable equity distribution agreement. Each confirmation will include the number of shares sold on such day, the net proceeds to us and the compensation payable by us to the sales agent in connection with the sales.

We will pay each sales agent commissions for its services in acting as agent and/or principal in the sale of shares of common stock. Each sales agent will be entitled to compensation that will not exceed, but may be lower than, 2.0% of the gross proceeds from the sales of common stock sold through it as sales agent pursuant to the terms of the applicable equity distribution agreement. We estimate that the total expenses for the offering, excluding compensation payable to the sales agents under the terms of the equity distribution agreements, will be approximately \$150,000.

We may also sell some or all of the shares of common stock to a sales agent as principal for its own account at a price agreed upon at the time of sale.

To the extent we have not sold common stock with an aggregate offering price of at least \$20,000,000 by December 16, 2018, we have agreed to reimburse the sales agents up to \$150,000 in the aggregate for their reasonable out of pocket expenses, including the reasonable fees and disbursements of counsel retained by the sales agents.

Settlement for sales of shares of common stock generally will occur on the third trading day following the date on which any sales are made, unless some other date is agreed upon by us and the applicable sales agent in connection with a particular transaction, in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

We will report at least quarterly the number of shares of common stock sold through the sales agents under the equity distribution agreements, the net proceeds to us and the compensation paid by us to the sales agents in connection with the sales of shares of common stock.

Edgar Filing: Terreno Realty Corp - Form 424B5

In connection with the sale of shares of common stock on our behalf, each of the sales agents may be deemed to be an underwriter within the meaning of the Securities Act, and the compensation of the sales agents

S-9

Table of Contents

may be deemed to be underwriting commissions or discounts. We have agreed to indemnify the several sales agents against specified liabilities, including liabilities under the Securities Act, or to contribute to payments that the sales agents may be required to make because of those liabilities.

The offering of our shares of common stock under any equity distribution agreement will terminate upon the earlier of (i) the sale of shares under any or any combination of the equity distribution agreements having an aggregate offering price of \$150,000,000 and (ii) the termination of such equity distribution agreement by the applicable sales agent or us.

The sales agents 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 sales agents 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 sales agents 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 sales agents 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.

Affiliates of KeyBanc Capital Markets Inc., Goldman, Sachs & Co. and MUFG Securities Americas Inc. (formerly known as Mitsubishi UFJ Securities (USA), Inc.) are lenders under our credit facility. In connection with their participation in our credit facility, KeyBanc Capital Markets Inc., Goldman, Sachs & Co., MUFG Securities Americas Inc. (formerly known as Mitsubishi UFJ Securities (USA), Inc.) or their affiliates receive customary syndication fees. In addition, to the extent that we use any of the net proceeds of this offering to repay borrowings outstanding under our credit facility, KeyBanc Capital Markets Inc., Goldman, Sachs & Co., MUFG Securities Americas Inc. (formerly known as Mitsubishi UFJ Securities (USA), Inc.) or their affiliates will receive their proportionate share of such repayment.

Certain Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relative Member State) an offer to the public of our common shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of our common shares may be made at any time under the following exemptions under the Prospectus Directive:

- (i) To any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (ii)

Edgar Filing: Terreno Realty Corp - Form 424B5

To fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the sales agents for any such offer; or

(iii) In any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer or shares of our common stock shall result in a requirement for the publication by us or any Brazilian placement agent of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to public in relation to our common 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 our common shares to be offered so as to enable an investor to decide to purchase

S-10

Table of Contents

our common shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended), including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out in this prospectus supplement.

United Kingdom

Each sales agent 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 Financial Services and Markets Act 2000 (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 does not apply to the company; and

(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.

Hong Kong

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.

Table of Contents

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Goodwin Procter LLP and for the sales agents by Sullivan & Cromwell LLP, Los Angeles, California. Sullivan & Cromwell LLP will rely as to matters of Maryland law upon the opinion of Goodwin Procter LLP.

EXPERTS

The consolidated financial statements of Terreno Realty Corporation included in Terreno Realty Corporation's Annual Report (Form 10-K) for the year ended December 31, 2015 (including the schedule appearing therein) and the effectiveness of Terreno Realty Corporation's internal control over financial reporting as of December 31, 2015 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. The (i) statement of revenues and certain expenses of V Street included in Terreno Realty Corporation's Current Report on Form 8-K/A filed with the SEC on March 16, 2015, (ii) statement of revenues and certain expenses of JFK Airgate included in Terreno Realty Corporation's Current Report on Form 8-K/A filed with the SEC on February 18, 2014 and (iii) statements of revenues and certain expenses of America's Gateway, Route 100, Manhattan Beach, 26th Street and South Main included in Terreno Realty Corporation's Current Report on Form 8-K filed with the SEC on June 24, 2013 have been audited by Ernst & Young LLP, an independent registered public accounting firm, as set forth in their reports thereon, incorporated herein by reference. Such financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

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. 333-203030) 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.

Table of Contents

PROSPECTUS

TERRENO REALTY CORPORATION

Common Stock

Preferred Stock

We may offer, issue and sell from time to time, in one or more series or classes, together or separately, and in amounts, at prices and on terms to be set forth in one or more prospectus supplements to this prospectus, the securities described in this prospectus.

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 will also set forth the price to the public of the securities and the net proceeds that we expect to receive from the sale of such securities.

Our common stock and 7.75% Series A Cumulative Redeemable Preferred Stock, which we refer to in this prospectus as our Series A Preferred Stock, are listed on the New York Stock Exchange, or the NYSE, under the symbols **TRNO** and **TRNOPrA**, respectively. On March 25, 2015, the closing prices of our common stock and Series A Preferred Stock on the NYSE were \$22.22 and \$26.16, respectively.

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 3 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 March 26, 2015.

Table of Contents

TABLE OF CONTENTS

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>PROSPECTUS SUMMARY</u>	2
<u>RISK FACTORS</u>	3
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	3
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	4
<u>FORWARD-LOOKING STATEMENTS</u>	4
<u>USE OF PROCEEDS</u>	6
<u>DESCRIPTION OF THE SECURITIES WE MAY OFFER</u>	7
<u>DESCRIPTION OF CAPITAL STOCK</u>	7
<u>GLOBAL SECURITIES</u>	15
<u>CERTAIN PROVISIONS OF MARYLAND LAW AND OUR CHARTER AND BYLAWS</u>	17
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	24
<u>PLAN OF DISTRIBUTION</u>	40
<u>LEGAL MATTERS</u>	43
<u>EXPERTS</u>	43

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. 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.

Table of Contents**PROSPECTUS SUMMARY****Our Company**

We acquire, own and operate industrial real estate 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 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 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. We completed our initial public offering in February 2010 and as of December 31, 2014, we owned 126 buildings (including one building held for sale) aggregating approximately 9.3 million square feet and two improved land parcels consisting of 3.5 acres. As of December 31, 2014, our properties were approximately 93.7% leased to 299 customers. We were formed in November 2009 as a Maryland corporation, are internally managed 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.

Corporate Information

Our headquarters are located at 101 Montgomery Street, Suite 200, San Francisco, California 94104. 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 by reference into this prospectus or any other report or document we file with or furnish to the SEC.

Ratio of Earnings to Fixed Charges and Preferred Stock Dividends

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

	<i>For the Year Ended December 31,</i>				<i>Period from February 16, 2010 (Commencement of Operations) to December 31, 2010</i>
	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends	1.65	0.87	0.49 ⁽¹⁾	(1)	(1)

⁽¹⁾ Fixed charges exceed earnings by \$2.0 million, \$5.8 million and \$6.0 million for the years ended December 31, 2012 and 2011 and for the period from February 16, 2010 (Commencement of Operations) to December 31, 2010.

On July 19, 2012, we issued 1,840,000 shares of Series A Preferred Stock and as of March 24, 2015, 1,840,000 shares of Series A Preferred Stock were outstanding. Prior to the issuance of the Series A Preferred Stock, we had not issued any shares of preferred stock.

Table of Contents

RISK FACTORS

Investing in our securities involves risks. Before purchasing any securities offered by this prospectus, you should carefully consider the information contained or incorporated by reference in this prospectus or in any accompanying prospectus supplement, including, without limitation, the risk factors incorporated by reference in this prospectus from our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on February 11, 2015, 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. The occurrence of any of these risks might cause you to lose all or a part of your investment in the offered securities. Please also refer to the section below entitled [Forward-Looking Statements](#).

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, 2014 filed with the SEC on February 11, 2015;

the information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2014 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 19, 2015;

our Current Reports on Form 8-K or Form 8-K/A filed with the SEC on July 27, 2012, June 24, 2013, February 18, 2014, February 4, 2015 and March 16, 2015;

the description of our shares of Series A Preferred Stock included in our registration statement on Form 8-A filed with the SEC on July 13, 2012, and all reports filed for the purpose of updating such description; and

Edgar Filing: Terreno Realty Corp - Form 424B5

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 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.

Table of Contents

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, 101 Montgomery Street, Suite 200, San Francisco, California, 94104 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 of 1933, as amended, or 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.

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, 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