

The registrant is submitting this draft registration statement confidentially as an "emerging growth company" pursuant to Section 6(e) of The Securities Act of 1933  
As filed with the Securities and Exchange Commission on March 7, 2013

Registration Statement No. 333-

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM S-11  
FOR REGISTRATION  
UNDER  
THE SECURITIES ACT OF 1933  
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

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**Rexford Industrial, Inc.**

(Exact name of registrant as specified in its governing instruments)

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11620 Wilshire Boulevard, Suite 300  
Los Angeles, CA 90025  
(310) 966-1680

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

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Howard Schwimmer  
Michael S. Frankel  
Co-Chief Executive Officers  
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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this registration statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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**CALCULATION OF REGISTRATION FEE**

Title of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, par value \$0.01 per share	\$	\$

- (1) Estimated solely for the purpose of determining the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended. Includes additional shares of common stock that the underwriters have the option to purchase. See "Underwriting."
- (2) Calculated in accordance with Rule 457(o) under the Securities Act of 1933, as amended.

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**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and is not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION**

**PRELIMINARY PROSPECTUS DATED MARCH 7, 2013**

**PROSPECTUS**

Shares



Rexford Industrial, Inc. is a newly formed Maryland corporation that will operate as a self-administered and self-managed real estate investment trust (“REIT”) focused on owning and operating industrial properties in Southern California infill markets. Upon completion of our formation transactions and this offering, we will own interests in and operate 59 properties with approximately 6.0 million rentable square feet, which we refer to as our initial portfolio and we will manage an additional 20 properties with approximately 1.2 million rentable square feet.

This is our initial public offering. We are selling \_\_\_\_\_ shares of our common stock, \$0.01 par value per share.

We expect the public offering price to be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will trade under the symbol “\_\_\_\_\_” on the New York Stock Exchange.

We intend to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2013. To assist us in qualifying as a REIT, stockholders are generally restricted from beneficially or constructively owning more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of all classes and series of our stock. Our charter contains additional restrictions on the ownership and transfer of shares of our common stock. See “Description of Stock—Restrictions on Ownership and Transfer.”

**We are an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012. Investing in our common stock involves significant risks. You should read the section entitled “Risk Factors” beginning on page 24 of this prospectus for a discussion of certain risk factors that you should consider before investing in our common stock.**

	<u>Per share</u>	<u>Total</u>
Public offering price	\$ _____	\$ _____
Underwriting discount	\$ _____	\$ _____
Proceeds, before expenses, to us	\$ _____	\$ _____

The underwriters also may purchase up to an additional \_\_\_\_\_ shares from us, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments of shares, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about \_\_\_\_\_, 2013.

**FBR**

The date of this prospectus is \_\_\_\_\_, 2013

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You should rely only on the information contained in this prospectus, any free writing prospectus prepared by us or information to which we have referred you. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and any free writing prospectus prepared by us is accurate only as of their respective dates or on the date or dates which are specified in those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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We use market data and industry forecasts and projections in this prospectus. We have obtained substantially all of the information under “Prospectus Summary—Market Overview” and under “Market Overview” from market research prepared or obtained by DAUM Commercial Real Estate Services (“DAUM”) in connection with this offering. Such information is included herein in reliance on DAUM’s authority as an expert on such matters. See “Experts.” In addition, DAUM in some cases has obtained market data and industry forecasts and projections from publicly available information and industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. The forecasts and projections are based on industry surveys and the preparers’ experience in the industry, and there is no assurance that any of the projections or forecasts will be achieved. We believe that the surveys and market research others have performed are reliable, but we have not independently verified this information. Additionally, Howard Schwimmer, our Co-Chief Executive Officer, was at various times a stockholder, board member, manager, executive vice president and broker of record for DAUM and currently owns less than a 7% interest in DAUM; however, Mr. Schwimmer has not played an active role in any manner for DAUM since 2001.

This prospectus includes certain information regarding total return to investors achieved by Arden Realty, Inc. during the period in which Richard Ziman, our Executive Chairman, served as the Founding Chairman and Chief Executive Officer of Arden Realty, Inc. The information regarding total return is not a guarantee or prediction of the returns that we may achieve in the future, and we can offer no assurance that we will replicate these returns.

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In this prospectus:

- “Rexford,” “our company,” “the company,” “we,” “us” and “our” refer to Rexford Industrial, Inc., a Maryland corporation, and its consolidated subsidiaries after giving effect to the formation transactions described elsewhere in this prospectus, except where it is clear from the context that the term only means the issuer of the shares of common stock in this offering;
- “annualized rent” means the monthly base rent for the applicable property or properties as of December 31, 2012, but not including billboard and antenna revenue or rent abatements, multiplied by 12 and then multiplied by the ownership interest for such property, and “total annualized rent” means the annualized rent for all of our properties;
- “capitalization rate” is the ratio of a property’s annual net operating income to its purchase price;
- “concurrent private placement” refers to a private placement of \$            million of our common stock, or shares, concurrently with the closing of this offering to certain accredited investors in the Rexford Funds in connection with the formation transactions;
- “debt yields” means the last 12 months net operating income divided by period-ending debt on the referenced properties;
- “net operating income” or “NOI” means operating revenue (including rental revenue, tenant recoveries and other operating revenue) less property-level operating expenses (which includes general and administrative expenses), and excludes depreciation and amortization, impairments, gain/loss on sale of real estate, interest expense and other non-operating items;
- “on a fully diluted basis” when used in reference to shares of our common stock means all outstanding shares of common stock at such time plus all outstanding shares of restricted stock, shares of common stock issuable upon the exercise of outstanding options that have vested and shares of common stock exchangeable, at our discretion, for common units of partnership interest in our operating partnership, or “common units,” on a one-for-one basis, including common units issuable upon conversion of LTIP units in our operating partnership, which is not the same as the meaning of “fully-diluted” under generally accepted accounting principles in the United States (“GAAP”);
- “on a pro forma basis” means after consummation of (i) this offering at an assumed price per share equal to the mid-point of the price range set forth on the front cover of this prospectus, (ii) our formation transactions described herein and (iii) the concurrent private placement described elsewhere in this prospectus, including the contribution of our predecessor business to our operating partnership and the application of the proceeds of this offering and the concurrent private placement as described under “Use of Proceeds”;
- “our operating partnership” means Rexford Industrial, L.P., a Maryland limited partnership, and the subsidiary through which we will conduct substantially all of our business;
- “our predecessor business” or “Rexford Industrial, Inc. Predecessor” means the entities and properties to be contributed to or purchased by our operating partnership and certain of its subsidiaries pursuant to our formation transactions described elsewhere in this prospectus;
- “Rexford Funds” refer to the five private equity real estate funds: Rexford Industrial Fund I, LLC (“Fund I”), Rexford Industrial Fund II, LLC (“Fund II”), Rexford Industrial Fund III, LLC (“Fund III”), Rexford Industrial Fund IV, LLC (“Fund IV”) and Rexford Industrial Fund V, LP (“Fund V”), which are a part of our predecessor business. We were formed to acquire the assets and operations of the Rexford Funds and to succeed the business of the Rexford Funds and related management companies and the services company.
- “the management companies” means Rexford Industrial, LLC, Rexford Sponsor V LLC and Rexford Fund V Manager LLC, which are part of our predecessor business and provide management services to the Rexford Funds; and
- “the services company” means Rexford Industrial Realty and Management, Inc., a wholly owned subsidiary of Rexford Industrial, LLC.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more detailed explanations of NOI, EBITDA, FFO and AFFO, and reconciliations of NOI, EBITDA, FFO and AFFO to net income computed in accordance with GAAP.

## PROSPECTUS SUMMARY

*The following summary highlights information contained elsewhere in this prospectus. You should read carefully the entire prospectus, including "Risk Factors," our financial statements, pro forma financial information, and related notes appearing elsewhere in this prospectus, before making a decision to invest in our common stock.*

*Unless indicated otherwise, the information included in this prospectus assumes (i) no exercise of the underwriters' option to purchase up to additional shares of our common stock to cover over-allotments, if any, (ii) the consummation of the formation transactions and concurrent private placement described in this prospectus, (iii) the shares of common stock to be sold in this offering are sold at \$ per share, which is the mid-point of the price range set forth on the front cover of this prospectus and (iv) the initial value of a common unit to be issued in the formation transactions is \$ per unit. Each common unit is redeemable for cash equal to the then-current market value of one share of our common stock or, at our option, one share of our common stock, commencing 14 months following the completion of this offering.*

*The historical operations described in this prospectus refer to the historical operations of our predecessor business. We have generally described the business operations in this prospectus as if the historical operations of our predecessor business were conducted by us.*

### Overview

Rexford Industrial, Inc. is a newly organized Maryland corporation formed to operate as a self-administered and self-managed REIT focused on owning and operating industrial properties in Southern California infill markets. We were formed to succeed our predecessor business, which is controlled and operated by our principals, Richard Ziman, Howard Schwimmer and Michael Frankel, who collectively have decades of experience acquiring, owning and operating industrial properties in Southern California infill markets. Upon completion of our formation transactions, our initial portfolio will consist of 59 properties with approximately 6.0 million rentable square feet and we will manage an additional 20 properties with approximately 1.2 million rentable square feet.

Our goal is to generate attractive risk-adjusted returns for our stockholders by providing superior access to industrial property investments in Southern California infill markets. Our target markets provide us with opportunities to acquire both stabilized properties generating favorable cash flow, as well as properties where we can enhance returns through value-add renovations and redevelopment. We believe that Southern California infill markets are among the most attractive industrial real estate markets for investment in the United States. Significant fragmentation, scarcity of available space and high barriers limiting new construction all contribute to create superior long-term supply/demand fundamentals. We built our company from the ground up as an institutional quality, vertically integrated platform with extensive value-add investment and management capabilities to focus on this specific market opportunity.

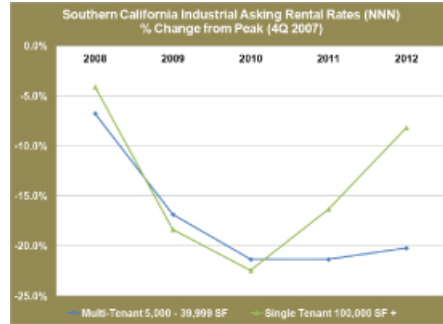
We own both multi-tenant and single-tenant properties. Our properties are highly adaptable and appeal to a wide range of potential tenants and uses, which, in our experience, reduces re-tenanting costs, time and risk, thereby enhancing our return on investment. Our tenants generally are small and medium sized businesses that are structurally tied to the Southern California economy and therefore find that locating within our target markets is critical to the ongoing operations of their business. Our initial portfolio is highly diversified by tenant and industry. Of our 580 tenants, no single tenant accounted for more than 2.7% of our total annualized rent and no single industry accounted for more than 11.0% of our total annualized rent, as of December 31, 2012.

We benefit from our management team's extensive market knowledge, long-standing business and personal relationships and research- and relationship-driven origination methods developed over more than 30 years to generate attractive investment opportunities. In our view, the fragmented and complex nature of our target markets generally makes it difficult for less experienced or less focused investors to access comparable opportunities on a consistent basis.

We plan to grow our business through disciplined acquisitions of additional industrial properties in Southern California infill markets, and believe that there are substantial and attractive acquisition opportunities available to us in our target markets. According to DAUM, the Southern California infill industrial property market consists of approximately 1.85 billion square feet of industrial properties. Our initial portfolio represents substantially less than 1.0% of this target market. Through our

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proprietary origination methods, we are currently actively tracking 30 million square feet of properties in our markets that we believe represent attractive potential investment opportunities. Our predecessor's most recent investment fund has acquired in excess of 2.6 million square feet in our target markets, sourced primarily through a combination of off market and lightly marketed transactions, sale lease-backs and related transactions from illiquid owners and short sales and discounted note purchases from financial institutions. We believe the current market environment represents an attractive time in the real estate cycle to invest in our target properties as the many small and medium sized businesses that our properties seek to serve are just beginning to participate in the economic recovery. Despite being consistently one of the highest occupied markets in the United States approaching 95% occupancy rates, particularly for multi-tenant properties, rental rates in our target markets have only recently begun to recover from their recessionary lows.



We intend to elect and qualify to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the year ending December 31, 2013, and generally will not be subject to U.S. federal taxes on our income to the extent we annually distribute at least 90% of our taxable income to our stockholders and otherwise maintain our qualification as a REIT. We are structured as an umbrella partnership REIT ("UPREIT") and will own substantially all of our assets and conduct substantially all of our business through our operating partnership. We will serve as the sole general partner and expect to own an approximately % interest in our operating partnership upon consummation of this offering.

**Experienced Management and Vertically Integrated Team**

Our predecessor business was founded in 2001 by our Executive Chairman Richard Ziman, and our Co-Chief Executive Officer, Howard Schwimmer, to exploit what they believed to be a particularly attractive opportunity to invest in industrial properties in Southern California infill markets. Messrs. Ziman and Schwimmer were joined by Michael Frankel, our Co-Chief Executive Officer, in 2004. These three members of our senior executive management team have worked together for nearly a decade, and each has substantial experience investing in and managing Southern California industrial properties.

Mr. Ziman contributes over 40 years of experience owning and managing industrial real estate and a successful public company track record as the founding chairman and chief executive officer of Arden Realty, Inc. ("Arden"), a REIT, which at the time of its sale to GE Real Estate in 2006 was the largest publicly traded owner of office properties in Southern California. An investment in the common stock of Arden at the time of its initial public offering until its final sale generated a total return to stockholders of approximately 338% per share for each share purchased at the initial public offering price of \$20.00 per share (assuming reinvestment of all cash dividends since the initial public offering in 1996) compared to a total return of 248% for the MSCI US REIT Index over the same period. Mr. Schwimmer has focused exclusively on owning, operating and creating value in infill Southern California industrial property throughout his 30 year career. Mr. Schwimmer has 13 years of experience managing our predecessor business, with expertise including the acquisition, value-add improvement, development, management, leasing and disposition of industrial property. Prior to establishing our predecessor business, from 1983 until 2001, Mr. Schwimmer held various positions including stockholder, board member, manager, executive vice president and broker of record for DAUM, California's oldest industrial brokerage company. Mr. Frankel's 28 year career has focused on real estate and private equity investment and senior management operating roles, including nine years co-managing our predecessor business, which exclusively focused on investing in industrial properties in Southern California infill markets.

Rexford's vertically integrated company and team provides an entrepreneurial set of processes and personnel experienced in virtually every facet of industrial property investment and management, from originations, finance and underwriting, to asset, construction and property management.

**Market Overview**

*Unless otherwise indicated, all information contained in this Market Overview section is derived from market materials prepared by DAUM as of February 10, 2013.*

***Southern California Infill Industrial Market***

The Southern California industrial real estate market is the largest in the U.S., with approximately 2.1 billion square feet of space, approximately 1.7 times larger than the next largest industrial real estate market (Chicago, Illinois), as illustrated below:



Southern California is generally segmented into infill and non-infill industrial markets. Infill markets are considered high-barrier-to-entry markets and have characteristics that tend to limit new construction.

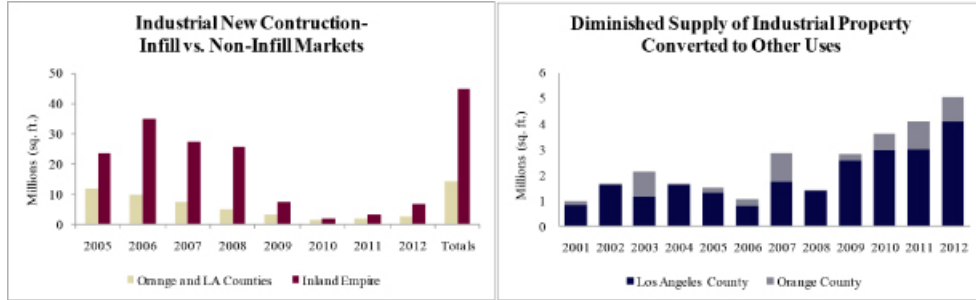
Our investment strategy focuses on the 1.85 billion square foot infill market comprised of Los Angeles County, Orange County, West Inland Empire, San Diego County and Ventura County. We believe the market trends and conditions discussed below have created a favorable investment opportunity that we are competitively positioned to capitalize upon.

***Limited, Diminishing Supply with Substantial Barriers to Entry***

Southern California is generally considered to be nearly fully developed and is characterized by a scarcity of vacant or developable land. Further, lease rates typically do not justify development of new industrial properties for lease in infill markets, which presents an economic barrier for those seeking to develop new industrial properties. Consequently, there has been a dearth of new multi-tenant industrial properties built for lease since 1999, with infill development generally limited to relatively few owner-user and build-to-suit developments. Multi-tenant development represented only 0.6% of total new industrial property construction in Southern California infill markets during 2012.

Industrial use is not typically considered the “highest and best” economic use for the few development or redevelopment sites available within our target markets. As a result, the stock of infill industrial property in our target markets generally has diminished over time, as existing properties have converted to alternate uses, primarily multi-family housing and related development. Since 2001, Los Angeles and Orange Counties have seen more than 23.1 million and 5.7 million square feet of industrial property, respectively, demolished for redevelopment.





**High Current Occupancy and High Rental Rates**

The Southern California infill industrial market has consistently out-performed other national markets on the basis of occupancy, net absorption and asking rents. As of December 31, 2012, occupancy was 95.3% and 94.8% for Los Angeles and Orange Counties, respectively, versus the national average of 91.2%. Since 2001, average Los Angeles and Orange County asking rents were 62.4% higher than the average of the next nine largest markets in the nation over the same twelve-year period. As shown in the charts below, the occupancy rates for Los Angeles and Orange County have consistently been above the other large markets in the United States since the fourth quarter of 2001. The occupancy rates never dipped below 90%, even during the most recent recession.



**Diverse Tenant Demand Base**

Southern California is home to the nation’s largest and most diverse manufacturing and distribution sector, as well as the largest number of high-tech jobs. We draw our tenants from over 17 industry sectors. The trend of off-shoring domestic manufacturing to Asia further fuels Southern California industrial tenant demand, as Asian goods pass through the Los Angeles-area ports and require regional warehousing and distribution to access the broader U.S. market. As of December 31, 2012, approximately 23% of our tenants imported product from outside the U.S. Additionally, the emergence of e-commerce and the growth of Internet retailers and wholesalers are expanding the universe of tenants seeking industrial space in our target markets. Forrester Research Inc. projects that online shoppers in the United States will spend \$327 billion in 2016, up 45% from the \$226 billion spent in 2012, increasing to an estimated 9.0% of total retail sales by 2016. As of December 31, 2012, approximately 17% of our tenants cited e-commerce as a component of their business.

***Large and Growing Regional Population***

Southern California represents the largest regional population in the U.S., with over 21 million residents, comprising over 57% of California residents. The population has increased by approximately 2 million since 2000 and is projected to increase to over 25 million residents by 2030. Our infill tenant base tends to disproportionately serve the direct consumption needs of this growing regional Southern California population.

***Older Properties Tend To Outperform Newer Properties***

Over one billion square feet of infill industrial space in our target market was built prior to 1980. These buildings are generally more centrally located, which reduces commutes to employees and distribution times to the end consumers of the product. These locations are also typically more densely populated areas than locations that feature a greater proportion of newer construction. These factors have driven higher occupancy rates in pre-1980 buildings compared to post-1980 buildings. As of December 31, 2012, occupancy for pre-1980 buildings was 95.2% versus 93.1% for newer buildings. Pre-1980 buildings have maintained occupancy levels between 94.3% and 97.2% since 2001, while post-1980 buildings have ranged from 90.1% to 94.6%.

***Smaller Spaces and Multi-Tenant Properties Tend to Outperform Larger, Single-Tenant Properties***

Our target infill markets feature a majority of properties valued below \$25 million or sized below 300,000 square feet. We believe smaller spaces, generally under 40,000 square feet, are positioned for rental rate recovery as economic conditions improve for smaller- and mid-sized tenants in the face of ongoing scarcity of supply of these spaces. Occupancy as of December 31, 2012 for “big-box” buildings containing 100,000 square feet or more was 93.4%, while occupancy in buildings containing less than 40,000 square feet was 94.9%. Further, rental rates for larger, single-tenant spaces have recovered nearly to their pre-recession levels. Conversely, rental rates for small- and mid-sized tenants remain at cyclically low levels and have lagged in recovery compared to larger spaces. Consequently, we believe the potential for rental rates to increase in the smaller- and medium-sized spaces and buildings may be substantially greater in the near- to medium-term than for larger spaces fueled, in part, by improving liquidity and access to working capital for small and medium sized businesses as the economy continues to stabilize.

**Competitive Strengths**

In addition to our infill Southern California target market and asset focus, we believe that our investment strategy and operating model distinguish us from other owners, operators and acquirers of industrial real estate in several important ways, including the following:

***Attractive Existing Portfolio with Diversified Tenant Mix:*** We have built a difficult-to-replicate portfolio of interests in 59 properties totaling over 6.0 million square feet located in Southern California infill markets. We believe our initial portfolio is attractively positioned to participate in a recovery in rental rates in our markets. Additionally, our portfolio is leased to a broad tenant base, drawn from diverse industry sectors. We believe that this diversification reduces our exposure to tenant default risk and earnings volatility. As of December 31, 2012, we had 579 individual tenants, with no single tenant accounting for more than 2.7% of our total annualized rent.

***Superior Access to Deal Flow:*** We believe that we enjoy superior access to distressed, off-market and lightly marketed acquisition opportunities, many of which are difficult for competing investors to access. As we are principally focused on the Southern California market, our executive management and acquisition teams have developed and maintain a deep, broad network of relationships among key market participants, including property brokers, lenders, owners and tenants. We employ an extensive broker marketing, incentives and loyalty program. We also utilize data-driven and event-driven analytics and primary research to identify and pursue events and circumstances, including financial distress, related to owners, lenders, and tenants that tend to generate early access to emerging investment opportunities. We believe that our relationship network, creative sourcing approach and research-driven originations methods contribute to a superior level of attractive investment opportunities.

***Experienced Management Team:*** Members of our senior management team contribute over 45 years of prior public company experience, and collectively have been involved with over \$25 billion of real estate acquisitions over multiple cycles. Members of our senior management team have been working together for nearly a decade and together bring 130 years of experience focused on creating value by investing in infill Southern California industrial property.

**Vertically Integrated Platform:** We are a full-service real estate operating company, with in-house capabilities in all aspects of our business. Our platform includes experienced in-house teams focused on acquisitions, analytics and underwriting, asset management and repositioning, property management, leasing, and construction management, as well as finance, accounting, legal and human relations departments.

**Growth-Oriented Capital Structure:** We believe that a public company capital structure will enable us to capitalize effectively on the substantial volume of opportunities generated by our origination platform. Upon completion of this offering, our pro forma debt to total market capitalization will be %. In addition, we expect to have an approximately \$ million revolving credit facility available to fund future acquisitions and revenue-enhancing capital expenditures.

**Value-Add Repositioning and Redevelopment Expertise:** Our in-house redevelopment and construction management team collectively has over 75 years of industrial property redevelopment experience. Our in-house team employs an entrepreneurial approach to redevelopment and repositioning activities that are designed to increase the functionality and cash flow of our properties. These activities include converting large underutilized spaces into a series of smaller and more functional spaces, adding additional square footage and modernizing properties by, among other things, modernizing fire, life, safety and building operating systems, resolving functional obsolescence, adding or enhancing loading areas and truck access and making certain other accretive improvements.

#### **Our Business and Growth Strategies**

Our primary objective is to generate attractive risk-adjusted returns for our stockholders through dividends and capital appreciation. We believe that pursuing the following strategies will enable us to achieve this objective:

##### ***External Growth through Acquisitions:***

We intend to grow our initial portfolio through disciplined acquisitions in prime Southern California infill markets. We believe that our relationship-, data- and event-driven research allows us to identify and exploit asset mispricing and market inefficiencies. Through these proprietary origination methods, we are currently actively tracking approximately 30 million square feet of properties in our markets that we believe represent attractive potential investment opportunities. Our predecessor's most recent investment fund has acquired in excess of 2.6 million square feet in our target markets, sourced through a combination of off market and lightly marketed transactions, sale lease-backs and related transactions and short sales and discounted note purchases from financial institutions.

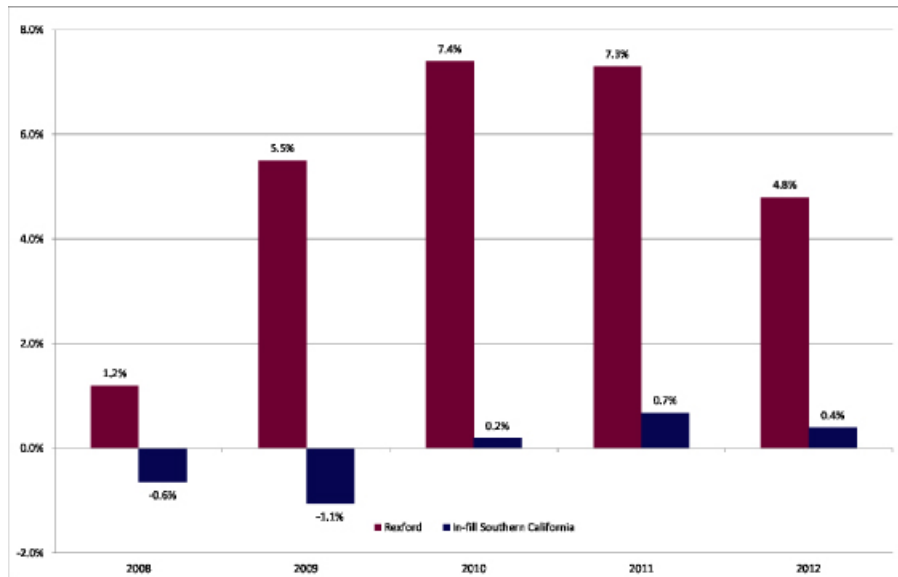
We believe there are a large number of over-leveraged industrial properties within our target markets facing loan maturities over the next several years. We seek to source transactions from owners facing pressing liquidity needs or financial distress, including maturities of loans that lack economical refinancing options. We also seek to transact with lenders, which, following the recent financial crisis, face a heightened need to divest or resolve underperforming loans in order to meet capital and regulatory requirements.

##### ***Internal Growth through Intensive, Value-Added Asset Management:***

We employ an intensive asset management strategy that is designed to increase cash flow from our properties. Our strategy includes repositioning industrial property by renovating, modernizing or increasing functionality to increase cash flow and value. For example, we sometimes convert formerly single-tenant properties to multi-tenant occupancy to capitalize upon the higher per square foot rents generated by smaller spaces in our target markets. We believe that by undertaking such conversions or other functional enhancements, we can position our properties to attract a larger universe of potential tenants, increase occupancy, tenant quality and rental rates. We also believe that multi-tenant properties help to limit our exposure to tenant default risk and diversify our sources of cash flow.

Our proactive approach to leasing and asset management is driven by our in-house team of portfolio and property managers, which maintains direct, day-to-day relationships and dialogue with our tenants. In addition, we motivate listing brokers through leasing incentives combined with highly entrepreneurial leasing plans that we develop for each of our properties. We believe our proactive approach to leasing and asset management enhances recurring cash flow and reduces periods of vacancy. Our properties have successfully outperformed the overall infill Southern California market in leasing up vacant space. As illustrated in the chart below, over the course of the last five years, we have demonstrated an ability to consistently increase occupancy, even during the depth of the recent "Great Recession" when our target markets experienced a net reduction in occupancy.

Net Absorption During Recessionary Period 2008 through 2012 YTD



We believe that our initial portfolio contains the potential for imbedded growth through the lease-up of currently available space. As of December 31, 2012, our initial portfolio was 84% leased. We believe four factors will contribute to increased cash flow from leasing in the near term:

- a number of our properties are in their final lease-up stage after being repositioned through our value-add activities,
- we expect the firming up of supply and demand in certain markets, such as San Diego, that generally lagged the infill markets of Los Angeles County and Orange County through the 2010 to 2012 recovery, and are now experiencing net positive absorption,
- the roll-over of relatively low-rate in-place leases across the portfolio to higher market rents with leases requiring fewer go-forward concessions and abatements compared to prior periods, and
- expected market rental rate increases in the multi-tenant industrial market, as smaller and medium sized business tenants begin to gain access to increased liquidity and available credit as the economy recovers.

**Financing Strategy**

We intend to maintain a flexible and growth-oriented capital structure. Upon completion of this offering, we will have an initial debt-to-market capitalization of approximately %. We intend to limit our future incurrence of debt to 60% of our total market capitalization at the time of incurrence. To facilitate our acquisition strategy, we are negotiating a revolving credit facility that we expect will provide approximately \$ million of initial borrowing capacity. This facility is expected to have an accordion feature that provides for additional borrowing capacity as the company continues to grow. This facility will be used for property acquisitions, working capital requirements and other general corporate purposes. Initially, we intend to use the facility at the closing of the offering to repay a portion of the mortgage debt on certain of our properties. See “Business—Description of Certain Debt.” The specific terms of the revolving credit facility will be negotiated by us and the lenders and there can be no assurance that we will be able to enter into this revolving credit facility on the terms described above or at all.

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We expect to fund property acquisitions through borrowings under our revolving credit facility and traditional mortgage financing, as well as any remaining cash available from the proceeds of this offering after repayment of certain indebtedness as described under "Use of Proceeds". We may place longer term mortgage debt on certain properties. We also anticipate using common units to acquire properties from existing owners interested in tax-deferred transactions.

### Our Properties

Upon completion of our formation transactions, our initial portfolio will consist of 59 properties with approximately 6.0 million rentable square feet and we will manage an additional 20 properties with approximately 1.2 million rentable square feet. We will own 100% of 53 of these properties and own between 15.0% to 96.8% of the remaining 6 properties. Our initial portfolio has a stable and diversified tenant base. As of December 31, 2012, our properties were 84% leased to 580 tenants, with no single tenant accounting for more than 2.7% and no single industry accounting for more than 11.0% of our total annualized rent. Our ten largest tenants account for 16% of our total annualized rent as of December 31, 2012. We intend to continue to maintain a diversified mix of tenants to limit our exposure to any single tenant or industry. We will also own one non-recourse mortgage loan with an estimated outstanding balance of approximately \$14.4 million as of December 31, 2012 and a fixed interest rate of 6.001% per annum, secured by a first mortgage on an industrial property located in San Juan Capistrano, California, which is scheduled to mature on May 1, 2017.

The following tables portray the property type, geographic, and industry diversity of our properties and tenants, respectively, as of December 31, 2012:

Property Type	Number of Properties	Occupancy <sup>(1)</sup>	Rentable Square Feet	Ownership Interest in Rentable Square Feet <sup>(2)</sup>	Percentage of Total Rentable Square Feet	Annualized Base Rent <sup>(3)</sup>	Percentage of Total Annualized Base Rent <sup>(4)</sup>	Annualized Base Rent per Square Foot <sup>(5)</sup>
Light Industrial / Office	7	76.2%	411,549	410,098	8.2%	\$ 4,107,192	11.7%	\$ 13.15
Light Manufacturing / Flex	7	77.7%	549,704	549,704	11.0%	\$ 5,471,772	15.5%	\$ 12.80
Warehouse / Distribution	11	86.0%	2,383,092	1,328,173	26.5%	\$ 7,966,575	22.6%	\$ 6.97
Warehouse / Light Manufacturing	34	85.4%	2,754,346	2,724,956	54.4%	\$17,687,640	50.2%	\$ 7.60
<b>Total / Weighted Average</b>	<b>59</b>	<b>84.0%</b>	<b>6,098,691</b>	<b>5,012,931</b>	<b>100.0%</b>	<b>\$35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>

(1) Calculated as the average occupancy at such properties as of December 31, 2012, weighted by each property's ownership interest in rentable square feet.

(2) Calculated for each property as rentable square feet for such property multiplied by the ownership interest for such property, and then aggregated by property type.

(3) Calculated for each property as the monthly contracted base rent per the terms of the lease(s) at such property, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for such property, and then aggregated by property type. Excludes billboard and antenna revenue and rent abatements.

(4) Calculated for each property type as annualized base rent for such property type divided by annualized base rent for the total portfolio as of December 31, 2012.

(5) Calculated for each property type as annualized base rent for such property type divided by the ownership interest in leased square feet for such property type as of December 31, 2012.

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Market	Number of Properties	Occupancy <sup>(1)</sup>	Rentable Square Feet	Ownership Interest in Rentable Square Feet <sup>(2)</sup>	Percentage of Total Rentable Square Feet	Annualized Base Rent <sup>(3)</sup>	Percentage of Total Annualized Base Rent <sup>(4)</sup>	Annualized Base Rent per Square Foot <sup>(5)</sup>
<b>Los Angeles County</b>								
Greater San Fernando Valley	12	87.9%	778,398	776,947	15.5%	\$ 6,482,316	18.4%	\$ 9.49
San Gabriel Valley	6	94.9%	612,482	612,482	12.2%	\$ 5,584,932	15.9%	\$ 9.60
Central	1	100.0%	190,663	190,663	3.8%	\$ 1,242,156	3.5%	\$ 6.51
Mid-Counties	4	82.4%	522,490	522,490	10.4%	\$ 2,996,448	8.5%	\$ 6.96
South Bay	4	92.7%	156,224	156,224	3.1%	\$ 1,231,896	3.5%	\$ 8.51
<b>Subtotal / Weighted Average</b>	<b>27</b>	<b>89.9%</b>	<b>2,260,257</b>	<b>2,258,806</b>	<b>45.1%</b>	<b>17,537,748</b>	<b>49.8%</b>	<b>\$ 8.64</b>
<b>Orange County</b>								
North Orange County	3	74.8%	248,843	204,070	4.1%	\$ 1,341,594	3.8%	\$ 8.79
Airport	4	89.7%	289,040	289,040	5.8%	\$ 2,045,379	5.8%	\$ 7.89
<b>Subtotal / Weighted Average</b>	<b>7</b>	<b>83.5%</b>	<b>537,883</b>	<b>493,110</b>	<b>9.8%</b>	<b>3,386,973</b>	<b>9.6%</b>	<b>\$ 8.22</b>
<b>San Bernardino County</b>								
Inland Empire West	4	82.3%	407,415	407,415	8.1%	\$ 3,125,652	8.9%	\$ 9.32
Inland Empire East	2	94.9%	85,282	85,282	1.7%	\$ 443,868	1.3%	\$ 5.48
<b>Subtotal / Weighted Average</b>	<b>6</b>	<b>84.5%</b>	<b>492,697</b>	<b>492,697</b>	<b>9.8%</b>	<b>3,569,520</b>	<b>10.1%</b>	<b>\$ 8.57</b>
<b>Ventura County</b>								
Camarillo / Oxnard	7	89.7%	1,760,622	750,476	15.0%	\$ 4,383,477	12.4%	\$ 6.51
<b>Subtotal / Weighted Average</b>	<b>7</b>	<b>89.7%</b>	<b>1,760,622</b>	<b>750,476</b>	<b>15.0%</b>	<b>4,383,477</b>	<b>12.4%</b>	<b>\$ 6.51</b>
<b>San Diego County</b>								
North County	7	59.5%	709,251	709,251	14.1%	\$ 3,740,382	10.6%	\$ 8.86
Central	2	92.0%	137,989	108,599	2.2%	\$ 1,168,082	3.3%	\$ 11.69
South County	1	65.7%	78,615	78,615	1.6%	\$ 498,180	1.4%	\$ 9.64
<b>Subtotal / Weighted Average</b>	<b>10</b>	<b>64.0%</b>	<b>925,855</b>	<b>896,465</b>	<b>17.9%</b>	<b>5,406,645</b>	<b>15.3%</b>	<b>\$ 9.43</b>
<b>Other<sup>(6)</sup></b>	<b>2</b>	<b>85.2%</b>	<b>121,377</b>	<b>121,377</b>	<b>2.4%</b>	<b>\$ 948,816</b>	<b>2.7%</b>	<b>\$ 9.17</b>
<b>Portfolio—Total / Weighted Average</b>	<b>59</b>	<b>84.0%</b>	<b>6,098,691</b>	<b>5,012,931</b>	<b>100.0%</b>	<b>\$35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>

- (1) Calculated as the average occupancy at such properties as of December 31, 2012, weighted by each property's ownership interest in rentable square feet.
- (2) Calculated for each property as rentable square feet for such property multiplied by the ownership interest for such property, and then aggregated by market.
- (3) Calculated for each property as the monthly contracted base rent per the terms of the lease(s) at such property, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for such property, and then aggregated by market. Excludes billboard and antenna revenue and rent abatements.
- (4) Calculated as annualized base rent for such market divided by annualized base rent for the total portfolio as of December 31, 2012.
- (5) Calculated as annualized base rent for such market divided by the ownership interest in leased square feet for such market as of December 31, 2012.
- (6) Includes one property in each of Tempe, Arizona and Glenview, Illinois.

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Industry	Number of Leases <sup>(1)</sup>	Leased Square Feet	Ownership Interest in Leased Square Feet <sup>(2)</sup>	Percentage of Total Leased Square Feet	Annualized Base Rent <sup>(3)</sup>	Percentage of Total Annualized Base Rent <sup>(4)</sup>	Annualized Base Rent per Square Foot <sup>(5)</sup>
Wholesale/Retail	66	788,339	525,585	12.5%	\$ 3,872,448	11.0%	\$ 7.37
Industrial Equipment & Components	44	483,882	476,607	11.3%	\$ 3,349,681	9.5%	\$ 7.03
Pharmaceuticals	15	257,242	255,922	6.1%	\$ 3,154,164	9.0%	\$ 12.32
Automotive	49	360,795	354,509	8.4%	\$ 2,715,747	7.7%	\$ 7.66
Paper & Printing	15	320,263	320,263	7.6%	\$ 2,333,076	6.6%	\$ 7.28
Apparel	23	372,569	370,910	8.8%	\$ 2,322,022	6.6%	\$ 6.26
Business Services	62	211,337	206,709	4.9%	\$ 2,201,846	6.2%	\$ 10.65
Light Manufacturing	33	409,328	284,824	6.8%	\$ 2,148,431	6.1%	\$ 7.54
Construction	55	269,213	258,028	6.1%	\$ 1,804,143	5.1%	\$ 6.99
Warehousing & Storage	24	571,968	212,328	5.0%	\$ 1,761,455	5.0%	\$ 8.30
Technology & Electronics	38	148,351	145,934	3.5%	\$ 1,581,232	4.5%	\$ 10.84
Financial Services	14	70,794	68,001	1.6%	\$ 1,354,209	3.8%	\$ 19.91
Food & Beverage	29	129,565	129,325	3.1%	\$ 1,181,826	3.4%	\$ 9.14
Sporting & Recreational Goods	27	144,762	135,073	3.2%	\$ 1,163,691	3.3%	\$ 8.62
Healthcare	24	155,554	155,389	3.7%	\$ 1,088,982	3.1%	\$ 7.01
Government	2	60,881	60,881	1.4%	\$ 1,071,936	3.0%	\$ 17.61
Logistics & Transportation	21	61,791	61,551	1.5%	\$ 518,826	1.5%	\$ 8.43
Other	39	194,207	187,466	4.5%	\$ 1,609,464	4.6%	\$ 8.59
<b>Total / Weighted Average</b>	<b>580</b>	<b>5,010,841</b>	<b>4,209,304</b>	<b>100.0%</b>	<b>\$ 35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>

- (1) A single lease may cover space in more than one building.
- (2) Calculated for each lease as leased square feet multiplied by the ownership interest for the applicable property, and then aggregated by industry.
- (3) Calculated for each lease as the monthly contracted base rent per the terms of such lease, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for the applicable property, and then aggregated by market. Excludes billboard and antenna revenue and rent abatements.
- (4) Calculated as annualized base rent for tenants in such industry divided by annualized base rent for the total portfolio as of December 31, 2012.
- (5) Calculated as annualized base rent for tenants in such industry divided by the ownership interest in leased square feet for tenants in such industry as of December 31, 2012.

The following table sets forth information about the 10 largest tenants in our portfolio based on total annualized rent as of December 31, 2012.

Tenant	Submarket	Number of Properties	Leased Square Feet	Ownership Interest in Leased Square Feet <sup>(1)</sup>	Percentage of Total Leased Square Feet	Annualized Base Rent <sup>(2)</sup>	Percentage of Total Annualized Base Rent <sup>(3)</sup>	Annualized Base Rent per Square Foot <sup>(4)</sup>	Lease Expirations
MGR	Los Angeles - Ventura County	1	130,412	130,412	3.1%	\$ 628,308	1.8%	\$ 4.82	9/30/2013 <sup>(5)</sup>
Towne Inc.	Orange County Airport	1	122,060	122,060	2.9%	\$ 678,888	1.9%	\$ 5.56	7/31/2014
Deckers Outdoor Corporation	Los Angeles - Ventura County	2	723,106	108,466	2.6%	\$ 592,223	1.7%	\$ 5.46	11/30/2018
Plastics Research Corporation	San Bernardino - Inland Empire West	1	107,861	107,861	2.6%	\$ 427,128	1.2%	\$ 3.96	2/28/2022
Perfect Fit Industries	Los Angeles - Mid Counties	1	96,758	96,758	2.3%	\$ 522,492	1.5%	\$ 5.40	7/31/2013
Genie Air	Los Angeles - Greater San Fernando Valley	1	81,282	81,282	1.9%	\$ 438,924	1.2%	\$ 5.40	5/31/2016
Royal Printex	Los Angeles - Central	1	78,928	78,928	1.9%	\$ 524,628	1.5%	\$ 6.65	12/31/2017
Circor Aerospace	Los Angeles - Greater San Fernando Valley	1	77,118	77,118	1.8%	\$ 508,968	1.4%	\$ 6.60	12/31/2014
PureTek	Los Angeles - Greater San Fernando Valley	1	76,993	76,993	1.8%	\$ 341,040	1.0%	\$ 4.43	11/30/2015
Biosense Webster	Los Angeles - San Gabriel Valley	1	76,000	76,000	1.8%	\$ 967,836	2.7%	\$ 12.73	10/31/2014
<b>Top 10 Tenants</b>		<b>11</b>	<b>1,570,518</b>	<b>955,878</b>	<b>22.7%</b>	<b>\$ 5,630,435</b>	<b>16.0%</b>	<b>\$ 5.89</b>	
All Other Tenants		48	3,440,323	3,253,427	77.3%	\$ 29,602,743	84.0%	\$ 9.10	
<b>Total Initial Portfolio</b>		<b>59</b>	<b>5,010,841</b>	<b>4,209,304</b>	<b>100.0%</b>	<b>\$ 35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>	

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- (1) Calculated for each tenant as leased square feet multiplied by the ownership interest for the applicable property.
- (2) Calculated for each tenant as the monthly contracted base rent per the terms of such tenant's lease, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for the applicable property. Excludes billboard and antenna revenue and rent abatements.
- (3) Calculated as annualized base rent for such tenant divided by annualized base rent for the total portfolio as of December 31, 2012.
- (4) Calculated as annualized base rent for such tenant divided by the ownership interest in leased square feet for such tenant as of December 31, 2012.
- (5) Of MGR's 130,412 square feet, 50,760 square feet are leased on a month-to-month basis, with the leases for the remaining square feet expiring in September 2013.

As of December 31, 2012, our weighted average in-place remaining lease term was 2.28 years. The following table sets forth a summary schedule of lease expirations for leases in place as of December 31, 2012, plus available space, for each of the five full calendar years beginning January 1, 2013 and thereafter in our portfolio. The information set forth in the table assumes that tenants exercise no renewal options and no early termination rights.

<u>Year of Lease Expiration</u>	<u>Number of Leases Expiring</u>	<u>Total Rentable Square Feet<sup>(1)</sup></u>	<u>Ownership Interest in Rentable Square Feet<sup>(2)</sup></u>	<u>Percentage of Total Owned Square Feet</u>	<u>Annualized Base Rent<sup>(3)</sup></u>	<u>Percentage of Total Annualized Base Rent<sup>(4)</sup></u>	<u>Annualized Base Rent per Square Foot<sup>(5)</sup></u>
Month-to-Month Tenants <sup>(6)</sup>	42	213,679	213,451	4.3%	\$ 1,331,988	3.8%	\$ 6.24
Available	0	1,087,850	803,626	16.0%	0	0.0%	\$ 0.00
2013	258	1,148,198	1,115,824	22.3%	\$10,159,828	28.8%	\$ 9.11
2014	152	1,190,366	1,176,195	23.5%	\$ 9,710,440	27.6%	\$ 8.26
2015	88	829,224	694,135	13.8%	\$ 5,017,002	14.2%	\$ 7.23
2016	17	304,229	299,833	6.0%	\$ 2,678,836	7.6%	\$ 8.93
2017	12	304,213	304,213	6.1%	\$ 2,458,914	7.0%	\$ 8.08
Thereafter	11	1,020,932	405,654	8.1%	\$ 3,876,170	11.0%	\$ 9.56
<b>Total Initial Portfolio</b>	<b>580</b>	<b>6,098,691</b>	<b>5,012,931</b>	<b>100.0%</b>	<b>\$35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>

- (1) Represents the contracted square footage upon expiration (or square footage of available space).
- (2) Calculated for each lease (or available space) as rentable square feet multiplied by the ownership interest for the applicable property, and then aggregated by year of lease expiration (or available space).
- (3) Calculated for each lease as the monthly contracted base rent per the terms of such lease, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for the applicable property, and then aggregated by year of lease expiration. Excludes billboard and antenna revenue and rent abatements.
- (4) Calculated as annualized base rent for such leases divided by annualized base rent for the total portfolio as of December 31, 2012.
- (5) Calculated as annualized base rent for such leases divided by the ownership interest in leased square feet for such leases as of December 31, 2012.
- (6) Represents tenants under month-to-month leases.



### **Summary Risk Factors**

An investment in our common stock involves material risks. You should consider carefully the risks described below and under “Risk Factors” before purchasing shares of our common stock in this offering:

- Our portfolio of properties is concentrated in the industrial real estate sector, and our business would be adversely affected by an economic downturn in that sector.
- Our portfolio of properties is dependent upon regional and local economic conditions and is geographically concentrated in Southern California infill markets, which causes us to be especially susceptible to adverse developments in that market.
- We may be unable to renew leases, lease vacant space or re-lease space as leases expire.
- We may be unable to identify and complete acquisitions of properties that meet our criteria, which may impede our growth.
- Our success depends on key personnel, including Richard Ziman, our Executive Chairman, and Howard Schwimmer and Michael S. Frankel, our Co-Chief Executive Officers, whose continued service is not guaranteed, and the loss of one or more of our key personnel could adversely affect our ability to manage our business and to implement our growth strategies, or could create a negative perception in the capital markets.
- Our charter and bylaws, the partnership agreement of our operating partnership and Maryland law contain provisions that may delay, defer or prevent a change of control transaction.
- The tax matters agreement we have entered into in connection with the formation transactions, or the Tax Matters Agreement, could limit our ability to sell or otherwise dispose of certain properties and could require us to maintain levels of debt that are higher than we otherwise need.
- Failure to qualify or maintain our qualification as a REIT would have significant adverse consequences to us and the value of our common stock.
- There are restrictions on ownership and transfer of our common stock.
- Potential losses, including from adverse weather conditions, natural disasters, including earthquakes and wildfires, and title claims, may not be covered by insurance.

### **Structure and Formation of Our Company**

#### ***Our Operating Partnership***

Following the completion of this offering, the formation transactions and the concurrent private placement, substantially all of our assets will be held by, and our operations will be conducted through, our operating partnership. We will contribute the net proceeds from this offering and the concurrent private placement to our operating partnership in exchange for common units therein. Our interest in our operating partnership will generally entitle us to share in cash distributions from, and in the profits and losses of, our operating partnership in proportion to our percentage ownership. As the sole general partner of our operating partnership, we will generally have the exclusive power under the partnership agreement to manage and conduct its business and affairs, subject to certain limited approval and voting rights of the limited partners, which are described more fully below in “Description of the Partnership Agreement of Rexford Industrial, L.P.” Our board of directors will manage our business and affairs.

Beginning on or after the date which is 14 months after the later of the completion of this offering or the date on which a person first became a holder of common units, each limited partner of our operating partnership will have the right to require our operating partnership to redeem part or all of its common units for cash, based upon the value of an equivalent number of shares of our common stock at the time of the redemption, or, at our election, shares of our common stock on a one-for-one basis, subject to certain adjustments and the restrictions on ownership and transfer of our stock set forth in our charter and described under the section entitled “Description of Stock—Restrictions on Ownership and Transfer.” With each redemption of common units, our percentage ownership interest in our operating partnership and our share of our operating partnership’s cash distributions and profits and losses will increase. See “Description of the Partnership Agreement of Rexford Industrial, L.P.”

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***Our Services Company***

As part of the formation transactions, we will acquire Rexford Industrial Realty and Management, Inc., which we refer to as the services company. The services company will be wholly owned, indirectly, by our operating partnership. We will elect with our services company to treat it as a taxable REIT subsidiary for federal income tax purposes.

***Formation Transactions***

Each property that will be owned by us through our operating partnership upon the completion of this offering, the formation transactions and the concurrent private placement is currently owned indirectly by the Rexford Funds through property owning subsidiaries. We refer to these property owning subsidiaries and the Rexford Funds collectively as the “ownership entities.” The Rexford Funds have (1) entered into contribution agreements with our operating partnership, pursuant to which they will contribute their interests in their property owning subsidiaries to our operating partnership, (2) entered into merger agreements pursuant to which they will merge with and into our operating partnership, or (3) in the case of Rexford Industrial Fund V REIT, LLC (“Fund V REIT”), entered into a merger agreement pursuant to which it will merge with and into us, in each case substantially concurrently with the completion of this offering. In addition, each management company will merge with and into a subsidiary of our operating partnership, with such management company as the surviving entity. Investors in the Rexford Funds, which we sometimes refer to as the prior investors, and the management companies will receive cash, shares of our common stock and common units in exchange for their interests in the Rexford Funds or the management companies.

***Concurrent Private Placement***

In connection with the formation transactions, we made available to accredited investors in the Rexford Funds the opportunity to acquire for cash additional shares of our common stock at the public offering price per share in this offering concurrently with the closing of the formation transactions and this offering. We refer to the shares issued pursuant to this opportunity as the concurrent private placement. No fees, discounts or selling commissions will be paid to the underwriters in connection with any sale of our common stock through the concurrent private placement. Rexford Fund investors have irrevocably committed to invest approximately \$            in the concurrent private placement, which will result in the issuance of shares of our common stock based on the mid-point of the price range set forth on the front cover of this prospectus in addition to the shares sold in this offering.

**Corporate Structure**

The chart below reflects our organization immediately following completion of this offering, the formation transactions and the concurrent private placement.



- (1) On a fully diluted basis, our public stockholders will own % of our outstanding common stock, our directors and executive officers and their affiliates will own % of our outstanding common stock and the other prior investors in the Rexford Funds and the management companies as a group will own % of our outstanding common stock.
- (2) If the underwriters exercise their over-allotment option in full, on a fully diluted basis, our public stockholders will own % of our outstanding common stock, our directors and executive officers and their affiliates will own % of our outstanding common stock and the other prior investors in the Rexford Funds and the management companies as a group will own % of our outstanding common stock.
- (3) If the underwriters exercise their over-allotment option in full, our public stockholders, our directors and executive officers and their affiliates and the other prior investors in the Rexford Funds and the management companies will own %, % and %, respectively, of our outstanding common stock, and we, our directors and executive officers and their affiliates and the other prior investors in the Rexford Funds and the management companies will own %, %, and %, respectively, of the outstanding common units.

**Benefits of the Formation Transactions to Related Parties**

In connection with this offering, certain of our directors and executive officers will receive material benefits described in “Certain Relationships and Related Transactions,” including the following. All amounts are based on the mid-point of the price range set forth on the cover page of this prospectus:

- Mr. Ziman, our Executive Chairman, and his affiliates will receive \_\_\_\_\_ shares of our common stock and \_\_\_\_\_ common units in connection with the formation transactions and the concurrent private placement, with an aggregate value of approximately \$ \_\_\_\_\_ million. As a result, Mr. Ziman and his affiliates will own approximately \_\_\_\_\_ % of our outstanding common stock on a fully diluted basis (or \_\_\_\_\_ % if the underwriters’ over-allotment option is exercised in full).
- Mr. Schwimmer, our Co-Chief Executive Officer and director, and his affiliates will receive shares of our common stock and \_\_\_\_\_ common units in connection with the formation transactions and the concurrent private placement, with an aggregate value of approximately \$ \_\_\_\_\_ million. As a result, Mr. Schwimmer and his affiliates will own approximately \_\_\_\_\_ % of our outstanding common stock on a fully diluted basis (or \_\_\_\_\_ % if the underwriters’ over-allotment option is exercised in full).
- Mr. Frankel, our Co-Chief Executive Officer and director, and his affiliates will receive shares of our common stock and \_\_\_\_\_ common units in connection with the formation transactions and the concurrent private placement, with an aggregate value of approximately \$ \_\_\_\_\_ million. As a result, Mr. Frankel and his affiliates will own approximately \_\_\_\_\_ % of our outstanding common stock on a fully diluted basis (or \_\_\_\_\_ % if the underwriters’ over-allotment option is exercised in full).
- To the extent that an ownership entity or any of the management companies has an excess of net working capital over “target net working capital” (as set forth below) as determined by us within 45 days prior to the date of the preliminary prospectus in connection with this offering, the amount of such excess shall be due to the prior owners of such ownership entity or management company, as applicable, immediately prior to the completion of the offering, including our directors and executive officers who are prior investors. To the extent not distributed or paid by such ownership entity or management company prior to the completion of this offering, our operating partnership shall pay such amounts on behalf of each such ownership entity or management company, as applicable, promptly after the completion of this offering. For purposes of this calculation, the target net working capital of each ownership entity and the management companies will be zero. Therefore, any such amounts will not be included in the assets that we acquire in the formation transactions. We estimate that the aggregate amount of such excess of net working capital will be \$ \_\_\_\_\_, of which \$ \_\_\_\_\_ will be payable to Mr. Ziman and his affiliates, \$ \_\_\_\_\_ will be payable to Mr. Schwimmer and his affiliates, and \$ \_\_\_\_\_ will be payable to Mr. Frankel and his affiliates.
- We will enter into a Tax Matters Agreement with certain limited partners of our operating partnership, pursuant to which our operating partnership will agree to indemnify such limited partners against adverse tax consequences in connection with: (1) our sale of certain specified properties in a taxable transaction prior to the seventh anniversary of the closing of the formation transactions; and (2) our failure to provide certain limited partners the opportunity to guarantee certain debt of our operating partnership during the period ending on the twelfth anniversary of the closing of the formation transactions, or following such period, our failure to use commercially reasonable efforts to provide such opportunities; provided that, subject to certain exceptions and limitations, such indemnification rights will terminate for any such protected partner that sells, exchanges or otherwise disposes of more than 50% of his or her common units during such period. Messrs. Ziman, Schwimmer and Frankel will have the opportunity to guarantee up to approximately \$ \_\_\_\_\_ million, \$ \_\_\_\_\_ million, and \$ million, respectively, of our outstanding indebtedness respectively pursuant to the Tax Matters Agreement.
- In connection with the completion of this offering, we will enter into a registration rights agreement with the various persons receiving shares of our common stock and/or common units in the formation transactions and the concurrent private placement, including certain of our directors and executive officers and their affiliates. Under the registration rights agreement, subject to certain limitations, commencing not later than 14 months after the date of this offering, we will file one or more registration statements covering the resale of the shares of our common stock issued in the

formation transactions, the concurrent private placement and the resale of the shares of our common stock issued or issuable, at our option, in exchange for common units issued in the formation transactions. We may, at our option, satisfy our obligation to prepare and file a resale registration statement by filing a registration statement registering the issuance by us of shares of our common stock under the Securities Act in lieu of our operating partnership's obligation to pay cash for such units. We will agree to pay all of the expenses relating to the securities registrations described above. See "Certain Relationships and Related Transactions—Registration Rights" and "Shares Eligible for Future Sale—Registration Rights."

- We intend to enter into employment agreements with certain of our executive officers that would become effective as of the closing of this offering, which we expect will provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. The terms of these employment agreements have not yet been finalized and therefore remain subject to change.
- We intend to enter into indemnification agreements with directors and executive officers at the closing of this offering, providing for procedures for indemnification by us to the fullest extent permitted by law and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us or, at our request, service to other entities, as officers or directors.
- We intend to adopt our 2013 Incentive Award Plan, under which we may grant cash or equity incentive awards to our directors, officers, employees and consultants. See "Executive Compensation—2013 Incentive Award Plan."

#### **Conflicts of Interest**

Following the completion of this offering, conflicts of interest may arise between the holders of common units and our stockholders with respect to certain transactions. In particular, the consummation of certain business combinations, the sale of any properties or a reduction of indebtedness could have adverse tax consequences to holders of common units, which would make those transactions less desirable to certain holders of such common units.

Certain of our directors and executive officers own interests, directly or indirectly, in the ownership entities that own the properties included in our initial portfolio and that we will acquire in the formation transactions and as such have interests in the contribution and/or merger agreements that we will enter into with the Rexford Funds and the management companies, as applicable. In addition, we expect that certain of our executive officers will enter into employment agreements with us. We may choose not to enforce, or to enforce less vigorously, our rights under these agreements because of our desire to maintain our ongoing relationships with members of our senior management or our board of directors and their affiliates, with possible negative impact on stockholders. Moreover, these agreements were not negotiated at arm's length and in the course of structuring the formation transactions, certain of our directors and executive officers had the ability to influence the types and level of benefits that they will receive from us under these agreements.

Messrs. Ziman, Schwimmer and Frankel have entered into a representation, warranty and indemnity agreement with us, pursuant to which they made certain representations and warranties to us regarding the entities and assets being acquired in the formation transactions and agreed to indemnify us and our operating partnership for breaches of such representations and warranties for one year after the completion of this offering. For purposes of satisfying any indemnification claims, Messrs. Ziman, Schwimmer and Frankel will deposit into escrow shares of our common stock and common units with an aggregate value equal to ten percent of the consideration payable to Messrs. Ziman, Schwimmer and Frankel in the formation transactions. Messrs. Ziman, Schwimmer and Frankel have no obligation to increase the amount of common stock and/or common units in the escrow in the event the trading price of our common stock declines below the initial public offering price. Any and all amounts remaining in the escrow one year from the closing of the formation transactions will be distributed to Messrs. Ziman, Schwimmer and Frankel to the extent that indemnity claims have not been made against such amounts. This indemnification is subject to a one-time aggregate deductible equal to one percent of the consideration payable to Messrs. Ziman, Schwimmer and Frankel in the formation transactions and a cap equal to the value of the consideration deposited in the escrow. Other than Messrs. Ziman, Schwimmer and Frankel, none of the prior investors or the entities that we are acquiring in the formation transactions will provide us with any indemnification. We may choose not to enforce, or to enforce less vigorously, our rights under this agreement due to our ongoing relationship with Messrs. Ziman, Schwimmer and Frankel.

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In addition, pursuant to a Tax Matters Agreement, our operating partnership has agreed to indemnify certain limited partners of our operating partnership, including certain of our directors and executive officers, against adverse tax consequences to them in the event that we sell, exchange or otherwise dispose of any interest in certain specified properties in a taxable transaction prior to the seventh anniversary of the closing of the formation transactions. Furthermore, our operating partnership will also be required to indemnify certain limited partners of our operating partnership against any resulting taxes to them if we fail to offer them an opportunity to guarantee, in the aggregate, up to approximately \$ million of certain of our outstanding indebtedness during the period ending on the twelfth anniversary of the closing of the formation transactions or if we fail to use commercially reasonable efforts to provide such debt guarantee opportunities to such continuing limited partners following such time period. Subject to certain exceptions and limitations, such indemnification rights will terminate for any protected partner that sells, exchanges or otherwise disposes of more than 50% of his or her common units.

Prior to the formation transactions, the services company and Rexford Industrial, LLC, or RI, LLC provided management services to the Rexford Funds. As part of the formation transactions, the services company and RI, LLC will become wholly owned subsidiaries of our operating partnership. Mr. Schwimmer owns interests in 19 properties representing approximately 1.0 million square feet that are not part of the Rexford Funds portfolio. Mr. Schwimmer's investments in these properties are more than a decade old and pre-date the formation of the Rexford Funds. Mr. Schwimmer is the general partner, or co-general partner, of each of the entities that owns these properties. These properties are currently managed by RI, LLC, and will be managed by our services company after consummation of this offering. In 2013, these property management agreements are expected to generate revenues of approximately \$200,000 for the services company. In addition, three of these properties are held as tenancies-in-common with other parties, and are subject to tenancy-in-common agreements, which appoint RI, LLC as manager of the properties, in charge of providing day-to-day business operations and leasing services, in return for a property management fee. Following the completion of this offering, the services company and RI, LLC will continue to provide management services to these properties. Conflicts of interest may exist or could arise in the future in connection with considering whether to extend, terminate or re-negotiate these property management agreements.

Mr. Ziman currently serves as chairman of the board of directors of AVP Advisors, LLC and AVP Capital, LLC ("AVP"), a position he has held since June 2006. In connection with his AVP board service, Mr. Ziman has been involved in significant business matters of AVP, including raising \$500 million for a fund investing in third-party real estate investment funds targeting investments in a range of property types across a diverse range of U.S. property markets. AVP has deployed its capital and is not currently investing additional capital. Mr. Ziman also serves on the boards of directors of The Rosalinde and Arthur Gilbert Foundation and The Gilbert Collection (the "Foundations"), positions he has held since August 1999 and October 2008, respectively. Although Mr. Ziman does not play an active role in the day-to-day management or oversight of the Foundations' investments, the Foundations own industrial property in Southern California and may acquire additional industrial property or may sell certain industrial buildings currently owned in future periods. Following the completion of this offering, Mr. Ziman will continue as a member of the boards of directors of the Foundations. Conflicts of interest may exist or could arise in the future as a result of Mr. Ziman's service on the boards of AVP and the Foundations.

We have not obtained any third-party appraisals of the properties and other assets to be acquired by us from the Rexford Funds and the management companies in connection with the formation transactions. As a result, the price to be paid by us to the prior investors for the acquisition of the properties and assets in the formation transactions may exceed the fair market value of those properties and assets.

Conflicts of interest may exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Our directors and officers have duties to our company under Maryland law in connection with their management of our company. At the same time, we, as the general partner of our operating partnership, have fiduciary duties and obligations to our operating partnership and its limited partners under Maryland law and the partnership agreement of our operating partnership in connection with the management of our operating partnership. Our fiduciary duties and obligations as the general partner of our operating partnership may come into conflict with the duties of our directors and officers to our company. We have adopted policies that are designed to eliminate or minimize certain potential conflicts of interests, and the limited partners of our operating partnership have agreed that, in the event of a conflict between the interests of us or our stockholders and the interests of our operating partnership or any of its limited partners, we may give priority to the separate interests of our company or our stockholders, including with respect to tax consequences to limited partners, assignees or our stockholders. See "Policies With Respect to Certain Activities—Conflict of Interest Policy" and "Description of the Partnership Agreement of Rexford Industrial, L.P."

**Tax Status**

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2013. We believe that our organization and proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT. To maintain REIT qualification, we must meet a number of organizational and operational requirements, including a requirement that we annually distribute at least 90% of our taxable income to our stockholders. As a REIT, we generally will not be subject to federal income tax on our taxable income we currently distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax at regular corporate rates. Even if we qualify for taxation as a REIT, we may be subject to some federal, state and local taxes on our income or property. In addition, the income of any taxable REIT subsidiary that we own will be subject to taxation at regular corporate rates. See “U.S. Federal Income Tax Considerations.”

**Distribution Policy**

We are a newly formed company that has not commenced operations, and as a result, we have not paid any distributions as of the date of this prospectus. U.S. federal income tax laws generally require that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. To satisfy the requirements to qualify as a REIT and generally not be subject to U.S. federal income tax, we intend to make quarterly distributions of all or substantially all of our REIT taxable income to holders of our common stock out of assets legally available therefor. We intend to pay a pro rata initial distribution with respect to the period commencing on the completion of this offering and ending at the last day of the then-current fiscal quarter, based on a distribution of \$ \_\_\_\_\_ per share for a full quarter. On an annualized basis, this would be \$ \_\_\_\_\_ per share, or an annual distribution rate of approximately \_\_\_\_\_ % based on the initial public offering price. We estimate this initial annual distribution rate will represent approximately \_\_\_\_\_ % of estimated cash available for distribution to our common stockholders for the year ending December 31, 2013. We intend to maintain our initial distribution rate for the 12-month period following completion of this offering unless our actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimate. These distributions and any future distributions we make will be at the discretion of our board of directors and will depend upon our earnings and financial condition, maintenance of REIT qualification, applicable restrictions contained in the Maryland General Corporation Law (“MGCL”) and such other factors as our board may determine in its sole discretion. We anticipate that our estimated cash available for distribution will exceed the annual distribution requirements applicable to REITs. However, under some circumstances, we may be required to pay distributions in excess of cash available for distribution in order to meet these distribution requirements and may need to use the proceeds from future equity and debt offerings, sell assets or borrow funds to make some distributions. We have no intention to use the net proceeds of this offering to make distributions nor do we intend to make distributions using shares of common stock. We cannot assure you that our distribution policy will not change in the future.

**Restrictions on Transfer**

Under our partnership agreement, holders of common units do not have redemption or exchange rights, except under limited circumstances, for a period of 14 months, and may not otherwise transfer their common units, except under certain limited circumstances, for a period of 14 months, from the later of completion of this offering or the date on which a person first became a holder of common units. After the expiration of this 14-month period, transfers of common units by limited partners and their assignees are subject to various conditions, including our right of first refusal, described under “Description of the Partnership Agreement of Rexford Industrial, L.P.—Transfers and Withdrawals.” In addition, each of our executive officers, directors and director nominees and their affiliates, has agreed not to sell or otherwise transfer or encumber any shares of our common stock or securities convertible or exchangeable into our common stock (including common units) owned by them at the completion of this offering or thereafter acquired by them for a period of 360 days after the date of this prospectus without the written consent of the underwriters. The other participants in the formation transactions and the concurrent private placement have agreed not to sell or otherwise transfer or encumber any shares of our common stock or securities convertible or exchangeable into our common stock (including common units) owned by them at the completion of this offering or thereafter acquired by them for a period of 180 days after the date of this prospectus without the written consent of the representatives of the underwriters.

**Restrictions on Ownership and Transfer of our Stock**

Due to limitations on the concentration of ownership of REIT stock imposed by the Code, our charter generally prohibits any person from actually, beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of all classes and series of our stock. We refer to these restrictions as the “ownership limits.” Our charter permits our board of directors, in its sole and absolute discretion, to exempt a person, prospectively or retroactively, from one or both of the ownership limits if, among other limitations, the person’s ownership of our stock in excess of the ownership limits could not cause us to fail to qualify as a REIT.



	<b>The Offering</b>
Common stock offered by us	shares of common stock (plus up to an additional shares of common stock that we may issue and sell upon the exercise of the underwriters' over-allotment option).
Common stock and common units to be outstanding after completion of the formation transactions, the concurrent private placement and this offering	shares and units(1)(2)(3)(4)
Use of proceeds	<p>We estimate that the net proceeds we will receive from the sale of shares of our common stock in this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full), in each case assuming a public offering price of \$ per share, which is the mid-point of the price range set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions of approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full) and estimated offering expenses of approximately \$ million payable by us. We expect the net proceeds of the concurrent private placement will be approximately \$ million. We will contribute the net proceeds we receive from this offering and the concurrent private placement to our operating partnership in exchange for common units in our operating partnership.</p> <p>We expect our operating partnership will use the net proceeds as described below:</p> <ul style="list-style-type: none"><li>• approximately \$ million to repay in full certain outstanding indebtedness, and approximately \$ million to pay prepayment costs, exit fees and assumption fees;</li><li>• \$ million to pay non-accredited investors in connection with the formation transactions; and</li><li>• the remaining amounts to acquire and manage industrial properties and for general corporate purposes.</li></ul> <p>Prior to the full deployment of the net proceeds as described above, we intend to invest the undeployed net proceeds in interest-bearing short-term investment grade securities or money-market accounts that are consistent with our intention to qualify as a REIT, including, for example, government and government agency certificates, certificates of deposit and interest-bearing bank deposits. We expect that these initial investments will provide a lower net return than we expect to receive from investments in industrial properties. If the underwriters exercise their over-allotment option in full, we expect to use the additional \$ million of net proceeds for general corporate purposes. See "Use of Proceeds."</p>

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Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully read and consider the information set forth under the heading “Risk Factors” beginning on page 24 and other information included in this prospectus before investing in our common stock.

Proposed New York Stock Exchange symbol

- (1) Assumes the underwriters’ over-allotment option to purchase up to an additional \_\_\_\_\_ shares of common stock is not exercised.
- (2) Includes \_\_\_\_\_ shares of our common stock issuable pursuant to the concurrent private placement.
- (3) Does not include \_\_\_\_\_ shares of our common stock or common units reserved for issuance under our 2013 Incentive Award Plan. Includes \_\_\_\_\_ shares of common stock issuable pursuant to awards under our 2013 Incentive Award Plan to our directors, executive officers and non-executive employees upon consummation of this offering. See “Executive Compensation—2013 Incentive Award Plan” for additional information.
- (4) Includes \_\_\_\_\_ common units held by limited partners (other than common units held by our company) expected to be outstanding following consummation of our formation transactions.

**Summary Financial Information**

The following table sets forth selected financial and operating data on (i) a pro forma basis for our company and (ii) a historical basis for Rexford Industrial, Inc. Predecessor. Rexford Industrial, Inc. Predecessor is comprised of certain entities under common control and their consolidated subsidiaries that own directly or indirectly interests in 59 industrial properties. We refer to these entities and their subsidiaries collectively as the “ownership entities.” Upon completion of our formation transactions, the concurrent private placement and this offering, we will acquire interests in the 59 industrial properties owned directly or indirectly by Rexford Industrial, Inc. Predecessor.

We have not presented historical information for Rexford Industrial, Inc. because we have not had any corporate activity since our formation and because we believe that a discussion of the results of Rexford Industrial, Inc. would not be meaningful.

You should read the following summary financial and operating data in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operation,” our unaudited pro forma consolidated financial statements and related notes, and the historical combined financial statements and related notes of Rexford Industrial, Inc. Predecessor included elsewhere in this prospectus.

The unaudited pro forma condensed consolidated balance sheet data is presented as if our formation transactions, the concurrent private placement and this offering had occurred on December 31, 2012, and the unaudited pro forma statements of operations and other data for the year ended December 31, 2012, is presented as if our formation transactions, the concurrent private placement and this offering had occurred on January 1, 2012. The pro forma financial information is not necessarily indicative of what our actual financial condition would have been as of December 31, 2012 or what our actual results of operations would have been assuming our formation transactions, the concurrent private placement and this offering had been completed as of January 1, 2012, nor does it purport to represent our future financial position or results of operations.

The summary historical combined balance sheet information as of December 31, 2012 and 2011, and the historical combined statement of operations data for the years ended December 31, 2012 and 2011 have been derived from the combined financial statements of Rexford Industrial, Inc. Predecessor, which were audited by Ernst & Young LLP, independent registered public accountants, and are included elsewhere in this prospectus.

	Year Ended December 31.		
	Company Pro Forma	Rexford Predecessor Historical Combined	
	2012	2012	2011
	(Unaudited)	(In thousands)	(In thousands)
<b>Statement of Operations Data:</b>			
<b>Revenue</b>			
Rental revenues	\$	\$ 29,362	\$ 24,375
Tenant reimbursements		3,275	2,453
Management, leasing and development services		519	316
Other income		124	159
Total rental revenues		<u>33,280</u>	<u>27,303</u>
Interest income		1,577	1,578
Total revenues		<u>34,857</u>	<u>28,881</u>
<b>Expenses</b>			
Property expenses		8,563	7,210
General and administrative		6,382	4,687
Depreciation and amortization		13,105	10,250
Other expense		103	106
Total operating expenses		<u>28,153</u>	<u>22,253</u>

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	Year Ended December 31,	
	Company Pro Forma	Rexford Predecessor Historical Combined
	2012 (Unaudited)	2011 (In thousands)
<b>Other (income) expense</b>		
Acquisition expenses		1,022
Interest expense		18,031
Gain on mark-to-market interest rate swaps		(4,185)
Total other income (expense)		14,868
Total expenses		37,121
Equity in income of unconsolidated real estate entities		185
Net loss from continuing operations		(8,055)
<b>Discontinued operations</b>		
Loss from discontinued operations before gains on settlement of debt and sale of real estate		(785)
Gain on sale of real estate		2,503
Income (loss) from discontinued operations		1,718
Net loss		(6,337)
<b>Balance Sheet Data</b>		
<b>(End of Period):</b>		
Rental property, before accumulated depreciation	\$ 395,725	\$ 371,391
Rental property, after accumulated depreciation	\$ 336,011	\$ 321,537
Total assets	\$ 420,496	\$ 383,215
Notes payable	\$ 313,608	\$ 301,617
Total liabilities	\$ 324,248	\$ 315,535
Owners'/stockholders' equity (deficit)	\$ 420,496	\$ 383,215
<b>Other Data:</b>		
NOI <sup>(1)</sup>	\$ 24,717	\$ 20,093
EBITDA <sup>(1)</sup>	\$ 21,677	\$ 21,944
FFO <sup>(1)</sup>	\$ 4,772	\$ 1,702
AFFO <sup>(1)</sup>	\$ 1,227	\$ (2,044)

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for more detailed explanations of NOI, EBITDA, FFO and AFFO, and reconciliations of NOI, EBITDA, FFO and AFFO to net income computed in accordance with GAAP.

## RISK FACTORS

*An investment in our common stock involves risks. In addition to other information in this prospectus, you should carefully consider the following risks before investing in our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations and our ability to make cash distributions to our stockholders, which could cause you to lose all or a significant portion of your investment in our common stock. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements."*

### **Risks Related to Our Business and Operations**

***Our portfolio of properties is concentrated in the industrial real estate sector, and our business would be adversely affected by an economic downturn in that sector.***

Our properties are concentrated in the industrial real estate sector. This concentration may expose us to the risk of economic downturns in this sector to a greater extent than if our business activities included a more significant portion of other sectors of the real estate industry. This concentration risk could adversely affect our results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

***Our portfolio of properties is dependent upon regional and local economic conditions and is geographically concentrated in Southern California infill markets, which causes us to be especially susceptible to adverse developments in those markets.***

Substantially all of our properties (57 out of the total 59) are located in Southern California, which exposes us to greater economic risks than if we owned a more geographically diverse portfolio. We are particularly susceptible to adverse economic or other conditions in Southern California (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes and the cost of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in this market (such as earthquakes, wild fires and other events). The Southern California market has experienced downturns within recent years. A further downturn in the Southern California economy could impact our tenants' ability to continue to meet its rental obligations or otherwise adversely affect the size of our tenant base, which could materially adversely affect our operations and our revenue and cash available for distribution, including cash available to pay distributions to our stockholders. We cannot assure you that the Southern California market will grow or that underlying real estate fundamentals will be favorable to owners and operators of industrial properties. Our operations may also be affected if competing properties are built in the Southern California market. In addition, the State of California continues to suffer from severe budgetary constraints and is regarded as more litigious and more highly regulated and taxed than many other states, all of which may reduce demand for industrial space in California. Any adverse economic or real estate developments in the Southern California market, or any decrease in demand for industrial space resulting from the regulatory environment, business climate or energy or fiscal problems, could adversely impact our financial condition, results of operations, cash flow, our ability to satisfy our debt service obligations and our ability to pay distributions to our stockholders.

***Our properties are concentrated in certain industries that make us susceptible to adverse events with respect to those industries.***

Our properties are concentrated in certain industries, which, as of December 31, 2012, included the following (which, as of December 31, 2012, accounted for the percentage of our total annualized rent indicated): Wholesale/Retail (11.0%); Industrial Equipment & Components (9.5%); and Pharmaceuticals (9.0%). Any downturn in one or more of these industries, or in any other industry in which we may have a significant concentration now or in the future, could adversely affect our tenants who are involved in such industries. If any of these tenants is unable to withstand such downturn or is otherwise unable to compete effectively in its business, it may be forced to declare bankruptcy, fail to meet its rental obligations, seek rental concessions or be unable to enter into new leases, which could materially and adversely affect us.

***We expect to have approximately \$            million of indebtedness outstanding following this offering, which may expose us to the risk of default under our debt obligations.***

Upon completion of this offering, we anticipate that our total consolidated indebtedness will be approximately \$            million, including approximately \$            million of secured indebtedness and approximately \$            million of indebtedness under our new revolving credit facility. Additionally, we will have approximately \$            million of secured indebtedness allocable to our 15% joint venture interest in the three properties owned by the Dune JV (as further described in this section below). A substantial portion of this indebtedness will be guaranteed by our operating partnership. We may incur significant additional debt to finance future acquisition and development activities.

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Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our properties or to pay the dividends currently contemplated or necessary to maintain our REIT qualification. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- we may be forced to dispose of one or more of our properties, possibly on unfavorable terms or in violation of certain covenants to which we may be subject;
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations; and
- our default under any loan with cross default provisions could result in a default on other indebtedness.

If any one of these events were to occur, our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock could be adversely affected. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Consolidated Indebtedness to be Outstanding After this Offering.”

### ***We may be unable to renew leases, lease vacant space or re-lease space as leases expire.***

As of January 1, 2013, leases representing 26.5% and 23.5% of the square footage of the properties in our initial industrial portfolio will expire in the remainder of 2013 and 2014 respectively, and an additional 16.0% of the square footage of the properties in our initial portfolios was available (taking into account leases signed as of January 1, 2013 that had not yet commenced on that date). We cannot assure you that our leases will be renewed or that our properties will be re-leased at rental rates equal to or above the current average rental rates or that we will not offer substantial rent abatements, tenant improvements, early termination rights or below-market renewal options to attract new tenants or retain existing tenants. If the rental rates for our properties decrease, or if our existing tenants do not renew their leases or we do not re-lease a significant portion of our available space and space for which leases will expire, our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock could be adversely affected.

### ***We may be unable to identify and complete acquisitions of properties that meet our criteria, which may impede our growth.***

Our business strategy involves the acquisition of industrial properties meeting certain investment criteria in target markets. These activities require us to identify suitable acquisition candidates or investment opportunities that meet our criteria and are compatible with our growth strategies. We may be unable to acquire properties identified as potential acquisition opportunities. Our ability to acquire properties on favorable terms, or at all, may expose us to the following significant risks:

- we may incur significant costs and divert management attention in connection with evaluating and negotiating potential acquisitions, including ones that we are subsequently unable to complete;
- even if we enter into agreements for the acquisition of properties, these agreements are subject to conditions to closing, which we may be unable to satisfy; and
- we may be unable to finance any given acquisition on favorable terms or at all.

If we are unable to finance property acquisitions or acquire properties on favorable terms, or at all, our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock could be adversely affected. In addition, failure to identify or complete acquisitions of suitable properties could slow our growth.

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### ***Our acquisition activities may pose risks that could harm our business.***

As a result of our acquisitions, we may be required to incur debt and expenditures and issue additional common stock or common units to pay for the acquired properties. These acquisitions may dilute our stockholders' ownership interest, delay or prevent our profitability and may also expose us to risks such as:

- the possibility that we may not be able to successfully integrate acquired properties into our existing portfolio or achieve the level of quality with respect to such properties to which tenants of our existing properties are accustomed;
- the possibility that senior management may be required to spend considerable time negotiating agreements and integrating acquired properties, diverting their attention from our other objectives;
- the possibility that we may overpay for a property;
- the possible loss or reduction in value of acquired properties; and
- the possibility of pre-existing undisclosed liabilities regarding acquired properties, including environmental or asbestos liability, for which our insurance may be insufficient or for which we may be unable to secure insurance coverage.

We cannot assure you that the price for any future acquisitions will be similar to prior acquisitions. If our revenue does not keep pace with these potential acquisition and expansion costs, we may incur net losses. There is no assurance that we will successfully overcome these risks or other problems encountered with acquisitions.

### ***We may obtain limited or no warranties when we purchase a property, which increases the risk that we may lose invested capital in or rental income from such property.***

The seller of a property will often sell such property in its "as is" condition on a "where is" basis and "with all faults," without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase agreements may contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing. Also, many sellers of real estate are single-purpose entities without any other significant assets. The purchase of properties with limited warranties or from undercapitalized sellers increases the risk that we may lose some or all of our invested capital in the property as well as the loss of rental income from such property.

### ***We may be subject to litigation or threatened litigation, which may divert management time and attention, require us to pay damages and expenses or restrict the operation of our business.***

We may be subject to litigation or threatened litigation, including existing claims relating to the entities that own the properties and operate the businesses described in this prospectus and otherwise in the ordinary course of business. In particular, we are subject to the risk of complaints by our tenants involving premises liability claims and alleged violations of landlord-tenant laws, which may give rise to litigation or governmental investigations, as well as claims and litigation relating to real estate rights or uses of our properties. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. Additionally, whether or not any dispute actually proceeds to litigation, we may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from our management's ability to focus on our business. Any such resolution could involve the payment of damages or expenses by us, which may be significant, or involve our agreement with terms that restrict the operation of our business. We generally intend to vigorously defend ourselves; however, we cannot be certain of the ultimate outcomes of currently asserted claims or of those that may arise in the future. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having an adverse effect on our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage and could expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and directors, which could adversely impact our results of operations, cash flows and our ability to pay distributions on, and the value of, our common stock.

### ***We face significant competition for acquisitions of real properties, which may reduce the number of acquisition opportunities available to us and increase the costs of these acquisitions.***

The current market for acquisitions of industrial properties in Southern California continues to be extremely competitive. This competition may increase the demand for our target properties and, therefore, reduce the number of suitable acquisition opportunities available to us and increase the prices paid for such acquisition properties. We also face significant competition for attractive acquisition opportunities from an indeterminate number of investors, including publicly traded and privately held REITs, private

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equity investors and institutional investment funds, some of which have greater financial resources than we do, a greater ability to borrow funds to acquire properties and the ability to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition will increase if investments in real estate become more attractive relative to other forms of investment. Competition for investments may reduce the number of suitable investment opportunities available to us and may have the effect of increasing prices paid for such acquisition properties and/or reducing the rents we can charge and, as a result, adversely affecting our operating results.

### ***We may be unable to source “limited marketing” deal flow in the future.***

To date, we estimate that more than 39.5% of our acquisitions, based on total purchase price since inception, were acquired before they were widely marketed by real estate brokers, or “limited marketing” transactions. Properties that are acquired by “limited marketing” transactions are typically more attractive to us as a purchaser because of the absence of a formal or extended marketing/bidding period, which could lead to higher prices. If we cannot obtain “limited marketing” deal flow in the future, our ability to locate and acquire additional properties at attractive prices may be adversely affected.

### ***Our future acquisitions may not yield the returns we expect.***

Our future acquisitions and our ability to successfully operate the properties we acquire in such acquisitions may be exposed to the following significant risks:

- even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price;
- we may acquire properties that are not accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations;
- our cash flow may be insufficient to meet our required principal and interest payments;
- we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties;
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and as a result our results of operations and financial condition could be adversely affected;
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and
- we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the properties, liabilities incurred in the ordinary course of business and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

If we cannot operate acquired properties to meet our financial expectations, our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock could be adversely affected.

### ***We may not be able to control our operating costs or our expenses may remain constant or increase, even if our revenues do not increase, causing our results of operations to be adversely affected.***

Factors that may adversely affect our ability to control operating costs include the need to pay for insurance and other operating costs, including real estate taxes, which could increase over time, the need periodically to repair, renovate and re-lease space, the cost of compliance with governmental regulation, including zoning and tax laws, the potential for liability under applicable laws, interest rate levels and the availability of financing. If our operating costs increase as a result of any of the foregoing factors, our results of operations may be adversely affected.

The expense of owning and operating a property is not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the property. As a result, if revenues decline, we may not be able to reduce our expenses accordingly. Costs associated with real estate investments, such as real estate taxes, insurance, loan payments and maintenance, generally will not be reduced even if a property is not fully occupied or other circumstances cause our revenues to decrease. If we are unable to decrease operating costs when demand for our properties decreases and our revenues decline, our financial condition, results of operations and our ability to make distributions to our stockholders may be adversely affected.



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***High mortgage rates and/or unavailability of mortgage debt may make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire, our net income and the amount of cash distributions we can make.***

If mortgage debt is unavailable at reasonable rates, we may not be able to finance the purchase of properties. If we place mortgage debt on properties, we may be unable to refinance the properties when the loans become due, or to refinance on favorable terms. If interest rates are higher when we refinance our properties, our income could be reduced. If any of these events occur, our cash flow could be reduced. This, in turn, could reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money. In addition, to the extent we are unable to refinance the properties when the loans become due, we will have fewer debt guarantee opportunities available to offer under our Tax Matters Agreement. See “Certain Relationships and Related Transactions—Tax Matters Agreement.”

***Mortgage and other secured debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.***

Incurring mortgage and other secured debt obligations increases our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our portfolio of properties. For tax purposes, a foreclosure on any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code.

***Some of our financing arrangements involve balloon payment obligations, which may adversely affect our financial condition and our ability to make distributions.***

Some of our financing arrangements require us to make a lump-sum or “balloon” payment at maturity. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Consolidated Indebtedness to be Outstanding After this Offering.” Our ability to satisfy a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the property. At the time the balloon payment is due, we may or may not be able to refinance the existing financing on terms as favorable as the original loan or sell the property at a price sufficient to satisfy the balloon payment. The effect of a refinancing or sale could affect the rate of return to stockholders and the projected time of disposition of our assets. In addition, payments of principal and interest made to service our debts may leave us with insufficient cash to pay the distributions that we are required to pay to maintain our qualification as a REIT.

***Some of our existing indebtedness contains, our proposed revolving credit facility will contain, and any other future indebtedness may contain, various covenants, and the failure to comply with those covenants could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock.***

Some of our property developments or acquisitions have been, and may in the future be, made by borrowing a portion of the purchase price or development cost of the properties and securing the loan with a mortgage on the property. Some of our loan documents contain, our proposed revolving credit facility will contain, and any other future indebtedness may contain, certain covenants, which, among other things, restrict our activities, including, as applicable, our ability to sell the underlying property without the consent of the holder of such indebtedness, to repay or defease such indebtedness or to engage in mergers or consolidations that result in a change in control of our company. We may also be subject to financial and operating covenants. Failure to comply with any of these covenants would likely result in a default under the applicable indebtedness that would permit the acceleration of amounts due thereunder and under other indebtedness and foreclosure of properties, if any, serving as collateral therefor.

***Failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.***

Subject to the rules related to maintaining our qualification as a REIT, we may enter into hedging transactions to protect us from the effects of interest rate fluctuations on floating rate debt. Our hedging transactions may include entering into interest rate cap agreements or interest rate swap agreements. These agreements involve risks, such as the risk that such arrangements would not be effective in reducing our exposure to interest rate changes or that a court could rule that such an agreement is not legally enforceable. In addition, interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates. Hedging could reduce the overall returns on our investments. Failure to hedge effectively against interest rate changes could materially adversely

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affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock. In addition, while such agreements would be intended to lessen the impact of rising interest rates on us, they could also expose us to the risk that the other parties to the agreements would not perform, we could incur significant costs associated with the settlement of the agreements or that the underlying transactions could fail to qualify as highly effective cash flow hedges under Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 815, Derivatives and Hedging.

### ***Our proposed revolving credit facility will restrict our ability to engage in some business activities.***

We anticipate that our proposed revolving credit facility will contain customary negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness;
- restrict our ability to make certain investments;
- limit our ability to make capital expenditures;
- restrict our ability to merge with another company;
- restrict our ability to make distributions to stockholders; and
- require us to maintain financial coverage ratios.

These limitations will restrict our ability to engage in some business activities, which could adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock. In addition, our revolving credit facility may contain specific cross-default provisions with respect to specified other indebtedness, giving the lenders the right to declare a default if we are in default under other loans in some circumstances.

### ***Adverse economic and geopolitical conditions and dislocations in the credit markets could have a material adverse effect on our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.***

Our business may be affected by market and economic challenges experienced by the U.S. economy or real estate industry as a whole, including the dislocations in the credit markets and general global economic downturn caused by the financial crisis of 2008. These conditions, or similar conditions existing in the future, may adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock as a result of the following potential consequences, among others:

- decreased demand for industrial space, which would cause market rental rates and property values to be negatively impacted;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
- our ability to obtain financing on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from our acquisition and development activities and increase our future interest expense; and
- one or more lenders under our revolving credit facility could refuse to fund their financing commitment to us or could fail and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all.

In addition, the economic downturn has adversely affected, and may continue to adversely affect, the businesses of many of our tenants. As a result, we may see increases in bankruptcies of our tenants and increased defaults by tenants, and we may experience higher vacancy rates and delays in re-leasing vacant space, which could negatively impact our business and results of operations.

### ***The company has no operating history as a publicly traded company and may not be able to successfully operate its business or generate sufficient cash flows to make or sustain distributions to its stockholders as a publicly traded company or maintain its qualification as a REIT.***

We were organized in January 2013, and we will only commence operations upon completion of this offering. We have no operating history as a publicly traded company and may not be able to successfully operate our business or implement our operating policies and investment strategy as described in this prospectus. We cannot assure you that the past experience of our senior management team will be sufficient to successfully operate our company as a REIT or a publicly traded company, including the

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requirements to timely meet disclosure requirements of the SEC, and comply with the Sarbanes-Oxley Act of 2002. Upon completion of this offering, we will be required to develop and implement control systems and procedures in order to qualify and maintain our qualification as a REIT and satisfy our periodic and current reporting requirements under applicable SEC regulations and comply with NYSE listing standards, and this transition could place a significant strain on our management systems, infrastructure and other resources. Failure to operate successfully as a public company or maintain our qualification as a REIT would have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of, our common stock. See “—Risks Related to Our Status as a REIT—Failure to qualify or maintain our qualification as a REIT would have significant adverse consequences to us and the per share trading price of our common stock.” Furthermore, we may not be able to generate sufficient cash flows to pay our operating expenses, service any debt we may incur in the future and make distributions to our stockholders. Our ability to successfully operate our business and implement our operating policies and investment strategy will depend on many factors, including:

- the availability of, and our ability to identify, attractive acquisition opportunities consistent with our investment strategy;
- our ability to contain renovation, maintenance, marketing and other operating costs for our properties;
- our ability to maintain high occupancy rates and target rent levels;
- costs that are beyond our control, including title litigation, litigation with tenants, legal compliance, real estate taxes and insurance;
- interest rate levels and volatility, such as the accessibility of short- and long-term financing on desirable terms; and
- economic conditions in our target markets as well as the condition of the financial and real estate markets and the economy generally.

Upon completion of this offering, even though we will be an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”) and therefore may take advantage of various exemptions to public reporting requirements (see “—We are an ‘emerging growth company,’ and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors”), we will still be required to implement substantial control systems and procedures in order to maintain our qualification as a REIT, satisfy our periodic and current reporting requirements under applicable SEC regulations and comply with the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank”) and NYSE or other relevant listing standards. As a result, we will incur significant legal, accounting and other expenses that we have not previously incurred, particularly after we are no longer an “emerging growth company,” and our management and other personnel will need to devote a substantial amount of time to comply with these rules and regulations and establish the corporate infrastructure and controls demanded of a publicly-traded REIT. These costs and time commitments could be substantially more than we currently expect.

***We face significant competition in the leasing market, which may decrease or prevent increases of the occupancy and rental rates of our properties.***

We compete with numerous developers, owners and operators of real estate, many of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose existing or potential tenants and we may be pressured to reduce our rental rates below those we currently charge or to offer more substantial rent abatements, tenant improvements, early termination rights or below-market renewal options in order to retain tenants when our tenants’ leases expire. As a result, our financial condition, results of operations, cash flows and our ability to pay distributions on, and the value of, our common stock could be adversely affected.

***We may be required to make rent or other concessions and/or significant capital expenditures to improve our properties in order to retain and attract tenants, causing our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock to be adversely affected.***

In order to attract and retain tenants, we may be required to make rent or other concessions to tenants, accommodate requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our tenants. Additionally, when a tenant at one of our properties does not renew its lease or otherwise vacates its space, it is likely that, in order to attract one or more new tenants, we will be required to expend funds for improvements in the vacated space. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or if capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases, which could cause an adverse effect to our financial condition, results of operations, cash flows and our ability to pay distributions on, and the value of, our common stock.

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***A substantial majority of the leases at our initial properties are with tenants who have non-investment grade credit ratings, which may result in our leasing to tenants that are more likely to default in their obligations to us than an entity with an investment grade credit rating.***

A substantial majority of the leases at our initial properties are with tenants who have non-investment grade credit ratings. The ability of a non-investment grade tenant to meet its obligations to us cannot be considered as well assured as that of an investment grade tenant. All of our tenants may face exposure to adverse business or economic conditions which could lead to an inability to meet their obligations to us. However, non-investment grade tenants may not have the financial capacity or liquidity to adapt to these conditions or may have less diversified businesses, which may exacerbate the effects of adverse conditions on their businesses. Moreover, the fact that so many of our tenants are not investment grade may cause investors or lenders to view our cash flows as less stable, which may increase our cost of capital, limit our financing options or adversely affect the trading price of our common stock.

***The actual rents we receive for the properties in our portfolio may be less than our asking rents, and we may experience lease roll down from time to time.***

As a result of various factors, including competitive pricing pressure in our submarkets, adverse conditions in the Southern California real estate market, a general economic downturn and a decline in the desirability of our properties compared to other properties in our submarkets, we may be unable to realize the asking rents for properties in our portfolio. In addition, the degree of discrepancy between our asking rents and the actual rents we are able to obtain may vary both from property to property and among different leased spaces within a single property. If we are unable to obtain rental rates comparable to our asking rents for properties in our portfolio, our ability to generate cash flow growth will be negatively impacted. In addition, depending on fluctuations in asking rental rates at any given time, from time to time rental rates for expiring leases in our portfolio may be higher than starting rental rates for new leases.

***We may acquire properties or portfolios of properties through tax-deferred contribution transactions, which could result in stockholder dilution and limit our ability to sell such assets.***

In the future we may acquire properties or portfolios of properties through tax-deferred contribution transactions in exchange for partnership interests in our operating partnership, which may result in stockholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we are able to deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions.

***Our real estate development activities are subject to risks particular to development.***

We may engage in development and redevelopment activities with respect to certain of our properties. To the extent that we do so, we will be subject to the following risks associated with such development and redevelopment activities:

- unsuccessful development or redevelopment opportunities could result in direct expenses to us;
- construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;
- time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting our cash flow and liquidity;
- contractor and subcontractor disputes, strikes, labor disputes or supply disruptions;
- failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all;
- delays with respect to obtaining or the inability to obtain necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws;
- occupancy rates and rents of a completed project may not be sufficient to make the project profitable;
- our ability to dispose of properties developed or redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and
- the availability and pricing of financing to fund our development activities on favorable terms or at all.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development or redevelopment activities once undertaken, any of which could have an adverse effect on our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

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***Our success depends on key personnel whose continued service is not guaranteed, and the loss of one or more of our key personnel could adversely affect our ability to manage our business and to implement our growth strategies, or could create a negative perception in the capital markets.***

Our continued success and our ability to manage anticipated future growth depend, in large part, upon the efforts of key personnel, particularly Messrs. Ziman, Schwimmer and Frankel, who have extensive market knowledge and relationships and exercise substantial influence over our operational, financing, acquisition and disposition activity.

Our ability to retain our senior management, particularly Messrs. Ziman, Schwimmer and Frankel, or to attract suitable replacements should any members of our senior management leave is dependent on the competitive nature of the employment market. We have not obtained and do not expect to obtain key man life insurance on any of our key personnel. The loss of services of one or more members of our senior management team, or our inability to attract and retain highly qualified personnel, could adversely affect our business, diminish our investment opportunities and weaken our relationships with lenders, business partners, existing and prospective tenants and industry participants. Further, the loss of a member of our senior management team could be negatively perceived in the capital markets. Any of these developments could adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the value of, our common stock.

***Potential losses, including from adverse weather conditions, natural disasters and title claims, may not be covered by insurance.***

We will carry commercial property, liability and terrorism coverage on all the properties in our initial portfolio under a blanket insurance policy, in addition to other coverages that may be appropriate for certain of our properties. We will select policy specifications and insured limits that we believe to be appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. Some of our policies will be insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses, which could affect certain of our properties that are located in areas particularly susceptible to natural disasters. In addition, we may discontinue terrorism or other insurance on some or all of our properties in the future if the cost of premiums for any such policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. We will not carry insurance for certain types of extraordinary losses, such as loss from riots, war, earthquakes and wildfires because such coverage is not available or is cost prohibitive or available at a disproportionately high cost. As a result, we may incur significant costs in the event of loss from riots, war, earthquakes, wildfires and other uninsured losses.

If we or one or more of our tenants experiences a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged. Furthermore, we may not be able to obtain adequate insurance coverage at reasonable costs in the future as the costs associated with property and casualty renewals may be higher than anticipated.

***Substantially all of the properties in our initial portfolio are located in areas that are prone to earthquake activity and we are not insured against such an event.***

Substantially all of the properties in our initial portfolio are located in Southern California, an area that is prone to earthquake activity. We do not carry insurance for losses resulting from earthquakes because such coverage is not available, is cost prohibitive or is available at a disproportionately high cost. A severe earthquake in the Southern California region could result in uninsured damage to a substantial portion of our portfolio and significant reduction in our cash flow. We will continue to monitor third-party earthquake insurance pricing and conditions and may consider obtaining third-party coverage in the future if we deem it cost effective. However, until such time as we obtain such coverage, we would be required to bear all losses, including loss of invested capital and anticipated future cash flows, occurring at these properties as a result of an earthquake.

***We may not be able to rebuild our existing properties to their existing specifications if we experience a substantial or comprehensive loss of such properties.***

In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications. Further, reconstruction or improvement of such a property would likely require significant upgrades to meet zoning and building code requirements. Environmental and legal restrictions could also restrict the rebuilding of our properties.

***Existing conditions at some of our properties may expose us to liability related to environmental matters.***

Independent environmental consultants conducted a Phase I or similar environmental site assessment on most of our properties at the time of their acquisition or in connection with subsequent financings. Such Phase Is or similar environmental site assessments are limited in scope and may not include or identify all potential environmental liabilities or risks associated with the relevant properties. We have not obtained and do not intend to obtain new or updated Phase Is or similar environmental site assessments in connection with this offering and the formation transactions. Unless required by applicable laws or regulations, we may not further investigate, remedy or ameliorate the liabilities disclosed in the existing Phase I or similar environmental site assessments.

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### ***We may be unable to sell a property if or when we decide to do so.***

We expect to hold the various real properties until such time as we decide that a sale or other disposition is appropriate. Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers of our properties. We cannot predict the various market conditions affecting the industrial real estate market which will exist at any particular time in the future. Due to the uncertainty of market conditions which may affect the future disposition of our properties, we cannot assure you that we will be able to sell our properties at a profit in the future, which could adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the value of, our common stock.

Furthermore, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct such defects or to make such improvements.

### ***Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers' financial condition and disputes between us and our co-venturers.***

We currently co-invest, and may co-invest in the future, with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. In such event, we would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives, and they may have competing interests in our markets that could create conflict of interest issues. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. In addition, prior consent of our joint venture partners may be required for a sale or transfer to a third party of our interests in the joint venture, which would restrict our ability to dispose of our interest in the joint venture. If we become a limited partner or non-managing member in any partnership or limited liability company and such entity takes or expects to take actions that could jeopardize the company's status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers. Our joint ventures may be subject to debt and, in the current volatile credit market, the refinancing of such debt may require equity capital calls.

We currently hold a 15% interest in a joint venture (the "Dune JV") that owns three properties located in Ventura County, California. In addition to the general risks described above with respect to joint ventures, specifically with respect to the Dune JV, at any time that less than two of Messrs. Ziman, Schwimmer and Frankel have control over our interest in the Dune JV, our joint venture partner may have the ability to remove us as a co-manager of the Dune JV, offset against distributions to which we would otherwise be entitled, and/or force the sale of our 15% interest in the Dune JV to our joint venture partner. Additionally, we own two of our other properties, one of which is located in Fullerton, California and the other one of which is located in San Diego, California, as a tenant-in-common with one or more third-party owners. In each case, we hold a majority tenant-in-common interest and are responsible for the management of the property, but such management is subject to the terms and conditions of the applicable tenancy-in-common agreement and certain major decisions regarding the property are subject to the third-party tenant-in-common owner's consent. These third-party owners may participate in the formation transactions and contribute their respective interests in the applicable Rexford Properties; however, if one or more of them elects not to participate, then we will continue to own such property as a tenant-in-common and will be required to continue to comply with the terms of the applicable tenancy-in-common agreement, which will limit our ability to operate such property in our sole discretion.

### ***If we fail to maintain an effective system of integrated internal controls, we may not be able to accurately report our financial results.***

Effective internal and disclosure controls are necessary for us to provide reliable financial reports and effectively prevent fraud and to operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. As part of our ongoing monitoring of internal controls we may discover material weaknesses or significant deficiencies in our internal controls. As a result of weaknesses that may be identified in our internal controls, we may also identify certain deficiencies in some of our disclosure controls and procedures that we believe require remediation. If we discover weaknesses, we will make efforts to improve our internal and disclosure controls. However, there is no assurance that we will be successful. Any failure to maintain effective controls or timely effect any necessary improvement of our internal and disclosure controls could harm operating results or cause us to fail to meet our reporting obligations, which could affect our ability to remain listed with the NYSE. Ineffective internal and disclosure controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the per share trading price of, our common stock.

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### ***Our growth depends on external sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all.***

In order to qualify and maintain our qualification as a REIT, we are required under the Code, among other things, to distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our REIT taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we intend to rely on third-party sources to fund our capital needs. We may not be able to obtain such financing on favorable terms or at all and any additional debt we incur will increase our leverage and likelihood of default. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market's perception of our growth potential;
- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our common stock.

In recent years, the capital markets have been subject to significant disruptions. If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

### ***We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.***

We are an "emerging growth company" as defined in the JOBS Act. We will remain an "emerging growth company" until the earliest to occur of:

- the last day of the fiscal year during which our total annual revenue equals or exceeds \$1 billion (subject to adjustment for inflation),
- the last day of the fiscal year following the fifth anniversary of this offering,
- the date on which we have, during the previous three-year period, issued more than \$1 billion in non-convertible debt, or
- the date on which we are deemed to be a "large accelerated filer" under the Exchange Act.

We may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our per share trading price may be adversely affected and more volatile.

### **Risks Related to the Real Estate Industry**

#### ***Our performance and value are subject to risks associated with real estate assets and the real estate industry.***

Our ability to pay expected dividends to our stockholders depends on our ability to generate revenues in excess of expenses, scheduled principal payments on debt and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events include many of the risks set forth above under "—Risks Related to Our Business and Operations," as well as the following:

- local oversupply or reduction in demand for industrial space;
- adverse changes in financial conditions of buyers, sellers and tenants of properties;

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- vacancies or our inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options, and the need to periodically repair, renovate and re-lease space;
- increased operating costs, including insurance premiums, utilities, real estate taxes and state and local taxes;
- civil unrest, acts of war, terrorist attacks and natural disasters, including earthquakes, floods and wildfires, which may result in uninsured or underinsured losses;
- decreases in the underlying value of our real estate;
- changing submarket demographics; and
- changing traffic patterns.

In addition, periods of economic downturn or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which would adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

***Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.***

The real estate investments made, and to be made, by us are relatively difficult to sell quickly. As a result, our ability to promptly sell one or more properties in our initial portfolio in response to changing economic, financial and investment conditions is limited. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinancing of the underlying property. We may be unable to realize our investment objectives by sale, other disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, our ability to dispose of one or more properties within a specific time period is subject to certain limitations imposed by our Tax Matters Agreement, as well as weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions, such as the current economic downturn, and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located.

In addition, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs effectively require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interest. Therefore, we may not be able to vary our initial portfolio in response to economic or other conditions promptly or on favorable terms, which may adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

***Declining real estate valuations and impairment charges could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock.***

We intend to review the carrying value of our properties when circumstances, such as adverse market conditions (including conditions resulting from the current economic downturn), indicate a potential impairment may exist. We intend to base our review on an estimate of the future cash flows (excluding interest charges) expected to result from the property's use and eventual disposition on an undiscounted basis. We intend to consider factors such as future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If our evaluation indicates that we may be unable to recover the carrying value of a real estate investment, an impairment loss will be recorded to the extent that the carrying value exceeds the estimated fair value of the property.

Impairment losses have a direct impact on our operating results because recording an impairment loss results in an immediate negative adjustment to our operating results. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. A worsening real estate market may cause us to reevaluate the assumptions used in our impairment analysis. Impairment charges could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock.



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***Adverse economic conditions and the dislocation in the credit markets could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock.***

Ongoing economic conditions have negatively impacted the lending and capital markets, particularly for real estate. The capital markets have witnessed significant adverse conditions, including a substantial reduction in the availability of, and access to, capital. The risk premium demanded by lenders has increased markedly, as they are demanding greater compensation for risk, and underwriting standards have been tightened. In addition, failures and consolidations of certain financial institutions have decreased the number of potential lenders, resulting in reduced lending sources available to the market. These conditions may limit the amount of indebtedness we are able to obtain and our ability to refinance our indebtedness, and may impede our ability to develop new properties and to replace construction financing with permanent financing, which could result in our having to sell properties at inopportune times and on unfavorable terms. If these conditions continue, our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock could be materially adversely affected.

The lack of availability of debt financing may require us to rely more heavily on additional equity issuances, which may be dilutive to our current stockholders, or on less efficient forms of debt financing. Additionally, the limited amount of financing currently available may reduce the value of our properties and limit our ability to borrow against such properties, which could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock.

***We face potential material adverse effects on our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock from the bankruptcies or insolvencies of tenants.***

Our tenants could file for bankruptcy protection or become insolvent. We cannot assure you that any tenant that files for bankruptcy protection will continue to pay us rent. A bankruptcy filing by or relating to one of our tenants would bar all efforts by us to collect pre-bankruptcy debts from that tenant unless we receive an order permitting us to do so from the bankruptcy court. A tenant bankruptcy could delay our efforts to collect past due balances under the relevant leases and could ultimately preclude collection of these sums. Under bankruptcy law, a tenant cannot be evicted solely because of its bankruptcy. On the other hand, a bankrupt tenant may reject and terminate its lease with us. In such case, we would have only a general unsecured claim for damages. Any unsecured claim we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim we can make if a lease is rejected. As a result, it is likely that we will recover substantially less than the full value of any unsecured claims we hold. This shortfall could adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock.

***New rules relating to the accounting of leases could materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock.***

The Financial Accounting Standards Board, or FASB, has proposed accounting rules that may take effect in 2013 and would require companies to capitalize all leases on their balance sheets by recognizing a lessee's rights and obligations. If the proposal is adopted in its current form, many companies that account for certain leases on an "off balance sheet" basis would be required to account for such leases "on balance sheet." This could cause our tenants to be in default under certain covenants and cause their credit quality to be viewed more negatively. Since this change would remove many of the differences in the way companies account for owned property and leased property, it could cause companies to favor owning as opposed to leasing properties. If the proposal is adopted in its current form it could cause companies that lease properties to prefer shorter term leases, in an effort to reduce the leasing liability required to be recorded on the balance sheet. The proposal could also make lease renewal options less attractive, as, under certain circumstances, the rules would require a tenant to assume that a renewal right was exercised and accrue a liability relating to the longer lease term.

***Acquired properties may be located in new markets where we may face risks associated with investing in an unfamiliar market.***

We have acquired, and may continue to acquire, properties in markets that are new to us. For example, we acquired properties in Arizona and Illinois as part of a portfolio of properties that included four other properties located in our target markets. When we acquire properties located in new markets, we may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local government and permitting procedures. We work to mitigate such risks through extensive diligence and research and associations with experienced service providers; however, there can be no guarantee that all such risks will be eliminated.

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### ***We may choose not to distribute the proceeds of any sales of real estate to our stockholders, which may reduce the amount of our cash distributions to stockholders.***

We may choose not to distribute any proceeds from the sale of real estate investments to our stockholders. Instead, we may elect to use such proceeds to:

- acquire additional real estate investments;
- repay debt;
- buy out interests of any partners in any joint venture in which we are a party;
- create working capital reserves; or
- make repairs, maintenance, tenant improvements or other capital improvements or expenditures on our other properties.

Any decision to retain or invest the proceeds of any sales, rather than distribute such proceeds to our stockholders may reduce the amount of cash distributions you receive on your common stock.

### ***Uninsured losses relating to real property may adversely affect your returns.***

We attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, there are certain losses, including losses from floods, earthquakes, wildfires, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed economically feasible or prudent to do so. In addition, changes in the cost or availability of insurance could expose us to uninsured casualty losses. In the event that any of our properties incurs a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by the amount of any such uninsured loss, and we could experience a significant loss of capital invested and potential revenue in these properties and could potentially remain obligated under any recourse debt associated with the property. Moreover, we, as the general partner of our operating partnership, generally will be liable for all of our operating partnership's unsatisfied recourse obligations, including any obligations incurred by our operating partnership as the general partner of joint ventures. Any such losses could adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock. In addition, we may have no source of funding to repair or reconstruct the damaged property, and we cannot assure you that any such sources of funding will be available to us for such purposes in the future. We evaluate our insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants.

### ***If any of our insurance carriers becomes insolvent, we could be adversely affected.***

We carry several different lines of insurance, placed with several large insurance carriers. If any one of these large insurance carriers were to become insolvent, we would be forced to replace the existing insurance coverage with another suitable carrier, and any outstanding claims would be at risk for collection. In such an event, we cannot be certain that we would be able to replace the coverage at similar or otherwise favorable terms. Replacing insurance coverage at unfavorable rates and the potential of uncollectible claims due to carrier insolvency could adversely affect our results of operations and cash flows.

### ***Our property taxes could increase due to property tax rate changes or reassessment, which would adversely impact our cash flows.***

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. All of the properties in our initial portfolio that are located in California will be reassessed as a result of our formation transactions, the concurrent private placement and this offering. Therefore, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our cash flow would be adversely impacted, and our ability to pay any expected dividends to our stockholders could be adversely affected.

### ***We could incur significant costs related to government regulation and litigation over environmental matters.***

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under or migrating to or from such property, including costs to investigate, clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines or other costs could exceed the value of the property and/or our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and/or personal, property, or natural resources damage or materially adversely affect our ability to sell, lease or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures.

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Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property, or adjacent properties, for commercial or industrial purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. Contamination is known or suspected to exist at a number of our properties which may result in further investigation, remediation, or deed restrictions. From time to time, we may acquire properties with known adverse environmental conditions where we believe that the environmental liabilities associated with these conditions are quantifiable and that the acquisition will yield a superior risk-adjusted return. We usually perform a Phase I environmental site assessment at any property we are considering acquiring. In connection with certain financing transactions our lenders have commissioned independent environmental consultants to conduct Phase I environmental site assessments on certain of the properties in our initial portfolio. However, we have not always received copies of the Phase I environmental site assessment reports commissioned by our lenders and, as such, may not be aware of all potential or existing environmental contamination liabilities at the properties in our initial portfolio. In addition, Phase I environmental site assessments are limited in scope and do not involve sampling of soil, soil vapor, or groundwater, and these assessments may not include or identify all potential environmental liabilities or risks associated with the property. Even where subsurface investigation is performed, it can be very difficult to ascertain the full extent of environmental contamination or the costs that are likely to flow from such contamination. We cannot assure you that the Phase I environmental site assessment or other environmental studies identified all potential environmental liabilities, or that we will not face significant remediation costs or other environmental contamination that makes it difficult to sell any affected properties. Also, we have not always implemented actions recommended by these assessments, and recommended investigation and remediation of known or suspected contamination has not always been performed. As a result, we could potentially incur material liability for these issues, which could adversely impact our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock.

Environmental laws also govern the presence, maintenance and removal of asbestos-containing building materials, or ACBM, and may impose fines and penalties for failure to comply with these requirements. Such laws require that owners or operators of buildings containing ACBM (and employers in such buildings) properly manage and maintain the asbestos, adequately notify or train those who may come into contact with asbestos, and undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. In addition, the presence of ACBM in our properties may expose us to third-party liability (e.g., liability for personal injury associated with exposure to asbestos).

In addition, the properties in our portfolio also are subject to various federal, state and local environmental and health and safety requirements, such as state and local fire requirements. Moreover, some of our tenants routinely handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant's ability to make rental payments to us. In addition, changes in laws could increase the potential liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations, or those of our tenants, which could in turn have an adverse effect on us.

We cannot assure you that costs or liabilities incurred as a result of environmental issues will not affect our ability to make distributions to you or that such costs or other remedial measures will not have an adverse effect on our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock. If we do incur material environmental liabilities in the future, we may face significant remediation costs, and we may find it difficult to sell any affected properties.

***Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation.***

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury is alleged to have occurred.

***We may incur significant costs complying with various federal, state and local laws, regulations and covenants that are applicable to our properties.***

The properties in our initial portfolio are subject to various covenants and federal, state and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances and zoning restrictions may restrict our use of our properties and may require us to obtain approval from local officials or restrict our use of our properties and may require us to obtain approval from local officials of community standards organizations at any time with respect to our properties, including

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prior to acquiring a property or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. Our growth strategy may be affected by our ability to obtain permits, licenses and zoning relief. Our failure to obtain such permits, licenses and zoning relief or to comply with applicable laws could have an adverse effect on our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

In addition, federal and state laws and regulations, including laws such as the Americans with Disabilities Act, or ADA, and the Fair Housing Amendment Act of 1988, or FHAA, impose further restrictions on our properties and operations. Under the ADA and the FHAA, all public accommodations must meet federal requirements related to access and use by disabled persons. Some of our properties may currently be in non-compliance with the ADA or the FHAA. If one or more of the properties in our initial portfolio is not in compliance with the ADA, the FHAA or any other regulatory requirements, we may be required to incur additional costs to bring the property into compliance, including the removal of access barriers, and we might incur governmental fines or the award of damages to private litigants. In addition, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

### **Risks Related to Our Organizational Structure and Our Formation Transactions**

*Conflicts of interest may exist or could arise in the future between the interests of our stockholders and the interests of holders of common units, which may impede business decisions that could benefit our stockholders.*

Conflicts of interest may exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Our directors and officers have duties to our company under Maryland law in connection with their management of our company. At the same time, we, as the general partner of our operating partnership, have fiduciary duties and obligations to our operating partnership and its limited partners under Maryland law and the partnership agreement of our operating partnership in connection with the management of our operating partnership. Our fiduciary duties and obligations as the general partner of our operating partnership may come into conflict with the duties of our directors and officers to our company.

Under Maryland law, a general partner of a Maryland limited partnership has fiduciary duties of loyalty and care to the partnership and its partners and must discharge its duties and exercise its rights as general partner under the partnership agreement or Maryland law consistently with the obligation of good faith and fair dealing. The partnership agreement provides that, in the event of a conflict between the interests of our operating partnership or any partner, on the one hand, and the separate interests of our company or our stockholders, on the other hand, we, in our capacity as the general partner of our operating partnership, may give priority to the separate interests of our company or our stockholders (including with respect to tax consequences to limited partners, assignees or our stockholders), and, in the event of such a conflict, any action or failure to act on our part or on the part of our directors that gives priority to the separate interests of our company or our stockholders that does not result in a violation of the contract rights of the limited partners of our operating partnership under its partnership agreement does not violate the duty of loyalty or any other duty that we, in our capacity as the general partner of our operating partnership, owe to our operating partnership and its partners or violate the obligation of good faith and fair dealing.

Additionally, the partnership agreement provides that we generally will not be liable to our operating partnership or any partner for any action or omission taken in our capacity as general partner, for the debts or liabilities of our operating partnership or for the obligations of the operating partnership under the partnership agreement, except for liability for our fraud, willful misconduct or gross negligence, pursuant to any express indemnity we may give to our operating partnership or in connection with a redemption as described in “Description of the Partnership Agreement of Rexford Industrial, L.P.—Redemption Rights of Qualifying Parties.” Our operating partnership must indemnify us, our directors and officers, officers of our operating partnership and our designees from and against any and all claims that relate to the operations of our operating partnership, unless (1) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) the person actually received an improper personal benefit in violation or breach of the partnership agreement or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our operating partnership must also pay or reimburse the reasonable expenses of any such person in advance of a final disposition of the proceeding upon its receipt of a written affirmation of the person’s good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our operating partnership is not required to indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person’s right to indemnification under the partnership agreement) or if the person is found to be liable to our operating partnership on any portion of any claim in the action. No reported decision of a Maryland appellate court has interpreted provisions similar to the provisions of the partnership agreement of our operating partnership that modify and reduce our fiduciary duties or obligations as the general partner or reduce or eliminate our liability to our operating partnership and its partners, and we have not obtained an opinion of counsel as to the enforceability of the provisions set forth in the partnership agreement that purport to modify or reduce the fiduciary duties and obligations that would be in effect were it not for the partnership agreement.

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***Some of our directors and executive officers have outside business interests, including interests in real estate-related businesses, and, therefore, may have conflicts of interest with us.***

Certain of our executive officers and directors have outside business interests, including interests in real estate-related businesses, and may own equity securities of public and private real estate companies. Our executive officers' and directors' interests in these entities could create a conflict of interest, especially when making determinations regarding our renewal of leases with tenants subject to these leases. Our executive officers' involvement in other businesses and real estate-related activities could divert their attention from our day-to-day operations, and state law may limit our ability to enforce any non-compete agreements. See "Prospectus Summary—Conflicts of Interests" and "Policies With Respect to Certain Activities—Conflict of Interest Policy."

***We may assume unknown liabilities in connection with our formation transactions.***

As part of our formation transactions, we will acquire entities and assets that are subject to existing liabilities, some of which may be unknown or unquantifiable at the time this offering is completed. These liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims by tenants, vendors or other persons dealing with our predecessor entities (that had not been asserted or threatened prior to this offering), tax liabilities and accrued but unpaid liabilities incurred in the ordinary course of business. While in some instances we may have the right to seek reimbursement against an insurer, any recourse against the prior investors in the Rexford Funds (other than Messrs. Ziman, Schwimmer and Frankel) will be limited. There can be no assurance that we will be entitled to any such reimbursement or that ultimately we will be able to recover in respect of such rights for any of these historical liabilities.

In addition, we have not obtained and do not intend to obtain new or additional title insurance in connection with this offering and the formation transactions, including any so-called date down endorsements or other modifications to our existing title insurance policies. As a result, we may acquire properties from the Rexford Funds with unknown material title defects or developments and our title insurance policies may not provide coverage against such defects or developments or insure for the current aggregate market value of our portfolio. There can be no assurance that our current title insurance policies will adequately protect us against any losses resulting from such title defects or adverse developments.

***We have not obtained recent appraisals of the properties and other assets in our initial portfolio, and the consideration paid by us to certain of our officers in our formation transactions was not negotiated at arm's length and may exceed their fair market value or the value that would be determined by third-party appraisals.***

We have not obtained as part of our formation transactions any recent third-party appraisals of our initial properties, nor any independent third-party valuations or fairness opinions in connection with our formation transactions. The amount of consideration to be paid by us to certain of our officers in our formation transactions was based upon management's estimates of the fair market value of these properties and interests. However, the consideration to be paid by us to certain of our officers was not based on arm's-length negotiations and was not approved by any independent directors. In addition, certain of our executive officers, who had significant influence in structuring the formation transactions, had pre-existing ownership interests in those properties and assets and will receive common units as a result of the formation transactions. These common units will have an initial value of approximately \$ , based on the initial public offering price of \$ per share (the mid-point of the price range set forth on the front cover of this prospectus), and will represent % of the outstanding equity interests of our company upon completion of this offering, the formation transactions and concurrent private placement. It is possible that the consideration we will pay for the properties and assets may exceed their fair market value and that we could realize less value from these assets than we would have if the assets had been acquired after arms-length negotiation or if we had obtained independent appraisals for these assets. See "Certain Relationships and Related Transactions."

***The agreements relating to our formation transactions will be subject to certain closing and other conditions.***

The agreements relating to our formation transactions whereby we will acquire the properties in our initial portfolio will be subject to certain closing and other conditions, including obtaining lender consents with regard to the mergers that are part of the formation transactions and satisfaction of certain deadlines. We may determine to delay the closing of our formation transactions in order to satisfy these conditions precedent.

***Our charter and bylaws, the partnership agreement of our operating partnership and Maryland law contain provisions that may delay, defer or prevent a change of control transaction.***

***Our charter contains certain ownership limits with respect to our stock.*** Our charter, subject to certain exceptions, authorizes our board of directors to take such actions as it determines are advisable to preserve our qualification as a REIT. Our charter also prohibits the actual, beneficial or constructive ownership by any person of more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of all

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classes and series of our stock, in each case excluding any shares that are not treated as outstanding for federal income tax purposes. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from these ownership limits if certain conditions are satisfied. The restrictions on ownership and transfer of our stock may:

- discourage a tender offer or other transactions or a change in management or of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests; or
- result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of the benefits of owning the additional shares.

***We could increase the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval.*** Our board of directors, without stockholder approval, has the power under our charter to amend our charter to increase the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the terms of such newly classified or reclassified shares. See “Description of Stock—Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock.” As a result, we may issue classes or series of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.

***Certain provisions of Maryland law could inhibit changes in control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.*** Certain provisions of the MGCL, may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- “business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding voting stock at any time within the two-year period immediately prior to the date in question) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose fair price or supermajority stockholder voting requirements on these combinations; and
- “control share” provisions that provide that holders of “control shares” of our company (defined as shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise voting power in the election of directors within one of three increasing ranges) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of the voting power of issued and outstanding “control shares”) have no voting rights with respect to their control shares, except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

As permitted by the MGCL, our bylaws provide that we will not be subject to the control share provisions of the MGCL and our board of directors has, by resolution, exempted us from the business combination between us and any other person. However, we cannot assure you that our board of directors will not revise the bylaws or such resolution in order to be subject to such business combination and control share provisions in the future. Notwithstanding the foregoing, an alteration or repeal of the board resolution exempting such business combinations will not have any effect on any business combinations that have been consummated or upon any agreements existing at the time of such modification or repeal.

Certain provisions of the MGCL permit the board of directors of a Maryland corporation with at least three independent directors and a class of stock registered under the Exchange Act without stockholder approval and regardless of what is currently provided in its charter or bylaws, to implement certain corporate governance provisions, some of which (for example, a classified board) are not currently applicable to us. These provisions may have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for the company or of delaying, deferring or preventing a change in control under circumstances that otherwise could provide the holders of shares of our stock with the opportunity to realize a premium over the then current market price. Our charter contains a provision whereby it elects, at such time as it becomes eligible to do so (which we expect will be upon the completion of this offering), to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on the board of directors. See “Material Provisions of Maryland Law and of Our Charter and Bylaws—Subtitle 8.”

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### ***Certain provisions in the partnership agreement of our operating partnership may delay or prevent unsolicited acquisitions of us.***

Provisions in the partnership agreement of our operating partnership may delay or make more difficult unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders or limited partners might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights of qualifying parties;
- a requirement that we may not be removed as the general partner of our operating partnership without our consent;
- transfer restrictions on common units;
- our ability, as general partner, in some cases, to amend the partnership agreement and to cause our operating partnership to issue common units with terms that could delay, defer or prevent a merger or other change of control of us or our operating partnership without the consent of the limited partners; and
- the right of the limited partners to consent to certain transfers of our general partnership interest (whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise).

Our charter and bylaws, the partnership agreement of our operating partnership and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest. See “Description of the Partnership Agreement of Rexford Industrial, L.P.—Transfers and Withdrawals—Restrictions on Transfers by the General Partner,” “Material Provisions of Maryland Law and of Our Charter and Bylaws—Removal of Directors,” “—Control Share Acquisitions,” “—Advance Notice of Director Nominations and New Business” and “Description of the Partnership Agreement of Rexford Industrial, L.P.”

### ***The Tax Matters Agreement could limit our ability to sell or otherwise dispose of certain properties, even though a sale or disposition may otherwise be in our stockholders’ best interest.***

In connection with the formation transactions, we will enter into a Tax Matters Agreement with certain limited partners of our operating partnership, including Messrs. Ziman, Schwimmer and Frankel, that provides that if we dispose of any interest with respect to certain properties in our portfolio, in a taxable transaction during the period from the closing of the offering through the seventh anniversary of such closing, our operating partnership will indemnify such limited partners for their tax liabilities attributable to their share of the built-in gain that exists with respect to such property interest as of the time of this offering and tax liabilities incurred as a result of the indemnification payment; provided that, subject to certain exceptions and limitations, such indemnification rights will terminate for any such protected partner that sells, exchanges or otherwise disposes of more than 50% of his or her common units. We have no present intention to sell or otherwise dispose of these properties or interest therein in taxable transactions during the restriction period. If we were to trigger the tax protection provisions under this agreement, our operating partnership would be required to pay damages in the amount of the taxes owed by these limited partners (plus additional damages in the amount of the taxes incurred as a result of such payment). As a result, although it may otherwise be in our stockholders’ best interest that we sell one of these properties, it may be economically prohibitive for us to do so because of these obligations.

### ***The Tax Matters Agreement may require our operating partnership to maintain certain debt levels that otherwise would not be required to operate our business.***

The Tax Matters Agreement will provide that during the period from the closing of this offering through the period ending on the twelfth anniversary of the closing of this offering, our operating partnership will offer certain limited partners the opportunity to guarantee its debt, and following such period, our operating partnership will use commercially reasonable efforts to provide such limited partners who continue to own at least 50% of the common units they originally received in the formation transactions with debt guarantee opportunities. Our operating partnership will be required to indemnify such limited partners for their tax liabilities resulting from our failure to make such opportunities available to them (plus an additional amount equal to the taxes incurred as a result of such indemnity payment). See “Certain Relationships and Related Transactions—Tax Matters Agreement.” Among other things, this opportunity to guarantee debt is intended to allow the participating limited partners to defer the recognition of gain in connection with the formation transactions. These obligations may require us to maintain more or different indebtedness than we would otherwise require for our business.

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*We may choose not to enforce, or to pursue less vigorous enforcement of, our rights under the contribution and/or merger and other agreements with members of our senior management and our affiliates because of our dependence on them and conflicts of interest.*

Each of Richard Ziman, Howard Schwimmer and Michael S. Frankel, are parties to or have interests in contribution and/or merger agreements with us pursuant to which we have acquired or will acquire interests in our properties and assets. None of these merger or contribution agreements was negotiated on an arm's length basis and Messrs. Ziman, Schwimmer and Frankel faced conflicts in negotiating these agreements, including the amount of consideration to be received by them in connection with our formation transactions. In addition, certain of our executive officers may become parties to employment agreements with us, and Messrs. Ziman, Schwimmer and Frankel have entered into a representation, warranty and indemnity agreement with us pursuant to which they made certain representations and warranties to us regarding the entities and assets being acquired in the formation transactions and agreed to indemnify us and our operating partnership, subject to certain conditions, in an amount equal to up to ten percent of the consideration payable to Messrs. Ziman, Schwimmer and Frankel in the formation transaction for breaches of such representations and warranties for one year after the completion of this offering, the formation transactions and the concurrent private placement. We may choose not to enforce, or to enforce less vigorously, our rights under these agreements because of our desire to maintain our ongoing relationships with members of our senior management and their affiliates, with possible negative impact on stockholders.

*Our board of directors may change our investment and financing policies without stockholder approval and we may become more highly leveraged, which may increase our risk of default under our debt obligations.*

Our investment and financing policies are exclusively determined by our board of directors. Accordingly, our stockholders do not control these policies. Further, our charter and bylaws do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Our board of directors may alter or eliminate our current policy on borrowing at any time without stockholder approval. If this policy changed, we could become more highly leveraged which could result in an increase in our debt service. Higher leverage also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, real estate market fluctuations and liquidity risk. Changes to our policies with regards to the foregoing could adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

*Our rights and the rights of our stockholders to take action against our directors and officers are limited.*

As permitted by Maryland law, our charter eliminates the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment and was material to the cause of action adjudicated.

In addition, our charter authorizes us to obligate our company, and our bylaws require us, to indemnify our directors and officers for actions taken by them in those and certain other capacities to the maximum extent permitted by Maryland law in effect from time to time. Generally, Maryland law permits a Maryland corporation to indemnify its present and former directors and officers except in instances where the person seeking indemnification acted in bad faith or with active and deliberate dishonesty, actually received an improper personal benefit in money, property or services or, in the case of a criminal proceeding, had reasonable cause to believe that his or her actions were unlawful. Under Maryland law, a Maryland corporation also may not indemnify a director or officer in a suit by or on behalf of the corporation in which the director or officer was adjudged liable to the corporation or for a judgment of liability on the basis that a personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct; however, indemnification for an adverse judgment in a suit by us or on our behalf, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist. Accordingly, in the event that actions taken in good faith by any of our directors or officers impede the performance of our company, your ability to recover damages from such director or officer will be limited. See "Material Provisions of Maryland Law and of Our Charter and Bylaws—Indemnification and Limitation of Directors' and Officer's Liability."



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*We are a holding company with no direct operations and, as such, we will rely on funds received from our operating partnership to pay liabilities, and the interests of our stockholders will be structurally subordinated to all liabilities and obligations of our operating partnership and its subsidiaries.*

We are a holding company and will conduct substantially all of our operations through our operating partnership. We do not have, apart from an interest in our operating partnership, any independent operations. As a result, we will rely on distributions from our operating partnership to pay any dividends we might declare on shares of our common stock. We will also rely on distributions from our operating partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our operating partnership. In addition, because we are a holding company, your claims as stockholders will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our operating partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our operating partnership and its subsidiaries will be available to satisfy the claims of our stockholders only after all of our and our operating partnership's and its subsidiaries' liabilities and obligations have been paid in full.

*Our operating partnership may issue additional common units to third parties without the consent of our stockholders, which would reduce our ownership percentage in our operating partnership and would have a dilutive effect on the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we can make to our stockholders.*

After giving effect to this offering, we will own \_\_\_\_\_ % of the outstanding common units and we may, in connection with our acquisition of properties or otherwise, cause our operating partnership to issue additional common units to third parties. Such issuances would reduce our ownership percentage in our operating partnership and affect the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we can make to our stockholders. Because you will not directly own common units, you will not have any voting rights with respect to any such issuances or other partnership level activities of our operating partnership.

### **Risks Related to Our Status as a REIT**

*Failure to qualify or maintain our qualification as a REIT would have significant adverse consequences to us and the per share trading price of our common stock.*

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2013. We have not requested and do not plan to request a ruling from the Internal Revenue Service, or IRS, that we qualify as a REIT, and the statements in this prospectus are not binding on the IRS or any court. Therefore, we cannot assure you that we will qualify as a REIT, or that we will remain qualified as such in the future. If we lose our REIT qualification, we will face serious tax consequences that would substantially reduce the funds available for distribution to you for each of the years involved because:

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income and would be subject to federal income tax at regular corporate rates;
- we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and
- unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified.

Any such corporate tax liability could be substantial and would reduce our cash available for, among other things, our operations and distributions to stockholders. In addition, if we fail to qualify as a REIT, we will not be required to make distributions to our stockholders. As a result of all these factors, our failure to qualify as a REIT also could impair our ability to expand our business and raise capital, and could materially and adversely affect the per share trading price of our common stock.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable Treasury regulations that have been promulgated under the Code, or the Treasury Regulations, is greater in the case of a REIT that, like us, holds its assets through a partnership. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In order to qualify as a REIT, we must satisfy a number of requirements, including requirements regarding the ownership of our stock, requirements regarding the composition of our assets and a requirement that at least 95% of our gross income in any year must be derived from qualifying sources, such as "rents from real property." Also, we must make distributions to stockholders aggregating annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding net capital gains. In addition, legislation, new regulations, administrative interpretations or court decisions may materially adversely affect our investors, our ability to qualify as a REIT for federal income tax purposes or the desirability of an investment in a REIT relative to other investments.

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Even if we qualify as a REIT for federal income tax purposes, we may be subject to some federal, state and local income, property and excise taxes on our income or property and, in certain cases, a 100% penalty tax, in the event we sell property as a dealer. In addition, our taxable REIT subsidiary will be subject to tax as a regular corporation in the jurisdictions it operates.

***If our operating partnership failed to qualify as a partnership for federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.***

We believe that our operating partnership will be treated as a partnership for federal income tax purposes. As a partnership, our operating partnership will not be subject to federal income tax on its income. Instead, each of its partners, including us, will be allocated, and may be required to pay tax with respect to, its share of our operating partnership's income. We cannot assure you, however, that the IRS will not challenge the status of our operating partnership or any other subsidiary partnership in which we own an interest as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership or any such other subsidiary partnership as an entity taxable as a corporation for federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of our operating partnership or any subsidiary partnerships to qualify as a partnership could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

***Our taxable REIT subsidiaries will be subject to federal income tax, and we will be required to pay a 100% penalty tax on certain income or deductions if our transactions with our taxable REIT subsidiaries are not conducted on arm's length terms.***

We will own an interest in one or more taxable REIT subsidiaries, and may acquire securities in additional taxable REIT subsidiaries in the future. A taxable REIT subsidiary is a corporation other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a taxable REIT subsidiary. If a taxable REIT subsidiary owns more than 35% of the total voting power or value of the outstanding securities of another corporation, such other corporation will also be treated as a taxable REIT subsidiary. Other than some activities relating to lodging and health care facilities, a taxable REIT subsidiary may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A taxable REIT subsidiary is subject to federal income tax as a regular C corporation. In addition, a 100% excise tax will be imposed on certain transactions between a taxable REIT subsidiary and its parent REIT that are not conducted on an arm's length basis.

***To maintain our REIT qualification, we may be forced to borrow funds during unfavorable market conditions.***

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our REIT taxable income each year, determined without regard to the dividends paid deduction and excluding net capital gains, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our REIT taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. Accordingly, we may not be able to retain sufficient cash flow from operations to meet our debt service requirements and repay our debt. Therefore, we may need to raise additional capital for these purposes, and we cannot assure you that a sufficient amount of capital will be available to us on favorable terms, or at all, when needed, which would materially adversely affect our financial condition, results of operations, cash flows and ability to pay distributions on, and the per share trading price of, our common stock. Further, in order to maintain our REIT qualification and avoid the payment of income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from, among other things, differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of factors, including the market's perception of our growth potential, our current debt levels, the per share trading price of our common stock, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, and could adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

***Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.***

The maximum tax rate applicable to "qualified dividend income" payable to U.S. stockholders that are individuals, trusts and estates is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. Although these rules do not adversely affect the taxation of REITs or dividends payable by REITs, investors who are individuals, trusts and estates may perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including the per share trading price of our common stock.

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***The tax imposed on REITs engaging in “prohibited transactions” may limit our ability to engage in transactions which would be treated as sales for federal income tax purposes.***

A REIT’s net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, unless a sale or disposition qualifies under certain statutory safe harbors, such characterization is a factual determination and no guarantee can be given that the IRS would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors.

***Complying with REIT requirements may affect our profitability and may force us to liquidate or forgo otherwise attractive investments.***

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the nature and diversification of our assets, the sources of our income and the amounts we distribute to our stockholders. We may be required to liquidate or forgo otherwise attractive investments in order to satisfy the asset and income tests or to qualify under certain statutory relief provisions. We also may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. As a result, having to comply with the distribution requirement could cause us to: (1) sell assets in adverse market conditions; (2) borrow on unfavorable terms; or (3) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt. Accordingly, satisfying the REIT requirements could have an adverse effect on our business results, profitability and ability to execute our business plan. Moreover, if we are compelled to liquidate our investments to meet any of these asset, income or distribution tests, or to repay obligations to our lenders, we may be unable to comply with one or more of the requirements applicable to REITs or may be subject to a 100% tax on any resulting gain if such sales constitute prohibited transactions.

***Legislative or other actions affecting REITs could have a negative effect on us.***

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury. Changes to the tax laws, with or without retroactive application, could adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, Treasury Regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT or the federal income tax consequences of such qualification.

### **Risks Related to this Offering**

***There has been no public market for our common stock prior to this offering and an active trading market for our common stock may not develop following this offering.***

Prior to this offering, there has not been any public market for our common stock, and there can be no assurance that an active trading market will develop or be sustained or that shares of our common stock will be resold at or above the initial public offering price. We intend to apply to have our common stock listed on the NYSE under the symbol “\_\_\_\_\_” The initial public offering price of our common stock has been determined by agreement among us and the underwriters, but there can be no assurance that our common stock will not trade below the initial public offering price following the completion of this offering. See “Underwriting.” The per share trading price of our common stock could be substantially affected by general market conditions, including the extent to which a secondary market develops for our common stock following the completion of this offering, the extent of institutional investor interest in us, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies), our financial performance and general stock and bond market conditions.

***We may be unable to make distributions at expected levels, and we may be required to borrow funds to make distributions.***

Our estimated initial annual distributions represent \_\_\_\_\_ % of our estimated initial cash available for distribution for the 12 months ending December 31, 2012 as calculated in “Distribution Policy.” Accordingly, we may be unable to pay our estimated initial annual distribution to stockholders out of cash available for distribution. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital, borrow to provide funds for such distributions, or reduce the amount of such distributions. If cash available for distribution generated by our assets is less than our current estimate, or if such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock. In the event the underwriters’ over-allotment option is exercised, pending investment of the proceeds therefrom, our ability to pay such distributions out of cash from our operations may be further materially adversely affected.

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Our ability to make distributions may also be limited by our proposed revolving credit facility. We expect that under the terms of the revolving credit facility we intend to enter into in connection with the completion of this offering, our ability to make distributions will be limited to the greater of (1) an amount to be agreed upon with our lenders or (2) the amount required for us to qualify and maintain our status as a REIT. We also expect that if a default or event of default occurs and is continuing under this revolving credit facility, we may be precluded from making certain distributions (other than those required to allow us to qualify and maintain our status as a REIT).

All distributions will be made at the discretion of our board of directors and will be based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our board of directors may deem relevant from time to time. We may not be able to make distributions in the future. In addition, some of our distributions may include a return of capital. To the extent that we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for federal income tax purposes to the extent of the holder's adjusted tax basis in its shares, and thereafter as gain on a sale or exchange of such shares. See "U.S. Federal Income Tax Considerations—U.S. Federal Income Tax Considerations for Holders of Our Common Stock." If we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been.

***Messrs. Ziman, Schwimmer and Frankel will receive benefits in connection with this offering, which create a conflict of interest because they have interests in the successful completion of this offering that may influence their decisions affecting the terms and circumstances under which the offering and formation transactions are completed.***

In connection with our formation transactions and this offering, Messrs. Ziman, Schwimmer and Frankel will own approximately \_\_\_\_\_ shares of our common stock and common units, representing a \_\_\_\_\_ % beneficial interest on a fully diluted basis. These transactions create a conflict of interest because Messrs. Ziman, Schwimmer and Frankel have interests in the successful completion of this offering. These interests may influence their decisions, affecting the terms and circumstances under which our formation transactions and this offering are completed. In addition, we expect that, in connection with this offering, Messrs. Ziman, Schwimmer and Frankel will enter into employment agreements that provide for compensation and benefits and will receive certain compensatory equity grants that may further influence such decisions. For more information concerning benefits to be received by Messrs. Ziman, Schwimmer and Frankel in connection with this offering, see "Structure and Formation of Our Company—Benefits of the Formation Transactions to Related Parties" and "Certain Relationships and Related Transactions."

***The market price and trading volume of our common stock may be volatile following this offering.***

Even if an active trading market develops for our common stock, the per share trading price of our common stock may be volatile. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the per share trading price of our common stock declines significantly, you may be unable to resell your shares at or above the initial public offering price. We cannot assure you that the per share trading price of our common stock will not fluctuate or decline significantly in the future.

Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our funds from operations or earnings estimates;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this prospectus;
- the extent of investor interest in our securities;

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- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our underlying asset value;
- investor confidence in the stock and bond markets, generally;
- changes in tax laws;
- future equity issuances;
- failure to meet earnings estimates;
- failure to qualify and maintain our qualification as a REIT;
- changes in our credit ratings; and
- general market and economic conditions.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock.

***We may use a portion of the net proceeds from this offering to make distributions to our stockholders, which would, among other things, reduce our cash available to acquire properties and may reduce the returns on your investment in our common stock.***

Prior to the time we have fully invested the net proceeds of this offering, we may fund distributions to our stockholders out of the net proceeds of these offerings, which would reduce the amount of cash we have available to acquire properties and may reduce the returns on your investment in our common stock. The use of these net proceeds for distributions to stockholders could adversely affect our financial results. In addition, funding distributions from the net proceeds of this offering may constitute a return of capital to our stockholders, which would have the effect of reducing each stockholder's tax basis in our common stock.

***Differences between the book value of the assets to be acquired in the formation transactions and the price paid for our common stock will result in an immediate and material dilution of the book value of our common stock.***

As of December 31, 2012, the aggregate historical combined net tangible book value of the interests and assets to be transferred to our operating partnership was approximately \$346 million, or \$ per share of our common stock held by the prior investors, assuming the exchange of common units into shares of our common stock on a one-for-one basis. As a result, the pro forma net tangible book value per share of our common stock after the completion of our formation transactions and this offering will be less than the initial public offering price. The purchasers of shares of our common stock offered hereby will experience immediate and substantial dilution of \$ per share in the pro forma net tangible book value per share of our common stock.

***Market interest rates may have an effect on the per share trading price of our common stock.***

One of the factors that will influence the price of our common stock will be the dividend yield on the common stock (as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decrease.

***The number of shares of our common stock available for future issuance or sale could adversely affect the per share trading price of our common stock.***

We are offering shares of our common stock as described in this prospectus. Upon completion of this offering, the formation transactions and the concurrent private placement, we will have outstanding approximately shares of our common stock. Of these shares, the shares sold in this offering will be freely tradable, except for any shares purchased in this offering by our affiliates, as that term is defined by Rule 144 under the Securities Act. Upon completion of this offering, our directors and management and their affiliates, together with third party prior investors in the Rexford Funds, will beneficially own shares of our outstanding common stock. In connection with this offering, we have entered into a lock-up agreement that prevents us from offering additional common stock until 360 days after the date of this prospectus, as described in "Underwriting." These lock-up provisions, at any time and without notice, may be released by the underwriters. If the restrictions under the lock-up agreements are waived, our common stock may become available for resale into the market, subject to applicable law, which could reduce the per share trading price for our common stock. Our executive officers, directors and participants in the formation transactions and the concurrent private placement may sell the shares of our common stock that they acquire in the formation transactions and the concurrent private placement or are granted in connection with the offering at any time following the expiration of the lock-up period for such shares, which expires 360 days after the completion of this offering for our executive officers and directors and 180 days for the other participants in the formation transactions and the concurrent private placement, or earlier with the prior written consent of the underwriters.

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We cannot predict whether future issuances or sales of shares of our common stock or the availability of shares for resale in the open market will decrease the per share trading price per share of our common stock. The per share trading price of our common stock may decline significantly when the restrictions on resale by certain of our stockholders lapse or upon the registration of additional shares of our common stock pursuant to registration rights granted in connection with the formation transactions and the concurrent private placement.

***The issuance of substantial numbers of shares of our common stock in the public market, or upon exchange of common units, or the perception that such issuances might occur could adversely affect the per share trading price of the shares of our common stock.***

The exercise of the underwriters' over-allotment option, the exchange of common units for common stock or the vesting of any stock awards granted to certain directors, executive officers and other employees under our 2013 Incentive Award Plan, the issuance of our common stock or common units in connection with future property, portfolio or business acquisitions and other issuances of our common stock could have an adverse effect on the per share trading price of our common stock, and the authorization of grants of awards covering common units or shares of our common stock under our 2013 Incentive Award Plan, may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of shares of our common stock may be dilutive to existing stockholders.

***Future offerings of debt securities, which would be senior to our common stock upon liquidation, and/or preferred equity securities which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the per share trading price of our common stock.***

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing our operating partnership to issue debt or equity securities), including medium-term notes, senior or subordinated notes and classes or series of preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will be entitled to receive our available assets prior to distribution to the holders of our common stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability pay dividends to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings.

***Future sales of shares of our common stock by insiders may depress the per share trading price of our common stock.***

Any sales of a substantial number of shares of our common stock, or the perception that those sales might occur, may cause the per share trading price of the common stock to decline. Based on the mid-point of the price range set forth on the cover page of this prospectus, after this offering and the expiration of any applicable transfer restrictions imposed in connection with this offering, our directors and our executive officers will have the ability to sell approximately % of our common stock. Although our directors and executive officers have agreed not to sell the common stock they hold for 360 days after this offering, they may sell a significant number of shares after that time, which could depress the per share trading price of our common stock.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this prospectus that are forward-looking statements, which are usually identified by the use of words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “seeks,” “should,” “will,” and variations of such words or similar expressions. Our forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by our forward-looking statements are reasonable, we can give no assurance that our plans, intentions, expectations, strategies or prospects will be attained or achieved and you should not place undue reliance on these forward-looking statements. Furthermore, actual results may differ materially from those described in the forward-looking statements and may be affected by a variety of risks and factors including, without limitation:

- the factors included in this prospectus, including those set forth under the headings “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business;”
- the competitive environment in which we operate;
- real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for tenants in such markets;
- decreased rental rates or increasing vacancy rates;
- potential defaults on or non-renewal of leases by tenants;
- potential bankruptcy or insolvency of tenants;
- acquisition risks, including failure of such acquisitions to perform in accordance with projections;
- the timing of acquisitions and dispositions;
- potential natural disasters such as earthquakes, wildfires or floods;
- national, international, regional and local economic conditions;
- the general level of interest rates;
- potential changes in the law or governmental regulations that affect us and interpretations of those laws and regulations, including changes in real estate and zoning or REIT tax laws, and potential increases in real property tax rates;
- financing risks, including the risks that our cash flows from operations may be insufficient to meet required payments of principal and interest and we may be unable to refinance our existing debt upon maturity or obtain new financing on attractive terms or at all;
- lack of or insufficient amounts of insurance;
- our ability to qualify and maintain our qualification as a REIT;
- litigation, including costs associated with prosecuting or defending claims and any adverse outcomes; and
- possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us.

Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Market data and industry forecasts and projections used in this prospectus have been obtained from DAUM or other independent industry sources. Forecasts, projections and other forward-looking information obtained from DAUM or other sources are subject to similar qualifications and uncertainties as other forward-looking statements in this prospectus.

## USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of shares of our common stock in this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full), in each case assuming an initial public offering price of \$ per share, which is the mid-point of the price range set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions of approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full) and estimated offering expenses of approximately \$ million payable by us. In addition, concurrently with the closing of this offering, we will issue shares of our common stock to accredited investors in the Rexford Funds pursuant to the concurrent private placement. We estimate the incremental net proceeds from the concurrent private placement will be approximately \$ million.

We will contribute the net proceeds we receive from this offering and the concurrent private placement to our operating partnership in exchange for common units in our operating partnership.

We expect our operating partnership will use the net proceeds, together with borrowings in the amount of \$ million under our new revolving credit facility, as described below:

- approximately \$ million (including principal and related accrued interest) to repay mortgage debt secured by certain of the properties we will acquire in our formation transactions, which bears interest at a weighted average rate of % per annum and has a weighted average remaining years to maturity of years;
- approximately \$ million (including principal and related accrued interest) to repay a mortgage loan secured by 13914-13932 Valley Boulevard, La Puente, California incurred in May 2012, which bears interest at a rate of LIBOR plus 2.75% per annum and is scheduled to mature on May 1, 2015 (subject to two 1-year extensions). This mortgage loan was part of a general refinancing of the Valley Boulevard property, the proceeds from which were used to repay a \$ million acquisition loan from Fund V, and to pay transaction expenses incurred in connection with the refinancing;
- approximately \$ million (including principal and related accrued interest) to repay a mortgage loan secured by 1400 S. Campus Avenue, Ontario, California incurred in June 2012, which bears interest at a rate of LIBOR plus 2.50 % per annum and is scheduled to mature on July 1, 2015 (subject to two 1-year extensions). This mortgage loan was part of a general refinancing of the Campus Avenue property, the proceeds from which were used to repay a \$ million acquisition loan from Fund V, and to pay transaction expenses incurred in connection with the refinancing;
- approximately \$ million (including principal and related accrued interest) to repay Fund V for a mortgage loan secured by 15041 Calvert Street, Van Nuys, California incurred in December 2012, which bears interest at a rate of LIBOR plus 2.25% per annum and is scheduled to mature on January 15, 2015 (subject to two 1-year extensions). The proceeds of this loan were used to acquire the Calvert property from a third-party seller;
- approximately \$ million (including principal and related accrued interest) to repay Fund V for a mortgage loan secured by 701 Del Norte Boulevard, Oxnard, California incurred in December 2012, which bears interest at a rate of LIBOR plus 2.25% per annum and is scheduled to mature January 15, 2015 (subject to two 1-year extensions). The proceeds of this loan were used to acquire the Del Norte property from a third-party seller;
- approximately \$ million (including principal and related accrued interest) to repay both tranches of a loan to Fund I that is secured by certain of the properties we will acquire in our formation transactions, which bears interest at a weighted average rate of 5.32% per annum. The first \$ million tranche of this loan is scheduled to mature on May 14, 2014 and the second \$ million tranche is scheduled to mature on May 31, 2014;
- approximately \$ million (including principal and related accrued interest) to repay a loan to Fund II that is secured by certain of the properties we will acquire in our formation transactions, which bears interest at LIBOR plus 3.75% per annum and is scheduled to mature on July 1, 2013 (subject to one 1-year extension);
- approximately \$ million (including principal and related accrued interest) to repay both tranches of a loan to Fund III that is secured by certain of the properties we will acquire in our formation transactions, which bears interest at a weighted average of LIBOR plus 3.50% per annum. Both tranches of this loan are scheduled to mature on August 31, 2014;
- approximately \$ million (including principal and related accrued interest) to repay a loan to Fund IV that is secured by certain of the properties we will acquire in our formation transactions, which bears interest at LIBOR plus 4.00% per annum and is scheduled to mature on April 1, 2013 (with one 1-year extension);
- approximately \$ million to pay prepayment costs, exit fees and assumption fees in connection with the retirement of indebtedness and the attainment of lender consents on existing indebtedness;



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- approximately \$            million in fees associated with the revolving credit facility;
- approximately \$            million to pay transfer taxes and fees associated with the contribution of our properties to us;
- approximately \$            million to post as escrows for mortgage debt;
- approximately \$            million to pay non-accredited investors in connection with the formation transactions; and
- the remaining amounts to acquire and manage industrial properties and for general corporate purposes.

Prior to the full deployment of the net proceeds as described above, we intend to invest the undeployed net proceeds in interest-bearing short-term investment grade securities or money-market accounts that are consistent with our intention to qualify as a REIT, including, for example, government and government agency certificates, certificates of deposit and interest-bearing bank deposits. We expect that these initial investments will provide a lower net return than we expect to receive from investments in industrial properties.

If the underwriters exercise their over-allotment option in full, we expect to use the additional \$            of net proceeds for general corporate purposes, including acquisitions of real estate assets.

The debt repayment described above is an estimate based on principal and related accrued interest outstanding as of December 31, 2012. The actual amounts of the debt repayments will depend on the principal and related accrued interest outstanding at the time of payment and may be greater than or less than our estimates above.

**DISTRIBUTION POLICY**

We are a newly formed company that has not commenced operations, and as a result, we have not paid any distributions as of the date of this prospectus. U.S. federal income tax laws generally require that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. To satisfy the requirements to qualify as a REIT and generally not be subject to U.S. federal income tax, we intend to make quarterly distributions of all or substantially all of our net income to holders of our common stock out of assets legally available therefor. We intend to pay a pro rata initial distribution with respect to the period commencing on the completion of this offering and ending at the last day of the then-current fiscal quarter, based on a distribution of \$ \_\_\_\_\_ per share for a full quarter. On an annualized basis, this would be \$ \_\_\_\_\_ per share, or an annual distribution rate of approximately \_\_\_\_\_ % based on the initial public offering price. We estimate this initial annual distribution rate will represent approximately \_\_\_\_\_ % of estimated cash available for distribution to our common stockholders for the year ending December 31, 2013. We intend to maintain our initial distribution rate for the 12-month period following completion of this offering unless our actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimate. Any distributions we make will be at the discretion of our board of directors and will depend upon our earnings and financial condition, maintenance of REIT qualification, the applicable restrictions contained in the MGCL and such other factors as our board may determine in its sole discretion. We anticipate that our estimated cash available for distribution will exceed the annual distribution requirements applicable to REITs. However, under some circumstances, we may be required to pay distributions in excess of cash available for distribution in order to meet these distribution requirements and may need to use the proceeds from future equity and debt offerings, sell assets or borrow funds to make some distributions. We have no intention to use the net proceeds of this offering to make distributions nor do we intend to make distributions using shares of common stock. We cannot assure you that our distribution policy will not change in the future.

**CAPITALIZATION**

The following table sets forth as of December 31, 2012:

- the actual capitalization of Rexford Industrial, Inc. Predecessor; and
- our capitalization, as adjusted to give effect to the completion of the formation transactions and the sale of shares of common stock in this offering at an assumed initial public offering price of \$ per share (the mid-point of the offering price range on the cover of this prospectus), net of the underwriting discounts and estimated organizational and offering expenses payable by us, the sale of shares of common stock in the concurrent private placement at an assumed offering price of \$ per share (the mid-point of the offering price range on the cover of this prospectus), without payment of the underwriting discounts, and the grant of awards covering shares of our common stock to our executive officers, certain employees and independent directors.

This table should be read in conjunction with “Use of Proceeds,” “Selected Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Rexford Industrial, Inc. Predecessor’s historical audited financial statements and the unaudited pro forma financial information and related notes appearing elsewhere in this prospectus.

	<u>As of December 31, 2012</u>	
	<u>Rexford Industrial, Inc. Predecessor Historical (\$ in thousands)</u>	<u>Company Pro Forma As Adjusted (1)(2)(3) (\$ in thousands)</u>
Notes payable (4) (5)	313,608	
Members’ equity	(12,691)	
Stockholders’ equity:		
Preferred stock, \$0.01 par value per share, issued and outstanding	shares authorized, no shares issued and outstanding	
Common stock, \$0.01 par value per share; shares issued and outstanding, actual and outstanding, as adjusted	shares authorized, shares issued and outstanding, as adjusted	
Additional paid-in capital		
Non-controlling interest in our operating partnership	108,939	
Total equity	<u>96,248</u>	
Total capitalization	<u>\$ 403,856</u>	<u>\$</u>

- (1) Assumes shares of common stock will be sold in this offering at an initial public offering price of \$ per share for net proceeds of approximately \$ million after deducting the underwriting discounts and estimated organizational and offering expenses of approximately \$ million, and shares of common stock will be issued in the concurrent private placement. See “Use of Proceeds.”
- (2) Does not include exercise of the underwriters’ option to purchase up to additional shares of common stock.
- (3) The common stock outstanding as shown includes (i) shares of common stock issued to prior investors in the Rexford Funds or the management companies in connection with the formation transactions, (ii) shares of common stock issued in the concurrent private placement, (iii) shares of our common stock to be granted to our executive officers and certain employees under our 2013 Incentive Award Plan upon the completion of this offering and (iv) shares of our common stock to be granted to our independent directors under our 2013 Incentive Award Plan upon the completion of this offering. The common stock outstanding as shown does not include (i) common units in our operating partnership to be issued to prior investors in the Rexford Funds or the management companies in connection with the formation transactions, which are redeemable at the option of the holder beginning 14 months after the later of the completion of this offering or the date which a person first became a holder of common units and exchangeable, under certain circumstances and at our election, into an equal number of shares of our common stock, subject to certain adjustments and the restrictions on ownership and transfer of our stock set forth in our charter, (ii) shares of our common stock or partnership units reserved for issuance under our 2013 Incentive Award Plan (in addition to the shares covered by awards to be granted in connection with this offering). See “Executive Compensation—2013 Incentive Award Plan.”
- (4) Pro forma balance as of December 31, 2012.
- (5) We also expect to enter into a new revolving credit facility, of which \$ will be drawn at the closing of this offering to repay a portion of outstanding mortgage debt, assuming that this offering prices at the mid-point of the price range set forth on the cover page of this prospectus.

## DILUTION

Purchasers of our common stock offered in this prospectus will experience an immediate and substantial dilution of the net tangible book value of our common stock from the initial public offering price. As of December 31, 2012, we had a pro forma net tangible book value of approximately \$            million, or \$            per share of our common stock held by prior investors, assuming the exchange of common units into shares of our common stock on a one-for-one basis. After giving effect to the sale of the shares of our common stock offered hereby and in the concurrent private placement, including the use of proceeds as described under “Use of Proceeds,” and our formation transactions, the deduction of underwriting discounts and commissions, and estimated formation transaction and offering expenses, the pro forma net tangible book value as of December 31, 2012 attributable to common stockholders, including the effects of the grants of awards covering shares of our common stock to our executive officers, directors and certain employees, would have been \$            , or \$            per share of our common stock. This amount represents an immediate increase in net tangible book value of \$ per share to prior investors and an immediate dilution in pro forma net tangible book value of \$            per share from the assumed public offering price of \$            per share of our common stock to new public investors. See “Risk Factors—Risks Related to this Offering—Differences between the book value of the assets to be acquired in the formation transactions and the price paid for our common stock will result in an immediate and material dilution of the book value of our common stock.” The following table illustrates this per share dilution:

Assumed initial public offering price per share	\$
Net tangible book value per share before our formation transactions, the concurrent private placement and this offering (1)	\$
Net increase in pro forma net tangible book value per share attributable to our formation transactions, the concurrent private placement and this offering	\$
Pro forma net tangible book value per share after our formation transactions, the concurrent private placement and this offering (2)	\$
Dilution in pro forma net tangible book value per shares to new investors (3)	\$

- (1) Net tangible book value per share of our common stock before our formation transactions, the concurrent private placement and this offering is determined by dividing net tangible book value based on December 31, 2012 net book value of the tangible assets (consisting of total assets less intangible assets, which are comprised of goodwill (if applicable), deferred financing and leasing costs, acquired above-market leases and acquired in place lease value, net of liabilities to be assumed, excluding acquired below market leases and acquired above-market ground leases) of our predecessor business by the number of shares of our common stock held by prior investors after this offering, assuming the exchange for shares of our common stock on a one-for-one basis of the common units to be issued in connection with our formation transactions.
- (2) Based on pro forma net tangible book value of approximately \$            divided by the sum of shares of our common stock and common units to be outstanding after this offering.
- (3) Dilution is determined by subtracting pro forma net tangible book value per share of our common stock after giving effect to our formation transactions, the concurrent private placement and this offering from the initial public offering price paid by a new investor for a share of our common stock.

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The following table sets forth selected financial and operating data on (i) a pro forma basis for our company and (ii) a historical basis for “Rexford Industrial, Inc. Predecessor.” Rexford Industrial, Inc. Predecessor is comprised of certain entities under common control and their consolidated subsidiaries that own directly or indirectly 59 industrial properties. We refer to these entities and their subsidiaries collectively as the “ownership entities.” Upon completion of our formation transactions, the concurrent private placement and this offering, we will acquire the 59 industrial properties owned directly or indirectly by Rexford Industrial, Inc. Predecessor.

We have not presented historical information for Rexford Industrial, Inc. because we have not had any corporate activity since our formation and because we believe that a discussion of the results of Rexford Industrial, Inc. would not be meaningful.

You should read the following summary financial and operating data in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operation,” our unaudited pro forma consolidated financial statements and related notes, and the historical combined financial statements and related notes of Rexford Industrial, Inc. Predecessor included elsewhere in the prospectus.

The unaudited pro forma condensed consolidated balance sheet data is presented as if our formation transactions, the concurrent private placement and this offering had occurred on December 31, 2012, and the unaudited pro forma statements of operations and other data for the year ended December 31, 2012, is presented as if our formation transactions, the concurrent private placement and this offering had occurred on January 1, 2012. The pro forma financial information is not necessarily indicative of what our actual financial condition would have been as of December 31, 2012 or what our actual results of operations would have been assuming our formation transactions, the concurrent private placement and this offering had been completed as of January 1, 2012, nor does it purport to represent our future financial position or results of operations.

The summary historical combined balance sheet information as of December 31, 2012 and 2011, and the historical combined statement of operations data for the years ended December 31, 2012 and 2011 have been derived from the combined financial statements of Rexford Industrial, Inc. Predecessor, which were audited by Ernst & Young LLP, independent registered public accountants, and are included elsewhere in this prospectus.

	<b>Year Ended December 31, Company Pro Forma Consolidated 2012 (Unaudited)</b>	<b>Rexford Predecessor Historical</b>	
		<b>2012 (In thousands)</b>	<b>2011 (In thousands)</b>
<b>Statement of Operations Data:</b>			
<b>Revenue</b>			
Rental revenues	\$	\$ 29,362	\$ 24,375
Tenant reimbursements		3,275	2,453
Management, leasing and development services		519	316
Other income		124	159
Total rental revenues		33,280	27,303
Interest income		1,577	1,578
Total revenues		34,857	28,881
<b>Expenses</b>			
Property expenses		8,563	7,210
General and administrative		6,382	4,687
Depreciation and amortization		13,105	10,250
Other expense		103	106
Total operating expenses		28,153	22,253

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	Year Ended December 31, Company Pro Forma	
	Consolidated	Rexford Predecessor Historical
	2012 (Unaudited)	2011 (In thousands)
<b>Other (income) expense</b>		
Acquisition expenses	599	1,022
Interest expense	17,529	18,031
Gain on mark-to-market interest rate swaps	(2,361)	(4,185)
Total other income (expense)	15,767	14,868
Total expenses	43,920	37,121
Equity in income of unconsolidated real estate entities	122	185
Net loss from continuing operations	(8,941)	(8,055)
<b>Discontinued operations</b>		
Loss from discontinued operations before gains on settlement of debt and sale of real estate	(71)	(785)
Gain on sale of real estate	55	2,503
Income (loss) from discontinued operations	(16)	1,718
Net loss	\$ (8,957)	\$ (6,337)
<b>Balance Sheet Data</b>		
<b>(End of Period):</b>		
Rental property, before accumulated depreciation	\$ 395,725	\$ 371,391
Rental property, after accumulated depreciation	\$ 336,011	\$ 321,537
Total assets	\$ 420,496	\$ 383,215
Notes payable	\$ 313,608	\$ 301,617
Total liabilities	\$ 324,248	\$ 315,535
Owners'/stockholders' equity (deficit)	\$ 420,496	\$ 383,215
<b>Other Data:</b>		
Cash flow provided by (used in) operating activities	\$ 1,080	\$ (3,349)
Cash flow used in investing activities	\$ (23,778)	\$ (42,303)
Cash flow provided by financing activities	\$ 45,269	\$ 51,569
Total number of in-service properties	58	48
<b>NOI<sup>(1)</sup></b>		
Rental revenue	\$ 29,362	\$ 24,375
Tenant recoveries	3,275	2,453
Other operating revenue <sup>(2)</sup>	643	475
Property expenses	(8,563)	(7,210)
NOI	\$ 24,717	\$ 20,093
<b>EBITDA<sup>(1)</sup></b>		
Net loss	\$ (8,957)	\$ (6,337)
Interest expense	17,529	18,031
Depreciation and amortization	13,105	10,250
EBITDA	\$ 21,677	\$ 21,944
<b>FFO<sup>(1)</sup></b>		
Net loss	\$ (8,957)	\$ (6,337)
Depreciation and amortization, including amounts in discontinued operations and unconsolidated joint ventures and tenants in common	13,784	10,542
Gain on sale	(55)	(2,503)
FFO	\$ 4,772	\$ 1,702

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	Year Ended December 31, Company Pro Forma Consolidated	Rexford Predecessor Historical	
	2012	2012	2011
	(Unaudited)	(In thousands)	(In thousands)
<b>AFFO<sup>(1)</sup></b>			
FFO		\$ 4,772	\$ 1,702
Add:			
Amortization of deferred financing costs		843	1,046
Fair value lease revenue		188	(163)
Acquisition costs		599	1,022
Deduct:			
Straight line rent adjustment		(843)	(495)
Gain on mark-to-market interest rate swaps		(2,361)	(4,185)
Note receivable discount amortization		(360)	(330)
Note payable premium amortization		(45)	(7)
Recurring capital expenditures		(367)	(225)
2nd generation tenant improvements and leasing commissions <sup>(1)</sup>		(1,366)	(370)
Unconsolidated joint venture and tenant in common AFFO adjustments		167	(39)
<b>AFFO</b>		<b>\$ 1,227</b>	<b>\$ (2,044)</b>

- (1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for more detailed explanations of NOI, EBITDA, FFO and AFFO, and reconciliations of NOI, EBITDA, FFO and AFFO to net income computed in accordance with GAAP.
- (2) Other operating revenue includes other miscellaneous tenant reimbursements such as legal, late fees, and non-sufficient fund check fee reimbursements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS**

*The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those expressed or implied in forward-looking statements for many reasons, including the risks described in "Risk Factors" and elsewhere in this prospectus. You should read the following discussion together with the "Cautionary Note Regarding Forward-Looking Statements" and the pro forma and combined historical financial statements and related notes included elsewhere in this prospectus.*

The following discussion and analysis is based on, and should be read in conjunction with, the audited combined historical financial statements and related notes thereto as of and for the years ended December 31, 2012 and 2011 of Rexford Industrial, Inc. Predecessor. We have not had any corporate activity since our formation, other than activities in preparation for our formation transactions, the concurrent private placement and this offering. Accordingly, we believe that a discussion of our results of operations would not be meaningful, and this discussion and analysis therefore only discusses the combined results of Rexford Industrial, Inc. Predecessor. For more information regarding these companies, see "Selected Financial Information." All significant intercompany balances and transactions have been eliminated in the financial statements. Where appropriate, the following discussion includes analysis of the effects of the formation transactions, the concurrent private placement, certain other transactions and this offering. These effects are reflected in the unaudited pro forma combined financial statements located elsewhere in this prospectus. As used in this section, unless the context otherwise requires, "we," "us," "our" and "our company" mean Rexford Industrial, Inc. Predecessor for the periods presented and Rexford Industrial, Inc. and its consolidated subsidiaries upon consummation of this offering, the formation transactions and the concurrent private placement.

**Overview**

Rexford Industrial, Inc. is a newly organized Maryland corporation formed to operate as a self-administered and self-managed REIT focused on owning and operating industrial properties in Southern California infill markets. We were formed to succeed our predecessor business, which is controlled and operated by our principals, Richard Ziman, Howard Schwimmer and Michael Frankel, who collectively have decades of experience acquiring, owning and operating industrial properties in Southern California infill markets. Upon completion of our formation transactions, our initial portfolio will consist of 59 properties with approximately 6.0 million rentable square feet and we will manage an additional 20 properties with approximately 1.2 million rentable square feet.

We intend to elect and qualify to be taxed as a REIT under the Code, commencing with the year ending December 31, 2013, and generally will not be subject to U.S. federal taxes on our income to the extent we annually distribute at least 90% of our taxable income to our stockholders and otherwise maintain our qualification as a REIT. We are structured as an UPREIT and will own substantially all of our assets and conduct substantially all of our business through our operating partnership. We will serve as the sole general partner and expect to own an approximately % interest in our operating partnership upon consummation of this offering.

As a result of this offering, the formation transactions and the concurrent private placement, our future financial condition and results of operations will differ significantly from, and will not be comparable with, the historical financial position and results of operations of Rexford Industrial, Inc. Predecessor. Please refer to our unaudited pro forma consolidated financial statements and related notes included elsewhere in this prospectus, which present on a pro forma basis the condition and results of our company as if our formation transactions and this offering and the application of the net proceeds thereof had all occurred on December 31, 2012 for the pro forma consolidated balance sheet and on January 1, 2012 for the pro forma consolidated statements of operations. The unaudited pro forma financial information is not necessarily indicative of what our actual financial position and results of operations would have been as of the date or for the periods indicated, nor does it propose to represent our future financial position or results of operations.

**Formation Transactions**

Concurrently with this offering, we will complete our formation transactions, pursuant to which we will acquire, through a series of contribution and merger transactions, the management companies and the assets and liabilities of the Rexford Funds, including all of the industrial properties owned by the Rexford Funds.

To acquire the ownership entities and the management companies to be included in our initial portfolio from the prior investors, we will issue to the prior investors an aggregate of shares of our common stock and common units, with an aggregate value of \$ , and we will pay \$ in cash to those prior investors that are not accredited investors. Cash amounts will be provided from the net proceeds of this offering and the concurrent private placement. These contributions and mergers will be effected substantially concurrently with the completion of this offering and the concurrent private placement. For more information see "Structure and Formation of Our Company—Our Formation Transactions and Structure."



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We will also repay approximately \$            million of debt and approximately \$            million in prepayment costs, exit fees and assumption fees with the proceeds of this offering, the concurrent private placement and borrowings under the new revolving credit facility that we expect to have in place at closing. We also expect to assume approximately \$5.3 million in principal amount of mortgage debt secured by one of our properties, based on December 31, 2012 balances. Additionally, we will have approximately \$6.2 million of secured indebtedness outstanding on our 15% joint venture interest in the three properties owned by the Dune JV, based on December 31, 2012 balances. We expect to borrow approximately \$            million under the new revolving credit facility to fund a portion of the \$            million debt repayment.

We have concluded that any contribution of interests by the members of the other entities comprising Rexford Industrial, Inc. Predecessor, shall be deemed a transaction between entities under common control since the principals of Rexford Industrial, Inc. Predecessor own a controlling interest in each of the entities comprising Rexford Industrial, Inc. Predecessor prior to the completion of this offering, the formation transactions and concurrent private placement. As a result, the contribution of interests in each of the entities comprising Rexford Industrial, Inc. Predecessor will be recorded at historical cost. Any contribution or acquisition of interests in entities, other than those owned or controlled by Rexford Industrial, Inc. Predecessor, in connection with the formation transactions will be accounted for as an acquisition under the acquisition method of accounting and recognized at the estimated fair value of acquired assets and assumed liabilities on the date of such contribution or acquisition. The fair value of these assets and liabilities has been allocated in accordance with Accounting Standards Codification (“ASC”) section 805-10, *Business Combinations*. The fair values of tangible assets acquired are determined on an as-if-vacant basis. The as-if-vacant fair value of tangible assets will be allocated to land, building and improvements, tenant improvements and furniture and fixtures based on our own market knowledge and published market data, including current rental rates, expected downtime to lease up vacant space, tenant improvement construction costs, leasing commissions and recent sales on a per square foot basis for comparable properties in our submarkets. The estimated fair value of intangible assets consisting of acquired in-place at-market leases are the costs we would have incurred to lease the property to the occupancy level of the property at the date of acquisition. Such estimates include the fair value of leasing commissions and legal costs that would be incurred to lease this property to this occupancy level. Additionally, we evaluate the time period over which such occupancy level would be achieved and include an estimate of the net operating costs (primarily real estate taxes, insurance and utilities) incurred during the lease-up period, which may vary from property to property. Above-market and below-market in-place lease values are recorded as assets or liabilities based on the present value (using an interest rate that reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be paid pursuant to the in-place leases and our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease for above-market leases and the remaining non-cancelable term (including the term of any below-market fixed rate renewal options) for below-market leases.

Upon consummation of our formation transactions, the concurrent private placement and this offering, our operations will be carried on through our operating partnership, Rexford Industrial, L.P. which we formed on January 18, 2013, and its subsidiaries, including our taxable REIT subsidiary.

As a result, we expect to be a fully integrated, self-administered and self-managed REIT with approximately 28 employees providing substantial in-house expertise and resources in leasing, asset and property management, marketing, acquisitions, redevelopment and financing.

### ***Concurrent Private Placement***

In connection with the formation transactions, we made available to accredited investors in the Rexford Funds the opportunity to acquire for cash additional shares of our common stock at the public offering price per share in this offering concurrently with the closing of the formation transactions and this offering. We refer to the shares issued pursuant to this opportunity as the concurrent private placement. No fees, discounts or selling commissions will be paid to the underwriters in connection with any sale of our common stock through the concurrent private placement. Rexford Fund investors have irrevocably committed to invest approximately \$            in the concurrent private placement, which will result in the issuance of approximately            shares of our common stock based on the mid-point of the price range set forth on the front cover of this prospectus in addition to the shares sold in this offering. For more information see “Structure and Formation of Our Company—Our Formation Transactions and Structure.”

## **Factors That May Influence Future Results of Operations**

### ***Business and Strategy***

We expect to continue Rexford Industrial, Inc. Predecessor’s investment strategy of acquiring distressed, off-market and lightly marketed industrial properties primarily in Southern California infill industrial markets, through equity investments and /or acquiring debt instruments. We believe that the systematic aggregation of such properties will result in a diversified portfolio that will produce sustainable returns which are attractive in light of the associated risks. Future results of operations may be affected, either positively or negatively, by our ability to execute this strategy.

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### ***Rental Revenue and Tenant Recoveries***

We receive income primarily from rental revenue from our properties. The amount of rental revenue generated by the properties in our portfolio depends principally on the occupancy rates at our properties and our ability to lease currently available space and space that becomes available as a result of lease terminations. As of December 31, 2012, properties owned by our predecessor business were approximately 84% leased. The amount of rental revenue generated by our properties also depends on the rental rates at our properties. Future economic downturns or regional downturns affecting our submarkets that impair our ability to renew or re-lease space and adverse developments that affect the ability of our tenants to fulfill their lease obligations, such as tenant bankruptcies, could adversely affect our ability to maintain or increase occupancy or rental rates at our properties. Adverse developments or trends in one or more of these factors could adversely affect our rental revenue in future periods.

### ***Scheduled Lease Expirations***

Our ability to re-lease space subject to expiring leases will impact our results of operations and is affected by economic and competitive conditions in our markets and by the desirability of our individual properties. As of December 31, 2012, in addition to approximately 800,000 rentable square feet of currently available space in our properties, leases representing approximately 26.5% and 23.5% of the aggregate rentable square footage of our initial portfolio are scheduled to expire during the years ending December 31, 2013 and December 31, 2014, respectively. The leases scheduled to expire during the years ending December 31, 2013 and December 31, 2014 represent approximately 32.6% and 27.6%, respectively, of the total annualized rent for our portfolio.

### ***Taxable REIT Subsidiary***

As part of the formation transactions, we acquired Rexford Industrial Realty and Management, Inc., which we refer to as the services company. The services company will be wholly owned, indirectly, by our operating partnership. We will elect, together with our services company, to treat our services company as a taxable REIT subsidiary for federal income tax purposes. A taxable REIT subsidiary generally may provide non-customary and other services to our tenants and engage in activities that we may not engage in directly without adversely affecting our qualification as a REIT, provided a taxable REIT subsidiary may not operate or manage a lodging facility or provide rights to any brand name under which any lodging facility is operated. See “U.S. Federal Income Tax Considerations—Taxation of Our Company—Ownership of Interests in Taxable REIT Subsidiaries.” We may form additional taxable REIT subsidiaries in the future, and our operating partnership may contribute some or all of its interests in certain wholly owned subsidiaries or their assets to our services company. Any income earned by our taxable REIT subsidiaries will not be included in our taxable income for purposes of the 75% or 95% gross income tests, except to the extent such income is distributed to us as a dividend, in which case such dividend income will qualify under the 95%, but not the 75%, gross income test. See “U.S. Federal Income Tax Considerations—Taxation of Our Company—Income Tests.” Because a taxable REIT subsidiary is subject to federal income tax, and state and local income tax (where applicable) as a regular corporation, the income earned by our taxable REIT subsidiaries generally will be subject to an additional level of tax as compared to the income earned by our other subsidiaries.

### ***Conditions in Our Markets***

The properties in our initial portfolio are located primarily in Southern California infill markets. Positive or negative changes in economic or other conditions, adverse weather conditions and natural disasters in this market may affect our overall performance.

### ***Rental Expenses***

Our rental expenses generally consist of utilities, real estate taxes, insurance and site repair and maintenance costs. For the majority of our properties, our rental expenses are controlled, in part, by either the triple net provisions or modified gross expense reimbursements in tenant leases. However, the terms of our leases vary and in some instances we may absorb rental expenses. Our overall financial results will be impacted by the extent to which we are able to pass-through rental expenses to our tenants.

### ***General and Administrative Expenses***

Following this offering, we expect to incur increased general and administrative expenses, including legal, accounting and other expenses related to corporate governance, public reporting and compliance with various provisions of the Sarbanes-Oxley Act, as compared to our Rexford Industrial, Inc. Predecessor. We anticipate that our staffing levels will increase from approximately 28 employees at inception to between 35 and 40 employees during the next 12 to 24 months and, as a result, our general and administrative expenses will increase further.

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### **Critical Accounting Policies**

Our discussion and analysis of the historical financial condition and results of operations of Rexford Industrial, Inc. Predecessor are based upon its combined financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions in certain circumstances that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses in the reporting period. Actual amounts may differ from these estimates and assumptions. We have provided a summary of significant accounting policies in note 2 to the combined financial statements of Rexford Industrial, Inc. Predecessor included elsewhere in this prospectus. We have summarized below those accounting policies that require material subjective or complex judgments and that have the most significant impact on financial condition and results of operations. Management evaluates these estimates on an ongoing basis, based upon information currently available and on various assumptions that it believes are reasonable as of the date hereof. In addition, other companies in similar businesses may use different estimation policies and methodologies, which may impact the comparability of our or Rexford Industrial, Inc. Predecessor's results of operations and financial condition to those of other companies.

The following discussion of critical accounting policies uses "we" and "Rexford Industrial, Inc. Predecessor" interchangeably. Except where specifically stated to otherwise, we expect the critical accounting policies of Rexford Industrial, Inc. to be substantially similar to those of Rexford Industrial, Inc. Predecessor.

A critical accounting policy is one that is both important to the portrayal of an entity's financial condition and results of operations and requires judgment on the part of management. Generally, the judgment requires management to make estimates and assumptions about the effect of matters that are inherently uncertain. Estimates are prepared using management's best judgment, after considering past and current economic conditions and expectations for the future. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions. Changes in estimates could affect our financial position and specific items in our results of operations that are used by the users of our financial statements in their evaluation of our performance. Of the accounting policies discussed in Note 2 to the combined financial statements of Rexford Industrial, Inc. Predecessor included elsewhere in this prospectus, the accounting policies presented below have been identified by us as critical accounting policies.

#### ***Investments in Real Estate***

We generally acquire individual properties, and, in some instances, a portfolio of properties. When we acquire individual operating properties, with the intention to hold the investment for the long-term, we allocate the purchase price to the various components of the acquisition based upon the fair value of each component. The components typically include land, building, debt, intangible assets related to above and below market leases, value of costs to obtain tenants, and other assumed assets and liabilities. We consider Level 3 inputs such as the replacement cost of such assets, appraisals, property condition reports, comparable market rental data and other related information in determining the fair value of the tangible assets. The recorded fair value of intangible lease assets or liabilities includes Level 3 inputs including the value associated with leasing commissions, legal and other costs, as well as the estimated period necessary to lease such property and lease commencement. An intangible asset or liability resulting from in-place leases that are above or below the market rental rates are valued based upon our estimates of prevailing market rates for similar leases. Intangible lease assets or liabilities are amortized over the estimated, reasonably assured lease term of the remaining in-place leases as an adjustment to "Rental revenues" or "Real estate related depreciation and amortization" depending on the nature of the intangible. The difference between the fair value and the face value of debt assumed in connection with an acquisition is recorded as a premium or discount and amortized to "Interest expense" over the life of the debt assumed. The valuation of assumed liabilities is based on our estimate of the current market rates for similar liabilities in effect at the acquisition date.

In an acquisition of multiple properties, we must also allocate the purchase price among the properties. The allocation of the purchase price is based on our assessment of estimated fair value and often is based upon the expected future cash flows of the property and various characteristics of the markets where the property is located. The fair value may also include an enterprise value premium that we estimate a third party would be willing to pay for a portfolio of properties. The initial allocation of the purchase price is based on management's preliminary assessment, which may differ when final information becomes available. Subsequent adjustments made to the initial purchase price allocation are made within the allocation period, which typically does not exceed one year.

#### ***Capitalization of Costs and Depreciation and Amortization***

We capitalize costs incurred in developing, renovating, rehabilitating and improving real estate assets as part of the investment basis. Costs incurred in making repairs and maintaining real estate assets are expensed as incurred. During the land development and construction periods, we capitalize interest costs, insurance, real estate taxes and certain general and administrative costs of the personnel performing development, renovations and rehabilitation if such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. Capitalized costs are included in the investment basis of real estate assets. We also capitalize costs incurred to successfully originate a lease that result directly from, and are essential to, the acquisition of that lease. Leasing costs that meet the requirements for capitalization are presented as a component of other assets.

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Real estate, including land, building and land improvements, tenant improvements, and furniture, fixtures and equipment, leasing costs and intangible lease assets and liabilities are stated at historical cost less accumulated depreciation and amortization, unless circumstances indicate that the cost cannot be recovered, in which case, the carrying value of the property is reduced to estimated fair value as discussed below in our policy with regards to impairment of long-lived assets. We estimate the depreciable portion of our real estate assets and related useful lives in order to record depreciation expense. Our ability to estimate the depreciable portions of our real estate assets and useful lives is critical to the determination of the appropriate amount of depreciation and amortization expense recorded and the carrying value of the underlying assets. Any change to the assets to be depreciated and the estimated depreciable lives of these assets would have an impact on the depreciation expense recognized.

As discussed above in investments in real estate, in connection with property acquisitions, we may acquire leases with rental rates above or below the market rental rates. Such differences are recorded as an intangible lease asset or liability and amortized to "Rental revenues" over the reasonably assured term of the related leases. The unamortized balances of these assets and liabilities associated with the early termination of leases are fully amortized to their respective revenue line items in the combined financial statements of Rexford Industrial, Inc. Predecessor over the shorter of the expected life of such assets and liabilities or the remaining lease term.

Our estimate of the useful life of our assets is evaluated upon acquisition and when circumstances indicate a change in the useful life, which requires significant judgment regarding the economic obsolescence of tangible and intangible assets.

### ***Impairment of Long-Lived Assets***

We assess the carrying values of our respective long-lived assets, including goodwill, whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable.

Recoverability of real estate assets is measured by comparison of the carrying amount of the asset to the estimated future undiscounted cash flows. In order to review our real estate assets for recoverability, we consider current market conditions, as well as our intent with respect to holding or disposing of the asset. Our intent with regard to the underlying assets might change as market conditions change, as well as other factors, especially in the current global economic environment. Fair value is determined through various valuation techniques, including discounted cash flow models, applying a capitalization rate to estimated net operating income of a property and quoted market values and third party appraisals, where considered necessary. The use of projected future cash flows is based on assumptions that are consistent with our estimates of future expectations and the strategic plan we use to manage our underlying business. If our analysis indicates that the carrying value of the real estate asset is not recoverable on an undiscounted cash flow basis, we recognize an impairment charge for the amount by which the carrying value exceeds the current estimated fair value of the real estate property.

Assumptions and estimates used in the recoverability analyses for future cash flows, discount rates and capitalization rates are complex and subjective. Changes in economic and operating conditions or our intent with regard to our investment that occurs subsequent to our impairment analyses could impact these assumptions and result in future impairment of our real estate properties.

### ***Valuation of Receivables***

We are subject to tenant defaults and bankruptcies that could affect the collection of outstanding receivables. In order to mitigate these risks, we perform credit reviews and analyses on prospective tenants before significant leases are executed and on existing tenants before properties are acquired. We specifically analyze aged receivables, customer credit-worthiness, historical bad debts and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. As a result of our periodic analysis, we maintain an allowance for estimated losses that may result from the inability of our tenants to make required payments. This estimate requires significant judgment related to the lessees' ability to fulfill their obligations under the leases. We believe our allowance for doubtful accounts is adequate for our outstanding receivables for the periods presented. If a tenant is insolvent or files for bankruptcy protection and fails to make contractual payments beyond any allowance, we may recognize additional bad debt expense in future periods equal to the net outstanding balances, which include amounts recognized as straight-line revenue not realizable until future periods.

### ***Consolidation***

We consolidate all entities that are wholly owned and those in which we own less than 100% but control, as well as any variable interest entities in which we are the primary beneficiary. We evaluate our ability to control an entity and whether the entity is a variable interest entity and we are the primary beneficiary through consideration of the substantive terms of the arrangement to identify which enterprise has the power to direct the activities of a variable interest entity that most significantly impacts the entity's economic performance and the obligation to absorb losses of the entity or the right to receive benefits from the entity. Investments in entities in which we do not control but over which we have the ability to exercise significant influence over operating and financial policies are presented under the equity method. Investments in entities that we do not control and over which we do not exercise significant influence are carried at the lower of cost or fair value, as appropriate. Our ability to correctly assess our influence and/or control over an entity affects the presentation of these investments in our combined financial statements.

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**Historical Results of Operations of Rexford Industrial, Inc. Predecessor**

**Comparison of Year Ended December 31, 2012 to Year Ended December 31, 2011**

Our results of operations for all periods presented were affected by acquisitions and dispositions made during 2012 and 2011. Therefore, our results are not comparable from period to period. Our "Total Portfolio" represents all of the properties in our industrial portfolio as of December 31, 2012. To eliminate the effect of changes in our Total Portfolio due to acquisitions and dispositions, we have separately presented the results of our "Same Properties Portfolio."

Properties included in our Same Properties Portfolio are the properties in our industrial portfolio that were wholly-owned by us throughout 2011 and 2012, which excludes our joint venture or tenants-in-common properties and any properties that were acquired or sold during 2012 and 2011.

The results of our Same Properties Portfolio are presented to highlight for investors and users of our consolidated financial statements the operating results of our on-going business.

**REXFORD INDUSTRIAL, INC. PREDECESSOR  
COMBINED STATEMENTS OF OPERATIONS**

	Same Store Portfolio				Total Portfolio			
	For the Year Ended		Increase/ (Decrease)	% Change	For the Year Ended		Increase/ (Decrease)	% Change
	12/31/2012 (Unaudited)	12/31/2011 (Unaudited)			12/31/2012	12/31/2011		
<b>RENTAL REVENUES</b>								
Rental revenues	\$ 24,304,000	\$ 23,480,000	\$ 824,000	4%	\$29,362,000	\$24,375,000	\$ 4,987,000	20%
Tenant reimbursements	2,508,000	2,383,000	125,000	5%	3,275,000	2,453,000	822,000	34%
Management, leasing and development services	—	—	—	0%	519,000	316,000	203,000	64%
Other operating income	76,000	151,000	(75,000)	-50%	124,000	159,000	(35,000)	-22%
<b>TOTAL RENTAL REVENUES</b>	<b>26,888,000</b>	<b>26,014,000</b>	<b>874,000</b>	<b>3%</b>	<b>33,280,000</b>	<b>27,303,000</b>	<b>5,977,000</b>	<b>22%</b>
Interest income	1,571,000	1,559,000	12,000	1%	1,577,000	1,578,000	(1,000)	0%
<b>TOTAL REVENUES</b>	<b>28,459,000</b>	<b>27,573,000</b>	<b>886,000</b>	<b>3%</b>	<b>34,857,000</b>	<b>28,881,000</b>	<b>5,976,000</b>	<b>21%</b>
<b>EXPENSES</b>								
Property expenses	6,921,000	7,027,000	(106,000)	-2%	8,563,000	7,210,000	1,353,000	19%
General and administrative	640,000	685,000	(45,000)	-7%	6,382,000	4,687,000	1,695,000	36%
Depreciation and amortization	9,735,000	9,974,000	(239,000)	-2%	13,105,000	10,250,000	2,855,000	28%
Other expense	65,000	96,000	(31,000)	-32%	103,000	106,000	(3,000)	-3%
<b>TOTAL OPERATING EXPENSES</b>	<b>17,361,000</b>	<b>17,782,000</b>	<b>(421,000)</b>	<b>-2%</b>	<b>28,153,000</b>	<b>22,253,000</b>	<b>5,900,000</b>	<b>27%</b>
<b>OTHER (INCOME) EXPENSE</b>								
Acquisition expenses	—	12,000	(12,000)	-100%	599,000	1,022,000	(423,000)	-41%
Interest expense	16,751,000	18,240,000	(1,489,000)	-8%	17,529,000	18,031,000	(502,000)	-3%
Gain on mark-to-market interest rate swaps	—	—	—	0%	(2,361,000)	(4,185,000)	1,824,000	-44%
<b>TOTAL OTHER (INCOME) EXPENSE</b>	<b>16,751,000</b>	<b>18,252,000</b>	<b>(1,501,000)</b>	<b>-8%</b>	<b>15,767,000</b>	<b>14,868,000</b>	<b>899,000</b>	<b>6%</b>
<b>TOTAL EXPENSES</b>	<b>34,112,000</b>	<b>36,034,000</b>	<b>(1,922,000)</b>	<b>-5%</b>	<b>43,920,000</b>	<b>37,121,000</b>	<b>6,799,000</b>	<b>18%</b>
Equity in loss of unconsolidated real estate entities	—	—	—	—	122,000	185,000	(63,000)	—
<b>NET LOSS FROM CONTINUING OPERATIONS</b>	<b>(5,653,000)</b>	<b>(8,461,000)</b>	<b>2,808,000</b>		<b>(8,941,000)</b>	<b>(8,055,000)</b>	<b>(886,000)</b>	
<b>DISCONTINUED OPERATIONS</b>								
Loss from discontinued operations before gains on settlement of debt and sale of real estate	—	—	—	—	(71,000)	(785,000)	714,000	—
Gain on sale of real estate	—	—	—	—	55,000	2,503,000	(2,448,000)	—
<b>INCOME (LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>—</b>	<b>—</b>	<b>—</b>		<b>(16,000)</b>	<b>1,718,000</b>	<b>(1,734,000)</b>	
<b>NET LOSS</b>	<b>\$ (5,653,000)</b>	<b>\$ (8,461,000)</b>	<b>\$ 2,808,000</b>		<b>\$ (8,957,000)</b>	<b>\$ (6,337,000)</b>	<b>\$ (2,620,000)</b>	

**Rental Revenue**

Same Properties Portfolio rental revenue increased \$0.8 million, or 4%, primarily due to increases in occupancy during 2012. Total Portfolio rental revenue increased \$5.0 million, or 20%, during 2012 as compared to 2011. Our Total Portfolio rental revenue was also positively impacted by the revenues from properties we acquired during 2012 and 2011, partially offset by the impact of property dispositions during 2011 and 2012.

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### ***Tenant Reimbursements***

Same Properties Portfolio tenant reimbursements revenue increased \$0.1 million, or 5%, mainly due to increases in occupancy during 2012. Total Portfolio tenant reimbursements revenue increased \$0.8 million, or 34%, during 2012 as compared to 2011. The Total Portfolio tenant reimbursement revenue was also positively impacted by the revenues from properties we acquired during 2012 and 2011, partially offset by the impact of the dispositions.

### ***Management, leasing and development services***

Total Portfolio management, leasing, and development services revenue increased \$0.2 million or 64% during 2012 as compared to 2011, due to additional third party management fees from the properties that we acquired in June 2012 through the Dune JV. There are no management, leasing and development fees allocable to the Same Properties Portfolio.

### ***Other Operating Income***

Same Properties Portfolio other operating income decreased \$75,000, or 50%, while Total Portfolio other operating income decreased \$35,000, or 22%, during 2012 as compared to 2011, mainly due to lower non-recurring legal fee reimbursements from tenants and lower settlements received from former tenants. The decrease in other income for Same Properties Portfolio was partially offset by income from newly acquired assets.

### ***Property Expenses***

Same Properties Portfolio property expenses as a percentage of total rental revenues and Total Portfolio property expenses as a percentage of total rental revenues decreased to 25.7% and 25.7% respectively in 2012 from 27.0% and 26.4%, respectively, in 2011 due to operational efficiencies. This translated into a \$0.1 million, or 2%, decrease in Same Properties Portfolio property expenses during 2012 as compared to 2011. Total Portfolio property expenses increased \$1.3 million, or 19%, during 2012 as compared to 2011. Our Total Portfolio property expenses increased as a result of additional acquisitions during 2012 and 2011, and were partially offset by decreases resulting from dispositions and from the operational efficiencies described above.

### ***General and Administrative***

Same Properties Portfolio general and administrative expenses decreased \$45,000, or 7%, during 2012 as compared to 2011, due to lower accounting, tax preparation and other professional fees. Total Portfolio general and administrative expenses increased \$1.7 million, or 36%, during 2012 as compared to 2011, due to additional acquisitions combined with higher corporate expenses resulting from additional head count.

### ***Depreciation and Amortization***

Same Properties Portfolio depreciation and amortization expenses decreased \$0.2 million, or 2%, due to expiring lives of assets at various properties, while Total Portfolio depreciation and amortization expenses increased \$2.9 million, or 28%, during 2012 as compared to 2011 due to additional acquisitions, partially offset by the dispositions.

### ***Other Expense***

Same Properties Portfolio other expense decreased \$31,000, or 32%, during 2012 as compared to 2011, mainly due to lower direct leasing and marketing related expenses. Total Portfolio other expense was virtually unchanged.

### ***Acquisition Expenses***

Same Properties Portfolio acquisition expenses decreased \$12,000, or 100%, due to direct property acquisition costs, while Total Portfolio acquisition expenses decreased \$0.4 million, or 41%, during 2012 as compared to 2011. Our Total Portfolio acquisition costs decreased during 2012 due to higher acquisition activity in 2011.

### ***Interest Expense***

Same Properties Portfolio interest expense decreased \$1.5 million, or 8%, while Total Portfolio interest expense decreased \$0.5 million, or 3%, during 2012 as compared to 2011, mainly due to lower swap interest.

### ***Gain on mark-to-market interest rate swaps***

Total Portfolio gain on mark-to-market interest rate swaps decreased \$1.8 million, or 44%, during 2012 as compared to 2011, due to 2012 mark to market adjustments.

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### **Discontinued Operations**

Our loss from discontinued operations of \$16,000 in 2012 is comprised primarily of losses from operations for the disposition of a portion of our Long Carson property in October 2012. Our income from discontinued operations of \$1.7 million during 2011 is comprised primarily of gains related to the disposition of the Oxnard land parcel.

### **Liquidity and Capital Resources**

We believe that this offering will improve our financial position through changes in our capital structure, including an expected reduction in our leverage. After completion of this offering, we expect our ratio of debt to equity value to be approximately % , and we expect to have approximately \$ million of available cash (assuming no exercise of the over-allotment option).

Our short-term liquidity requirements consist primarily of funds to pay for operating expenses and other expenditures directly associated with our properties, including:

- property expenses,
- interest expense and scheduled principal payments on outstanding indebtedness,
- general and administrative expenses, and
- capital expenditures for tenant improvements and leasing commissions.

In addition, we will require funds for future dividends expected to be paid to our common stockholders and unit holders in our operating partnership following completion of this offering.

We intend to satisfy our short-term liquidity requirements through our existing cash and cash equivalents, cash flow from operating activities, the proceeds of this offering and the concurrent private placement and borrowings available under an anticipated revolving credit facility.

Our long-term liquidity needs consist primarily of funds necessary to pay for acquisitions, recurring and non-recurring capital expenditures and scheduled debt maturities. We intend to satisfy our long-term liquidity needs through cash flow from operations, long-term secured and unsecured borrowings, issuance of equity securities, and, in connection with acquisitions of additional properties, the issuance of common units of our operating partnership, property dispositions and joint venture transactions.

### **Commitments—Pro Forma**

The following table sets forth our principal obligations and commitments, including periodic interest payments related to the pro forma indebtedness outstanding as of December 31, 2012, after paydowns using the proceeds of this offering:

	Payments by Period(1)				Thereafter
	Total	2013	2014	2015	
Principal payments	\$	\$	\$	\$	\$
Interest payments—fixed rate debt					
Interest payments—variable rate debt (2)					
Total	\$	\$	\$	\$	\$

(1) Does not include indebtedness outstanding on our 15% joint venture interest in the three properties owned by the Dune JV.

(2) Based on LIBOR + 2.50%, LIBOR based on future yield curve.

In addition to the contractual obligations set forth in the table above, we expect to enter into employment agreements with certain of our executive officers. We expect these employment agreements will provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. The terms of these employment agreements have not yet been finalized and therefore remain subject to change. We also enter into contracts for maintenance, landscaping and other services at certain properties from time to time.

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### Consolidated Indebtedness to be Outstanding After this Offering

As of December 31, 2012, we had total pro forma consolidated indebtedness of approximately \$ million, including approximately \$ million secured by one of our properties and approximately \$ million of indebtedness under our new revolving credit facility. Additionally, there is approximately \$ million of secured indebtedness allocable to our 15% joint venture interest in the three properties owned by the Dune JV, which is not reflected on our balance sheet. The weighted average interest rate on our total pro forma consolidated indebtedness would have been % (based on the 30-day LIBOR rate as of December 31, 2012 of % and assuming a margin of basis points on our new revolving credit facility). On a pro forma basis as of December 31, 2012, we had approximately \$ million (representing expected borrowings under our credit facility), or approximately %, of our outstanding long-term debt exposed to fluctuations in short-term interest rates.

The following table sets forth certain information with respect to the total pro forma consolidated indebtedness outstanding as of December 31, 2012:

<u>Loan</u>	<u>Principal (dollars in thousands)</u>	<u>Fixed Rate/ Floating Rate</u>	<u>Rate</u>	<u>Maturity</u>
<i>Fixed Rate</i>				
10700 Jersey Blvd	\$			
Subtotal	\$			
<i>Variable Rate</i>				
Revolving Credit Facility <sup>(1)</sup>				
Subtotal	\$			
Total/Weighted Average	\$			

(1) The revolving credit facility is expected to be in place at the closing of the offering.

(2) Based on a 30-day LIBOR rate as of December 31, 2012 of %.

The following table sets forth certain information with respect to the secured indebtedness outstanding on our 15% joint venture interest in the three properties owned by the Dune JV as of December 31, 2012:

<u>Loan</u>	<u>Principal (dollars in thousands)<sup>(1)</sup></u>	<u>Fixed/Floating</u>	<u>Rate</u>	<u>Maturity</u>
<i>Variable Rate</i>				
3001 Mission Oaks Blvd			% <sup>(2)</sup>	<sup>(3)</sup>
3175 Mission Oaks Blvd			% <sup>(2)</sup>	<sup>(3)</sup>
3233 Mission Oaks Blvd			% <sup>(2)</sup>	<sup>(3)</sup>
Total/Weighted Average	\$		%	

(1) Calculated based on Rexford's 15% interest in the Dune JV.

(2) Based on a 30-day LIBOR rate as of December 31, 2012 of %.

(3) With two 1-year options to extend, provided that certain conditions are satisfied.

Certain of our loan agreements contain financial covenants. Our Dune JV loans described above each contain a combined debt yield ratio requirement that is tested annually, and a combined debt service coverage ratio requirement and a combined loan-to-value ratio requirement that are tested each time we exercise an option to extend the maturity date of the loans. We are currently in compliance with the financial covenants in our loan agreements. The Dune JV loans are also cross-collateralized and contain cross-default provisions with respect to our other indebtedness.

We are currently negotiating with a number of financial institutions regarding the establishment of a revolving credit facility prior to or contemporaneously with the closing of this offering. This facility will be used for property acquisitions, working capital requirements and other general corporate purposes. We anticipate that the proposed revolving credit facility will contain customary terms, covenants and other conditions for credit facilities of this type. No assurances can be given that we will obtain any revolving credit facility or refinancing or if we do what its amount and terms will be.

### Off Balance Sheet Arrangements

As of December 31, 2012, neither Rexford Industrial, Inc. Predecessor nor, on a pro forma basis, our company, had any off-balance sheet arrangements other than the two unconsolidated real estate entities which have been disclosed in the notes to our combined financial statements included elsewhere in this prospectus.



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### Interest Rate Risk

ASC 815, *Derivatives and Hedging* (formerly known as SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*), requires us to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value and the changes in fair value must be reflected as income or expense. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income, which is a component of stockholders equity. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. Because our predecessor business did not previously prepare financial statements in accordance with GAAP, it did not designate the hedges at the time of inception and therefore, its existing investment in interest rate swaps does not qualify as an effective hedge, and as such, changes in the swaps' fair market value are being recorded in earnings.

### Cash Flows of Rexford Industrial, Inc. Predecessor

The following table summarizes the historical cash flows of Rexford Industrial, Inc. Predecessor for the years ended December 31, 2012 and 2011:

	Year Ended December 31,	
	2012	2011
	(dollars in thousands)	
Cash provided by (used in) operating activities	\$ 1,080	\$ (3,349)
Cash used in investing activities	(23,778)	(42,303)
Cash (used in) provided by financing activities	45,269	51,569

### Comparison of year ended December 31, 2012 to year ended December 31, 2011

*Net cash provided by (used in) operating activities.* Net cash provided by operating activities increased by \$4.4 million to net cash provided by operating activities totaling \$1.1 million for the year ended December 31, 2012 compared to a net use of cash totaling \$3.3 million for the year ended December 31, 2011. The increase was primarily attributable to incremental cash flows from acquisitions made during 2012 and 2011, as well as lower cash interest paid due to the expiration of various swaps during 2011 with a total notional amount of \$52.0 million.

*Net cash used in investing activities.* Net cash used in investing activities decreased by \$18.5 million to \$23.8 million for the year ended December 31, 2012 compared to \$42.3 million for the year ended December 31, 2011. The change is attributable to a year over year decrease of \$23.7 million paid for acquisitions, partially offset by an increase of \$3.1 million paid for construction and development projects and contributions of \$2.8 million for an investment in a joint venture during 2012.

*Net cash provided by financing activities.* Net cash provided by financing activities decreased by \$6.3 million to \$45.3 million for the year ended December 31, 2012 compared to \$51.6 million for the year ended December 31, 2011. The decrease in cash provided by financing activities was primarily attributable to a decrease in mortgage financings as a result of fewer property acquisitions year over year, partially offset by an increase of \$8.4 million in cash provided by capital raising activities, year over year.

### Non-GAAP Financial Measures

In this prospectus, we disclose and discuss net operating income ("NOI"), earnings before interest, taxes, depreciation and amortization ("EBITDA"), funds from operations ("FFO") and adjusted funds from operations ("AFFO"), all of which meet the definition of "non-GAAP financial measure" set forth in Item 10(e) of Regulation S-K promulgated by the SEC. As a result we are required to include in this prospectus a statement of why management believes that presentation of these measures provides useful information to investors.

None of NOI, EBITDA, FFO or AFFO should be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, and we believe that to understand our performance further, NOI, EBITDA, FFO and AFFO should be compared with our reported net income or net loss and considered in addition to cash flows in accordance with GAAP, as presented in our consolidated financial statements.

### NOI

We consider NOI to be an appropriate supplemental measure to net income because it helps both investors and management understand the core operations of our properties. We define NOI as total revenue (including rental revenue, tenant reimbursements, management, leasing and development services revenue and other income) less property-level operating expenses. NOI excludes depreciation and amortization, general and administrative expenses, impairments, gain/loss on sale of real estate, interest expense and other non-operating items.

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	Company Pro Forma Year Ended <u>December 31, 2012</u> (unaudited) (dollars in thousands)
Rental revenue	
Tenant reimbursements	
Other operating revenues	
Total revenue	
Property expenses	
<b>Net operating income</b>	

The following is a reconciliation from pro forma reported net loss, the most direct comparable financial measure calculated and presented in accordance with GAAP, to NOI:

	Company Pro Forma Year Ended <u>December 31, 2012</u> (unaudited) (dollars in thousands)
Net income	
Interest income	
Depreciation and amortization	
General and administrative expense	
Interest expense	
Other expense	
<b>Net operating income</b>	

**EBITDA**

We believe that EBITDA is helpful to investors as a supplemental measure of our operating performance as a real estate company because it is a direct measure of the actual operating results of our industrial properties. We also use this measure in ratios to compare our performance to that of our industry peers. The following table sets forth a reconciliation of our pro forma EBITDA for the periods presented to net loss:

	Company Pro Forma Year Ended <u>December 31, 2012</u> (unaudited) (dollars in thousands)
Net loss	
Interest expense	
Depreciation and amortization	
<b>EBITDA</b>	

**FFO**

We calculate FFO before non-controlling interest in accordance with the standards established by the National Association of Real Estate Investment Trusts (“NAREIT”). FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

Management uses FFO as a supplemental performance measure because, in excluding real estate related depreciation and amortization, gains and losses from property dispositions, other than temporary impairments of unconsolidated real estate entities, and impairment on our investment in real estate, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of performance used by other REITs, FFO may be used by investors as a basis to compare our operating performance with that of other REITs.

However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. Other equity REITs may not calculate or interpret FFO in accordance with the NAREIT definition as we do, and, accordingly, our FFO may not be comparable to such other REITs’ FFO. FFO should not be used as a measure of our liquidity, and is not indicative of funds available for our cash needs, including our ability to pay dividends.

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The following table sets forth a reconciliation of our pro forma FFO before non-controlling interest for the periods presented to net loss, the nearest GAAP equivalent:

	Pro Forma For the Year Ended	
	December 31, 2012	December 31, 2011
Net loss attributable to Rexford Industrial, Inc. Predecessor		
Add: Depreciation and amortization of real estate assets		
Depreciation and amortization of real estate assets unconsolidated joint ventures and tenancies in common (1)		
Deduct:		
Gains on sale of real estate		
Net loss attributable to noncontrolling interests		
<b>Funds from operations (FFO)</b>		

(1) Amount represents our 15% ownership of Mission Oaks unconsolidated joint venture, and our 70% tenant-in-common interest in La Jolla Sorrento.

### AFFO

In addition to presenting FFO in accordance with the NAREIT definition, we also disclose AFFO, which is FFO after a specific and defined supplemental adjustment (i) to exclude any extraordinary, non-recurring cash expenditures, (ii) to exclude significant non-cash items that were included in net income, and (iii) to include significant cash items that were excluded from net income.

Although our FFO as adjusted clearly differs from NAREIT's definition of FFO, we believe it provides a meaningful supplemental measure of our operating performance because we believe that, by excluding items noted above, management and investors are presented with an indicator of our operating performance that more closely achieves the objectives of the real estate industry in presenting FFO.

As with FFO, our reported AFFO may not be comparable to other REITs' AFFO, should not be used as a measure of our liquidity, and is not indicative of our funds available for our cash needs, including our ability to pay dividends.

The following table sets forth a reconciliation of our pro forma AFFO for the periods presented to FFO:

	Pro Forma For the Year Ended	
	December 31, 2012	December 31, 2011
<b>FFO</b>		
Add: Amortization of deferred financing costs		
Fair value lease revenue		
Acquisition costs		
Deduct: Straight line rent adjustment		
Gain on mark-to-market interest rate swaps		
Note receivable discount amortization		
Recurring capital expenditures		
2nd generation tenant improvements and leasing commissions (1)		
Unconsolidated joint ventures and tenancies in common AFFO adjustments		
<b>Adjusted funds from operations (AFFO)</b>		

(1) Excludes 1st generation tenant improvements and leasing commissions of \$1.1 million, and \$0.8 million for the years ended December 31, 2012, and 2011, respectively. 1st generation properties are properties that have been vacant for more than one year or have been acquired in the past year.

### Inflation

The majority of our leases are either triple net or provide for tenant reimbursement for costs related to real estate taxes and operating expenses. In addition, most of the leases provide for fixed rent increases. We believe that inflationary increases may be at least partially offset by the contractual rent increases and tenant payment of taxes and expenses described above. We do not believe that inflation has had a material impact on our historical financial position or results of operations.

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### **Newly Issued Accounting Standards**

#### ***Recent Accounting Pronouncements***

During the fourth quarter of 2011, the Financial Accounting Standards Board (“FASB”) issued an accounting standard update that requires disclosures about offsetting and related arrangements to enable financial statements users to evaluate the effect or potential effect of netting arrangements on an entity’s financial position, including rights of setoff associated with certain financial instruments and derivative instruments. The disclosure requirements are effective for us on January 1, 2013, and we do not expect the guidance to have a material impact on our combined financial statements.

Also during the fourth quarter of 2011, the FASB issued an accounting standard update to clarify the scope of current U.S. GAAP. The update clarifies that the real estate sales guidance applies to the derecognition of a subsidiary that is in-substance real estate as a result of default on the subsidiary’s nonrecourse debt. That is, even if the reporting entity ceases to have a controlling financial interest under the consolidation guidance, the reporting entity would continue to include the real estate, debt, and the results of the subsidiary’s operations in its consolidated financial statements until legal title to the real estate is transferred to legally satisfy the debt. This accounting standard update is effective for us on January 1, 2013, and we do not expect the guidance to impact our combined financial statements.

During the third quarter of 2011, the FASB issued an accounting standard update to amend and simplify the rules related to testing goodwill for impairment. The update allows an entity to make an initial qualitative evaluation, based on the entity’s events and circumstances, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this qualitative assessment determine whether it is necessary to perform the currently required two-step impairment test. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We adopted this standard as of January 1, 2012 and it has not had a material impact on our combined financial statements.

During the second quarter of 2011, the FASB issued an accounting standard update that eliminates the option to present components of other comprehensive income as part of the changes in stockholders’ equity, and requires the presentation of components of net income and other comprehensive income either in a single continuous statement or in two separate but consecutive statements. This accounting standard update is effective, on a retrospective basis, for interim and annual periods beginning after December 15, 2011. As this standard is for presentation purposes only, it had no impact on our combined financial statements.

During the second quarter of 2011, the FASB issued Accounting Standards Update No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS, which generally aligns the principles for fair value measurements and the related disclosure requirements under US GAAP and International Financial Reporting Standards (“IFRS”). This standard requires new disclosures, with a particular focus on Level 3 measurements, including: quantitative information about the significant unobservable inputs used for all Level 3 measurements; qualitative discussion about the sensitivity of recurring Level 3 measurements to changes in the unobservable inputs disclosed, including the interrelationship between inputs and a description of the company’s valuation processes. This standard also requires disclosure of any transfers between Levels 1 and 2 of the fair value hierarchy; information about when the current use of a non-financial asset measured at fair value differs from its highest and best use and the hierarchy classification for items whose fair value is not recorded on the balance sheet but is disclosed in the notes. This standard was effective for interim and annual periods beginning after December 15, 2011. We adopted this standard effective January 1, 2012. See Note 2 to the combined financial statements of Rexford Industrial, Inc. Predecessor for additional disclosures.

Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the “Securities Act”) for complying with new or revised accounting standards. However, we are choosing to “opt out” of such extended transition period and, as a result, we will comply with any such new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

### **Quantitative and Qualitative Disclosure About Market Risk**

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. In the future, we may use derivative financial instruments to manage, or hedge, interest rate risks related to our borrowings, primarily through interest rate swaps.

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An interest rate swap is a contractual agreement entered into by two counterparties under which each agrees to make periodic payments to the other for an agreed period of time based on a notional amount of principal. Under the most common form of interest rate swap, known from our perspective as a floating-to-fixed interest rate swap, a series of floating, or variable, rate payments on a notional amount of principal is exchanged for a series of fixed interest rate payments on such notional amount.

No assurance can be given that any future hedging activities by us will have the desired beneficial effect on our results of operations or financial condition.

The variable rate component of our variable rate pro forma consolidated indebtedness is LIBOR based. If LIBOR were to increase by 50 basis points, the increase in interest expense on our pro forma variable rate debt would decrease our future earnings and cash flows by approximately \$ \_\_\_\_\_ annually. If LIBOR were to decrease by 50 basis points, the decrease in interest expense on our pro forma variable rate debt would be approximately \$ \_\_\_\_\_ annually.

Interest risk amounts are our management's estimates and were determined by considering the effect of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

As of December 31, 2012, we had total pro forma outstanding debt of approximately \$ \_\_\_\_\_ million, including approximately \$5.3 million secured by one of our properties and approximately \$ \_\_\_\_\_ million of indebtedness under our revolving credit facility. Additionally, we will have approximately \$6.2 million of secured indebtedness allocable to our 15% joint venture interest in the three properties owned by the Dune JV, and we expect that we will incur additional indebtedness in the future. Interest we pay reduces our cash available for distributions. Certain of our debt issuances bear interest at variable rates and, as of December 31, 2012, we had approximately \$ \_\_\_\_\_ million of variable rate debt outstanding that is not fixed with interest rate swaps.

## MARKET OVERVIEW

Unless otherwise indicated, all information contained in this Market Overview section is derived from market materials prepared by DAUM as of February 10, 2013.

### **Southern California Economy**

California is home to the nation's largest state economy based on gross domestic product, or GDP. California's 2011 GDP was approximately 50% larger than that of Texas and 69% larger than New York, the two next largest state economies, and would have ranked as the ninth largest world economy if California were an independent nation. The Southern California economy, which we define as the Los Angeles six-county area (Los Angeles, Orange, Ventura, Riverside, San Bernardino and San Diego Counties), would have ranked as the 16<sup>th</sup> largest world economy based on 2011 GDP, representing approximately 46.5% of the state's GDP.

Southern California is home to the largest U.S. regional population, with more than 21 million residents, projected to grow to 25 million residents by 2030. The region is home to the two largest sea ports in the U.S. (ports of Los Angeles and Long Beach), the fourth largest air freight terminal (Los Angeles International Airport) and is geographically positioned at the nexus for trade and technology flow between the U.S., China, the Pacific Rim nations and South America. The region is also resident to the largest manufacturing base in the nation, with over 766,000 manufacturing workers, 41% more than the next largest metropolitan area. Known as the "entertainment capital of the world", its "creative economy" employs nearly one million skilled employees. The region is home to a significant high-tech industry, with more high-tech jobs (376,000) than any other U.S. market as of 2010, and consistently ranks first nationally in space, defense systems and consumer electronics manufacturing. The proximity of leading research institutions provides leadership and capital flows to key industries.

### **Southern California Infill Industrial Markets**

The overall Southern California industrial real estate market is the largest in the U.S., with approximately 2.1 billion square feet of space, and is approximately 1.7 times larger than the next largest industrial real estate market (Chicago, Illinois), as illustrated below:



The Southern California industrial market is generally segmented into infill and non-infill regions. Infill markets are considered high-barrier to-entry markets and generally share the following characteristics:

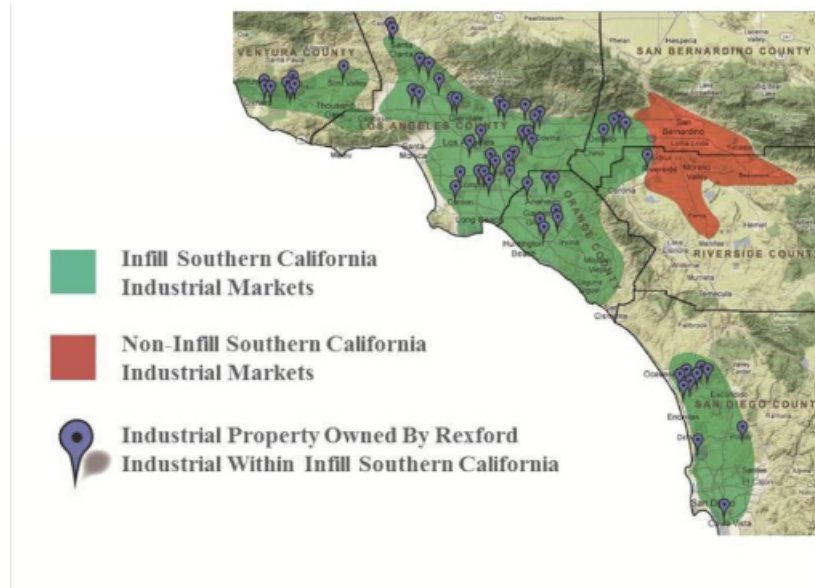
- scarcity of vacant or developable land;
- high concentrations of people, jobs, housing, income, wages and consumption;
- high political barriers, such as extensive land-use and zoning laws and complex entitlement processes that limit development;
- permanent, natural geographic barriers such as oceans, mountains and land preserves that restrict the ability for new development or the introduction of new, competing product;
- economic barriers that limit new construction;
- diminishing supply of infill industrial property as the dense regional population drives the conversion of existing industrial property to alternative uses, such as multi-family, retail and office properties; and
- limited ability to expand the transportation infrastructure, which increases the cost and decreases the desire for businesses to locate in non-infill locations.

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**Market Opportunity**

Our investment strategy focuses on the 1.85 billion square foot infill markets comprised of Los Angeles County, Orange County, West Inland Empire, San Diego County and Ventura County. We believe the market trends and conditions discussed below have created a favorable investment opportunity that we are competitively positioned to capitalize upon.

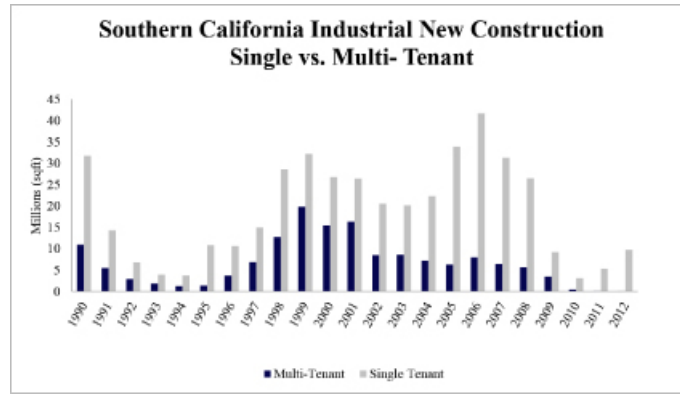
**Southern California Industrial – Infill and Non-Infill Markets**



***Limited, Diminishing Supply with Substantial Barriers to Entry***

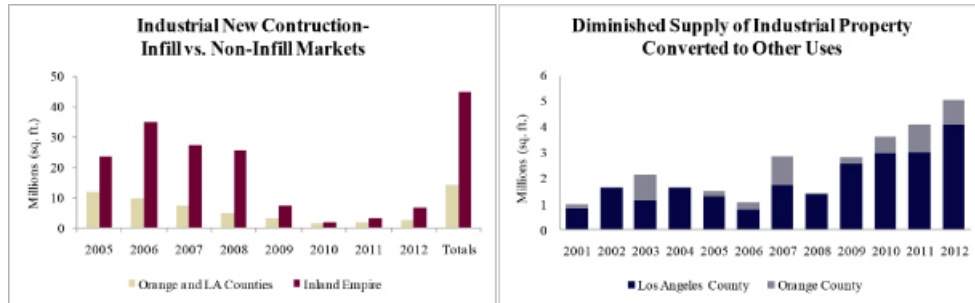
Southern California is generally considered to be nearly fully developed and is characterized by a scarcity of vacant or developable land. This is due in large part to the region’s permanent physical barriers, including major population centers, geographical features including numerous mountain ranges, and the Pacific Ocean. These constraints, combined with a large and growing population, have given rise to high political barriers, such as extensive land use and zoning laws and complex entitlement processes, that curtail real estate development.

Further, scarcity of developable land leads to high land and development costs. Industrial lease rates typically do not justify development of new properties for lease in infill markets, which presents an economic barrier for those seeking to develop new industrial properties. Consequently, there has been a dearth of new multi-tenant industrial properties built for lease since 1999, with infill development generally limited to relatively few owner-user and build-to-suit developments. Multi-tenant development represented only 1.3% of total new industrial property construction in Southern California infill markets during 2011 and 2012, combined, and only 0.6% of new construction in 2012. Further, substantially all new construction occurred in the Inland Empire, much of which is non-infill, and has primarily involved buildings over 200,000 square feet, which are generally outside our target property type.



Source: CoStar Property Database, DAUM

Industrial use is not typically considered the “highest and best” economic use for the few development or redevelopment sites available within our target markets. As a result, the stock of infill industrial property in our target markets generally has diminished over time, as existing properties have converted to alternate uses, primarily multi-family housing and related development. Since 2001, Los Angeles and Orange Counties have seen more than 23.1 million and 5.7 million square feet of industrial property, respectively, demolished for redevelopment as shown in the charts below.

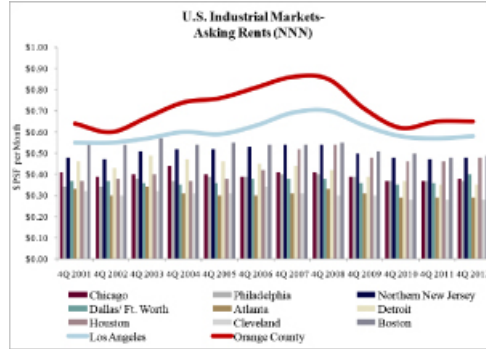
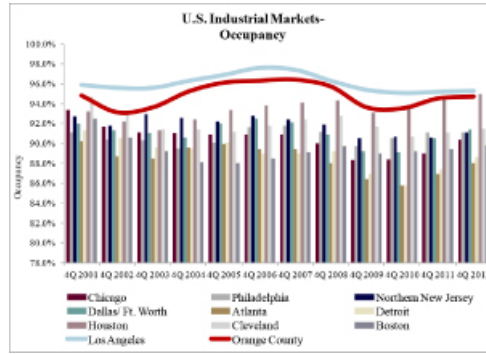


Source: CoStar Property Database, DAUM

**High Current Occupancy and High Rental Rates**

The Southern California infill industrial market has consistently out-performed other national markets on the basis of occupancy and asking rents, as illustrated in the following charts. As of December 31, 2012, occupancy was 95.3% and 94.8% for Los Angeles and Orange Counties, respectively, versus the national average of 91.2%. Since 2001, average Los Angeles and Orange County asking rents were 62.4% higher than the average of the next nine largest markets in the nation over the same twelve-year period. As shown in the charts below, the occupancy rates for Los Angeles and Orange County have consistently been above the other large markets in the United States since the fourth quarter of 2001. The occupancy rates never dipped below 90%, even during the most recent recession.





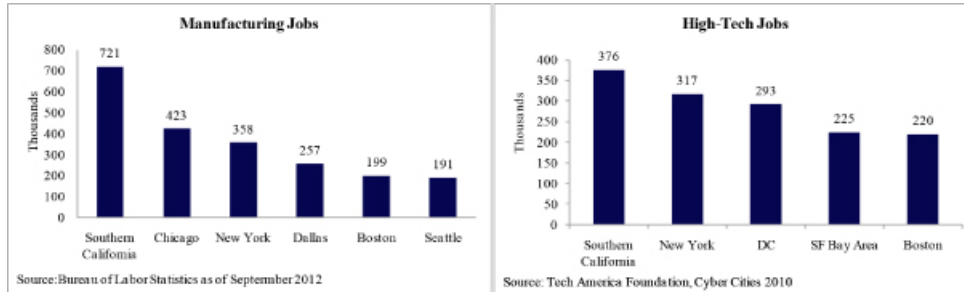
12-Year Average Asking Rent For Orange & Los Angeles County: **\$0.66/SF/Month**

12-Year Average Asking Rent For Next Nine Larger national Markets: **\$0.40/SF/Month**

Source: CoStar Property Database, DAUM

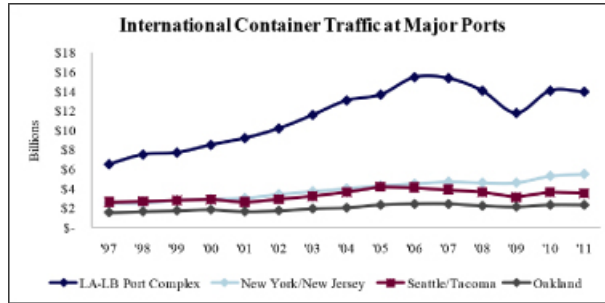
**Diverse Tenant Demand Base**

Southern California is home to the nation’s largest and most diverse manufacturing and distribution sector, as well as the largest number of high-tech jobs. We draw our tenants from over 17 industry sectors. The following charts compare Southern California’s manufacturing and high-tech employment to other major U.S. markets:



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The trend of off-shoring domestic manufacturing to Asia further fuels Southern California industrial tenant demand, as a vast share of Asian goods pass through the Los Angeles-area ports and require regional warehousing and distribution in order to access the broader U.S. market. As of December 31, 2012, approximately 23% of our tenants imported product from outside the U.S.

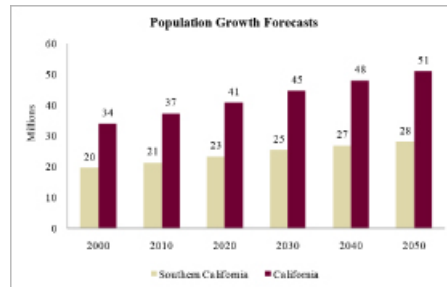


Source: American Association of Port Authorities Survey

Additionally, the emergence of e-commerce and the growth of Internet retailers and wholesalers are expanding the universe of tenants seeking industrial space in our target markets. Forrester Research Inc. projects that online shoppers in the United States will spend \$327 billion in 2016, up 45% from the \$226 billion spent in 2012, increasing to an estimated 9.0% of total retail sales by 2016. As of December 31, 2012, approximately 17% of our tenants cited e-commerce as a component of their business.

**Large and Growing Regional Population**

Southern California represents the largest regional population in the U.S., with over 21 million residents, comprising over 57% of California residents. The population has increased by approximately 2 million since 2000 and is projected to increase to over 25 million residents by 2030. Our infill tenant base tends to disproportionately serve the direct consumption needs of this growing regional Southern California population. This contrasts with tenants of “big-box” properties, who disproportionately serve super-regional or global trade and distribution. Approximately 92% of our tenants sell or distribute their goods or services regionally within California.



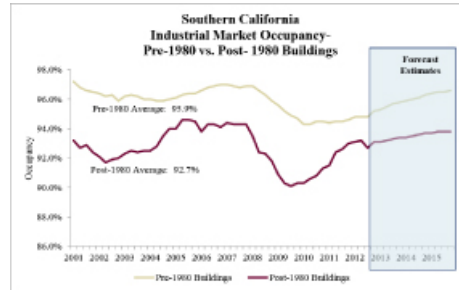
Source: California Department of Finance, May 2012

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**Relative Performance of Our Target Markets and Properties**

***Older Properties Tend To Outperform Newer Properties***

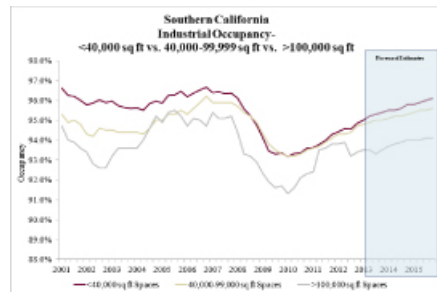
Over one billion square feet of infill industrial space in our target market was built prior to 1980. These buildings are generally more centrally located, which reduces commutes to employees and distribution times to the end consumers of the product. These locations are also typically more densely populated areas than locations that feature a greater proportion of newer construction. These factors have driven higher occupancy rates in pre-1980 buildings compared to post-1980 buildings. As of December 31, 2012, occupancy for pre-1980 buildings was 95.2% versus 93.1% for newer buildings. Pre-1980 buildings have maintained occupancy levels between 94.3% and 97.2% since 2001, while post-1980 buildings have ranged from 90.1% to 94.6%, as illustrated in the chart below.



Source: CoStar Property Database, DAUM

***Smaller Spaces and Multi-Tenant Properties Tend to Outperform Larger, Single-Tenant Properties***

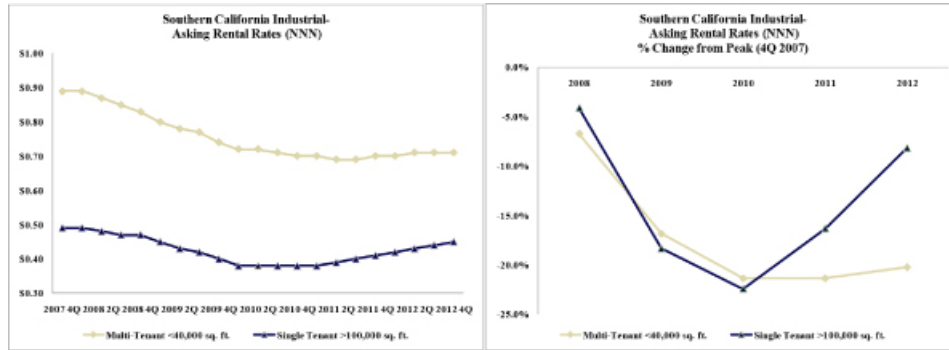
Our target infill markets feature a majority of properties valued below \$25 million or sized below 300,000 square feet. We believe smaller spaces, generally under 40,000 square feet, are positioned for rental rate recovery as economic conditions improve for smaller- and mid-size tenants in the face of ongoing scarcity of supply of these spaces. Occupancy as of December 31, 2012 for “big-box” buildings containing 100,000 square feet or more was 93.4%, while occupancy in buildings containing less than 40,000 square feet was 94.9%.



Source: CoStar Property Database, DAUM

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Occupancy and rental rates in our target markets are substantially higher for smaller spaces compared to larger spaces on an historical and projected basis as shown in the table below. Further, rental rates for larger, single-tenant spaces have recovered nearly to their pre-recession levels. Conversely, rental rates for small- and mid-sized tenants remain at cyclically low levels and have lagged in recovery compared to larger spaces as shown in the table below. Consequently, we believe the potential for rental rates to increase in the smaller- and medium-sized spaces and buildings may be substantially greater in the near- to medium-term than for larger spaces fueled, in part, by improving liquidity and access to working capital for small and medium sized businesses as the economy continues to stabilize.



Source: CoStar Property Database, DAUM

## BUSINESS

### Overview

Rexford Industrial, Inc. is a newly organized Maryland corporation formed to operate as a self-administered and self-managed REIT focused on owning and operating industrial properties in Southern California infill markets. We were formed to succeed our predecessor business, which is controlled and operated by our principals, Richard Ziman, Howard Schwimmer and Michael Frankel, who collectively have decades of experience acquiring, owning and operating industrial properties in Southern California infill markets. Upon completion of our formation transactions, our initial portfolio will consist of 59 properties with approximately 6.0 million rentable square feet and manage an additional 20 properties with approximately 1.2 million rentable square feet.

Our goal is to generate attractive risk-adjusted returns for our stockholders by providing superior access to industrial property investments in Southern California infill markets. Our target markets provide us with opportunities to acquire both stabilized properties generating favorable cash flow, as well as properties where we can enhance returns through value-add renovations and redevelopment. We believe that Southern California infill markets are among the most attractive industrial real estate markets for investment in the United States. Significant fragmentation, scarcity of available space and high barriers limiting new construction all contribute to create superior long-term supply/demand fundamentals. We built our company from the ground up as an institutional quality, vertically integrated platform with extensive value-add investment and management capabilities to focus on this specific market opportunity.

We own both multi-tenant and single-tenant properties. Our properties are highly adaptable and appeal to a wide range of potential tenants and uses, which, in our experience, reduces re-tenanting costs, time and risk, thereby enhancing our return on investment. Our tenants generally are small and medium sized businesses that are structurally tied to the Southern California economy and therefore find that locating within our target markets is critical to the ongoing operations of their business. Our initial portfolio is highly diversified by tenant and industry. Of our 580 tenants, no single tenant accounted for more than 2.7% of our total annualized rent and no single industry accounted for more than 11.0% of our total annualized rent, as of December 31, 2012.

We benefit from our management team's extensive market knowledge, long-standing business and personal relationships and research- and relationship-driven origination methods developed over more than 30 years to generate attractive investment opportunities. In our view, the fragmented and complex nature of our target markets generally makes it difficult for less experienced or less focused investors to access comparable opportunities on a consistent basis.

We plan to grow our business through disciplined acquisitions of additional industrial properties in Southern California infill markets, and believe that there are substantial and attractive acquisition opportunities available to us in our target markets. According to DAUM, the Southern California infill industrial property market consists of approximately 1.85 billion square feet of industrial properties. Our initial portfolio represents substantially less than 1.0% of this target market. Through our proprietary origination methods, we are currently actively tracking 30 million square feet of properties in our markets that we believe represent attractive potential investment opportunities. Our predecessor's recent investment fund has acquired in excess of 2.6 million square feet in our target markets, sourced primarily through a combination of off market and lightly marketed transactions, sale lease-backs and related transactions from illiquid owners and short sales and discounted note purchases from financial institutions. We believe the current market environment represents an attractive time in the real estate cycle to invest in our target properties as the many small and medium sized businesses that our properties seek to serve are just beginning to participate in the economic recovery. Despite being consistently one of the highest occupied markets in the United States approaching 95% occupancy rates, particularly for multi-tenant properties, rental rates in our target markets have only recently begun to recover from their recessionary lows.

We intend to elect and qualify to be taxed as a REIT under the Code, commencing with the year ending December 31, 2013, and generally will not be subject to U.S. federal taxes on our income to the extent we annually distribute at least 90% of our taxable income to our stockholders and otherwise maintain our qualification as a REIT. We are structured as an UPREIT and will own substantially all of our assets and conduct substantially all of our business through our operating partnership. We will serve as the sole general partner and expect to own an approximately % interest in our operating partnership upon consummation of this offering.

### Experienced Management and Vertically Integrated Team

Our predecessor business was founded in 2001 by our Executive Chairman Richard Ziman, and our Co-Chief Executive Officer, Howard Schwimmer, to exploit what they believed to be a particularly attractive opportunity to invest in industrial properties in Southern California infill markets. Messrs. Ziman and Schwimmer were joined by Michael Frankel, our Co-Chief Executive Officer, in 2004. These three members of our senior executive management team have worked together for nearly a decade, and each has substantial experience investing in and managing Southern California industrial properties.

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Mr. Ziman contributes over 40 years of experience owning and managing industrial real estate and a successful public company track record as the founding chairman and chief executive officer of Arden, a REIT, which at the time of its sale to GE Real Estate in 2006 was the largest publicly traded owner of office properties in Southern California. Mr. Schwimmer has focused exclusively on owning, operating and creating value in infill Southern California industrial property throughout his 30 year career. Mr. Schwimmer has 13 years of experience managing and co-managing our predecessor business, with expertise including the acquisition, value-add improvement, development, management, leasing and disposition of industrial property. Prior to establishing our predecessor business, from 1983 until 2001, Mr. Schwimmer held various positions including stockholder, board member, manager, executive vice president and broker of record for DAUM, California's oldest industrial brokerage company. Mr. Frankel's 28 year career has focused on real estate and private equity investment and senior management operating roles, including nine years co-managing our predecessor business, which exclusively focused on investing in industrial properties in Southern California infill markets.

Rexford's vertically integrated company and team provides an entrepreneurial set of processes and personnel experienced in virtually every facet of industrial property investment and management, from originations, finance and underwriting, to asset, construction and property management.

### ***Arden Realty, Inc.***

Mr. Ziman co-founded Arden (NYSE: ARI) in 1990 and served as Chairman and Chief Executive Officer after taking the company public on the NYSE in 1996. Arden was a publicly traded REIT, engaged in owning, acquiring, managing, leasing, developing and renovating office properties located in Southern California. The company's portfolio was expanded from 12 million square feet to approximately 20 million square feet and became one of the largest owners of office properties in Southern California. As a senior member of Arden's management team, Mr. Ziman was instrumental in helping Arden become one of the largest owners of office properties in Southern California. In May 2006, Arden was sold to GE Real Estate, a division of General Electric Capital Corporation, for \$4.8 billion in total enterprise value, compared to an enterprise value of \$600 million at the time of its initial public offering. An investment in the common stock of Arden at the time of its initial public offering until its final sale generated a total return to stockholders of approximately 338% per share for each share purchased at the initial public offering price of \$20.00 per share (assuming reinvestment of all cash dividends since the initial public offering in 1996) compared to a total return of 248% for the MSCI US REIT Index over the same period.

### **Competitive Strengths**

In addition to our infill Southern California target market and asset focus, we believe that our investment strategy and operating model distinguish us from other owners, operators and acquirers of industrial real estate in several important ways, including the following:

***Attractive Existing Portfolio with Diversified Tenant Mix:*** We have built a difficult-to-replicate portfolio of interests in 59 properties totaling over 6.0 million square feet and located in Southern California infill markets. We believe our initial portfolio is attractively positioned to participate in a recovery in rental rates in our markets. Additionally, our portfolio is leased to a broad tenant base, drawn from diverse industry sectors. We believe that this diversification reduces our exposure to tenant default risk and earnings volatility. As of December 31, 2012, we had 579 individual tenants, with no single tenant accounting for more than 2.7% of our total annualized rent.

***Superior Access to Deal Flow:*** We believe that we enjoy superior access to distressed, off-market and lightly marketed acquisition opportunities, many of which are difficult for competing investors to access. As we are principally focused on the Southern California market, our executive management and acquisition teams have developed and maintain a deep, broad network of relationships among key market participants, including property brokers, lenders, owners and tenants. We employ an extensive broker marketing, incentives and loyalty program. We also utilize data-driven and event-driven analytics and primary research to identify and pursue events and circumstances, including financial distress, related to owners, lenders, and tenants that tend to generate early access to emerging investment opportunities. We believe that our relationship network, creative sourcing approach and research-driven originations methods contribute to a superior level of attractive investment opportunities.

***Experienced Management Team:*** Members of our senior management team contribute over 45 years of prior public company experience, and collectively have been involved with over \$25 billion of real estate acquisitions over multiple cycles. Members of our senior management team have been working together for nearly a decade and together bring 130 years of experience focused on creating value by investing in infill Southern California industrial property.

***Vertically Integrated Platform:*** We are a full-service real estate operating company, with in-house capabilities in all aspects of our business. Our platform includes experienced in-house teams focused on acquisitions, analytics and underwriting, asset management and repositioning, property management, leasing, and construction management, as well as finance, accounting, legal and human relations departments.

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**Growth-Oriented Capital Structure:** We believe that a public company capital structure will enable us to capitalize effectively on the substantial volume of opportunities generated by our origination platform. Upon completion of this offering, our pro forma debt to total market capitalization will be           %. In addition, we expect to have an approximately \$           million revolving credit facility available to fund future acquisitions and revenue-enhancing capital expenditures.

**Value-Add Repositioning and Redevelopment Expertise:** Our in-house redevelopment and construction management team collectively has over 75 years of industrial property redevelopment experience. Our in-house team employs an entrepreneurial approach to redevelopment and repositioning activities that are designed to increase the functionality and cash flow of our properties. These activities include converting large underutilized spaces into a series of smaller and more functional spaces, adding additional square footage and modernizing properties by, among other things, modernizing fire, life, safety and building operating systems, resolving functional obsolescence, adding or enhancing loading areas and truck access and making certain other accretive improvements.

### **Our Business and Growth Strategies**

Our primary objective is to generate attractive risk-adjusted returns for our stockholders through dividends and capital appreciation. We believe that pursuing the following strategies will enable us to achieve this objective:

#### ***External Growth through Acquisitions:***

We intend to grow our initial portfolio through disciplined acquisitions in prime Southern California infill markets. We believe that our relationship-, data- and event-driven research allows us to identify and exploit asset mispricing and market inefficiencies. Through these proprietary origination methods, we are currently actively tracking approximately 30 million square feet of properties in our markets that we believe represent attractive potential investment opportunities. Our predecessor's most recent investment fund has acquired in excess of 2.6 million square feet in our target markets, sourced through a combination of off market and lightly marketed transactions, sale lease-backs and related transactions and short sales and discounted note purchases from financial institutions.

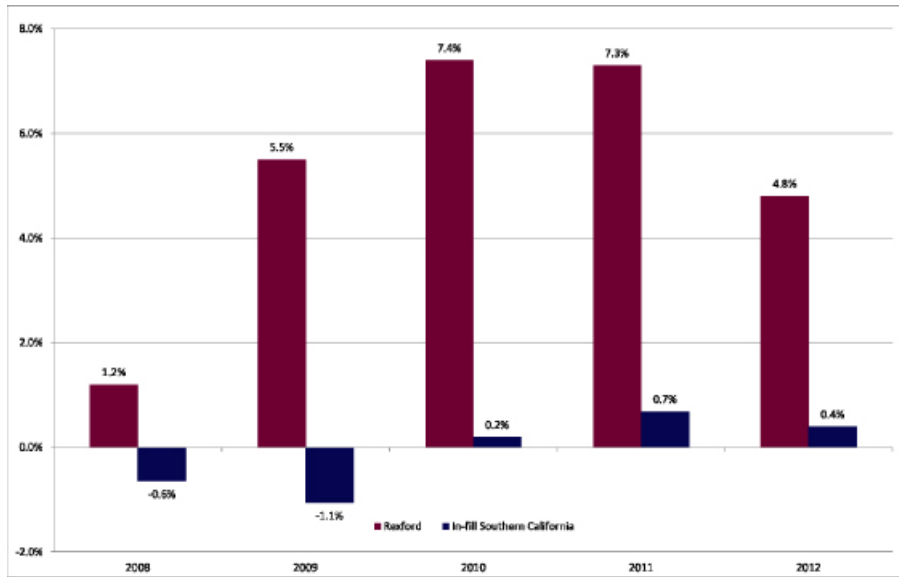
We believe there are a large number of over-leveraged industrial properties within our target markets facing loan maturities over the next several years. We seek to source transactions from owners facing pressing liquidity needs or financial distress, including maturities of loans that lack economical refinancing options. We also seek to transact with lenders, which, following the recent financial crisis, face a heightened need to divest or resolve underperforming loans in order to meet capital and regulatory requirements.

#### ***Internal Growth through Intensive, Value-Added Asset Management:***

We employ an intensive asset management strategy that is designed to increase cash flow from our properties. Our strategy includes repositioning industrial property by renovating, modernizing or increasing functionality to increase cash flow and value. For example, we sometimes convert formerly single-tenant properties to multi-tenant occupancy to capitalize upon the higher per square foot rents generated by smaller spaces in our target markets. We believe that by undertaking such conversions or other functional enhancements, we can position our properties to attract a larger universe of potential tenants, increase occupancy, tenant quality and rental rates. We also believe that multi-tenant properties help to limit our exposure to tenant default risk and diversify our sources of cash flow.

Our proactive approach to leasing and asset management is driven by our in-house team of portfolio and property managers, which maintains direct, day-to-day relationships and dialogue with our tenants. In addition, we motivate listing brokers through leasing incentives combined with highly entrepreneurial leasing plans that we develop for each of our properties. We believe our proactive approach to leasing and asset management enhances recurring cash flow and reduces periods of vacancy. Our properties have successfully outperformed the overall infill Southern California market in leasing up vacant space. As illustrated in the chart below, over the course of the last five years, we have demonstrated an ability to consistently increase occupancy, even during the depth of the recent "Great Recession" when our target markets experienced a net reduction in occupancy.

Net Absorption During Recessionary Period 2008 through 2012 YTD



We believe that our initial portfolio contains the potential for imbedded growth through the lease-up of currently available space. As of December 31, 2012, our initial portfolio was 84% leased. We believe four factors will contribute to increased cash flow from leasing in the near term:

- a number of our properties are in their final lease-up stage after being repositioned through our value-add activities,
- we expect the firming up of supply and demand in certain markets, such as San Diego, that generally lagged the infill markets of Los Angeles County and Orange County through the 2010 to 2012 recovery, and are now experiencing net positive absorption,
- the roll-over of relatively low-rate in-place leases across the portfolio to higher market rents with leases requiring fewer go-forward concessions and abatements compared to prior periods, and
- expected market rental rate increases in the multi-tenant industrial market, as smaller and medium sized business tenants begin to gain access to increased liquidity and available credit as the economy recovers.

**Financing Strategy**

We intend to maintain a flexible and growth-oriented capital structure. Upon completion of this offering, we will have an initial debt-to-market capitalization of approximately % . We intend to limit our future incurrence of debt to 60% of our total market capitalization at the time of incurrence. To facilitate our acquisition strategy, we are negotiating a line of credit that we expect will provide approximately \$ million of initial borrowing capacity. This facility is expected to have an accordion feature that provides for additional borrowing capacity as the company continues to grow. This facility will be used for property acquisitions, working capital requirements and other general corporate purposes. Initially, we intend to use the facility at the closing of the offering to repay a portion of the mortgage debt on certain of our properties. See “Business—Description of Certain Debt.” The specific terms of the revolving credit facility will be negotiated by us and the lenders and there can be no assurance that we will be able to enter into this revolving credit facility on the terms described above or at all.

We expect to fund property acquisitions through borrowings under our revolving credit facility and traditional mortgage financing, as well as any remaining cash available from the proceeds of this offering after repayment of certain indebtedness as described under “Use of Proceeds”. We may place longer term mortgage debt on certain properties. We also anticipate using common units to acquire properties from existing owners interested in a tax-deferred transactions.



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**Our Properties**

In connection with our formation transactions, the concurrent private placement and this offering, in exchange for an estimated total of common units and approximately \$ million in cash, we will acquire entities that own interests in 59 properties. Our target properties fit into four general categories focused on industrial property located in Southern California infill markets:

- Core Plus
- Value Add
- Core
- First Mortgages Tied to Target Industrial Property

The following table provides information about the properties we will own upon consummation of our formation transactions.

Property Address	City	Number of Buildings	Asset Type	Year Built / Renovated <sup>(1)</sup>	Rentable Square Feet	Ownership Interest in Rentable Square Feet <sup>(2)</sup>	Percentage of Rentable Square Feet <sup>(3)</sup>	Number of Leases	Occupancy <sup>(4)</sup>	Annualized Base Rent <sup>(5)</sup>	Percentage of Total Annualized Base Rent <sup>(6)</sup>	Total Annualized Base Rent per Square Foot <sup>(7)</sup>	Ownership Interest
<b>Los Angeles—Greater San Fernando Valley</b>													
15140 & 15148 Bledsoe Street, 13065—13081 Bradley Avenue	Sylmar	2	Warehouse / Light Manufacturing	1969, 2008 / 2006	138,474	138,474	2.8%	5	79.7%	\$ 816,228	2.3%	\$ 7.39	100.0%
28340—28400 Avenue Crocker	Valencia	1	Warehouse / Light Manufacturing	1987 / 2006	91,788	91,788	1.8%	2	100.0%	\$ 706,884	2.0%	\$ 7.70	100.0%
28159 Avenue Stanford	Valencia	1	Light Industrial / Office	1987 / 2008	79,701	79,701	1.6%	8	75.6%	\$ 885,624	2.5%	\$ 14.69	100.0%
21-29 West Easy Street	Simi Valley	5	Warehouse / Light Manufacturing	1991 / 2006	102,327	102,327	2.0%	13	97.1%	\$ 886,392	2.5%	\$ 8.92	100.0%
15041 Calvert Street	Van Nuys	1	Warehouse / Light Manufacturing	1971	81,282	81,282	1.6%	1	100.0%	\$ 438,924	1.2%	\$ 5.40	100.0%
6701 & 6711 Odessa Avenue	Van Nuys	2	Warehouse / Light Manufacturing	1970-1972 / 2012	29,544	29,544	0.6%	2	100.0%	\$ 205,620	0.6%	\$ 6.96	100.0%
9027 N. Glenoaks Blvd.	Sun Valley	1	Warehouse / Light Manufacturing	1974	14,700	14,700	0.3%	1	100.0%	\$ 118,800	0.3%	\$ 8.08	100.0%
1050 Arroyo Avenue	San Fernando	1	Warehouse / Light Manufacturing	1969 / 2012	76,993	76,993	1.5%	1	100.0%	\$ 341,040	1.0%	\$ 4.43	100.0%
901 W. Alameda Avenue	Burbank	1	Light Industrial / Office	1969 / 2009	44,924	43,473	0.9%	3	89.5%	\$ 1,140,384	3.2%	\$ 29.32	96.77%
700 Allen Avenue, 1840 Dana Street, & 1830 Flower	Glendale	3	Light Industrial / Office	1949, 1961 / 2011-2012	38,665	38,665	0.8%	0	0.0%	\$ 0	0.0%	\$ 0.00	100.0%
121-125 North Vinedo Avenue	Pasadena	1	Warehouse / Light Manufacturing	1953 / 1993	48,381	48,381	1.0%	1	100.0%	\$ 476,652	1.4%	\$ 9.85	100.0%
89-91 N. San Gabriel Blvd., 2670-2674 Walnut Avenue and 2675 Nina Street	Pasadena	5	Light Manufacturing / Flex	1947, 1985 / 2009	31,619	31,619	0.6%	3	100.0%	\$ 465,768	1.3%	\$ 14.73	100.0%
<b>Subtotal / Weighted Average</b>		<b>24</b>			<b>778,398</b>	<b>776,947</b>	<b>15.5%</b>	<b>40</b>	<b>87.9%</b>	<b>\$ 6,482,316</b>	<b>18.4%</b>	<b>\$ 9.49</b>	<b>99.8%</b>

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Property Address	City	Number of Buildings	Asset Type	Year Built / Renovated <sup>(1)</sup>	Rentable Square Feet	Ownership Interest in Rentable Square Feet <sup>(2)</sup>	Percentage of Rentable Square Feet <sup>(3)</sup>	Number of Leases	Occupancy <sup>(4)</sup>	Annualized Base Rent <sup>(5)</sup>	Percentage of Total Annualized Base Rent <sup>(6)</sup>	Total Annualized Base Rent per Square Foot <sup>(7)</sup>	Ownership Interest
<b>Los Angeles—San Gabriel Valley</b>													
1400 South Shamrock	Monrovia	1	Light Manufacturing / Flex	1957, 1962 / 2004	67,838	67,838	1.4%	1	100.0%	\$ 938,304	2.7%	\$ 13.83	100.0%
15715 Arrow Highway	Irwindale	1	Light Manufacturing / Flex	1989	76,000	76,000	1.5%	1	100.0%	\$ 967,836	2.7%	\$ 12.73	100.0%
15705, 15709 Arrow Highway & 5220 Fourth Street	Irwindale	3	Warehouse / Light Manufacturing	1987	69,592	69,592	1.4%	28	89.3%	\$ 611,388	1.7%	\$ 9.84	100.0%
14250-14278 Valley Blvd.	La Puente	8	Warehouse / Light Manufacturing	1974 / 2007	99,720	99,720	2.0%	25	87.7%	\$ 700,248	2.0%	\$ 8.01	100.0%
13914-13932 Valley Blvd.	La Puente	2	Warehouse / Light Manufacturing	1978, 1988 / 2012	58,084	58,084	1.2%	22	80.6%	\$ 375,840	1.1%	\$ 8.03	100.0%
15241—15277, 15317—15339 Don Julian Road	City of Industry	2	Warehouse / Distribution	1965, 2005 / 2003	241,248	241,248	4.8%	14	100.0%	\$ 1,991,316	5.7%	\$ 8.25	100.0%
<b>Subtotal / Weighted Average</b>		<b>17</b>			<b>612,482</b>	<b>612,482</b>	<b>12.2%</b>	<b>91</b>	<b>94.9%</b>	<b>\$ 5,584,932</b>	<b>15.9%</b>	<b>\$ 9.60</b>	<b>100.0%</b>
<b>Los Angeles—Central</b>													
1938-1946 E. 46th Street	Vernon	3	Warehouse / Light Manufacturing	1961, 1983 / 2008-2010	190,663	190,663	3.8%	3	100.0%	\$ 1,242,156	3.5%	\$ 6.51	100.0%
<b>Los Angeles—Mid-Counties</b>													
9641—9657 Santa Fe Springs Road	Santa Fe Springs	3	Warehouse / Distribution	1982 / 2009	106,995	106,995	2.1%	4	100.0%	\$ 856,452	2.4%	\$ 8.00	100.0%
14944, 14946, 14948 Shoemaker Avenue	Santa Fe Springs	3	Warehouse / Light Manufacturing	1978 / 2012	86,010	86,010	1.7%	18	83.6%	\$ 527,244	1.5%	\$ 7.33	100.0%
12910 East Mulberry Drive	Whittier	1	Warehouse / Distribution	1962 / 2009	153,080	153,080	3.1%	2	100.0%	\$ 869,676	2.5%	\$ 5.68	100.0%
9220-9268 Hall Road	Downey	1	Warehouse / Light Manufacturing	2008	176,405	176,405	3.5%	25	55.8%	\$ 743,076	2.1%	\$ 7.55	100.0%
<b>Subtotal / Weighted Average</b>		<b>8</b>			<b>522,490</b>	<b>522,490</b>	<b>10.4%</b>	<b>49</b>	<b>82.4%</b>	<b>\$ 2,996,448</b>	<b>8.5%</b>	<b>\$ 6.96</b>	<b>100.0%</b>
<b>Los Angeles—South Bay</b>													
6423-6431 & 6407-6119 Alondra Blvd.	Paramount	2	Warehouse / Light Manufacturing	1986	30,224	30,224	0.6%	8	74.1%	\$ 174,240	0.5%	\$ 7.78	100.0%
311, 319, 329 & 333 157th Street	Gardena	4	Warehouse / Light Manufacturing	1960-1971 / 2006-2011	60,000	60,000	1.2%	7	100.0%	\$ 426,720	1.2%	\$ 7.11	100.0%
20920-20950 Normandie Avenue	Torrance	2	Warehouse / Light Manufacturing	1989	49,466	49,466	1.0%	25	92.7%	\$ 497,592	1.4%	\$ 10.85	100.0%
6010 Paramount Avenue, 2708 Seaboard Lane	Long Beach	1	Warehouse / Light Manufacturing	1981-1982	16,534	16,534	0.3%	2	100.0%	\$ 133,344	0.4%	\$ 8.06	100.0%
<b>Subtotal / Weighted Average</b>		<b>9</b>			<b>156,224</b>	<b>156,224</b>	<b>3.1%</b>	<b>42</b>	<b>92.7%</b>	<b>\$ 1,231,896</b>	<b>3.5%</b>	<b>\$ 8.51</b>	<b>100.0%</b>

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Property Address	City	Number of Buildings	Asset Type	Year Built / Renovated <sup>(1)</sup>	Rentable Square Feet	Ownership Interest in Rentable Square Feet <sup>(2)</sup>	Percentage of Rentable Square Feet <sup>(3)</sup>	Number of Leases	Occupancy <sup>(4)</sup>	Annualized Base Rent <sup>(5)</sup>	Percentage of Total Annualized Base Rent <sup>(6)</sup>	Total Annualized Base Rent per Square Foot <sup>(7)</sup>	Ownership Interest
<b>North Orange County</b>													
2300-2386 East Walnut Avenue	Fullerton	3	Warehouse / Distribution	1985-1986 / 2005	161,286	116,513	2.3%	12	83.8%	\$ 715,098	2.0%	\$ 7.32	72.2%
1631 N. Placentia Avenue Unit A-V, 2350—2384 E. Orangethorpe Ave 1255 Knollwood Circle	Anaheim	2	Warehouse / Light Manufacturing	1973 / 2007	62,395	62,395	1.2%	29	88.2%	\$ 626,496	1.8%	\$ 11.39	100.0%
	Anaheim	1	Warehouse / Light Manufacturing	1975	25,162	25,162	0.5%	0	0.0%	\$ 0	0.0%	\$ 0.00	100.0%
<b>Subtotal / Weighted Average</b>		<b>6</b>			<b>248,843</b>	<b>204,070</b>	<b>4.1%</b>	<b>41</b>	<b>74.8%</b>	<b>\$ 1,341,594</b>	<b>3.8%</b>	<b>\$ 8.79</b>	<b>82.0%</b>
<b>Orange County Airport</b>													
3441 West MacArthur Blvd.	Santa Ana	1	Warehouse / Distribution	1973	122,060	122,060	2.4%	1	100.0%	\$ 678,888	1.9%	\$ 5.56	100.0%
600-650 South Grand Avenue	Santa Ana	6	Warehouse / Light Manufacturing	1988	101,210	101,210	2.0%	47	90.1%	\$ 930,411	2.6%	\$ 10.20	100.0%
3720-3750 W. Warner Avenue	Santa Ana	1	Warehouse / Light Manufacturing	1973 / 2008	38,570	38,570	0.8%	10	54.6%	\$ 197,112	0.6%	\$ 9.36	100.0%
200-220 South Grand Avenue	Santa Ana	1	Warehouse / Light Manufacturing	1973 / 2008	27,200	27,200	0.5%	7	91.2%	\$ 238,968	0.7%	\$ 9.64	100.0%
<b>Subtotal / Weighted Average</b>		<b>9</b>			<b>289,040</b>	<b>289,040</b>	<b>5.8%</b>	<b>65</b>	<b>89.7%</b>	<b>\$ 2,045,379</b>	<b>5.8%</b>	<b>\$ 7.89</b>	<b>100.0%</b>
<b>San Bernardino—Inland Empire West</b>													
1400 S. Campus Avenue	Ontario	2	Warehouse / Light Manufacturing	1964-1966, 1973, 1987	107,861	107,861	2.2%	1	100.0%	\$ 427,128	1.2%	\$ 3.96	100.0%
9160—9220 Cleveland Avenue, 10860 6th Street	Rancho Cucamonga	3	Light Manufacturing / Flex	1988-1989 / 2006	129,309	129,309	2.6%	2	64.0%	\$ 1,438,764	4.1%	\$ 17.38	100.0%
10700 Jersey Blvd.	Rancho Cucamonga	7	Light Industrial / Office	1988-1989	107,568	107,568	2.1%	50	90.6%	\$ 843,576	2.4%	\$ 8.66	100.0%
9375 Archibald Avenue	Rancho Cucamonga	8	Light Industrial / Office	1980 / 2007	62,677	62,677	1.3%	32	75.5%	\$ 416,184	1.2%	\$ 8.80	100.0%
<b>Subtotal / Weighted Average</b>		<b>20</b>			<b>407,415</b>	<b>407,415</b>	<b>8.1%</b>	<b>85</b>	<b>82.3%</b>	<b>\$ 3,125,652</b>	<b>8.9%</b>	<b>\$ 9.32</b>	<b>100.0%</b>
<b>San Bernardino—Inland Empire East</b>													
6750 Unit B-C—6780 Central Ave.	Riverside	4	Warehouse / Light Manufacturing	1978	63,675	63,675	1.3%	5	93.2%	\$ 295,716	0.8%	\$ 4.98	100.0%
77-700 Enfield Lane	Palm Desert	1	Warehouse / Light Manufacturing	1990	21,607	21,607	0.4%	7	100.0%	\$ 148,152	0.4%	\$ 6.86	100.0%
<b>Subtotal / Weighted Average</b>		<b>5</b>			<b>85,282</b>	<b>85,282</b>	<b>1.7%</b>	<b>12</b>	<b>94.9%</b>	<b>\$ 443,868</b>	<b>1.3%</b>	<b>\$ 5.48</b>	<b>100.0%</b>

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Property Address	City	Number of Buildings	Asset Type	Year Built / Renovated <sup>(1)</sup>	Rentable Square Feet	Ownership Interest in Rentable Square Feet <sup>(2)</sup>	Percentage of Rentable Square Feet <sup>(3)</sup>	Number of Leases	Occupancy <sup>(4)</sup>	Annualized Base Rent <sup>(5)</sup>	Percentage of Total Annualized Base Rent <sup>(6)</sup>	Total Annualized Base Rent per Square Foot <sup>(7)</sup>	Ownership Interest	
<b>Ventura County</b>														
3001 Mission Oaks Blvd. <sup>(10)</sup>	Camarillo	1	Warehouse / Distribution	1969	309,500	46,425	0.9%	1	96.9%	\$ 245,700	0.7%	\$ 5.46	15.0%	
3175 Mission Oaks Blvd. <sup>(10)</sup>	Camarillo	1	Warehouse / Distribution	200	423,106	63,466	1.3%	1	100.0%	\$ 346,523	1.0%	\$ 5.46	15.0%	
3233 Mission Oaks Blvd. <sup>(10)</sup>	Camarillo	2	Warehouse / Distribution	1980-1982	455,801	68,370	1.4%	1	31.6%	\$ 248,782	0.7%	\$ 11.52	15.0%	
300 South Lewis Road				1960-1963										
	Camarillo	1	Warehouse / Distribution	/	2006	215,128	215,128	4.3%	11	100.0%	\$ 1,438,728	4.1%	\$ 6.69	100.0%
1950 Williams Drive				1969										
	Oxnard	5	Warehouse / Light Manufacturing	2006-2011	161,682	161,682	3.2%	2	88.0%	\$ 667,908	1.9%	\$ 4.69	100.0%	
701 Del Norte Blvd.	Oxnard	1	Warehouse / Light Manufacturing	2000	125,514	125,514	2.5%	17	92.5%	\$ 948,744	2.7%	\$ 8.18	100.0%	
2220-2260 Camino del Sol	Oxnard	1	Warehouse / Distribution	2005	69,891	69,891	1.4%	2	100.0%	\$ 487,092	1.4%	\$ 6.97	100.0%	
<b>Subtotal / Weighted Average</b>		<b>12</b>			<b>1,760,622</b>	<b>750,476</b>	<b>15.0%</b>	<b>35</b>	<b>89.7%</b>	<b>\$ 4,383,477</b>	<b>12.4%</b>	<b>\$ 6.51</b>	<b>42.6%</b>	
<b>San Diego—North County</b>														
1335 Park Center Drive				1999										
	Vista	1	Warehouse / Distribution	/	2007	124,997	124,997	2.5%	1	5.1%	\$ 88,320	0.3%	\$ 13.80	100.0%
929, 935, 939 & 951 Poinsettia Avenue				1989										
	Vista	4	Warehouse / Light Manufacturing	/	2007	121,892	121,892	2.4%	9	70.0%	\$ 568,188	1.6%	\$ 6.66	100.0%
2575 Pioneer Avenue				1988										
	Vista	1	Warehouse / Light Manufacturing	/	2006	68,935	68,935	1.4%	6	87.2%	\$ 457,122	1.3%	\$ 7.61	100.0%
6200 & 6300 Yarrow Drive				1977-1988										
	Carlsbad	2	Warehouse / Light Manufacturing	/	2006	151,433	151,433	3.0%	2	63.1%	\$ 868,224	2.5%	\$ 9.08	100.0%
2431-2465 Impala Drive				1983										
	Carlsbad	7	Light Manufacturing / Flex	/	2006	89,951	89,951	1.8%	6	60.0%	\$ 660,012	1.9%	\$ 12.22	100.0%
6231 & 6241 Yarrow Drive				1977										
	Carlsbad	2	Warehouse / Light Manufacturing	/	2006	80,441	80,441	1.6%	7	100.0%	\$ 663,816	1.9%	\$ 8.25	100.0%
5803 Newton Drive				2006										
	Carlsbad	1	Light Manufacturing / Flex	1997-1999	2009	71,602	71,602	1.4%	2	56.0%	\$ 434,700	1.2%	\$ 10.85	100.0%
<b>Subtotal / Weighted Average</b>		<b>18</b>			<b>709,251</b>	<b>709,251</b>	<b>14.1%</b>	<b>33</b>	<b>59.5%</b>	<b>\$ 3,740,382</b>	<b>10.6%</b>	<b>\$ 8.86</b>	<b>100.0%</b>	

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Property Address	City	Number of Buildings	Asset Type	Year Built / Renovated <sup>(1)</sup>	Rentable Square Feet	Ownership Interest in Rentable Square Feet <sup>(2)</sup>	Percentage of Rentable Square Feet <sup>(3)</sup>	Number of Leases	Occupancy <sup>(4)</sup>	Annualized Base Rent <sup>(5)</sup>	Percentage of Total Annualized Base Rent <sup>(6)</sup>	Total Annualized Base Rent per Square Foot <sup>(7)</sup>	Ownership Interest
<b>San Diego—Central</b>													
10439-10477			Warehouse /										
Roselle Street	San Diego	10	Light Manufacturing	1970 / 2007	97,967	68,577	1.4%	40	87.3%	\$ 729,086	2.1%	\$ 12.17	70.0%
12345 First			Light Industrial /										
American Way	Poway	1	Office	2002 / 2007	40,022	40,022	0.8%	2	100.0%	\$ 438,996	1.2%	\$ 10.97	100.0%
<b>Subtotal / Weighted Average</b>		<b>11</b>			<b>137,989</b>	<b>108,599</b>	<b>2.2%</b>	<b>42</b>	<b>92.0%</b>	<b>\$ 1,168,082</b>	<b>3.3%</b>	<b>\$ 11.69</b>	<b>78.7%</b>
<b>San Diego—South County</b>													
131 W. 33rd Street, Units 1—13	National City	2	Warehouse / Light Manufacturing	1969 / 2008	78,615	78,615	1.6%	12	65.7%	\$ 498,180	1.4%	\$ 9.64	100.0%
<b>Other</b>													
2515, 2507, 2441 W. Erie Drive & 2929 S. Fair Lane	Tempe	4	Light Manufacturing / Flex	1987	83,385	83,385	1.7%	5	90.0%	\$ 566,388	1.6%	\$ 7.55	100.0%
500-560 Zenith Drive	Glenview	3	Light Industrial / Office	1978	37,992	37,992	0.8%	25	74.9%	\$ 382,428	1.1%	\$ 13.45	100.0%
<b>Subtotal / Weighted Average</b>		<b>7</b>			<b>121,377</b>	<b>121,377</b>	<b>2.4%</b>	<b>30</b>	<b>85.2%</b>	<b>\$ 948,816</b>	<b>2.7%</b>	<b>\$ 9.17</b>	<b>100.0%</b>
<b>Portfolio—Total / Weighted Average</b>		<b>59 Properties</b>			<b>6,098,691</b>	<b>5,012,931</b>	<b>100.0%</b>	<b>580</b>	<b>84.0%</b>	<b>\$35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>	<b>82.2%<sup>(9)</sup></b>

- (1) Year renovated means the most recent year in which a material upgrade, alteration or addition to building systems was completed resulting in increased marketability of the property.
- (2) Calculated as rentable square feet for such property multiplied by the ownership interest for such property.
- (3) Calculated as the ownership interest in rentable square feet for such property divided by the ownership interest in rentable square feet for the total portfolio as of December 31, 2012.
- (4) Calculated as the occupancy at such property as of December 31, 2012, weighted by the ownership interest in rentable square feet for such property.
- (5) Calculated as monthly contracted base rent per the terms of the lease(s) at such property, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for such property. Excludes billboard and antenna revenue and rent abatements.
- (6) Calculated as annualized base rent for such property divided by annualized base rent for the total portfolio as of December 31, 2012.
- (7) Calculated as annualized base rent for such property divided by the ownership interest in leased square feet for such property as of December 31, 2012.
- (8) Weighted average ownership interest for the total portfolio is based on the ownership interest in rentable square feet for the total portfolio divided by rentable square feet for the total portfolio.
- (9) Properties are adjacent to one another and are accounted for as three separate properties as they are located on three separate legal parcels.

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*Property Diversification*

The following table sets forth information relating to diversification by property type in our portfolio based on total annualized rent as of December 31, 2012.

<u>Property Type</u>	<u>Number of Properties</u>	<u>Occupancy<sup>(1)</sup></u>	<u>Rentable Square Feet</u>	<u>Ownership Interest in Rentable Square Feet<sup>(2)</sup></u>	<u>Percentage of Total Rentable Square Feet</u>	<u>Annualized Base Rent<sup>(3)</sup></u>	<u>Percentage of Total Annualized Base Rent<sup>(4)</sup></u>	<u>Annualized Base Rent per Square Foot<sup>(5)</sup></u>
Light Industrial / Office	7	76.2%	411,549	410,098	8.2%	\$ 4,107,192	11.7%	\$ 13.15
Light Manufacturing / Flex	7	77.7%	549,704	549,704	11.0%	\$ 5,471,772	15.5%	\$ 12.80
Warehouse / Distribution	11	86.0%	2,383,092	1,328,173	26.5%	\$ 7,966,575	22.6%	\$ 6.97
Warehouse / Light Manufacturing	34	85.4%	2,754,346	2,724,956	54.4%	\$17,687,640	50.2%	\$ 7.60
<b>Total / Weighted Average</b>	<b>59</b>	<b>84.0%</b>	<b>6,098,691</b>	<b>5,012,931</b>	<b>100.0%</b>	<b>\$35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>

- (1) Calculated as the average occupancy at such properties as of December 31, 2012, weighted by each property's ownership interest in rentable square feet.
- (2) Calculated for each property as rentable square feet for such property multiplied by the ownership interest for such property, and then aggregated by property type.
- (3) Calculated for each property as the monthly contracted base rent per the terms of the lease(s) at such property, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for such property, and then aggregated by property type. Excludes billboard and antenna revenue and rent abatements.
- (4) Calculated for each property type as annualized base rent for such property type divided by annualized base rent for the total portfolio as of December 31, 2012.
- (5) Calculated for each property type as annualized base rent for such property type divided by the ownership interest in leased square feet for such property type as of December 31, 2012.

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### Geographic Diversification

The following table sets forth information relating to geographic diversification by state in our portfolio based on total annualized rent as of December 31, 2012.

Market	Number of Properties	Occupancy <sup>(1)</sup>	Rentable Square Feet	Ownership Interest in Rentable Square Feet <sup>(2)</sup>	Percentage of Total Rentable Square Feet	Annualized Base Rent <sup>(3)</sup>	Percentage of Total Annualized Base Rent <sup>(4)</sup>	Annualized Base Rent per Square Foot <sup>(5)</sup>
<b>Los Angeles County</b>								
Greater San Fernando Valley	12	87.9%	778,398	776,947	15.5%	\$ 6,482,316	18.4%	\$ 9.49
San Gabriel Valley	6	94.9%	612,482	612,482	12.2%	\$ 5,584,932	15.9%	\$ 9.60
Central	1	100.0%	190,663	190,663	3.8%	\$ 1,242,156	3.5%	\$ 6.51
Mid-Counties	4	82.4%	522,490	522,490	10.4%	\$ 2,996,448	8.5%	\$ 6.96
South Bay	4	92.7%	156,224	156,224	3.1%	\$ 1,231,896	3.5%	\$ 8.51
<b>Subtotal / Weighted Average</b>	<b>27</b>	<b>89.9%</b>	<b>2,260,257</b>	<b>2,258,806</b>	<b>45.1%</b>	<b>17,537,748</b>	<b>49.8%</b>	<b>\$ 8.64</b>
<b>Orange County</b>								
North Orange County	3	74.8%	248,843	204,070	4.1%	\$ 1,341,594	3.8%	\$ 8.79
Airport	4	89.7%	289,040	289,040	5.8%	\$ 2,045,379	5.8%	\$ 7.89
<b>Subtotal / Weighted Average</b>	<b>7</b>	<b>83.5%</b>	<b>537,883</b>	<b>493,110</b>	<b>9.8%</b>	<b>3,386,973</b>	<b>9.6%</b>	<b>\$ 8.22</b>
<b>San Bernardino County</b>								
Inland Empire West	4	82.3%	407,415	407,415	8.1%	\$ 3,125,652	8.9%	\$ 9.32
Inland Empire East	2	94.9%	85,282	85,282	1.7%	\$ 443,868	1.3%	\$ 5.48
<b>Subtotal / Weighted Average</b>	<b>6</b>	<b>84.5%</b>	<b>492,697</b>	<b>492,697</b>	<b>9.8%</b>	<b>3,569,520</b>	<b>10.1%</b>	<b>\$ 8.57</b>
<b>Ventura County</b>								
Camarillo / Oxnard	7	89.7%	1,760,622	750,476	15.0%	\$ 4,383,477	12.4%	\$ 6.51
<b>Subtotal / Weighted Average</b>	<b>7</b>	<b>89.7%</b>	<b>1,760,622</b>	<b>750,476</b>	<b>15.0%</b>	<b>4,383,477</b>	<b>12.4%</b>	<b>\$ 6.51</b>
<b>San Diego County</b>								
North County	7	59.5%	709,251	709,251	14.1%	\$ 3,740,382	10.6%	\$ 8.86
Central	2	92.0%	137,989	108,599	2.2%	\$ 1,168,082	3.3%	\$ 11.69
South County	1	65.7%	78,615	78,615	1.6%	\$ 498,180	1.4%	\$ 9.64
<b>Subtotal / Weighted Average</b>	<b>10</b>	<b>64.0%</b>	<b>925,855</b>	<b>896,465</b>	<b>17.9%</b>	<b>5,406,645</b>	<b>15.3%</b>	<b>\$ 9.43</b>
<b>Other<sup>(6)</sup></b>	<b>2</b>	<b>85.2%</b>	<b>121,377</b>	<b>121,377</b>	<b>2.4%</b>	<b>\$ 948,816</b>	<b>2.7%</b>	<b>\$ 9.17</b>
<b>Portfolio—Total / Weighted Average</b>	<b>59</b>	<b>84.0%</b>	<b>6,098,691</b>	<b>5,012,931</b>	<b>100.0%</b>	<b>\$35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>

- (1) Calculated as the average occupancy at such properties as of December 31, 2012, weighted by each property's ownership interest in rentable square feet.
- (2) Calculated for each property as rentable square feet for such property multiplied by the ownership interest for such property, and then aggregated by market.
- (3) Calculated for each property as the monthly contracted base rent per the terms of the lease(s) at such property, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for such property, and then aggregated by market. Excludes billboard and antenna revenue and rent abatements.
- (4) Calculated as annualized base rent for such market divided by annualized base rent for the total portfolio as of December 31, 2012.
- (5) Calculated as annualized base rent for such market divided by the ownership interest in leased square feet for such market as of December 31, 2012.
- (6) Includes one property in each of Tempe, Arizona and Glenview, Illinois.

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### Industry Diversification

The following table sets forth information relating to tenant diversification by industry in our portfolio based on total annualized rent as of December 31, 2012.

Industry	Number of Leases <sup>(1)</sup>	Leased Square Feet	Ownership Interest in Leased Square Feet <sup>(2)</sup>	Percentage of Total Leased Square Feet	Annualized Base Rent <sup>(3)</sup>	Percentage of Total Annualized Base Rent <sup>(4)</sup>	Annualized Base Rent per Square Foot <sup>(5)</sup>
Wholesale/Retail	66	788,339	525,585	12.5%	\$ 3,872,448	11.0%	\$ 7.37
Industrial Equipment & Components	44	483,882	476,607	11.3%	\$ 3,349,681	9.5%	\$ 7.03
Pharmaceuticals	15	257,242	255,922	6.1%	\$ 3,154,164	9.0%	\$ 12.32
Automotive	49	360,795	354,509	8.4%	\$ 2,715,747	7.7%	\$ 7.66
Paper & Printing	15	320,263	320,263	7.6%	\$ 2,333,076	6.6%	\$ 7.28
Apparel	23	372,569	370,910	8.8%	\$ 2,322,022	6.6%	\$ 6.26
Business Services	62	211,337	206,709	4.9%	\$ 2,201,846	6.2%	\$ 10.65
Light Manufacturing	33	409,328	284,824	6.8%	\$ 2,148,431	6.1%	\$ 7.54
Construction	55	269,213	258,028	6.1%	\$ 1,804,143	5.1%	\$ 6.99
Warehousing & Storage	24	571,968	212,328	5.0%	\$ 1,761,455	5.0%	\$ 8.30
Technology & Electronics	38	148,351	145,934	3.5%	\$ 1,581,232	4.5%	\$ 10.84
Financial Services	14	70,794	68,001	1.6%	\$ 1,354,209	3.8%	\$ 19.91
Food & Beverage	29	129,565	129,325	3.1%	\$ 1,181,826	3.4%	\$ 9.14
Sporting & Recreational Goods	27	144,762	135,073	3.2%	\$ 1,163,691	3.3%	\$ 8.62
Healthcare	24	155,554	155,389	3.7%	\$ 1,088,982	3.1%	\$ 7.01
Government	2	60,881	60,881	1.4%	\$ 1,071,936	3.0%	\$ 17.61
Logistics & Transportation	21	61,791	61,551	1.5%	\$ 518,826	1.5%	\$ 8.43
Other	39	194,207	187,466	4.5%	\$ 1,609,464	4.6%	\$ 8.59
<b>Total / Weighted Average</b>	<b>580</b>	<b>5,010,841</b>	<b>4,209,304</b>	<b>100.0%</b>	<b>\$35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>

- (1) A single lease may cover space in more than one building.
- (2) Calculated for each lease as leased square feet multiplied by the ownership interest for the applicable property, and then aggregated by industry.
- (3) Calculated for each lease as the monthly contracted base rent per the terms of such lease, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for the applicable property, and then aggregated by market. Excludes billboard and antenna revenue and rent abatements.
- (4) Calculated as annualized base rent for tenants in such industry divided by annualized base rent for the total portfolio as of December 31, 2012.
- (5) Calculated as annualized base rent for tenants in such industry divided by the ownership interest in leased square feet for tenants in such industry as of December 31, 2012.

### Tenants

Our portfolio of properties has a stable and diversified tenant base. As of December 31, 2012, our properties were 84% leased to 580 tenants in a variety of industries, with no single tenant accounting for more than 2.7% and no single industry accounting for more than 11.0% of our total annualized rent. Our 10 largest tenants account for 16% of our annualized rent. We intend to continue to maintain a diversified mix of tenants in order to limit our exposure to any single tenant or industry.



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The following table sets forth information about the 10 largest tenants in our portfolio based on total annualized rent as of December 31, 2012.

Tenant	Submarket	Number of Properties	Leased Square Feet	Ownership Interest in Leased Square Feet <sup>(1)</sup>	Percentage of Total Leased Square Feet	Annualized Base Rent <sup>(2)</sup>	Percentage of Total Annualized Base Rent <sup>(3)</sup>	Annualized Base Rent per Square Foot <sup>(4)</sup>	Lease Expirations
MGR	Los Angeles - Ventura County	1	130,412	130,412	3.1%	\$ 628,308	1.8%	\$ 4.82	9/30/2013 <sup>(5)</sup>
Towne Inc.	Orange County Airport	1	122,060	122,060	2.9%	\$ 678,888	1.9%	\$ 5.56	7/31/2014
Deckers Outdoor Corporation	Los Angeles - Ventura County	2	723,106	108,466	2.6%	\$ 592,223	1.7%	\$ 5.46	11/30/2018
Plastics Research Corporation	San Bernardino - Inland Empire West	1	107,861	107,861	2.6%	\$ 427,128	1.2%	\$ 3.96	2/28/2022
Perfect Fit Industries	Los Angeles - Mid-Counties	1	96,758	96,758	2.3%	\$ 522,492	1.5%	\$ 5.40	7/31/2013
Genie Air	Los Angeles - Greater San Fernando Valley	1	81,282	81,282	1.9%	\$ 438,924	1.2%	\$ 5.40	5/31/2016
Royal Printex	Los Angeles - Central	1	78,928	78,928	1.9%	\$ 524,628	1.5%	\$ 6.65	12/31/2017
Circor Aerospace	Los Angeles - Greater San Fernando Valley	1	77,118	77,118	1.8%	\$ 508,968	1.4%	\$ 6.60	12/31/2014
PureTek	Los Angeles - Greater San Fernando Valley	1	76,993	76,993	1.8%	\$ 341,040	1.0%	\$ 4.43	11/30/2015
Cordis Webster	Los Angeles - San Gabriel Valley	1	76,000	76,000	1.8%	\$ 967,836	2.7%	\$ 12.73	10/31/2014
<b>Top 10 Tenants</b>		<b>11</b>	<b>1,570,518</b>	<b>955,878</b>	<b>22.7%</b>	<b>\$ 5,630,435</b>	<b>16.0%</b>	<b>\$ 5.89</b>	
All Other Tenants		48	3,440,323	3,253,427	77.3%	\$29,602,743	84.0%	\$ 9.10	
<b>Total Initial Portfolio</b>		<b>59</b>	<b>5,010,841</b>	<b>4,209,304</b>	<b>100.0%</b>	<b>\$35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>	

- (1) Calculated for each tenant as leased square feet multiplied by the ownership interest for the applicable property.
- (2) Calculated for each tenant as the monthly contracted base rent per the terms of such tenant's lease, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for the applicable property. Excludes billboard and antenna revenue and rent abatements.
- (3) Calculated as annualized base rent for such tenant divided by annualized base rent for the total portfolio as of December 31, 2012.
- (4) Calculated as annualized base rent for such tenant divided by the ownership interest in leased square feet for such tenant as of December 31, 2012.
- (5) Of MGR's 130,412 square feet, 28,923 square feet are leased on a month-to-month basis, with the lease for the remaining square feet expiring in September 2013.

## Leases

### Overview

*Triple net lease.* In our triple net leases, the tenant is responsible for all aspects of and costs related to the property and its operation during the lease term. The landlord may have responsibility under the lease to perform or pay for certain capital repairs or replacements to the roof, structure or certain building systems, such as heating and air conditioning and fire suppression. The tenant may have the right to terminate the lease or abate rent due to a major casualty or condemnation affecting a significant portion of the property or due to the landlord's failure to perform its obligations under the lease. As of December 31, 2012, there were 53 triple net leases in our property portfolio, representing approximately 32.5% of our total annualized base rent.

*Modified gross lease.* In our modified gross leases, the landlord is responsible for some property related expenses during the lease term, but the cost of most of the expenses is passed through to the tenant for reimbursement to the landlord. The tenant may have the right to terminate the lease or abate rent due to a major casualty or condemnation affecting a significant portion of the property or due to the landlord's failure to perform its obligations under the lease. As of December 31, 2012, there were 349 modified gross leases in our property portfolio, representing approximately 40.2% of our total annualized base rent.

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*Gross lease.* In our gross leases, the landlord is responsible for all aspects of and costs related to the property and its operation during the lease term. The tenant may have the right to terminate the lease or abate rent due to a major casualty or condemnation affecting a significant portion of the property or due to the landlord's failure to perform its obligations under the lease. As of December 31, 2012, there were 178 gross leases in our property portfolio, representing approximately 27.4% of our total annualized base rent.

Square Feet	Number of Leases	Leased Square Feet	Ownership Interest in Leased Square Feet <sup>(1)</sup>	Percentage of Total Leased Square Feet	Annualized Base Rent <sup>(2)</sup>	Percentage of Total Annualized Base Rent <sup>(3)</sup>	Annualized Base Rent per Square Foot <sup>(4)</sup>
<4,999	414	863,601	835,109	19.8%	\$ 7,894,694	22.4%	\$ 9.45
5,000—9,999	71	540,979	516,453	12.3%	\$ 4,470,340	12.7%	\$ 8.66
10,000—24,999	65	1,174,231	1,040,353	24.7%	\$ 9,516,418	27.0%	\$ 9.15
25,000—49,999	14	481,138	481,138	11.4%	\$ 3,854,832	10.9%	\$ 8.01
>50,000	16	1,950,892	1,336,252	31.7%	\$ 9,496,895	27.0%	\$ 7.11
<b>Total / Weighted Average</b>	<b>580</b>	<b>5,010,841</b>	<b>4,209,304</b>	<b>100.0%</b>	<b>\$35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>

- (1) Calculated for each lease as rentable square feet multiplied by the ownership interest for the applicable property, and then aggregated by square feet.
- (2) Calculated for each lease as the monthly contracted base rent per the terms of such lease, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for the applicable property, and then aggregated by square feet. Excludes billboard and antenna revenue and rent abatements.
- (3) Calculated as annualized base rent for such leases divided by annualized base rent for the total portfolio as of December 31, 2012.
- (4) Calculated as annualized base rent for such leases divided by the ownership interest in leased square feet for such leases as of December 31, 2012.

### Lease Expirations

As of December 31, 2012, our weighted average in-place remaining lease term was 2.28 years. The following table sets forth a summary schedule of lease expirations for leases in place as of December 31, 2012, plus available space, for each of the 10 full calendar years beginning January 1, 2013 and thereafter in our portfolio. The information set forth in the table assumes that tenants exercise no renewal options and no early termination rights.

Year of Lease Expiration	Number of Leases Expiring	Total Rentable Square Feet <sup>(1)</sup>	Ownership Interest in Rentable Square Feet <sup>(2)</sup>	Percentage of Total Owned Square Feet	Annualized Base Rent <sup>(3)</sup>	Percentage of Total Annualized Base Rent <sup>(4)</sup>	Annualized Base Rent per Square Foot <sup>(5)</sup>
Month-to-Month Tenants <sup>(6)</sup>	42	213,679	213,451	4.3%	\$ 1,331,988	3.8%	\$ 6.24
Available	0	1,087,850	803,626	16.0%	0	0.0%	\$ 0.00
2013	258	1,148,198	1,115,824	22.3%	\$10,159,828	28.8%	\$ 9.11
2014	152	1,190,366	1,176,195	23.5%	\$ 9,710,440	27.6%	\$ 8.26
2015	88	829,224	694,135	13.8%	\$ 5,017,002	14.2%	\$ 7.23
2016	17	304,229	299,833	6.0%	\$ 2,678,836	7.6%	\$ 8.93
2017	12	304,213	304,213	6.1%	\$ 2,458,914	7.0%	\$ 8.08
Thereafter	11	1,020,932	405,654	8.1%	\$ 3,876,170	11.0%	\$ 9.56
<b>Total Initial Portfolio</b>	<b>580</b>	<b>6,098,691</b>	<b>5,012,931</b>	<b>100.0%</b>	<b>\$35,233,179</b>	<b>100.0%</b>	<b>\$ 8.37</b>

- (1) Represents the contracted square footage upon expiration (or square footage of available space).
- (2) Calculated for each lease (or available space) as rentable square feet multiplied by the ownership interest for the applicable property, and then aggregated by year of lease expiration (or available space).
- (3) Calculated for each lease as the monthly contracted base rent per the terms of such lease, as of December 31, 2012, multiplied by 12 and then multiplied by the ownership interest for the applicable property, and then aggregated by year of lease expiration. Excludes billboard and antenna revenue and rent abatements.
- (4) Calculated as annualized base rent for such leases divided by annualized base rent for the total portfolio as of December 31, 2012.
- (5) Calculated as annualized base rent for such leases divided by the ownership interest in leased square feet for such leases as of December 31, 2012.
- (6) Represents tenants under month-to-month leases.

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### Historical Tenant Improvements and Leasing Commissions

The following table sets forth certain historical information regarding leasing related (revenue generating) tenant improvement and leasing commission costs for tenants at the properties in our portfolio in 2011 and 2012.

	2012	Square Feet	2012 PSF <sup>(1)</sup>	2011	Square Feet	2011 PSF <sup>(1)</sup>
<b>Tenant Improvements</b>						
New Leases—First Generation <sup>(2)</sup>	\$ 623,000	38,068	\$16.37	\$ 415,000	184,944	\$2.24
New Leases—Second Generation <sup>(2)</sup>	206,000	164,190	1.25	29,000	67,859	0.43
Renewal Leases	525,000	208,859	2.51	2,000	32,465	0.06
<b>Total Tenant Improvements</b>	<b>\$1,354,000</b>	<b>411,118</b>	<b>\$ 3.29</b>	<b>\$ 446,000</b>	<b>285,268</b>	<b>\$1.56</b>
<b>Leasing Commissions</b>						
New Leases—First Generation <sup>(2)</sup>	\$ 472,000	424,967	\$ 1.11	\$ 344,000	305,572	\$1.13
New Leases—Second Generation <sup>(2)</sup>	120,000	152,604	0.79	138,000	92,231	1.50
Renewal Leases	515,000	352,695	1.46	201,000	218,778	0.93
<b>Total Leasing Commissions</b>	<b>\$1,107,000</b>	<b>930,266</b>	<b>\$ 1.19</b>	<b>\$ 683,000</b>	<b>616,581</b>	<b>\$1.12</b>
<b>Total Tenant Improvements &amp; Leasing Commissions</b>	<b>\$2,461,000</b>	<b>1,341,384</b>	<b>\$ 4.48</b>	<b>\$1,129,000</b>	<b>901,849</b>	<b>\$2.67</b>

- (1) Per square foot (“PSF”) amounts calculated by dividing the aggregate tenant improvement and/or leasing commission cost by the aggregate square footage of the leases in which we incurred such costs, excluding new/renewal leases in which there were no tenant improvements and/or leasing commissions.
- (2) New leases represent all leases other than renewal leases.

### Historical Capital Expenditures

The following table sets forth certain information regarding historical maintenance (non-revenue generating) capital expenditures at the properties in our portfolio in 2011 and 2012.

	2012	Square Feet	2012 PSF <sup>(1)</sup>	2011	Square Feet	2011 PSF <sup>(1)</sup>
Non-Recurring Capital Expenditures <sup>(2)</sup>	\$3,056,000	5,093,752	0.60	\$1,117,000	4,562,842	0.24
Recurring Capital Expenditures <sup>(3)</sup>	367,000	5,093,752	0.07	225,000	4,562,842	0.05
<b>Total Capital Expenditures</b>	<b>\$3,423,000</b>			<b>\$1,342,000</b>		

- (1) PSF amounts calculated by dividing the aggregate annualized capital expenditure costs by the annual average square footage of our real property holdings during each period.
- (2) Non-recurring capital expenditures are long lived expenditures such as replacement of roofs.
- (3) Recurring capital expenditures are shorter lived expenditures.

### Description of Certain Debt

Immediately following the completion of our formation transactions and the application of the proceeds of this offering and the concurrent private placement, we expect to assume approximately \$5.3 million in principal amount of mortgage debt secured by one of our properties, based on December 31, 2012 balances. This securitized loan has a fixed interest rate of 5.45% per annum, is secured by a mortgage on our property located at 10700 Jersey Boulevard, and is scheduled to mature on January 1, 2015.

In addition, the properties in the Dune JV, in which we own a 15% interest, are subject to the following mortgage debt, based on December 31, 2012 balances:

- a loan with an estimated outstanding balance of approximately \$2.0 million<sup>(1)</sup> and a floating interest rate of LIBOR + 2.50%, secured by a mortgage on our property located at 3001 Mission Oaks Boulevard, scheduled to mature on June 28, 2015, subject to two, one-year extension options;
- a loan with an estimated outstanding balance of approximately \$3.1 million<sup>(1)</sup> and a floating interest rate of LIBOR + 2.50%, secured by a mortgage on our property located at 3175 Mission Oaks Boulevard, scheduled to mature on June 28, 2015, subject to two, one-year extension options; and
- a loan with an estimated outstanding balance of approximately \$1.1 million<sup>(1)</sup> and a floating interest rate of LIBOR + 2.50%, secured by a mortgage on our property located at 3233 Mission Oaks Boulevard, scheduled to mature on June 28, 2015, subject to two, one-year extension options.

- (1) Calculated based on Rexford’s 15% joint venture interest in the property.

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The Dune JV loan agreements contain financial covenants, including a combined debt yield ratio requirement that is tested annually, and a combined debt service coverage ratio requirement and a combined loan-to-value ratio requirement that are tested each time we exercise an option to extend the maturity date of the loans. We are currently in compliance with the financial covenants in our loan agreements. The Dune JV loans are also cross-collateralized and contain cross-default provisions with respect to other indebtedness.

We are also currently negotiating with a number of financial institutions regarding the establishment of an approximately \$            million revolving credit facility, prior to or contemporaneously with the closing of this offering. We expect to draw approximately \$            million under this facility to repay a portion of the outstanding mortgage indebtedness on our initial portfolio at closing. We expect to use the revolving credit facility for property acquisitions, working capital requirements and other general corporate purposes. We anticipate that the proposed revolving credit facility will contain customary terms, covenants and other conditions for credit facilities of this type. No assurances can be given that we will obtain the revolving credit facility or if we do what its amount and terms will be.

Upon completion of this offering, and after the debt paydowns discussed under “Use of Proceeds,” and after taking into account the anticipated borrowings under the revolving credit facility at closing, we expect to have approximately \$            million in cash and revolving credit facility capacity available to us to fund working capital and property acquisitions and to execute our business strategy.

## **Regulation**

### *General*

Our properties are subject to various laws, ordinances and regulations, including regulations relating to common areas and fire and safety requirements. We believe that we have the necessary permits and approvals to operate each of our properties.

### *Americans with Disabilities Act*

Our properties must comply with Title III of the ADA to the extent that such properties are “public accommodations” as defined under the ADA. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. Although we believe that the properties in our portfolio in the aggregate substantially comply with present requirements of the ADA, and we have not received any notice for correction from any regulatory agency, we have not conducted a comprehensive audit or investigation of all of our properties to determine whether we are in compliance and therefore we may own properties that are not in compliance with the ADA.

ADA compliance is dependent upon the tenant’s specific use of the property, and as the use of a property changes or improvements to existing spaces are made, we will take steps to ensure compliance. Noncompliance with the ADA could result in additional costs to attain compliance, imposition of fines by the U.S. government or an award of damages or attorney’s fees to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations to achieve compliance as necessary.

### *Environmental Matters*

The properties that we acquire will be subject to various federal, state and local environmental laws. Under these laws, courts and government agencies have the authority to require us, as owner of a contaminated property, to clean up the property, even if we did not know of or were not responsible for the contamination. These laws also apply to persons who owned a property at the time it became contaminated, and therefore it is possible we could incur these costs even after we sell some of the properties we acquire. In addition to the costs of cleanup, environmental contamination can affect the value of a property and, therefore, an owner’s ability to borrow using the property as collateral or to sell the property. Under applicable environmental laws, courts and government agencies also have the authority to require that a person who sent waste to a waste disposal facility, such as a landfill or an incinerator, pay for the clean-up of that facility if it becomes contaminated and threatens human health or the environment.

Furthermore, various court decisions have established that third parties may recover damages for injury caused by property contamination. For instance, a person exposed to asbestos at one of our properties may seek to recover damages if he or she suffers injury from the asbestos. Lastly, some of these environmental laws restrict the use of a property or place conditions on various activities. An example would be laws that require a business using chemicals to manage them carefully and to notify local officials that the chemicals are being used.

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We could be responsible for any of the costs discussed above. The costs to clean up a contaminated property, to defend against a claim, or to comply with environmental laws could be material and could adversely affect the funds available for distribution to our stockholders. We usually require Phase I or similar environmental assessments by independent environmental consultants at the time of acquisition of a property. We generally expect to continue to obtain a Phase I or similar environmental assessment by independent environmental consultants on each property prior to acquiring it. However, these environmental assessments may not reveal all environmental costs that might have a material adverse effect on our business, assets, results of operations or liquidity and may not identify all potential environmental liabilities.

We can make no assurances that (1) future laws, ordinances or regulations will not impose material environmental liabilities on us, or (2) the current environmental condition of our properties will not be affected by tenants, the condition of land or operations in the vicinity of our properties (such as releases from underground storage tanks), or by third parties unrelated to us.

### **Insurance**

We will carry commercial property, liability and terrorism coverage on all the properties in our initial portfolio under a blanket insurance policy. Generally, we do not carry insurance for certain types of extraordinary losses, including, but not limited to, losses caused by floods, wildfires, acts of war or riots. Substantially all of our properties are located in areas that are subject to earthquakes and are not insured against such an event. We will continue to monitor third-party earthquake insurance pricing and conditions and may consider obtaining third-party coverage if we deem it cost effective. Upon completion of this offering, the formation transactions and the concurrent private placement, we believe the policy specifications and insured limits will be appropriate and adequate given the relative risk of loss, the cost of the coverage and standard industry practice, however, our insurance coverage may not be sufficient to fully cover all of our losses. In addition, our title insurance policies may not insure for the current aggregate market value of our initial portfolio, and we do not intend to increase our title insurance coverage as the market value of our initial portfolio increases. We have not obtained and do not intend to obtain new or additional title insurance in connection with this offering, the formation transactions and the concurrent private placement, including any so-called date down endorsements or other modifications to our existing title insurance policies.

### **Competition**

In acquiring our target properties, we compete with other public industrial property sector REITs, income oriented non-traded REITs, private real estate fund managers and local real estate investors and developers. The last named group, local real estate investors and developers, historically has represented our dominant competition for deals. Many of these entities have greater resources than us or other competitive advantages. We also face significant competition in leasing available properties to prospective tenants and in releasing space to existing tenants, including competition from the properties owned by Mr. Schwimmer. See “Certain Relationships and Related Transactions—Property Management Agreements.”

### **Employees**

As of December 31, 2012, our predecessor business employed 28 full-time employees. We believe that our relationships with our employees are good. None of the employees is represented by a labor union.

### **Legal Proceedings**

From time to time, we are party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of our business. We are not currently a party, as plaintiff or defendant, to any legal proceedings which, individually or in the aggregate, would be expected to have a material effect on our business, financial condition or results of operations if determined adversely to us.

### **Our Corporate Information**

Our principal executive offices are located at 11620 Wilshire Boulevard, Suite 300, Los Angeles, CA 90025. Our telephone number is (310) 966-1680. Our website is [www.rexfordindustrial.com](http://www.rexfordindustrial.com). The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the SEC.

## MANAGEMENT

### Directors and Executive Officers

Upon completion of this offering, our board of directors shall consist of seven directors, four of whom we believe are “independent” directors with independence being determined in accordance with the listing standards established by the NYSE. All members will serve annual terms. Upon the expiration of their terms at the annual meeting of the stockholders in 2014, directors will be elected to serve a term of one year and until their successors are duly elected and qualify. Subject to rights pursuant to any employment agreements, officers serve at the pleasure of our board of directors.

The following sets forth certain information with respect to our directors and executive officers as of December 31, 2012.

Name*	Age	Positions
Richard Ziman	70	Executive Chairman
Howard Schwimmer	52	Co-Chief Executive Officer, Director
Michael S. Frankel	50	Co-Chief Executive Officer, Director
Adeel Khan	39	Chief Accounting Officer, Acting Chief Financial Officer
**		Independent Director
**		Independent Director
**		Independent Director
**		Independent Director

\* The address of each director and executive officer listed is 11620 Wilshire Boulevard, Suite 300, Los Angeles, CA 90025.

\*\* Will become a director effective upon completion of this offering.

### Biographical Summaries of Directors and Executive Officers

#### Richard Ziman

Mr. Ziman will serve as our Executive Chairman. Mr. Ziman’s industrial real estate experience comprises over forty years of industrial real estate investment experience overseeing his personal, family and foundation-related investments in Southern California as well as having co-founded and served as Chairman of the management companies that we will acquire as part of the formation transactions. Mr. Ziman’s overall commercial real estate experience also includes his role as the founding Chairman and CEO of Arden Realty, Inc., a real estate investment firm focused on the commercial office real estate markets in infill Southern California. Mr. Ziman served as Arden’s Chairman of the Board and CEO from its inception in 1990 until its sale in early 2006 to General Electric Co. in a \$4.8 billion transaction involving Arden’s portfolio of twenty million square feet in more than 200 office buildings. Arden was publicly traded on the NYSE under the symbol “ARI.” In 1979, Mr. Ziman formed Pacific Financial Group, a diversified real estate investment and development firm, of which he was Managing General Partner. Mr. Ziman currently also serves as Chairman of AVP Advisors, LLC and AVP Capital, LLC, the exclusive advisor to American Value Partners, a real estate fund of funds deploying capital on behalf of pension funds throughout the United States. Mr. Ziman also serves on the boards of directors of The Rosalinde and Arthur Gilbert Foundation and The Gilbert Collection. In 2001, Mr. Ziman helped establish the Richard S. Ziman Center for Real Estate at the Anderson Graduate School of Management at the University of California at Los Angeles. Mr. Ziman received his Bachelor’s Degree and his Juris Doctor Degree from the University of Southern California and practiced law as a partner of the law firm Loeb & Loeb from 1971 to 1980, specializing in transactional and financial aspects of real estate.

#### Howard Schwimmer

Mr. Schwimmer will serve as our Co-Chief Executive Officer and Director. Mr. Schwimmer’s thirty-year professional career has been dedicated entirely and exclusively to Southern California infill industrial real estate, including its acquisition, value-add improvement, management, sales, leasing and disposition. Mr. Schwimmer has experience forming real estate investment companies, managing real estate brokerage offices, serving as a real estate brokerage company board member and acquiring, repositioning, developing, leasing, selling and adding value to over thirty million square feet of industrial properties in Southern California. In 2001 Mr. Schwimmer co-founded Rexford Industrial, LLC and Rexford Industrial Realty & Management Inc. with Mr. Ziman and from May 1983 until December 2001, Mr. Schwimmer, a licensed California real estate broker, was at various times a stockholder, board member, manager, executive vice president and broker of record for DAUM, one of California’s oldest industrial brokerage companies. Mr. Schwimmer received his Bachelor’s degree from the University of Southern California in 1983 where he majored in business with an emphasis in real estate finance and development. Mr. Schwimmer serves on the USC Lusk Center Real Estate Leadership Council, is Board Chair of USC Hillel, and is the Allocation Committee Chair of the Los Angeles Jewish Federation, Real Estate Principals Organization.

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### **Michael S. Frankel**

Mr. Frankel will serve as our Co-Chief Executive Officer and Director. Mr. Frankel's twenty-eight year career includes nine years co-managing our predecessor business, which exclusively focused on investing in infill Southern California industrial real estate. Mr. Frankel has focused on real estate investment, private equity investments and senior management operating roles throughout his career. Mr. Frankel was previously responsible for investments at the private equity firm "C3," a subsidiary of the Comcast Corporation (NASDAQ: CMCSA). Mr. Frankel also served with LEK Consulting, providing strategic advisory services to several of the world's leading investment institutions. Mr. Frankel began his career as Vice President at Melchers & Co., an European-based firm, where he was responsible for Melchers' U.S.-Asia operations, principally based in Beijing. Mr. Frankel brings significant private equity, finance and management experience to the company. Mr. Frankel has substantial experience working in China, Southeast Asia and France, and speaks Mandarin and French. Mr. Frankel is a licensed real estate broker in the state of California and a member of the Urban Land Institute. Mr. Frankel earned his Bachelor of Arts degree in Political Economy from the University of California at Berkeley and his Masters of Business Administration from the Harvard Business School.

### **Adeel Khan**

Mr. Khan will serve as our Chief Accounting Officer and Acting Chief Financial Officer. Mr. Khan contributes over sixteen years of accounting, finance and operations experience. Mr. Khan previously served as Vice President, Controller at MPG Office Trust, Inc. (NYSE: "MPG"), the largest owner of class-A office buildings in downtown Los Angeles, with an office and hotel portfolio in Southern California and Denver, Colorado. Prior to MPG, Mr. Khan served as Senior Financial Analyst at The Walt Disney Company (NYSE: "DIS"). Mr. Khan also served as Senior Auditor & Consultant at Arthur Andersen LLP, where Mr. Khan assumed responsibility for the audit of public real estate, financial services and media/technology companies. Mr. Khan is a Certified Public Accountant and obtained his Bachelor of Arts in Business Administration at the California State University, Fullerton.

### **Other Key Employees**

#### **Patrick Schlehuber**

Mr. Schlehuber will serve as Director of Acquisitions, responsible for originating investment opportunities and managing their respective transactions. Mr. Schlehuber joined our predecessor in May 2009 as Director of Acquisitions. Mr. Schlehuber previously served for over five years as a Transaction Officer responsible for the origination of industrial real estate investments in the greater Los Angeles market at First Industrial Realty Trust, Inc., (NYSE: "FR"), one of the nation's largest publicly listed REITs focused exclusively on industrial real estate investment and management. Mr. Schlehuber also served as an Associate with RA Capital Advisors and as a Senior Consultant in the Arthur Andersen/KPMG Transaction Advisory Services group. Mr. Schlehuber obtained his Bachelor of Business Administration, Finance at the University of Notre Dame in South Bend, Indiana, and is a Chartered Financial Analyst (CFA) and Certified Public Accountant (CPA).

#### **Bruce Herbkersman**

Mr. Herbkersman will serve as Director of Development, responsible for construction project management. Mr. Herbkersman joined our predecessor in June 2009 as Director of Development. Mr. Herbkersman contributes over eighteen years of senior project management and construction experience having served with Lowe Enterprises as Senior Vice President, responsible for industrial, office and resort development. Mr. Herbkersman also served as Project Manager at Turner Construction. Mr. Herbkersman obtained his Bachelor of Science in Construction Management from California Polytechnic State University in San Luis Obispo, California.

#### **Michael Levine**

Mr. Levine will serve as Construction Project Manager. Mr. Levine joined our predecessor in January 2004 as Construction Project Manager. Mr. Levine is responsible for overseeing property renovation and new construction projects. Mr. Levine is a third-generation builder with thirty years' experience in the construction industry. As a General Contractor he has built a wide variety of projects including industrial buildings, supermarkets, retail malls, health clubs, medical facilities and artist's studios. His projects have been featured in many magazines including Interiors and Architectural Record, and have received several awards including the Los Angeles AIA merit award and the Los Angeles Business Council award for historical adaptive reuse of Commercial-Interiors. Mr. Levine received his Bachelor of Arts degree from the University of California at Los Angeles, and in 2002, in association with the Building Industry Association of California (BIA) he received the Professional Designation in Construction Management from UCLA.

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### **Cher Riban**

Ms. Riban will serve as Assistant Controller, responsible for oversight of day-to-day finance and accounting. Ms. Riban contributes over eight years of senior finance, audit and real estate experience. Ms. Riban joined our predecessor in October 2011 as Assistant Controller. Ms. Riban previously served as Manager of Financial Reporting for Douglas Emmett, Inc. (NYSE: “DEI”), responsible for corporate accounting and SEC financial reporting. Prior to Douglas Emmett, Ms. Riban served as Senior Auditor at Deloitte & Touche. Ms. Riban obtained her Bachelor of Arts in Business Economics with an emphasis in Accounting from the University of California at Santa Barbara and is Certified Public Accountant (CPA) in the State of California.

### **Corporate Governance Profile**

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance structure include the following:

- our board of directors is not classified, instead, each of our directors is subject to re-election annually;
- of the seven persons who will serve on our board of directors immediately after the completion of this offering, we expect our board of directors to determine that \_\_\_\_\_, or \_\_\_\_\_%, of our directors satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Exchange Act;
- we anticipate that at least one of our directors will qualify as an “audit committee financial expert” as defined by the SEC;
- we have opted out of the business combination and control share acquisition statutes in the MGCL; and
- we do not have a stockholder rights plan.

Our directors will stay informed about our business by attending meetings of our board of directors and its committees and through supplemental reports and communications. Our independent directors will meet regularly in executive sessions without the presence of our corporate officers or non-independent directors.

### **Role of the Board in Risk Oversight**

One of the key functions of our board of directors is informed oversight of our risk management process. Our board of directors administers this oversight function directly, with support from its three standing committees, the audit committee, the nominating and corporate governance committee and the compensation committee, each of which addresses risks specific to their respective areas of oversight. In particular, our audit committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The audit committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function. Our nominating and corporate governance committee monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct. Our compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

### **Board Committees**

Upon completion of this offering, our board of directors will establish three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The principal functions of each committee are briefly described below. We intend to comply with the listing requirements and other rules and regulations of the NYSE, as amended or modified from time to time, and each of these committees will be comprised exclusively of independent directors. Additionally, our board of directors may from time to time establish certain other committees to facilitate the management of our company.

#### ***Audit Committee***

Upon completion of this offering, our audit committee will consist of three of our independent directors. We expect that the chairman of our audit committee will qualify as an “audit committee financial expert” as that term is defined by the applicable SEC regulations and NYSE corporate governance listing standards. We expect that our board of directors will determine that each of the audit committee members is “financially literate” as that term is defined by the NYSE corporate governance listing standards. Prior to the completion of this offering, we expect to adopt an audit committee charter, which will detail the principal functions of the audit committee, including oversight related to:

- our accounting and financial reporting processes;
- the integrity of our consolidated financial statements and financial reporting process;
- our systems of disclosure controls and procedures and internal control over financial reporting;



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- our compliance with financial, legal and regulatory requirements;
- the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;
- the performance of our internal audit function; and
- our overall risk profile.

The audit committee will also be responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The audit committee also will prepare the audit committee report required by SEC regulations to be included in our annual proxy statement. Mr. [REDACTED] has been designated as chair and Messrs. [REDACTED] and [REDACTED] have been appointed as members of the audit committee.

### ***Compensation Committee***

Upon completion of this offering, our compensation committee will consist of three of our independent directors. Prior to the completion of this offering, we expect to adopt a compensation committee charter, which will detail the principal functions of the compensation committee, including:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our co-chief executive officers' compensation, evaluating our co-chief executive officers' performance in light of such goals and objectives and determining and approving the remuneration of our co-chief executive officers based on such evaluation;
- reviewing and approving the compensation, if any, of all of our other officers;
- reviewing our executive compensation policies and plans;
- implementing and administering our incentive compensation equity-based remuneration plans;
- assisting management in complying with our proxy statement and annual report disclosure requirements;
- producing a report on executive compensation to be included in our annual proxy statement; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors;

Mr. [REDACTED] has been designated as chair and Messrs. [REDACTED] and [REDACTED] have been appointed as members of the compensation committee.

### ***Nominating and Corporate Governance Committee***

Upon completion of this offering, our nominating and corporate governance committee will consist of three of our independent directors. Prior to the completion of this offering, we expect to adopt a nominating and corporate governance committee charter, which will detail the principal functions of the nominating and corporate governance committee, including:

- identifying and recommending to the full board of directors qualified candidates for election as directors to fill vacancies on the board or at the annual meeting of stockholders;
- developing and recommending to the board of directors corporate governance guidelines and implementing and monitoring such guidelines;
- reviewing and making recommendations on matters involving the general operation of the board of directors, including board size and composition, and committee composition and structure;
- recommending to the board of directors nominees for each committee of the board of directors;
- annually facilitating the assessment of the board of directors' performance as a whole and of the individual directors, as required by applicable law, regulations and the NYSE corporate governance listing standards; and
- overseeing the board of directors' evaluation of management.

In identifying and recommending nominees for election as directors, the nominating and corporate governance committee may consider diversity of relevant experience, expertise and background. Mr. [REDACTED] has been designated as chair and Messrs. [REDACTED] and [REDACTED] have been appointed as members of the nominating and corporate governance committee.

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### **Code of Business Conduct and Ethics**

Upon completion of this offering, our board of directors will establish a code of business conduct and ethics that applies to our officers, directors and employees. Among other matters, our code of business conduct and ethics will be designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with laws, rules and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code of business conduct and ethics.

Any waiver of the code of business conduct and ethics for our executive officers or directors must be approved by a majority of our independent directors, and any such waiver shall be promptly disclosed as required by law or NYSE regulations.

### **Limitation of Liability and Indemnification**

We intend to enter into indemnification agreements with each of our directors and executive officers that will obligate us, if a director or executive officer is or is threatened to be made a party to, or witness in, any proceeding by reason of such director's or executive officer's status as a present or former director, officer, employee or agent of our company or as a director, trustee, officer, partner, manager, member, fiduciary, employee or agent of another enterprise that the director or executive officer served in such capacity at our request, to indemnify such director or executive officer, and advance expenses actually and reasonably incurred by him or her, or on his or her behalf, unless it has been established that:

- the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;
- the director or executive officer actually received an improper personal benefit in money, property or services; or
- with respect to any criminal action or proceeding, the director or executive officer had reasonable cause to believe his or her conduct was unlawful.

In addition, except as described below, our directors and executive officers will not be entitled to indemnification pursuant to the indemnification agreement:

- if the proceeding was one brought by us or on our behalf and the director or executive officer is adjudged to be liable to us;
- if the director or executive officer is adjudged to be liable on the basis that personal benefit was improperly received in a proceeding charging improper personal benefit to the director or executive officer; or
- in any proceeding brought by the director or executive officer other than to enforce his or her rights under the indemnification agreement, and then only to the extent provided by the agreement, and except as may be expressly provided in our charter, our bylaws, a resolution of our board of directors or of our stockholders entitled to vote generally in the election of directors or an agreement approved by our board of directors.

Notwithstanding the limitations on indemnification described above, on application by a director or executive officer of our company to a court of appropriate jurisdiction, the court may order indemnification of such director or executive officer if the court determines that such director or executive officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director or executive officer (1) has met the standards of conduct set forth above or (2) has been adjudged liable for receipt of an "improper personal benefit." Under Maryland law, any such indemnification is limited to the expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with any proceeding by or on behalf of our company or in which the officer or director was adjudged liable for receipt of an improper personal benefit. If the court determines the director or executive officer is so entitled to indemnification, the director or executive officer will also be entitled to recover from us the expenses of securing such indemnification.

Notwithstanding, and without limiting, any other provisions of the indemnification agreements, if a director or executive officer is or is threatened to be made a party to any proceeding by reason of such director's or executive officer's status as a director, officer, employee or agent of our company or as a director, trustee, officer, partner, manager, member, fiduciary, employee or agent of another entity that the director or executive officer served in such capacity at our request, and such director or executive officer is successful, on the merits or otherwise, as to one or more (even if less than all) claims, issues or matters in such proceeding, we must indemnify such director or executive officer for all expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with each successfully resolved claim, issue or matter, including any claim, issue or matter in such a proceeding that is terminated by dismissal, with or without prejudice.

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In addition, the indemnification agreements will require us to advance reasonable expenses incurred by the indemnitee within ten days of the receipt by us of a statement from the indemnitee requesting the advance, provided the statement evidences the expenses and is accompanied by:

- a written affirmation of the indemnitee's good faith belief that he or she has met the standard of conduct necessary for indemnification; and
- a written undertaking to reimburse us if a court of competent jurisdiction determines that the director or executive officer is not entitled to indemnification.

The indemnification agreements will also provide for procedures for the determination of entitlement to indemnification, including a requirement that such determination be made by independent counsel after a change of control of us.

Our charter permits us and our bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (1) any of our present or former directors or officers who is made or threatened to be made a party, or witness in, to the proceeding by reason of his or her service in that capacity or (2) any individual who, while serving as our director or officer and at our request, serves or has served as a director, officer, partner, trustee, manager or member of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, and who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity.

Generally, Maryland law permits a Maryland corporation to indemnify its present and former directors and officers except in instances where the person seeking indemnification acted in bad faith or with active and deliberate dishonesty, actually received an improper personal benefit in money, property or services or, in the case of a criminal proceeding, had reasonable cause to believe that his or her actions were unlawful. Under Maryland law, a Maryland corporation also may not indemnify a director or officer in a suit by or on behalf of the corporation in which the director or officer was adjudged liable to the corporation or for a judgment of liability on the basis that a personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct; however, indemnification for an adverse judgment in a suit by us or on our behalf, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

In addition, our directors and officers may be entitled to indemnification pursuant to the terms of the partnership agreement. See "Description of the Partnership Agreement of Rexford Industrial, L.P."

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**EXECUTIVE COMPENSATION**

This section discusses the material components of the executive compensation program for our executive officers who are named in the “Summary Compensation Table” below. Applicable SEC rules require that a registrant provide information regarding the material components of its executive compensation program with respect to the last completed fiscal year. However, because we did not conduct business in 2012, no compensation was paid to any of our named executive officers in 2012. In order to provide an overview of our anticipated compensation program going forward, set forth below is an overview of the expected initial components of our named executive officer compensation program, including annual cash compensation, equity awards and health and retirement benefits, to be provided following the completion of this offering. Our “named executive officers” during 2013 are expected to be:

- Richard Ziman, Executive Chairman;
- Howard Schwimmer, Co-Chief Executive Officer;
- Michael S. Frankel, Co-Chief Executive Officer; and
- Adeel Khan, Chief Accounting Officer, Acting Chief Financial Officer.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. We are continuing to assess the identity of our named executive officers and to formulate our compensation philosophy and its appropriate components and levels and, accordingly, actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion.

**Summary Compensation Table**

As noted above, we did not conduct business in 2012 and, accordingly, we did not pay any compensation to our named executive officers during or in respect of that year. Because we have no 2012 compensation to report, we are including below a Summary Compensation Table setting forth certain compensation that we expect to pay our 2013 named executive officers during 2013 following the completion of this offering, in order to provide some understanding of our expected compensation levels.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards(\$)(1)</u>	<u>Option Awards (\$)(1)</u>	<u>Non-Equity Incentive Plan Compensation (\$)</u>	<u>Nonqualified Deferred Compensation Earnings (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total</u>
Richard Ziman	2013								
Executive Chairman									
Howard Schwimmer	2013								
Co-Chief Executive Officer									
Michael S. Frankel	2013								
Co-Chief Executive Officer									
Adeel Khan	2013								
Chief Accounting Officer, Acting Chief Financial Officer									

(1) Equity awards covering shares of our common stock or common units have not previously been granted to our named executive officers. In connection with this offering, we expect to make grants to Messrs. Ziman, Schwimmer, Frankel and Khan of awards of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, respectively. Values reflect the full grant-date fair value of these stock awards, computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all stock awards in \_\_\_\_\_.

**Base Salaries**

As of the completion of this offering, our named executive officers will earn annualized base salaries that are commensurate with their positions and are expected to provide a steady source of income sufficient to permit these officers to focus their time and attention on their work duties and responsibilities. The expected annualized amounts of 2013 annual base salaries of our named executive officers, which will be effective as of the completion of this offering, are set forth in the Summary Compensation Table above, but may be adjusted by our compensation committee following the offering.

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### **Cash Bonuses**

Following the completion of this offering, we expect that our named executive officers will be eligible to earn annual bonuses based on the attainment of specified performance objectives established by our compensation committee. Eligibility to receive these cash bonuses is expected to incentivize our named executive officers to strive to attain company and/or individual performance goals that further our interests and the interests of our stockholders. The applicable terms and conditions of the cash bonuses will be determined by our compensation committee.

### **Equity Compensation**

We intend to adopt a 2013 Incentive Award Plan, referred to below as the Plan, in order to facilitate the grant of cash and equity incentives to directors, employees (including our named executive officers) and consultants of our company and certain of its affiliates and to enable our company and certain of its affiliates to obtain and retain services of these individuals, which is essential to our long-term success. We expect that the Plan will be effective on the date on which it is adopted by our board of directors, subject to approval of such plan by our stockholders. For additional information about the Plan, please see the section titled “Executive Compensation—2013 Incentive Award Plan” below.

We expect to make grants of \_\_\_\_\_ pursuant to the Plan to certain of our employees, including our named executive officers, in connection with this offering. We anticipate that the grants awarded to our named executive officers in connection with this offering will be subject to \_\_\_\_\_ vesting, based on the executive’s continued employment with us through the applicable vesting date. We expect that \_\_\_\_\_ % of the company’s aggregate initial equity market capitalization will be granted under the Plan in connection with this offering to our employees, including our executive officers, and our non-employee directors, and that the aggregated denominated dollar value of all such awards granted to directors, executive officers and other employees in connection with this offering will be approximately \_\_\_\_\_, including the following grants to our named executive officers:

<u>Named Executive Officer</u>
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Richard Ziman
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Howard Schwimmer
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Michael S. Frankel
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Adeel Khan
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### **Other Elements of Compensation**

#### ***Retirement Plans***

The Internal Revenue Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to a 401(k) plan. We expect to establish a 401(k) retirement savings plan for our employees, including our named executive officers, who satisfy certain eligibility requirements. We expect that our named executive officers will be eligible to participate in the 401(k) plan on the same terms as other full-time employees.

#### ***Employee Benefits and Perquisites***

We expect that our full-time employees, including our named executive officers, will be eligible to participate in health and welfare benefit plans, which will provide medical, dental, prescription and other health and related benefits. We may also implement additional benefit and other perquisite programs as our compensation committee determines appropriate, though we do not expect any such additional benefits and perquisites to constitute a material component of our named executive officers’ compensation package.

#### ***Additional Compensation Components***

Following the completion of this offering, as we formulate and implement our compensation program, we may provide different and/or additional compensation components, benefits and/or perquisites to our named executive officers, to ensure that we provide a balanced and comprehensive compensation structure. We believe that it is important to maintain flexibility to adapt our compensation structure at this time to properly attract, motivate and retain the top executive talent for which we compete.

### **Executive Compensation Arrangements**

We expect to enter into employment agreements with certain executive officers of the company, including Messrs. Ziman, Schwimmer, Frankel and Khan, that will take effect upon the completion of this offering. We expect that these employment agreements will provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. The terms of these employment agreements have not yet been finalized and, accordingly, remain subject to change.

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### Director Compensation

We intend to approve and implement a compensation program for our non-employee directors that we expect will consist of annual retainer fees and long-term equity awards. The program is expected to provide directors with a \_\_\_\_\_ in connection with the completion of this offering that will vest \_\_\_\_\_, subject to continued service on our board of directors. Each \_\_\_\_\_ is expected to be denominated as a \_\_\_\_\_. In addition, each non-employee director is expected to receive an annual cash retainer for his or her services in an amount equal to \$ \_\_\_\_\_ and an annual equity award in a denominated dollar value equal to \$ \_\_\_\_\_.

### 2013 Incentive Award Plan

#### *2013 Incentive Award Plan*

We intend to adopt the Plan subject to approval by our stockholders, under which we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the Plan, as it is currently contemplated, are summarized below. Our board of directors is still in the process of developing, approving and implementing the Plan and, accordingly, this summary is subject to change.

**Eligibility and Administration.** Our employees, consultants and directors, and employees, consultants and directors of our operating partnership, our services company and our respective subsidiaries will be eligible to receive awards under the Plan. We expect that, upon adoption, the Plan will be administered by our board of directors but that following our initial public offering the Plan will be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 162(m) of the Internal Revenue Code, or the Code, Section 16 of the Exchange Act, the MGCL and/or stock exchange rules, as applicable. The plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the Plan, including any vesting and vesting acceleration conditions.

**Limitation on Awards and Shares Available.** An aggregate of \_\_\_\_\_ shares of our common stock and/or operating partnership long-term incentive plan units, or LTIP units, will be available for issuance under awards granted pursuant to the Plan, which shares and units may be authorized but unissued shares/units, or shares purchased in the open market. If an award under the Plan is forfeited, expires or is settled for cash, any shares/units subject to such award may, to the extent of such forfeiture, expiration or cash settlement, be used again for new grants under the Plan. However, the following shares/units may not be used again for grant under the Plan: (1) shares/units tendered or withheld to satisfy grant or exercise price or tax withholding obligations associated with an award; (2) shares subject to a stock appreciation right, or SAR, that are not issued in connection with the stock settlement of the SAR on its exercise; and (3) shares purchased on the open market with the cash proceeds from the exercise of options.

Awards granted under the Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the Plan. After the expiration of a transition period that may apply following the effective date of our initial public offering, should such an offering occur, the maximum number of shares of our common stock that may be subject to one or more awards granted to any one participant pursuant to the Plan during any calendar year will be \_\_\_\_\_ and the maximum amount that may be paid under a cash award pursuant to the Plan to any one participant during any calendar year period will be \$ \_\_\_\_\_.

**Awards.** The Plan provides for the grant of stock options, including incentive stock options, or ISOs, and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, stock payments, restricted stock units, or RSUs, performance shares, other incentive awards, LTIP units, stock appreciation rights, or SARs, and cash awards. No determination has been made as to the types or amounts of awards that will be granted to specific individuals pursuant to the Plan. Certain awards under the Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards and LTIP units generally will be settled in shares of our common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- **Stock Options.** Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders). Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions.

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- **SARs.** SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions.
- **Restricted Stock, RSUs and Performance Shares.** Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Performance shares are contractual rights to receive a range of shares of our common stock in the future based on the attainment of specified performance goals, in addition to other conditions which may apply to these awards. Conditions applicable to restricted stock, RSUs and performance shares may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine.
- **Stock Payments, Other Incentive Awards, LTIP Units and Cash Awards.** Stock payments are awards of fully vested shares of our common stock that may, but need not, be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. Other incentive awards are awards other than those enumerated in this summary that are denominated in, linked to or derived from shares of our common stock or value metrics related to our shares, and may remain forfeitable unless and until specified conditions are met. LTIP units are awards of units of our operating partnership intended to constitute “profits interests” within the meaning of the relevant IRS guidance, which may be convertible into shares of our common stock. Cash awards are cash incentive bonuses subject to performance goals.
- **Dividend Equivalents.** Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator. Dividend equivalents may not be paid on awards granted under the Plan unless and until such awards have vested.

**Performance Awards.** Performance awards include any of the foregoing awards that are granted subject to vesting and/or payment based on the attainment of specified performance goals. The plan administrator will determine whether performance awards are intended to constitute “qualified performance-based compensation,” or QPBC, within the meaning of Section 162(m) of the Code, in which case the applicable performance criteria will be selected from the list below in accordance with the requirements of Section 162(m) of the Code.

Section 162(m) of the Code imposes a \$1,000,000 cap on the compensation deduction that a public company may take in respect of compensation paid to our “covered employees” (which should include our Chief Executive Officer and our next three most highly compensated employees other than our Chief Financial Officer), but excludes from the calculation of amounts subject to this limitation any amounts that constitute QPBC. Under current tax law, we do not expect Section 162(m) of the Code to apply to certain awards under the Plan until the earliest to occur of (1) our annual stockholders’ meeting at which members of our board of directors are to be elected that occurs after the close of the third calendar year following the calendar year in which occurred the first registration of our equity securities under Section 12 of the Exchange Act; (2) a material modification of the Plan; (3) an exhaustion of the share/unit supply under the Plan; or (4) the expiration of the Plan. However, QPBC performance criteria may be used with respect to performance awards that are not intended to constitute QPBC. In addition, the company may issue awards that are not intended to constitute QPBC even if such awards might be non-deductible as a result of Section 162(m) of the Code.

In order to constitute QPBC under Section 162(m) of the Code, in addition to certain other requirements, the relevant amounts must be payable only upon the attainment of pre-established, objective performance goals set by our compensation committee and linked to stockholder-approved performance criteria. For purposes of the Plan, one or more of the following performance criteria will be used in setting performance goals applicable to QPBC, and may be used in setting performance goals applicable to other performance awards: (1) net earnings (either before or after one or more of the following: (a) interest, (b) taxes, (c) depreciation, (d) amortization and (e) non-cash equity-based compensation expense); (2) gross or net sales or revenue; (3) net income (either before or after taxes); (4) adjusted net income; (5) operating earnings or profit; (6) cash flow (including, but not limited to, operating cash flow and free cash flow); (7) return on assets; (8) return on capital; (9) return on stockholders’ equity; (10) total stockholder return; (11) return on sales; (12) gross or net profit or operating margin; (13) costs; (14) funds from operations; (15) expenses; (16) working capital; (17) earnings per share; (18) adjusted earnings per share; (19) price per share of common stock; (20) regulatory body approval for commercialization of a product; (21) implementation or completion of critical projects; (22) market share; (23) economic value;

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(24) debt levels or reduction; (25) sales-related goals; (26) comparisons with other stock market indices; (27) operating efficiency; (28) employee satisfaction; (29) financing and other capital raising transactions; (30) recruiting and maintaining personnel; and (31) year-end cash, any of which may be measured either in absolute terms for us or any operating unit of our company or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices. The Plan also permits the plan administrator to provide for objectively determinable adjustments to the applicable performance criteria in setting performance goals for QPBC awards.

***Certain Transactions.*** The plan administrator has broad discretion to take action under the Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock and/or LTIP units, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as “equity restructurings,” the plan administrator will make equitable adjustments to the Plan and outstanding awards. In the event of a change in control of our company (as defined in the Plan), to the extent that the surviving entity declines to continue, convert, assume or replace outstanding awards, then all such awards will become fully vested and exercisable in connection with the transaction. Upon or in anticipation of a change of control, the plan administrator may cause any outstanding awards to terminate at a specified time in the future and give the participant the right to exercise such awards during a period of time determined by the plan administrator in its sole discretion. Individual award agreements may provide for additional accelerated vesting and payment provisions.

***Foreign Participants, Claw-Back Provisions, Transferability, and Participant Payments.*** The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share/unit limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw-back policy implemented by our company to the extent set forth in such claw-back policy and/or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the Plan are generally non-transferable prior to vesting, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the Plan, the plan administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, a “market sell order” or such other consideration as it deems suitable.

***Plan Amendment and Termination.*** Our board of directors may amend or terminate the Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any amendment that increases the number of shares/units available under the Plan, “reprices” any stock option or SAR, or cancels any stock option or SAR in exchange for cash or another award when the option or SAR price per share exceeds the fair market value of the underlying shares. No award may be granted pursuant to the Plan after the tenth anniversary of the date on which our board of directors adopts the Plan.

***Additional REIT Restrictions.*** The Plan provides that no participant will be granted, become vested in the right to receive or acquire or be permitted to acquire, or will have any right to acquire, shares under an award if such acquisition would be prohibited by the restrictions on ownership and transfer of our stock contained in our charter or would impair our status as a REIT.



## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### Formation Transactions

Each property that will be owned by us through our operating partnership upon the completion of our formation transactions and this offering is currently owned indirectly by the Rexford Funds through property owning subsidiaries. We refer to these property owning subsidiaries, and the Rexford Funds collectively as the “ownership entities.” The Rexford Funds have (1) entered into contribution agreements with our operating partnership, pursuant to which they will contribute their interests in their property owning subsidiaries to our operating partnership, (2) entered into merger agreements pursuant to which they will merge with and into our operating partnership or (3) in the case of Fund V REIT, entered into a merger agreement pursuant to which it will merge with and into us, in each case substantially concurrently with the completion of this offering. In addition, in connection with such transactions, the management companies will merge with and into us. The prior investors of the Rexford Funds and the management companies will receive cash, shares of our common stock and/or common units in respect of their interests. See “Structure and Formation of Our Company—Our Formation Transactions and Structure—Formation Transactions.”

The consideration to be paid in the formation transactions is based upon the terms of the applicable merger or contribution agreement. A relative equity valuation analysis was performed by an independent third-party valuation specialist to determine the relative percentages of pre-offering equity allocable to the respective Rexford Funds and the management companies based on the valuations of the properties owned by the Rexford Funds and the value of the management companies. The aggregate value of consideration to be paid to each prior investor will be determined based upon his, her or its allocated share of ownership in each ownership entity and the pricing of this offering. This calculation is subject to adjustment to account for the existence of certain unsecured indebtedness related to the applicable properties and for any changes in indebtedness related to the applicable properties. As part of the formation transactions, intercompany indebtedness obligations between or among ownership entities and the prior investors will be settled as an adjustment to the formation transaction consideration otherwise receivable by or payable to prior investors who were debtors or lenders or who held interests in ownership entities that were debtors or lenders, with respect to such debt obligations. The value of the consideration issuable to each prior investor will be equal to (1) the number of shares of common stock and units to be received by such prior investor, multiplied by (2) the initial public offering price of our common stock.

In the event that the formation transactions are completed, we and our operating partnership will be solely responsible for all transaction costs incurred by the Rexford Funds and the management companies in connection with the formation transactions and this offering.

In connection with the formation transactions, Messrs. Ziman, Schwimmer and Frankel have entered into a representation, warranty and indemnity agreement with us, pursuant to which they made certain representations and warranties to us regarding the entities and assets being acquired in the formation transactions and agreed to indemnify us and our operating partnership for breaches of such representations and warranties for one year after the completion of this offering, the formation transactions and the concurrent private placement. For purposes of satisfying any indemnification claims, Messrs. Ziman, Schwimmer and Frankel will deposit into escrow shares of our common stock and common units with an aggregate value equal to ten percent of the consideration payable to Messrs. Ziman, Schwimmer and Frankel in the formation transactions. Messrs. Ziman, Schwimmer and Frankel have no obligation to increase the amount of common stock and/or common units in the escrow in the event the trading price of our common stock declines below the initial public offering price. Any and all amounts remaining in the escrow one year from the closing of the formation transactions will be distributed to Messrs. Ziman, Schwimmer and Frankel to the extent that indemnity claims have not been made against such amounts. This indemnification is subject to a one-time aggregate deductible equal to one percent of the consideration payable to Messrs. Ziman, Schwimmer and Frankel in the formation transactions and a cap equal to the value of the consideration deposited in the escrow. Other than Messrs. Ziman, Schwimmer and Frankel, none of the prior investors or the entities that we are acquiring in the formation transactions will provide us with any indemnification.

The following table sets forth the consideration to be received by our directors, officers and affiliates in connection with the formation transactions, assuming a \$ price per share of our common stock equal to the mid-point of the price range set forth on the cover of this prospectus:

<u>Prior Investors</u>	<u>Relationship with Us</u>	<u>Number of Shares Received in Formation Transactions</u>	<u>Number of Units Received in Formation Transactions</u>	<u>Total Value of Formation Transaction Consideration</u>
Richard Ziman	Executive Chairman			
Howard Schwimmer	Co-CEO, Director			
Michael S. Frankel	Co-CEO, Director			

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We have not obtained independent third-party appraisals of the properties in our initial portfolio. Accordingly, there can be no assurance that the fair market value of the cash and equity securities that we pay or issue to the prior investors will not exceed the fair market value of the properties and other assets acquired by us in the formation transactions. See “Risk Factors—Risks Related to this Offering—Differences between the book value of the assets to be acquired in the formation transactions and the price paid for our common stock will result in an immediate and material dilution of the book value of our common stock.”

### **Excluded Assets**

To the extent that an ownership entity has an excess of net working capital over “target net working capital” (as set forth below) as determined by us within 45 days prior to the date of the preliminary prospectus in connection with this offering, the amount of such excess shall be due to the prior owners of such ownership entity immediately prior to the completion of the offering. To the extent not distributed or paid by such ownership entity prior to the completion of this offering, our operating partnership shall pay such amounts on behalf of each such ownership entity promptly after the completion of this offering. For purposes of this calculation, the target net working capital of each ownership entity will be zero.

We estimate that the aggregate amount of such excess of net working capital will be \$ \_\_\_\_\_, of which \$ \_\_\_\_\_ will be payable to Richard Ziman and his affiliates, \$ \_\_\_\_\_ will be payable to Howard Schwimmer and his affiliates and \$ \_\_\_\_\_ will be payable to Michael Frankel and his affiliates.

### **Concurrent Private Placement**

In connection with the formation transactions, we made available to accredited investors in the Rexford Funds the opportunity to acquire for cash additional shares of our common stock at the public offering price per share in this offering concurrently with the closing of the formation transactions and this offering. We refer to the shares issued pursuant to this opportunity as the concurrent private placement. No fees, discounts or selling commissions will be paid to the underwriters in connection with any sale of our common stock through the concurrent private placement. Rexford Fund investors have irrevocably committed to invest approximately \$ \_\_\_\_\_ in the concurrent private placement, which will result in the issuance of \_\_\_\_\_ shares of our common stock based on the mid-point of the price range set forth on the front cover of this prospectus in addition to the shares sold in this offering. See “Structure and Formation of Our Company—Concurrent Private Placement.”

The following table sets forth the amount of uncontributed capital commitments and unsecured contributions that our directors, officers and affiliates that elected have elected to apply toward the purchase of shares our common stock in the concurrent private placement, assuming a \$ \_\_\_\_\_ price per share of our common stock:

<u>Prior Investors</u>	<u>Relationship with Us</u>	<u>Number of Shares Received</u>	<u>Total Value of Consideration</u>
Richard Ziman	Executive Chairman		
Howard Schwimmer	Co-CEO, Director		
Michael S. Frankel	Co-CEO, Director		

Upon completion of this offering, our directors and executive officers will own \_\_\_\_\_ % of our outstanding common stock, or \_\_\_\_\_ % on a fully diluted basis ( \_\_\_\_\_ % of our outstanding common stock, or \_\_\_\_\_ % on a fully diluted basis, if the underwriters’ over-allotment option is exercised in full) based upon the mid-point of the price range shown on the cover of this prospectus.

### **Partnership Agreement**

In connection with the completion of this offering, we will enter into an amended and restated partnership agreement with the various persons receiving common units in the formation transactions, including certain executive officers of our company. As a result, these persons will become limited partners of our operating partnership. See “Description of the Partnership Agreement of Rexford Industrial, L.P.” Upon completion of this offering, our directors and executive officers will own \_\_\_\_\_ % of the outstanding common units and \_\_\_\_\_ % of our outstanding common stock ( \_\_\_\_\_ % on a fully diluted basis, if the underwriters’ over-allotment option is exercised in full).

Pursuant to the partnership agreement, limited partners of our operating partnership and some assignees of limited partners will have the right, beginning 14 months after the later of the completion of this offering or the date on which a person first became a holder of common units, to require our operating partnership to redeem part or all of their common units for cash equal to the then-current market value of an equal number of shares of our common stock (determined in accordance with and subject to adjustment under the partnership agreement), or, at our election, to exchange their common units for shares of our common stock on a one-for-one basis, subject to certain adjustments and the restrictions on ownership and transfer of our stock set forth in our charter and described under the section entitled “Description of Stock—Restrictions on Ownership and Transfer.”

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### **Registration Rights**

In connection with the completion of this offering, we will enter into a registration rights agreement with the various persons receiving shares of our common stock and/or common units in the formation transactions and concurrent private placement, including certain of our executive officers. Under the registration rights agreement, subject to certain limitations, commencing not later than 14 months after the date of this offering, we will file one or more registration statements covering the resale of the shares of our common stock issued in the formation transactions, the concurrent private placement and the resale of the shares of our common stock issued or issuable, at our option, in exchange for common units issued in the formation transactions. We may, at our option, satisfy our obligation to prepare and file a resale registration statement by filing a registration statement registering the issuance by us of shares of our common stock registered under the Securities Act in lieu of our operating partnership's obligation to pay cash for such units. We will agree to pay all of the expenses relating to the securities registrations described above. See "Shares Eligible for Future Sale—Registration Rights."

### **Tax Matters Agreement**

In connection with our formation transactions, this offering and the concurrent private placement, we will enter into a Tax Matters Agreement with certain limited partners of our Operating Partnership, including Messrs. Ziman, Schwimmer and Frankel (collectively, the "Tax Matters Representatives"). Under this agreement, our operating partnership will indemnify such limited partners for their tax liabilities (plus an additional amount equal to the taxes incurred as a result of such indemnity payment) attributable to their share of the built-in gain, as of the closing of the formation transactions, with respect to their interest in certain properties in our initial portfolio if the operating partnership, without the consent of at least two of the Tax Matters Representatives, disposes of any interest with respect to such properties in a taxable transaction during the shorter of the seven-year period after the closing of our formation transactions and the date on which more than 50% of the common units originally received by any such limited partner in our formation transactions have been sold, exchanged or otherwise disposed of by the limited partner, subject to certain exceptions and limitations. In addition, if during the period ending on the twelfth anniversary of the closing of the formation transactions we fail to offer certain limited partners an opportunity to guarantee, in the aggregate, up to approximately \$

million of our outstanding indebtedness, or if we fail to make commercially reasonable efforts to provide such partners who continue to own at least 50% of the common units originally received by such partners in the formation transactions with an opportunity to guarantee debt after this period, our operating partnership will be required to indemnify such limited partners against their resulting tax liabilities (plus an additional amount equal to the taxes they incur as a result of such indemnity payment). Messrs. Ziman, Schwimmer and Frankel will have the opportunity to guarantee up to approximately \$ , \$ and \$ , respectively, of our outstanding indebtedness pursuant to the Tax Matters Agreement. Among other things, this opportunity to guarantee debt is intended to allow the participating limited partners to defer the recognition of gain in connection with our formation transactions. The sole and exclusive rights and remedies of any limited partner under the Tax Matters Agreement shall be a claim against our operating partnership for such limited partner's tax liabilities as calculated in the Tax Matters Agreement, and no limited partner shall be entitled to pursue a claim for specific performance or bring a claim against any person that acquires a property from our operating partnership in violation of the Tax Matters Agreement.

### **Employment Agreements**

We intend to enter into employment agreements with certain of our executive officers that would take effect upon completion of this offering, which would be expected to provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. The terms of these employment agreements have not yet been finalized and therefore remain subject to change.

### **2013 Incentive Award Plan**

In connection with the formation transactions, we expect to adopt a cash and equity-based incentive award plan for our directors, officers, employees and consultants. We expect that an aggregate of shares of our common stock and common units will be available for issuance under awards granted pursuant to the Plan. We expect that 2.95% of the company's aggregate initial equity market capitalization will be granted under the Plan in connection with this offering to our employees, including our executive officers, and our non-employee directors, and that the aggregated denominated dollar value of all such awards granted to executive officers, other employees and non-employee directors in connection with this offering will be approximately . See "Executive Compensation—2013 Incentive Award Plan."

### **Indemnification of Officers and Directors**

Effective upon completion of this offering, our charter and bylaws will provide for certain indemnification rights for our directors and officers and we will enter into an indemnification agreement with each of our executive officers and directors, providing for procedures for indemnification and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us or, at our request, service to other entities, as officers, directors, partners, trustees, managers or members to the maximum extent permitted by Maryland law. See "Management—Limitation of Liability and Indemnification."

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### **Property Management Agreements**

Prior to the formation transactions, the services company and RI, LLC provided management services to the Rexford Funds. As part of the formation transactions, the services company and RI, LLC will become wholly owned subsidiaries of our operating partnership. Mr. Schwimmer owns interests in 19 properties representing approximately 1.0 million square feet that are not part of the Rexford Funds portfolio. Mr. Schwimmer's investments in these properties are more than a decade old and pre-date the formation of the Rexford Funds. Mr. Schwimmer is the general partner, or co-general partner, of each of the entities that owns these properties. These properties are currently managed by RI, LLC, and will be managed by our services company after consummation of this offering. In 2013, these property management agreements are expected to generate revenues of approximately \$200,000 for the services company. In addition, three of these properties are held as tenancies-in-common with other parties, and are subject to tenancy-in-common agreements, which appoint RI, LLC as manager of the properties, in charge of providing day-to-day business operations and leasing services, in return for a property management fee. Following the completion of this offering, the services company and RI, LLC will continue to provide management services to these properties. Conflicts of interest may exist or could arise in the future as a result of considering whether to extend, terminate or re-negotiate these property management agreements.

### **Review and Approval of Future Transactions with Related Persons**

Upon completion of this offering, we will adopt a written policy for the review and approval of related person transactions requiring disclosure under Rule 404(a) of Regulation S-K. We expect this policy to provide that the nominating and corporate governance committee will be responsible for reviewing and approving or disapproving all interested transactions, meaning any transaction, arrangement or relationship in which (a) the amount involved may be expected to exceed \$120,000 in any fiscal year, (b) our company will be a participant, and (c) a related person has a direct or indirect material interest. A related person will be defined as an executive officer, director or nominee for election as director, or a greater than 5% beneficial owner of our common stock, or an immediate family member of the foregoing. The policy may deem certain interested transactions to be preapproved.

## STRUCTURE AND FORMATION OF OUR COMPANY

### Our Formation Transactions and Structure

#### *Our Operating Partnership*

Following the completion of this offering, the formation transactions and the concurrent private placement, substantially all of our assets will be held by, and our operations will be conducted through, our operating partnership. We will contribute the net proceeds from this offering and the concurrent private placement to our operating partnership in exchange for common units therein. Our interest in our operating partnership will generally entitle us to share in cash distributions from, and in the profits and losses of, our operating partnership in proportion to our percentage ownership. As the sole general partner of our operating partnership, we will generally have the exclusive power under the partnership agreement to manage and conduct its business and affairs, subject to certain limited approval and voting rights of the limited partners, which are described more fully below in “Description of the Partnership Agreement of Rexford Industrial, L.P.” Our board of directors will manage our business and affairs.

Beginning on or after the date which is 14 months after the later of the completion of this offering or the date on which a person first became a holder of common units, each limited partner of our operating partnership will have the right to require our operating partnership to redeem part or all of its common units for cash, based upon the value of an equivalent number of shares of our common stock at the time of the redemption, or, at our election, shares of our common stock on a one-for-one basis, subject to certain adjustments and the restrictions on ownership and transfer of our stock set forth in our charter and described under the section entitled “Description of Stock—Restrictions on Ownership and Transfer.” With each redemption of common units, our percentage ownership interest in our operating partnership and our share of our operating partnership’s cash distributions and profits and losses will increase. See “Description of the Partnership Agreement of Rexford Industrial, L.P.”

#### *Our Services Company*

As part of our formation transactions, we will acquire Rexford Industrial Realty and Management, Inc., which we refer to as the services company, that will be wholly owned, indirectly, by our operating partnership. We will elect with our services company to treat it as a taxable REIT subsidiary for federal income tax purposes. A taxable REIT subsidiary generally may provide non-customary and other services to our tenants and engage in activities that we may not engage in directly without adversely affecting our qualification as a REIT, provided a taxable REIT subsidiary may not operate or manage a lodging facility or provide rights to any brand name under which any lodging facility is operated. See “U.S. Federal Income Tax Considerations—Taxation of Our Company—Ownership of Interests in Taxable REIT Subsidiaries.” We may form additional taxable REIT subsidiaries in the future, and our operating partnership may contribute some or all of its interests in certain wholly owned subsidiaries or their assets to our services company. Any income earned by our taxable REIT subsidiaries will not be included in our taxable income for purposes of the 75% or 95% gross income tests, except to the extent such income is distributed to us as a dividend, in which case such dividend income will qualify under the 95%, but not the 75%, gross income test. See “U.S. Federal Income Tax Considerations—Taxation of Our Company—Income Tests.” Because a taxable REIT subsidiary is subject to federal income tax, and state and local income tax (where applicable) as a corporation, the income earned by our taxable REIT subsidiaries generally will be subject to an additional level of tax as compared to the income earned by our other subsidiaries.

#### *Formation Transactions*

Each property that will be owned by us through our operating partnership upon the completion of our formation transactions, the concurrent private placement and this offering is currently owned indirectly by the Rexford Funds through property owning subsidiaries. We refer to these property owning subsidiaries and the Rexford Funds collectively as the “ownership entities.” The Rexford Funds have (1) entered into contribution agreements with our operating partnership, pursuant to which they will contribute their interests in their property owning subsidiaries to our operating partnership, (2) entered into merger agreements pursuant to which they will merge with and into our operating partnership, or (3) in the case of Fund V REIT, entered into a merger agreement pursuant to which it will merge with and into us, in each case substantially concurrently with the completion of this offering. In addition, each management company will merge with and into a subsidiary of our operating partnership, with such management company as the surviving entity. Investors in the Rexford Funds, which we sometimes refer to as the prior investors, and the management companies will receive cash, shares of our common stock and common units in exchange for their interests in the Rexford Funds and the management companies.

The prior investors of the Rexford Funds and the management companies will receive cash, shares of our common stock and common units in respect of their interests. See “Certain Relationships and Related Transactions.” These formation transactions are designed to:

- consolidate the ownership of our initial portfolio under our company and our operating partnership;
- cause us to succeed to the property management businesses of the management companies;

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- facilitate this offering;
- enable us to raise capital to repay existing indebtedness related to certain properties in our initial portfolio;
- enable us to qualify as a REIT for federal income tax purposes commencing with the taxable year ending December 31, 2013;
- defer the recognition of taxable gain by certain prior investors; and
- enable prior investors to obtain liquidity for their investments.

Pursuant to the formation transactions, the concurrent private placement and this offering, the following have occurred or will occur substantially concurrently with the completion of this offering.

- We were formed as a Maryland corporation on January 18, 2013.
- Rexford Industrial, L.P., our operating partnership, was formed as a Maryland limited partnership on January 18, 2013.
- We will sell \_\_\_\_\_ shares of our common stock in this offering and an additional \_\_\_\_\_ shares if the underwriters exercise their over-allotment option in full, and we will sell an additional \_\_\_\_\_ shares pursuant to the concurrent private placement; we will contribute the net proceeds from this offering and the concurrent private placement to our operating partnership in exchange for \_\_\_\_\_ common units.
- We will succeed the property management business currently housed in the management companies as a result of the mergers between subsidiaries of our operating partnership and the management companies.
- We and our operating partnership will consolidate the ownership of our initial portfolio of properties by acquiring the entities that directly or indirectly own such properties or by acquiring interests in such entities through a series of merger transactions and contributions pursuant to merger agreements and contribution agreements. The value of the consideration to be paid to each of the owners of such entities in the formation transactions will be determined according to the terms of such merger agreements and contribution agreements.
- Prior investors in the Rexford Funds and the management companies will receive as consideration for such mergers and contributions an aggregate of \_\_\_\_\_ shares of our common stock, \_\_\_\_\_ common units (based on the mid-point of the price range set forth on the cover page of this prospectus), and in the case of non-accredited investors in such entities, \$ \_\_\_\_\_ in cash in accordance with the terms of the relevant merger and/or contribution agreements. The aggregate value of common stock and common units to be paid to prior investors in the Rexford Funds and the management companies is \$ \_\_\_\_\_ (based on the mid-point of the price range set forth on the cover page of this prospectus).
- Messrs. Ziman, Schwimmer and Frankel have entered into a representation, warranty and indemnity agreement with us, pursuant to which they made certain representations and warranties to us regarding the entities and assets being acquired in the formation transactions and agreed to indemnify us and our operating partnership for breaches of such representations and warranties for one year after the completion of this offering. For purposes of satisfying any indemnification claims, Messrs. Ziman, Schwimmer and Frankel will deposit into escrow \_\_\_\_\_ shares of our common stock and common units with an aggregate value equal to ten percent of the consideration payable to Messrs. Ziman, Schwimmer and Frankel in the formation transactions. Messrs. Ziman, Schwimmer and Frankel have no obligation to increase the amount of common stock and common units in the escrow in the event the trading price of our common stock declines below the initial public offering price. Any and all amounts remaining in the escrow one year from the closing of the formation transactions will be distributed to Messrs. Ziman, Schwimmer and Frankel to the extent that indemnity claims have not been made against such amounts. This indemnification is subject to a one-time aggregate deductible equal to one percent of the consideration payable to Messrs. Ziman, Schwimmer and Frankel in the formation transactions and a cap equal to the value of the consideration deposited in the escrow. Other than Messrs. Ziman, Schwimmer and Frankel, none of the prior investors or the entities that we are acquiring in the formation transactions will provide us with any indemnification.
- The current management team of the Rexford Funds will become our senior management team, and the current real estate professionals employed by the management companies will become our employees.
- Our operating partnership intends to use a portion of the net proceeds of this offering, the concurrent private placement and borrowings under the new revolving credit facility that we expect to have in place at closing to repay approximately \$ \_\_\_\_\_ million of outstanding indebtedness, and we expect to pay approximately \$ \_\_\_\_\_ million in prepayment costs, exit fees and assumption fees. As a result of the foregoing uses of proceeds, we expect to have approximately \$ \_\_\_\_\_ million of total consolidated debt outstanding upon completion of our formation transactions, the concurrent private placement and this offering. Additionally, we expect to have approximately \$ \_\_\_\_\_ million of secured indebtedness allocable to our 15% joint venture interest in the three properties owned by the Dune JV.
- In connection with the foregoing transactions, we expect to adopt a cash and equity-based incentive award plan and other incentive plans for our directors, officers, employees and consultants. We expect that an aggregate of \_\_\_\_\_ shares of our common stock and common units will be available for issuance under awards granted pursuant to the Plan. See “Executive Compensation—2013 Incentive Award Plan.”

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- In connection with the foregoing transactions, we intend to enter into employment agreements with certain of our executive officers that would become effective as of the closing of this offering, which would be expected to provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. The terms of these employment agreements have not yet been finalized and therefore remain subject to change.

### ***Concurrent Private Placement***

In connection with the formation transactions, we made available to accredited investors in the Rexford Funds the opportunity to acquire for cash additional shares of our common stock at the public offering price per share in this offering concurrently with the closing of the formation transactions and this offering. We refer to the shares issued pursuant to this opportunity as the concurrent private placement. No fees, discounts or selling commissions will be paid to the underwriters in connection with any sale of our common stock through the concurrent private placement. Rexford Fund investors have irrevocably committed to invest approximately \$ \_\_\_\_\_ in the concurrent private placement, which will result in the issuance of \_\_\_\_\_ shares of our common stock based on the mid-point of the price range set forth on the front cover of this prospectus in addition to the shares sold in this offering.

### ***Consequences of our Formation Transactions, Concurrent Private Placement and this Offering***

The completion of our formation transactions, concurrent private placement and this offering, and the application of the net proceeds thereof in accordance with the description under “Use of Proceeds,” will have the following consequences:

- Through our interest in our operating partnership and its wholly owned subsidiaries, we will indirectly own a 100% fee simple interest in 53 of the properties in our initial portfolio and own between 15.0% and 96.8% of the remaining 6 properties.
- We will indirectly own our services company through our operating partnership, which will indirectly own 100% of the common stock of the services company.
- Purchasers of shares of our common stock in this offering will own \_\_\_\_\_ % of our outstanding common stock, or \_\_\_\_\_ % on a fully diluted basis ( \_\_\_\_\_ % of our outstanding common stock, or \_\_\_\_\_ % on a fully diluted basis, if the underwriters’ over-allotment option is exercised in full).
- The prior investors in the Rexford Funds and the management companies will own \_\_\_\_\_ % of our outstanding common stock, or \_\_\_\_\_ % on a fully diluted basis ( \_\_\_\_\_ % of our outstanding common stock, or \_\_\_\_\_ % on a fully diluted basis, if the underwriters’ over-allotment option is exercised in full).
- We will be the sole general partner of our operating partnership. We will own \_\_\_\_\_ % of the outstanding common units of partnership interest in our operating partnership, and the prior investors in the Rexford Funds and the management companies (including certain members of our board of directors and senior management team) will own \_\_\_\_\_ % of the outstanding common units. If the underwriters’ over-allotment option is exercised in full, we will own \_\_\_\_\_ % of the outstanding common units and the prior investors in the Rexford Funds and the management companies will own \_\_\_\_\_ %.
- We expect to have total consolidated indebtedness of approximately \$ \_\_\_\_\_ million, including approximately \$ \_\_\_\_\_ million of secured indebtedness and approximately \$ \_\_\_\_\_ million of indebtedness under our new revolving credit facility.

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**Corporate Structure**

The chart below reflects our organization immediately following completion of our formation transactions, the concurrent private placement and this offering.



- (1) On a fully diluted basis, our public stockholders will own \_\_\_\_\_ % of our outstanding common stock, our executive officers and their affiliates will own \_\_\_\_\_ % of our outstanding common stock \_\_\_\_\_, and the other prior investors in the Rexford Funds and the management companies as a group will own \_\_\_\_\_ % of our outstanding common stock.
- (2) If the underwriters exercise their over-allotment option in full, on a fully diluted basis, our public stockholders will own \_\_\_\_\_ % of our outstanding common stock, our executive officers and their affiliates will own \_\_\_\_\_ % of our outstanding common stock and the other prior investors in the entities that own properties in our initial portfolio as a group will own \_\_\_\_\_ % of our outstanding common stock.
- (3) If the underwriters exercise their over-allotment option in full, our public stockholders, our executive officers and their affiliates and the other prior investors in the entities that own the properties in our initial portfolio will own \_\_\_\_\_ %, \_\_\_\_\_ % and \_\_\_\_\_ %, respectively, of our outstanding common stock, and we, our executive officers and their affiliates and other prior investors in the entities that own the properties in our initial portfolio will own \_\_\_\_\_ %, \_\_\_\_\_ %, and \_\_\_\_\_ %, respectively, of the outstanding common units.



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### Benefits of the Formation Transactions to Related Parties

In connection with our formation transactions, the concurrent private placement and this offering, certain of our directors and executive officers will receive material benefits described in “Certain Relationships and Related Transactions,” including the following. All amounts are based on the mid-point of the price range set forth on the cover page of this prospectus:

- Mr. Ziman, our Executive Chairman, and his affiliates will receive \_\_\_\_\_ shares of our common stock and \_\_\_\_\_ common units in connection with the formation transactions and the concurrent private placement, with an aggregate value of approximately \$ \_\_\_\_\_ million. As a result, Mr. Ziman and his affiliates will own approximately \_\_\_\_\_ % of our outstanding common stock on a fully diluted basis (or \_\_\_\_\_ % if the underwriters’ over-allotment option is exercised in full).
- Mr. Schwimmer, our Co-Chief Executive Officer and director, and his affiliates will receive \_\_\_\_\_ shares of our common stock and \_\_\_\_\_ common units in connection with the formation transactions and the concurrent private placement, with an aggregate value of approximately \$ \_\_\_\_\_ million. As a result, Mr. Schwimmer and his affiliates will own approximately \_\_\_\_\_ % of our outstanding common stock on a fully diluted basis (or \_\_\_\_\_ % if the underwriters’ over-allotment option is exercised in full).
- Mr. Frankel, our Co-Chief Executive Officer and director, and his affiliates will receive shares of our common stock and common units in connection with the formation transactions and the concurrent private placement, with an aggregate value of approximately \$ \_\_\_\_\_ million. As a result, Mr. Frankel and his affiliates will own approximately \_\_\_\_\_ % of our outstanding common stock on a fully diluted basis (or \_\_\_\_\_ % if the underwriters’ over-allotment option is exercised in full).
- To the extent that an ownership entity or any of the management companies has an excess of net working capital over “target net working capital” (as set forth below) as determined by us within 45 days prior to the date of the preliminary prospectus in connection with this offering, the amount of such excess shall be due to the prior owners of such ownership entity or management company, as applicable, immediately prior to the completion of the offering, including our directors and executive officers who are prior investors. To the extent not distributed or paid by such ownership entity or management company prior to the completion of this offering, our operating partnership shall pay such amounts on behalf of each such ownership entity or management company, as applicable, promptly after the completion of this offering. For purposes of this calculation, the target net working capital of each ownership entity and the management companies will be zero. Therefore, any such amounts will not be included in the assets that we acquire in the formation transactions. We estimate that the aggregate amount of such excess of net working capital will be \$ \_\_\_\_\_, of which \$ \_\_\_\_\_ will be payable to Mr. Ziman and his affiliates, \$ \_\_\_\_\_ will be payable to Mr. Schwimmer and his affiliates, and \$ \_\_\_\_\_ will be payable to Mr. Frankel and his affiliates.
- We will enter into a Tax Matters Agreement with certain limited partners of our operating partnership, pursuant to which we agree to indemnify such limited partners against adverse tax consequences in connection with: (1) our sale of specified properties in a taxable transaction prior to the seventh anniversary of the closing of the formation transactions; and (2) our failure to provide certain limited partners the opportunity to guarantee certain debt of our operating partnership during the period ending on the twelfth anniversary of the closing of the formation transactions, or following such period, our failure to use commercially reasonable efforts to provide such opportunities; provided that, subject to certain exceptions and limitations, such indemnification rights will terminate for any such protected partner that sells, exchanges or otherwise disposes of more than 50% of his or her common units during such period. Messrs. Ziman, Schwimmer and Frankel will have the opportunity to guarantee up to approximately \$ \_\_\_\_\_ million, \$ \_\_\_\_\_ million and \$ \_\_\_\_\_ million, respectively, of our outstanding indebtedness respectively pursuant to the Tax Matters Agreement.
- In connection with the completion of this offering, we will enter into a registration rights agreement with the various persons receiving shares of our common stock and/or common units in the formation transactions and the concurrent private placement, including certain of our directors and executive officers and their affiliates. Under the registration rights agreement, subject to certain limitations, commencing not later than 14 months after the date of this offering, we will file one or more registration statements covering the resale of the shares of our common stock issued in the formation transactions, the concurrent private placement and the resale of the shares of our common stock issued or issuable, at our option, in exchange for common units issued in the formation transactions. We may, at our option, satisfy our obligation to prepare and file a resale registration statement by filing a registration statement registering the issuance by us of shares of our common stock under the Securities Act in lieu of our operating partnership’s obligation to pay cash for such units. We will agree to pay all of the expenses relating to the securities registrations described above. See “Certain Relationships and Related Transactions—Registration Rights” and “Shares Eligible for Future Sale—Registration Rights.”
- We intend to enter into employment agreements with certain of our executive officers that would become effective as of the closing of this offering, which would be expected to provide for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances. The terms of these employment agreements have not yet been finalized and therefore remain subject to change.

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- We intend to enter into indemnification agreements with directors and executive officers at the closing of this offering, providing for procedures for indemnification by us to the fullest extent permitted by law and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us or, at our request, service to other entities, as officers or directors.
- We intend to adopt the Plan, under which we may grant cash or equity incentive awards to our directors, officers, employees and consultants. See “Executive Compensation—2013 Incentive Award Plan.”

### **Determination of Offering Price**

Prior to this offering, there has been no public market for our common stock. The initial public offering price was negotiated between the underwriters and us. In determining the initial public offering price of our common stock, the underwriters considered the history and prospects for the industry in which we compete, our financial information, the ability of our management and our business potential and earning prospects, the prevailing securities markets at the time of this offering, and the recent market prices of, and the demand for, publicly-traded shares of companies the underwriters deemed generally comparable. The initial public offering price does not necessarily bear any relationship to the book value of our assets or the assets to be acquired in our formation transactions, our financial condition or any other established criteria of value and may not be indicative of the market price for our common stock after this offering. We have not obtained any third-party appraisals of the properties and other assets to be acquired by us in our formation transactions for purposes of determining how much we should pay for such properties and assets. The consideration to be given by us for our properties and other assets in our formation transactions may exceed their fair market value. See “Risk Factors—Risks Related to this Offering— Differences between the book value of the assets to be acquired in the formation transactions and the price paid for our common stock will result in an immediate and material dilution of the book value of our common stock.”

## POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of our investment policies and our policies with respect to certain other activities, including financing matters and conflicts of interest. These policies may be amended or revised from time to time at the discretion of our board of directors, without a vote of our stockholders. Any change to any of these policies by our board of directors, however, would be made only after a thorough review and analysis of that change, in light of then-existing business and other circumstances, and then only if, in the exercise of its business judgment, our board of directors believes that it is advisable to do so in our and our stockholders' best interests. We cannot assure you that our investment objectives will be attained.

### Investments in Real Estate or Interests in Real Estate

We plan to invest principally in industrial properties in Southern California. Upon completion of this offering, our portfolio will consist of 59 industrial properties with approximately 5.0 million rentable square feet. In addition, our executive officers will identify and negotiate future acquisition opportunities. For information concerning the investing experience of these individuals, please see the section entitled "Management."

We intend to conduct substantially all of our investment activities through our operating partnership and its subsidiaries. Our primary business objective is to enhance stockholder value over time by achieving sustainable long-term FFO growth and generating attractive total returns to our stockholders.

We do not have a specific policy to acquire assets primarily for capital gain or primarily for income. From time to time, we may make investments that support our objectives but do not provide current cash flow. We believe investments that do not generate current cash flow may be, in certain instances, consistent with our objective to achieve sustainable long-term growth in earnings and FFO.

There are no limitations on the amount or percentage of our total assets that may be invested in any one property. Additionally, no limits have been set on the concentration of investments in any one location or facility type.

Additional criteria with respect to our properties are described in "Business."

### Investments in Mortgages, Structured Financings and Other Lending Policies

While our current portfolio consists primarily of, and our business objectives emphasize, equity investments in industrial real estate, we may, at the discretion of our board of directors, invest in mortgages and other types of real estate interests consistent with our qualifications as a REIT. Except for one mortgage, as described in more detail below, we do not presently invest, or intend to invest in mortgages or deeds of trust, but may acquire such interests as a strategy for acquiring ownership of a property or the economic equivalent thereof and/or invest in participating or convertible mortgages if we conclude that we may benefit from the gross revenues or any appreciation in value of the property. These mortgages may or may not be guaranteed or insured as to principal or interest by any government agency or otherwise. Investments in real estate mortgages run the risk that one or more borrowers may default under the mortgages and that the collateral securing those mortgages may not be sufficient to enable us to recoup our full investment.

We currently own one non-recourse mortgage loan with an estimated outstanding balance of approximately \$14.4 million as of December 31, 2012 and a fixed interest rate of 6.001% per annum, secured by a first mortgage on a property located in San Juan Capistrano, California, and scheduled to mature on May 1, 2017. We currently receive fixed monthly payments of principal and interest in the amount of approximately \$93,000 pursuant to the loan agreement, and the loan is currently prepayable by the borrower without penalty, upon 30 days prior written notice to us. In the event of a default by the borrower, we have the standard rights and remedies available to a lender, including acceleration and foreclosure.

### Investments in Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

Generally speaking, we do not expect to engage in any significant investment activities with other entities, although we may consider joint venture investments with other investors. We may also invest in the securities of other issuers in connection with acquisitions of indirect interests in properties (normally general or limited partnership interests in special purpose partnerships owning properties). We may in the future acquire some, all or substantially all of the securities or assets of other REITs or similar entities where that investment would be consistent with our investment policies and the REIT qualification requirements. There are no limitations on the amount or percentage of our total assets that may be invested in any one issuer, other than those imposed by the gross income and asset tests that we must satisfy to qualify as a REIT. However, we do not anticipate investing in other issuers of securities for the purpose of exercising control or acquiring any investments primarily for sale in the ordinary course of business or holding any investments with a view to making short-term profits from their sale. In any event, we do not intend that our investments in securities will require us to register as an "investment company" under the Investment Company Act of 1940, as amended, and we intend to divest securities before any registration would be required.

We do not intend to engage in trading, underwriting, agency distribution or sales of securities of other issuers.

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### **Disposition Policy**

We do not currently intend to dispose of any of our properties, although we reserve the right to do so if, based upon management's periodic review of our portfolio, our board of directors determines that such action would be in our best interests. The tax consequences to our directors and executive officers who hold units resulting from a proposed disposition of a property may influence their decision as to the desirability of such proposed disposition. See "Risk Factors—Risks Related to Our Organizational Structure and Our Formation Transactions—Conflicts of interest may exist or could arise in the future between the interests of our stockholders and the interests of holders of units in our operating partnership, which may impede business decisions that could benefit our stockholders."

### **Financing and Leverage Policies**

Upon completion of this offering, we will use significant amounts of cash to repay mortgage indebtedness on certain of the properties in our initial portfolio. Other uses of proceeds from this offering are described in greater detail under "Use of Proceeds" elsewhere in this prospectus. In the future, however, we anticipate using a number of different sources to finance our acquisitions and operations, including cash flows from operations, asset sales, seller financing, issuance of debt securities, private financings (such as additional bank credit facilities, which may or may not be secured by our assets), property-level mortgage debt, common or preferred equity issuances or any combination of these sources, to the extent available to us, or other sources that may become available from time to time. Any debt that we incur may be recourse or non-recourse and may be secured or unsecured. We also may take advantage of joint venture or other partnering opportunities as such opportunities arise in order to acquire properties that would otherwise be unavailable to us. We may use the proceeds of our borrowings to acquire assets, to refinance existing debt or for general corporate purposes.

Although we are not required to maintain any particular leverage ratio, we intend, when appropriate, to employ prudent amounts of leverage and to use debt as a means of providing additional funds for the acquisition of assets, to refinance existing debt or for general corporate purposes. We expect to use leverage conservatively, assessing the appropriateness of new equity or debt capital based on market conditions, including prudent assumptions regarding future cash flow, the creditworthiness of tenants and future rental rates. Our charter and bylaws do not limit the amount of debt that we may incur. Our board of directors has not adopted a policy limiting the total amount of debt that we may incur.

Our board of directors will consider a number of factors in evaluating the amount of debt that we may incur. If we adopt a debt policy, our board of directors may from time to time modify such policy in light of then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general conditions in the market for debt and equity securities, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors. Our decision to use leverage in the future to finance our assets will be at our discretion and will not be subject to the approval of our stockholders, and we are not restricted by our governing documents or otherwise in the amount of leverage that we may use.

### **Lending Policies**

We may consider offering purchase money financing in connection with the sale of properties where the provision of that financing will increase the value to be received by us for the property sold. We also may make loans to joint ventures in which we participate. However, we do not intend to engage in significant lending activities. Any loan we make will be consistent with maintaining our status as a REIT.

### **Equity Capital Policies**

To the extent that our board of directors determines to obtain additional capital, we may issue debt or equity securities, including additional units or senior securities of our operating partnership, retain earnings (subject to provisions in the Code requiring distributions of income to maintain REIT qualification) or pursue a combination of these methods. As long as our operating partnership is in existence, we will generally contribute the proceeds of all equity capital raised by us to our operating partnership in exchange for additional interests in our operating partnership, which will dilute the ownership interests of the limited partners in our operating partnership.

Existing stockholders will have no preemptive rights to common or preferred stock or units issued in any securities offering by us, and any such offering might cause a dilution of a stockholder's investment in us. Although we have no current plans to do so, we may in the future issue shares of common stock or units in connection with acquisitions of property.

We may, under certain circumstances, purchase shares of our common stock or other securities in the open market or in private transactions with our stockholders, provided that those purchases are approved by our board of directors. Our board of directors has no present intention of causing us to repurchase any shares of our common stock or other securities, and any such action would only be taken in conformity with applicable federal and state laws and the applicable requirements for qualification as a REIT.

## **Conflict of Interest Policy**

*Overview.* Conflicts of interest could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Our directors and officers have duties to our company under applicable Maryland law in connection with their management of our company. At the same time, we, as the general partner of our operating partnership, have fiduciary duties and obligations to our operating partnership and its other partners under Maryland law and the partnership agreement in connection with the management of our operating partnership. Our fiduciary duties and obligations, as the general partner of our operating partnership, may come into conflict with the duties of our directors and officers to our company.

Under Maryland law, a general partner of a Maryland limited partnership has fiduciary duties of loyalty and care to the partnership and its partners and must discharge its duties and exercise its rights as general partner under the partnership agreement or Maryland law consistently with the obligation of good faith and fair dealing. The duty of loyalty requires a general partner of a Maryland limited partnership to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the general partner in the conduct of the partnership business or derived from a use by the general partner of partnership property, including the appropriation of a partnership opportunity, to refrain from dealing with the partnership in the conduct of the partnership's business as or on behalf of a party having an interest adverse to the partnership and to refrain from competing with the partnership in the conduct of the partnership business, although the partnership agreement may identify specific types or categories of activities that do not violate the duty of loyalty. The partnership agreement provides that, in the event of a conflict between the interests of our operating partnership or any partner, on the one hand, and the separate interests of our company or our stockholders, on the other hand, we, in our capacity as the general partner of our operating partnership, may give priority to the separate interests of our company or our stockholders (including with respect to tax consequences to limited partners, assignees or our stockholders), and, in the event of such a conflict, any action or failure to act on our part or on the part of our directors that gives priority to the separate interests of our company or our stockholders that does not result in a violation of the contract rights of the limited partners of our operating partnership under its partnership agreement does not violate the duty of loyalty or any other duty that we, in our capacity as the general partner of our operating partnership, owe to our operating partnership and its partners, or violate the obligation of good faith and fair dealing. We, in our capacity as the general partner of our operating partnership, may, but are not obligated to, take into account the tax consequences to any partner of our operating partnership of any action we take or fail to take, and any such action or failure to act that does not take into account any such tax consequences that does not violate the contract rights of the limited partners of our operating partnership under its partnership agreement does not violate the duty of loyalty or any other duty that we, in our capacity as the general partner of our operating partnership, owe to its partners, or violate the obligation of good faith and fair dealing. Further, any action that we undertake or fail to take in the good faith belief that the action or inaction is necessary or advisable to protect our ability to continue to qualify as a REIT, for us to otherwise satisfy the requirements for qualifying as a REIT under the Code, for us to avoid incurring income taxes under the Code or for any of our affiliates to continue to qualify as a "qualified REIT subsidiary" under the Code or a "taxable REIT subsidiary" under the Code does not violate the duty of loyalty or any other duty or obligation, fiduciary or otherwise, that we, in our capacity as the general partner of our operating partnership, owe to our operating partnership or any other partner. The duty of care requires a general partner to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law, and this duty may not be unreasonably reduced by the partnership agreement.

The partnership agreement provides that we will not be liable to our operating partnership or any partner for any action or omission taken in our capacity as general partner, for the debts or liabilities of our operating partnership or for the obligations of the operating partnership under the partnership agreement, except for liability for our fraud, willful misconduct or gross negligence, pursuant to any express indemnity we may give to our operating partnership or in connection with a redemption as described in "Description of the Partnership Agreement of Rexford Industrial, L.P.—Redemption Rights of Qualifying Parties." The partnership agreement also provides that any obligation or liability in our capacity as the general partner of our operating partnership that may arise at any time under the partnership agreement or any other instrument, transaction or undertaking contemplated by the partnership agreement will be satisfied, if at all, out of our assets or the assets of our operating partnership only, and no obligation or liability of the general partner will be personally binding upon any of our directors, stockholders, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise, and none of our directors or officers will be directly liable or accountable in damages or otherwise to the partnership, any partner or any assignee of a partner for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or any act or omission or by reason of their service as such. Our operating partnership must indemnify us, our directors and officers, officers of our operating partnership and any other person designated by us against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, that relate to the operations of our operating partnership, unless (1) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) for any transaction for which such person actually received an improper personal benefit in violation or breach of any provision of the partnership agreement, or (3) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful.

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Our operating partnership must also pay or reimburse the reasonable expenses of any such person in advance of a final disposition of the proceeding upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our operating partnership is not required to indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the partnership agreement) or if the person is found to be liable to our operating partnership on any portion of any claim in the action.

No reported decision of a Maryland appellate court has interpreted provisions similar to the provisions of the partnership agreement of our operating partnership that modify or reduce the fiduciary duties and obligations of a general partner or reduce or eliminate our liability for money damages to our operating partnership and its partners, and we have not obtained an opinion of counsel as to the enforceability of the provisions set forth in the partnership agreement that purport to modify or reduce our fiduciary duties and obligations that would be in effect were it not for the partnership agreement.

*Sale or Refinancing of Properties.* Upon the sale of certain of the properties to be owned by us at the completion of the formation transactions, certain unitholders could incur adverse tax consequences which are different from the tax consequences to us and to holders of our common stock. Consequently, unitholders may have differing objectives regarding the appropriate pricing and timing of any such sale or repayment of indebtedness. While we will have the exclusive authority under the partnership agreement to determine whether, when, and on what terms to sell a property or when to refinance or repay indebtedness, any such decision would require the approval of our board of directors.

*Policies Applicable to All Directors and Officers.* Our charter and bylaws do not restrict any of our directors, officers, stockholders or affiliates from having a pecuniary interest in an investment or transaction that we have an interest in or from conducting, for their own account, business activities of the type we conduct. We intend, however, to adopt policies that are designed to eliminate or minimize potential conflicts of interest, including a policy for the review, approval or ratification of any related party transactions. This policy will provide that the audit committee of our board of directors will review the relevant facts and circumstances of each related party transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party before approving such transaction. We will also adopt a code of business conduct and ethics, which will provide that all of our directors, officers and employees are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information or position without our consent. See "Management—Code of Business Conduct and Ethics." However, we cannot assure you that these policies or provisions of law will always be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that might fail to reflect fully the interests of all stockholders.

### **Interested Director and Officer Transactions**

Pursuant to the MGCL, a contract or other transaction between us and a director or between us and any other corporation or other entity in which any of our directors is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of such director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director's vote in favor thereof, provided that:

- the fact of the common directorship or interest is disclosed or known to our board of directors or a committee of our board, and our board or such committee authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum;
- the fact of the common directorship or interest is disclosed or known to our stockholders entitled to vote thereon, and the transaction or contract is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote other than the votes of shares owned of record or beneficially by the interested director or corporation, firm or other entity; or
- the transaction or contract is fair and reasonable to us at the time it is authorized, ratified or approved.

Furthermore, under Maryland law (where our operating partnership is formed), we, as general partner, have a fiduciary duty of loyalty to our operating partnership and its partners and, consequently, such transactions also are subject to the duties that we, as general partner, owe to our operating partnership and its limited partners (as such duties have been modified by the partnership agreement). We will also adopt a policy that requires that all contracts and transactions between us, our operating partnership or any of our subsidiaries, on the one hand, and any of our directors or executive officers or any entity in which such director or executive officer is a director or has a material financial interest, on the other hand, must be approved by the affirmative vote of a majority of our disinterested directors even if less than a quorum. Where appropriate, in the judgment of the disinterested directors, our board of directors may obtain a fairness opinion or engage independent counsel to represent the interests of non-affiliated security holders, although our board of directors will have no obligation to do so.

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**Policies With Respect To Other Activities**

We will have authority to offer common stock, preferred stock or options to purchase stock in exchange for property and to repurchase or otherwise acquire our common stock or other securities in the open market or otherwise, and we may engage in such activities in the future. As described in “Description of the Partnership Agreement of Rexford Industrial, L.P.,” we expect, but are not obligated, to issue common stock to holders of common units upon exercise of their redemption rights. Except in connection with the initial capitalization of our company and our operating partnership, the formation transactions or employment agreements, we have not issued common stock, units or any other securities in exchange for property or any other purpose, and our board of directors has no present intention of causing us to repurchase any common stock. Our board of directors has the authority, without further stockholder approval, to amend our charter to increase or decrease the number of authorized shares of common stock or preferred stock and authorize us to issue additional shares of common stock or preferred stock, in one or more series, including senior securities, in any manner, and on the terms and for the consideration, it deems appropriate. See “Description of Stock.” We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers other than our operating partnership and do not intend to do so. At all times, we intend to make investments in such a manner as to qualify as a REIT, unless because of circumstances or changes in the Code, or the Treasury regulations, our board of directors determines that it is no longer in our best interest to qualify as a REIT. In addition, we intend to make investments in such a way that we will not be treated as an investment company under the 1940 Act.

**Reporting Policies**

Generally speaking, we intend to make available to our stockholders audited annual financial statements and annual reports. After this offering, we will become subject to the information reporting requirements of the Exchange Act. Pursuant to these requirements, we will file periodic reports, proxy statements and other information, including audited financial statements, with the SEC.

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**PRINCIPAL STOCKHOLDERS**

Immediately prior to the completion of this offering, our stockholders of record will hold \_\_\_\_\_ shares of our common stock. At that time, we will have no other shares of capital stock outstanding. The following table sets forth certain information, upon completion of this offering, the concurrent private placement and the formation transactions, regarding the ownership of shares of our common stock by:

- each of the persons who will be a director upon completion of this offering;
- each of our executive officers;
- each person who will be the beneficial owner of more than 5% of our outstanding common stock; and
- all directors and executive officers as a group.

In accordance with SEC rules, each listed person’s beneficial ownership includes:

- all shares the person actually owns beneficially or of record;
- all shares over which the person has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and
- all shares the person has the right to acquire within 60 days (such as restricted shares of common stock that are currently vested or which are scheduled to vest within 60 days).

Unless otherwise indicated, all shares are owned directly, and the indicated person has sole voting and investment power. Except as indicated in the footnotes to the table below, the business address of the stockholders listed below is the address of our principal executive office, 11620 Wilshire Boulevard, Suite 300, Los Angeles, CA 90025.

<u>Name</u>	<u>Number of Shares and/or Common Units Beneficially Owned (1)</u>	<u>Percent of All Shares (2)</u>	<u>Percent of All Shares and Common Units (3)</u>
Richard Ziman		%	%
Howard Schwimmer			
Michael S. Frankel			

\* Represents approximately \_\_\_\_\_ % of the shares of common stock outstanding upon the completion of our formation transactions, the concurrent private placement and this offering.

- (1) As used herein, “voting power” is the power to vote or direct the voting of shares and “investment power” is the power to dispose or direct the disposition of shares.
- (2) Assumes \_\_\_\_\_ shares of common stock will be outstanding immediately upon the completion of the completion of our formation transactions, the concurrent private placement and this offering on a fully diluted basis. In computing the percentage ownership of a person or group, we have assumed that the common units held by that person or the persons in the group have been redeemed for shares of common stock and that those shares are outstanding but that no common units held by other persons are redeemed for shares of common stock.
- (3) Assumes \_\_\_\_\_ shares of common stock and common units will be outstanding immediately upon the completion of our formation transactions, the concurrent private placement and this offering on a fully diluted basis, comprised of \_\_\_\_\_ shares of common stock and \_\_\_\_\_ common units.



## DESCRIPTION OF STOCK

*The following summary of the material terms of our shares of capital stock does not purport to be complete and is subject to and qualified in its entirety by reference to the MGCL, and to our charter and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is part. See "Where You Can Find More Information."*

### General

Our charter provides that we may issue up to 490,000,000 shares of common stock, \$0.01 par value per share, or common stock, and up to 10,000,000 shares of preferred stock, \$ 0.01 par value per share, or preferred stock. Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors and without any action by our stockholders, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of any class or series of our stock. Upon completion of our formation transactions, the concurrent private placement and this offering, \_\_\_\_\_ shares of our common stock will be issued and outstanding, and no shares of preferred stock will be issued and outstanding.

Under Maryland law, stockholders generally are not personally liable for our debts or obligations solely as a result of their status as stockholders.

### Common Stock

All of the shares of our common stock offered in this offering will be duly authorized, validly issued, fully paid and nonassessable. Subject to the preferential rights of any other class or series of stock and to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of shares of our common stock are entitled to receive dividends and other distributions on such shares if, as and when authorized by our board of directors out of assets legally available therefor and declared by us and to share ratably in the assets of our company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment or establishment of reserves for all known debts and liabilities of our company.

Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and except as may otherwise be specified in the terms of any class or series of our common stock, each outstanding 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, and, except as provided with respect to any other class or series of stock, the holders of shares of common stock will possess the exclusive voting power. There is no cumulative voting in the election of our directors. Directors are elected by a plurality of all of the votes cast in the election of directors.

Holders of shares of our common stock have no preference, conversion, exchange, sinking fund or redemption rights and have no preemptive rights to subscribe for any securities of our company. Our charter provides that our stockholders generally have no appraisal rights unless our board of directors determines prospectively that appraisal rights will apply to one or more transactions in which holders of our common stock would otherwise be entitled to exercise appraisal rights. Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of our common stock will have equal dividend, liquidation and other rights.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, consolidate, sell all or substantially all of its assets or engage in a statutory share exchange unless declared advisable by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of all of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our charter provides for approval of any of these matters by the affirmative vote of stockholders entitled to cast a majority of the votes entitled to be cast on such matters, except that the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors is required to remove a director (and such removal must be for cause) and the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on such matter is required to amend the provisions of our charter relating to the removal of directors or the vote required to amend such provisions. Maryland law also permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to an entity if all of the equity interests of the entity are owned, directly or indirectly, by the corporation. Because our operating assets may be held by our operating partnership or its subsidiaries, these subsidiaries may be able to merge or transfer all or substantially all of their assets without the approval of our stockholders.

Our charter authorizes our board of directors to reclassify any unissued shares of our common stock into other classes or series of stock, to establish the designation and number of shares of each class or series and to set, subject to the provisions of our charter relating to the restrictions on ownership and transfer of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each such class or series.

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### **Preferred Stock**

Our charter authorizes our board of directors to classify any unissued shares of preferred stock and to reclassify any previously classified but unissued shares into one or more classes or series of preferred stock. Prior to issuance of shares of each new class or series, our board of directors is required by the MGCL and our charter to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each such class or series. As a result, our board of directors could authorize the issuance of shares of preferred stock that have priority over shares of our common stock with respect to dividends or other distributions or rights upon liquidation or with other terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change of control of our company that might involve a premium price for holders of our common stock or that our common stockholders otherwise believe to be in their best interests. As of the date hereof, no shares of preferred stock are outstanding and we have no present plans to issue any preferred stock.

### **Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock**

We believe that the power of our board of directors to amend our charter to increase or decrease the aggregate number of authorized shares of stock, to authorize us to 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 authorize 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 that might arise. The additional classes or series, as well as the additional authorized shares of common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law, the terms of any class or series of preferred stock we may issue in the future or 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 currently intend to do so, it could authorize us to issue a class or series of stock 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 holders of our common stock or that our common stockholders otherwise believe to be in their best interests. See “Material Provisions of Maryland Law and of Our Charter and Bylaws—Anti-takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws.”

### **Restrictions on Ownership and Transfer**

In order for us to qualify as a REIT under 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 (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of stock (after taking into account options to acquire shares of stock) may be owned, directly, indirectly or through application of certain attribution rules by five or fewer individuals (as defined in the Code to include certain entities such as qualified pension plans) at any time 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 that are intended to assist us in complying with these requirements and continuing to qualify as a REIT. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity may actually or beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or in number of shares, whichever is more restrictive) of the outstanding shares of our common stock, excluding any shares of common stock that are not treated as outstanding for federal income tax purposes, or 9.8% in value of the aggregate of the outstanding shares of all classes and series of our stock, excluding any shares of our common stock that are not treated as outstanding for federal income tax purposes. We refer to each of these restrictions as an “ownership limit” and collectively as the “ownership limits.” A person or entity that would have acquired actual, beneficial or constructive ownership of our stock but for the application of the ownership limits or any of the other restrictions on ownership and transfer of our stock discussed below is referred to as a “prohibited owner.”

The 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% of our common stock (or the acquisition of an interest in an entity that owns, actually or constructively, our common 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% of our outstanding common stock and thereby violate the applicable ownership limit.

Our board of directors, in its sole and absolute discretion, prospectively or retroactively, may exempt a person from either or both of the ownership limits if doing so would not result in us being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT and our board of directors determines that:

- such exemption will not cause any individual to actually or beneficially own more than 9.8% in value of the aggregate of the outstanding shares of all classes and series of our stock; and

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- subject to certain exceptions, the person does not and will not own, actually or constructively, an interest in a tenant of ours (or a tenant of any entity owned in whole or in part by us) that would cause us to own, actually or constructively, more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant.

As a condition of the exception, our board of directors may require an opinion of counsel or IRS ruling, in either case in form and substance satisfactory to our board of directors, in its sole and absolute discretion, in order to determine or ensure our status as a REIT and representations and undertakings from the person seeking the exemption or exceeded holder limit in order to make the determinations above. Our board of directors may impose such conditions or restrictions as it deems appropriate in connection with such an exception.

Our board of directors may, in its sole and absolute discretion, increase or decrease one or both of the ownership limits for one or more persons, except that a decreased ownership limit will not be effective for any person whose actual, beneficial or constructive ownership of our stock exceeds the decreased ownership limit at the time of the decrease until the person's actual, beneficial or constructive ownership of our stock equals or falls below the decreased ownership limit, although any further acquisition of shares of our stock or beneficial or constructive ownership of our stock will violate the decreased ownership limit. Our board of directors may not increase or decrease any ownership limit if, among other limitations, the new ownership limit would allow five or fewer persons to actually or beneficially own more than 49% in value of our outstanding stock or could cause us to be "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or could otherwise cause us to fail to qualify as a REIT.

Our charter further prohibits:

- any person from actually, beneficially or constructively owning shares of our stock that could result in us being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT (including, but not limited to, actual, beneficial or constructive ownership of shares of our stock that could result in us owning (actually or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income we derive from such tenant, taking into account our other income that would not qualify under the gross income requirements of Section 856(c) of the Code, would cause us to fail to satisfy any such gross income requirements imposed on REITs); and
- 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).

Any person who acquires or attempts or intends to acquire actual, beneficial or constructive ownership of shares of our stock that will or may violate the ownership limits or any of the other restrictions on ownership and transfer of our stock described above must give written notice immediately to us or, in the case of a proposed or attempted transaction, provide us at least 15 days prior written notice, 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 ownership limits and other restrictions on ownership and transfer of our stock described above will not apply until the closing of this offering and 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 is no longer required in order for us to qualify as a REIT.

Pursuant to our charter, if any purported transfer of our stock or any other event would otherwise result in any person violating the ownership limits or such other limit established by our board of directors, or could result in us being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then that number of shares causing the violation (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 prohibited owner will have no rights in shares of our stock held by the trustee. 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 the 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. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable restriction on ownership and transfer of our stock, then that transfer of the number of shares that otherwise would cause any person to violate the above restrictions will be void. If any transfer of our stock would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution), then any such purported transfer will be void and of no force or effect and the intended transferee will acquire no rights in the shares.

Shares of our stock transferred to the trustee are deemed 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 the transfer of the shares to the trust (or, in the event of a gift, devise or other such transaction, the last reported sale price on the day of the transfer or other event that resulted in the transfer of such shares to the trust) and (ii) the last reported sale price on the date we accept, or our designee accepts, such offer. We must reduce the amount payable to the prohibited owner by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the trustee and pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary. We have the right to accept such offer until the trustee has sold the shares of our stock held in the trust. 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 will be paid to the charitable beneficiary.

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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 persons designated by the trustee who could own the shares without violating the ownership limits or other restrictions on ownership and transfer of our stock. Upon such sale, 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 in connection with the transfer or other event that resulted in the transfer to the trust (e.g., a gift, devise or other such transaction), the last reported sale price on the day of the transfer or other event that resulted in the transfer of such shares to the trust) and (ii) the sales proceeds (net of commissions and other expenses of sale) received by the trustee for the shares. The trustee will reduce the amount payable to the prohibited owner by the amount of dividends and other distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. 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 our discovery that shares of our stock have been transferred to the trustee, 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 trustee will be designated by us and will 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 charitable beneficiary, all dividends and other distributions paid by us with respect to such shares, and may exercise all voting rights with respect to such shares for the exclusive benefit of the charitable beneficiary.

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

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

If our board of directors or a committee thereof determines that a proposed transfer or other event has taken place that violates the restrictions on ownership and transfer of our stock set forth in our charter, our board of directors or such committee may take such action as it deems advisable in its sole discretion to refuse to give effect to or to prevent such transfer, including, but not limited to, causing us to redeem shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer.

Every owner of 5% or more (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) of the outstanding shares of our stock, within 30 days after the end of each taxable year, must give written notice to us stating the name and address of such owner, the number of shares of each class and series of our stock that the owner beneficially owns and a description of the manner in which the shares are held. Each such owner also must provide us with any additional information that we request in order to determine the effect, if any, of the person's actual or beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, any person that is an actual owner, beneficial owner or constructive owner of shares of our stock and any person (including the stockholder of record) who is holding shares of our stock for an actual owner, beneficial owner or constructive owner must, on request, disclose to us such information as we may request in good faith in order to determine our status as a REIT and comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the ownership limits.

Any certificates representing shares of our stock will bear a legend referring to the restrictions on ownership and transfer of our stock described above.

These restrictions on ownership and transfer could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for our common stock that our stockholders believe to be in their best interest.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is

## MATERIAL PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

*The following summary of certain provisions of Maryland law and of our charter and bylaws does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and our charter and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is part. See “Where You Can Find More Information.”*

### **Our Board of Directors**

Our charter and bylaws provide that the number of directors of our company may be established, increased or decreased only by a majority of our entire board of directors but may not be fewer than the minimum number required under the MGCL nor, unless our bylaws are amended, more than 15. Upon completion of this offering, we expect to have seven directors.

Our charter also provides that, at such time as we become eligible to elect to be subject to certain elective provisions of the MGCL (which we expect will be upon completion of this offering) and except as may be provided by our board of directors in setting the terms of any class or series of stock, any vacancy may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director so elected will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is duly elected and qualifies.

Each of our directors is elected by our stockholders to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies under the MGCL. Holders of shares of our common stock will have no right to cumulative voting in the election of directors. Directors are elected by a plurality of the votes cast.

### **Removal of Directors**

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, a director may be removed only for cause (as defined in our charter) and only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. This provision, when coupled with the exclusive power of our board of directors to fill vacant directorships, may preclude stockholders from removing incumbent directors except for cause and by a substantial affirmative vote and filling the vacancies created by such removal with their own nominees.

### **Business Combinations**

Under the MGCL, certain “business combinations” (including a merger, consolidation, share exchange or, in certain circumstances specified under the statute, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any interested stockholder, or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Maryland law defines an interested stockholder as:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation’s outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. In approving a transaction, however, a board of directors may provide that its approval is subject to compliance, at or after the time of the approval, with any terms and conditions determined by it.

After such five-year period, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These supermajority approval requirements do not apply if, among other conditions, the corporation’s common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

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These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a corporation's board of directors prior to the time that the interested stockholder becomes an interested stockholder. Our board of directors has, by resolution, elected to opt out of the business combination provisions of the MGCL. We cannot provide you any assurance, however, that our board of directors will not opt to be subject to such business combination provision at any time in the future. Notwithstanding the foregoing, an alteration or repeal of this resolution will not have any effect on any business combinations that have been consummated or upon any agreements existing at the time of such modification or repeal.

### **Control Share Acquisitions**

The MGCL provides that holders of "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights with respect to their control shares except to the extent approved by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors, generally, excluding shares of stock in a corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of such shares in the election of directors: (1) the person who made or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. "Control shares" are voting shares of stock that, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an "acquiring person statement" as described in the MGCL), may compel the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the control shares. If no request for a special meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights of control shares are not approved at the meeting or if the acquiring person does not deliver an "acquiring person statement" as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to: (1) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (2) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. We cannot provide you any assurance, however, that our board of directors will not amend or eliminate this provision at any time in the future.

### **Subtitle 8**

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of the following five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; or
- a majority requirement for the calling of a special meeting of stockholders.

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Our charter provides that, at such time as we become eligible to make a Subtitle 8 election (which we expect will be upon the completion of this offering) and except as may be provided by our board of directors in setting the terms of any class or series of stock, we elect to be subject to the provisions of Subtitle 8 relating to the filling of vacancies on our board of directors. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (1) require a two-thirds vote for the removal of any director from the board, which removal will be allowed only for cause, (2) vest in the board the exclusive power to fix the number of directorships, subject to limitations set forth in our charter and bylaws and (3) require, unless called by the executive chairman of our board of directors, either of our presidents, either of our chief executive officers or our board of directors, the request of stockholders entitled to cast not less than a majority of all votes entitled to be cast on a matter at such meeting to call a special meeting to consider and vote on any matter that may properly be considered at a meeting of stockholders. We have not elected to create a classified board. In the future, our board of directors may elect, without stockholder approval, to create a classified board or elect to be subject to one or more of the other provisions of Subtitle 8.

### **Amendments to Our Charter and Bylaws**

Other than amendments to certain provisions of our charter described below and amendments permitted to be made without stockholder approval under Maryland law or by a specific provision in the charter, our charter may be amended only if such amendment is declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. The provisions of our charter relating to the removal of directors or the vote required to amend such provisions may be amended only if such amendment is declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast not less than two-thirds of all of the votes entitled to be cast on the matter. Our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws or to make new bylaws.

### **Meetings of Stockholders**

Under our bylaws, annual meetings of stockholders must be held each year at a date, time and place determined by our board of directors. Special meetings of stockholders may be called by the executive chairman of our board of directors, either of our chief executive officers, either of our presidents and our board of directors. Subject to the provisions of our bylaws, a special meeting of stockholders to act on any matter that may properly be considered at a meeting of stockholders must be called by our secretary upon the written request of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter at such meeting who have requested the special meeting in accordance with the procedures specified in our bylaws and provided the information and certifications required by our bylaws. Only matters set forth in the notice of a special meeting of stockholders may be considered and acted upon at such a meeting.

### **Advance Notice of Director Nominations and New Business**

Our bylaws provide that:

- with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of business to be considered by stockholders at the annual meeting may be made only:
  - pursuant to our notice of the meeting;
  - by or at the direction of our board of directors; or
  - by a stockholder who was a stockholder of record both at the time of giving of the notice required by our bylaws and at the time of the annual meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on such other business and who has provided the information and certifications required by the advance notice procedures set forth in our bylaws.
- with respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting of stockholders, and nominations of individuals for election to our board of directors may be made only:
  - by or at the direction of our board of directors; or
  - provided that the meeting has been called for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time of giving of the notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has provided the information and certifications required by the advance notice procedures set forth in our bylaws.

The purpose of requiring stockholders to give advance notice of nominations and other proposals is to afford our board of directors the opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposals and, to the extent considered necessary by our board of directors, to inform stockholders and make recommendations regarding the nominations or other proposals. The advance notice procedures also permit a more orderly procedure for conducting our stockholder meetings.

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### **Anti-takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws**

The restrictions on ownership and transfer of our stock, the provisions of our charter regarding the removal of directors, the exclusive power of our board of directors to fill vacancies on the board and the advance notice provisions of the bylaws could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for holders of our common stock or otherwise be in their best interests. Likewise, if our board of directors were to opt in to the business combination provisions of the MGCL or the provisions of Subtitle 8 of Title 3 of the MGCL providing for a classified board of directors, or if the provision in our bylaws opting out of the control share acquisition provisions of the MGCL were amended or rescinded, these provisions of the MGCL could have similar anti-takeover effects.

### **Indemnification and Limitation of Directors' and Officers' Liability**

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains a provision that eliminates such liability to the maximum extent permitted by Maryland law.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or are threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and:
  - was committed in bad faith; or
  - was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify a director or officer for an adverse judgment in a suit by or on behalf of the corporation or if the director or officer was adjudged liable on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer, without requiring a preliminary determination of the director's or officer's ultimate entitlement to indemnification, upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter authorizes us to obligate our company and our bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding, without requiring a preliminary determination of the director's or officer's ultimate entitlement to indemnification, to:

- any present or former director or officer who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity; or
- any individual who, while serving as our director or officer and at our request, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us, with the approval of our board of directors, to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of our company or a predecessor of our company.



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The partnership agreement also provides that we, as general partner, and our directors, officers, employees, agents and designees are indemnified to the extent provided therein. See “Description of the Partnership Agreement of Rexford Industrial, L.P.—Exculpation and Indemnification of General Partner.”

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act, we have been informed that in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

### **Indemnification Agreements**

We intend to enter into indemnification agreements with each of our executive officers and directors as described in “Management—Limitation of Liability and Indemnification.”

### **Restrictions on Ownership and Transfer**

Subject to certain exceptions, our charter provides that no person or entity may actually or beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or number of shares, whichever is more restrictive) of the outstanding shares of our common stock or more than 9.8% in value of the aggregate outstanding shares of our stock. For a fuller description of this and other restrictions on ownership and transfer of our stock, see “Description of Stock—Restrictions on Ownership and Transfer.”

### **REIT Qualification**

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interests to continue to be qualified as a REIT. Our charter also provides that our board of directors may determine that compliance with the restrictions on ownership and transfer of our stock is no longer required in order for us to qualify as a REIT.

## SHARES ELIGIBLE FOR FUTURE SALE

### General

Upon completion of this offering, we will have \_\_\_\_\_ shares of our common stock outstanding ( \_\_\_\_\_ shares if the underwriters' over-allotment option is exercised in full). In addition, upon completion of this offering, \_\_\_\_\_ shares of our common stock will be reserved for issuance upon exchange of common units.

Of these shares, the \_\_\_\_\_ shares sold in this offering ( \_\_\_\_\_ shares if the underwriters' over-allotment option is exercised in full) will be freely transferable without restriction or further registration under the Securities Act, subject to the limitations on ownership set forth in our charter, except for any shares purchased in this offering by our "affiliates," as that term is defined by Rule 144 under the Securities Act. The remaining \_\_\_\_\_ shares of common stock issued in the formation transactions, issued in exchange for common units issued in the formation transactions or issued in the concurrent private placement will be "restricted shares" as defined in Rule 144. We intend to file one or more resale shelf registration statements to register the common stock issued in the formation transactions, issued in exchange for common units issued in the formation transactions or issued in the concurrent private placement. See "Certain Relationships and Related Transactions—Registration Rights."

Prior to this offering, there has been no public market for our common stock. Trading of our common stock on the NYSE is expected to commence immediately following the completion of this offering. No assurance can be given as to (1) the likelihood that an active market for our shares of common stock will develop, (2) the liquidity of any such market, (3) the ability of the stockholders to sell the shares or (4) the prices that stockholders may obtain for any of the shares. No prediction can be made as to the effect, if any, that future sales of shares, or the availability of shares for future sale, will have on the market price prevailing from time to time. Sales of substantial amounts of our common stock (including shares issued upon the exchange of units tendered for redemption or the exercise of stock options), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock. See "Risk Factors—Risks Related to this Offering." For a description of certain restrictions on ownership and transfer of our shares of common stock, see "Description of Stock—Restrictions on Ownership and Transfer."

### Rule 144

After giving effect to this offering, \_\_\_\_\_ shares of our outstanding shares of common stock will be "restricted" securities under the meaning of Rule 144 under the Securities Act, and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemption provided by Rule 144.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale and who has beneficially owned shares considered to be restricted securities under Rule 144 for at least six months would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned shares considered to be restricted securities under Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

An affiliate of ours who has beneficially owned shares of our common stock for at least six months would be entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1.0% of the shares of our common stock then outstanding, which will equal approximately \_\_\_\_\_ shares immediately after this offering ( \_\_\_\_\_ shares if the underwriters exercise their over-allotment option in full); or
- the average weekly trading volume of our common stock on the NYSE during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to manner of sale provisions, notice requirements and the availability of current public information about us.

### Redemption/Exchange Rights

In connection with the formation transactions, our operating partnership will issue an aggregate of common units to prior investors in the entities that own the properties in our initial portfolio. Beginning on or after the date which is 14 months after the later of the completion of this offering or the date on which such person first became a holder of common units, limited partners of our operating partnership and certain qualifying assignees of a limited partner will have the right to require our operating partnership to redeem part or all of their common units for cash, or, at our election, shares of our common stock, based upon the fair market value of an equivalent number of shares of our common stock at the time of the redemption, subject to certain adjustments and the restrictions on ownership and transfer of our stock set forth in our charter and described under the section entitled "Description of Stock—Restrictions on Ownership and Transfer." See "Description of the Partnership Agreement of Rexford Industrial, L.P."

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### **Registration Rights**

In connection with the completion of this offering, we will enter into a registration rights agreement with the various persons receiving shares of our common stock and/or common units in the formation transactions and concurrent private placement, including certain of our executive officers. Under the registration rights agreement, subject to certain limitations, commencing not later than 14 months after the date of this offering, we will file one or more registration statements covering the resale of the shares of our common stock issued in the formation transactions, the concurrent private placement and the resale of the shares of our common stock issued or issuable, at our option, in exchange for common units issued in the formation transactions. We may, at our option, satisfy our obligation to prepare and file a resale registration statement by filing a registration statement registering the issuance by us of shares of our common stock registered under the Securities Act in lieu of our operating partnership's obligation to pay cash for such units. We will agree to pay all of the expenses relating to the securities registrations described above. See "Certain Relationships and Related Transactions—Registration Rights."

### **2013 Incentive Award Plan**

We intend to adopt the Plan immediately prior to the completion of this offering. The Plan is expected to provide for the grant of incentive awards to our employees, officers, directors and consultants of our company and our subsidiaries. We intend to reserve \_\_\_\_\_ shares of common stock and common units for issuance under the Plan.

We intend to file with the SEC a Registration Statement on Form S-8 covering the shares of common stock issuable under the Plan. Shares of our common stock issuable under the Plan covered by this registration statement will be eligible for transfer or resale without restriction under the Securities Act unless held by affiliate.

### **Lock-up Periods**

In addition, each of our executive officers, directors and director nominees and their affiliates, has agreed not to sell or otherwise transfer or encumber any shares of our common stock or securities convertible or exchangeable into our common stock (including common units) owned by them at the completion of this offering or thereafter acquired by them for a period of 360 days after the date of this prospectus without the written consent of the underwriters. The other participants in the formation transactions and the concurrent private placement have agreed not to sell or otherwise transfer or encumber any shares of our common stock or securities convertible or exchangeable into our common stock (including common units) owned by them at the completion of this offering or thereafter acquired by them for a period of 180 days after the date of this prospectus without the written consent of the representatives of the underwriters.

However, in addition to certain other exceptions, (1) each of our directors, director nominees, executive officers and their affiliates, as well as prior investors may transfer or dispose of his or her shares during the lock-up period in the case of gifts or for estate planning purposes, and (2) each of the prior investors that is an entity may distribute its shares to its limited partners, members or stockholders or to its affiliates or to any investment fund or other entity controlled or managed by it, provided in each case that each transferee agrees to a similar lock-up agreement for the remainder of the lock-up period, the transfer does not involve a disposition for value, no report is required to be filed by the transferor under the Exchange Act as a result of the transfer and the transferor does not voluntarily effect any public filing or report regarding such transfer.

## DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF REXFORD INDUSTRIAL, L.P.

*A summary of the material terms and provisions of the Amended and Restated Agreement of Limited Partnership of Rexford Industrial, L.P., which we refer to as the “partnership agreement,” is set forth below. This summary is not complete and is subject to and qualified in its entirety by reference to the applicable provisions of Maryland law and the partnership agreement. For more detail, please refer to the partnership agreement itself, a copy of which is filed as an exhibit to the registration statement of which this prospectus is part. See “Where You Can Find More Information.”*

### General

Upon completion of the formation transactions, substantially all of our assets will be held by, and substantially all of our operations will be conducted through, our operating partnership, either directly or through its subsidiaries. We are the sole general partner of our operating partnership, and upon completion of this offering, the formation transactions and the other transactions described in this prospectus, common units will be outstanding and we will own % of the outstanding common units. In connection with the formation transactions, we will enter into the partnership agreement and the prior investors in our portfolio who elect to receive common units in the formation transactions and concurrent private placement will be admitted as limited partners of the our operating partnership. Our operating partnership is also authorized to issue a class of units of partnership interest designated as LTIP Units and having the terms described below. The provisions of the partnership agreement described below will be in effect after the completion of the formation transactions and this offering. We will not list the common units on any exchange nor will they be quoted on any national market system.

Provisions in the partnership agreement may delay or make more difficult unsolicited acquisitions of us or changes in our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders might consider such proposals, if made, desirable. These provisions also make it more difficult for third parties to alter the management structure of our operating partnership without the concurrence of our board of directors. These provisions include, among others:

- redemption rights of limited partners and certain assignees of common units;
- transfer restrictions on units and other partnership interests;
- a requirement that we may not be removed as the general partner of our operating partnership without our consent;
- our ability in some cases to amend the partnership agreement and to cause our operating partnership to issue preferred partnership interests in our operating partnership with terms that we may determine, in either case, without the approval or consent of any limited partner; and
- the right of the limited partners to consent to certain transfers of the company’s general partnership interest (whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise).

### Purpose, Business and Management

Our operating partnership is formed for the purpose of conducting any business, enterprise or activity permitted by or under the Maryland Revised Uniform Limited Partnership Act (the “Act”). Our operating partnership may enter into any partnership, joint venture, business trust arrangement, limited liability company or other similar arrangement and may own interests in any other entity engaged in any business permitted by or under the Act, subject to any consent rights set forth in our partnership agreement.

In general, our board of directors will manage the business and affairs of our operating partnership by directing our business and affairs, in our capacity as the sole general partner of our operating partnership. Except as otherwise expressly provided in the partnership agreement and subject to the rights of holders of any class or series of partnership interest, all management powers over the business and affairs of our operating partnership are exclusively vested in us, in our capacity as the sole general partner of our operating partnership. No limited partner, in its capacity as a limited partner, has any right to participate in or exercise management power over our operating partnership’s business, transact any business in our operating partnership’s name or sign documents for or otherwise bind our operating partnership. We may not be removed as the general partner of our operating partnership, with or without cause, without our consent, which we may give or withhold in our sole and absolute discretion. In addition to the powers granted to us under applicable law or any provision of the partnership agreement, but subject to certain rights of holders of common units or any other class or series of partnership interest, we, in our capacity as the general partner of our operating partnership, have the full and exclusive power and authority to do or authorize all things to conduct the business and affairs of our operating partnership, to exercise or direct the exercise of all of the powers of our operating partnership and the general partner of our operating partnership under Maryland law and the partnership agreement and to effectuate the purposes of our operating partnership, without the approval or consent of any limited partner. We may authorize our operating partnership to incur debt and enter into credit, guarantee, financing or refinancing arrangements for any purpose, including, without limitation, in connection with any acquisition of properties, on such terms as we determine to be appropriate, and to acquire or dispose of any, all or substantially all of its assets (including goodwill), dissolve, merge, consolidate, reorganize or otherwise combine with another entity, without the approval or consent of any limited partner. With limited exceptions, we may execute, deliver and perform agreements and transactions on behalf of our operating partnership without the approval or consent of any limited partner.

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### **Restrictions on General Partner's Authority**

The partnership agreement prohibits us, in our capacity as general partner, from taking any action that would make it impossible to carry out the ordinary business of our operating partnership or performing any act that would subject a limited partner to liability as a general partner in any jurisdiction or any other liability except as provided under the partnership agreement or under the Act. We may not, without the prior consent of the partners of our operating partnership (including us), amend, modify or terminate the partnership agreement, except for certain amendments that we may approve without the approval or consent of any limited partner, described in “—Amendment of the Partnership Agreement,” and certain amendments described below that require the approval of each affected partner. Certain amendments to the partnership agreement also require the consent of limited partners holding LTIP Units, as described in “—LTIP Units—Voting Rights.” We may not, in our capacity as the general partner of our operating partnership, without the consent of a majority in interest of the limited partners (excluding us and any limited partner 50% or more of whose equity is owned, directly or indirectly, by us):

- take any action in contravention of an express provision or limitation of the partnership agreement;
- transfer of all or any portion of our general partnership interest in our operating partnership or admit any person as a successor general partner, subject to the exceptions described in “—Transfers and Withdrawals—Restrictions on Transfers by the General Partner;” or
- voluntarily withdraw as the general partner.

Without the consent of each affected limited partner or in connection with a transfer of all of our interests in our partnership in connection with a merger, consolidation or other combination of our assets with another entity, a sale of all or substantially all of our assets or a reclassification, recapitalization or change in our outstanding stock permitted without the consent of the limited partners as described in “—Transfers and Withdrawals—Restrictions on Transfers by the General Partner;” or a permitted termination transaction, we may not enter into any contract, mortgage, loan or other agreement that expressly prohibits or restricts us or our operating partnership from performing our or its specific obligations in connection with a redemption of units or expressly prohibits or restricts a limited partner from exercising its redemption rights in full. In addition to any approval or consent required by any other provision of the partnership agreement, we may not, without the consent of each affected partner, amend the partnership agreement or take any other action that would:

- convert a limited partner interest into a general partner interest (other than as a result of our acquisition of that interest);
- adversely modify in any material respect the limited liability of a limited partner;
- alter the rights of any partner to receive the distributions to which such partner is entitled, or alter the allocations specified in the partnership agreement, except to the extent permitted by the partnership agreement including in connection with the creation or issuance of any new class or series of partnership interest or to effect or facilitate a permitted termination transaction;
- alter or modify the redemption rights of holders of common units or the related definitions specified in the partnership agreement (except as permitted under the partnership agreement to effect or facilitate a permitted termination transaction);
- alter or modify the provisions governing the transfer of our general partnership interest in our operating partnership (except as permitted under the partnership agreement to effect or facilitate a permitted termination transaction);
- remove certain provisions of the partnership agreement relating to the requirements for us to qualify as a REIT or permitting us to avoid paying tax under Sections 857 or 4981 of the Code; or
- amend the provisions of the partnership agreement requiring the consent of each affected partner before taking any of the actions described above (except as permitted under the partnership agreement to effect or facilitate a permitted termination transaction).

### **Additional Limited Partners**

We may cause our operating partnership to issue additional units in one or more classes or series or other partnership interests and to admit additional limited partners to our operating partnership from time to time, on such terms and conditions and for such capital contributions as we may establish in our sole and absolute discretion, without the approval or consent of any limited partner, including:

- upon the conversion, redemption or exchange of any debt, units or other partnership interests or securities issued by our operating partnership;
- for less than fair market value;

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- for no consideration;
- in connection with any merger of any other entity into our operating partnership; or
- upon the contribution of property or assets to our operating partnership.

The net capital contribution need not be equal for all limited partners. Each person admitted as an additional limited partner must make certain representations to each other partner relating to, among other matters, such person's ownership of any tenant of us or our operating partnership and the number of persons that may, as a result of such person's admission as a limited partner, be treated as directly or indirectly owning an interest in our operating partnership. No person may be admitted as an additional limited partner without our consent, which we may give or withhold in our sole and absolute discretion, and no approval or consent of any limited partner is required in connection with the admission of any additional limited partner.

The partnership agreement authorizes our operating partnership to issue common units and LTIP Units, and our operating partnership may issue additional partnership interests in one or more additional classes, or one or more series of any of such classes, with such designations, preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption (including, without limitation, terms that may be senior or otherwise entitled to preference over existing units) as we may determine, in our sole and absolute discretion, without the approval of any limited partner or any other person. Without limiting the generality of the foregoing, we may specify, as to any such class or series of partnership interest, the allocations of items of partnership income, gain, loss, deduction and credit to each such class or series of partnership interest.

### **Ability to Engage in Other Businesses; Conflicts of Interest**

The partnership agreement provides that we may not conduct any business other than in connection with the ownership, acquisition and disposition of partnership interests, the management of the business and affairs of our operating partnership, our operation as a reporting company with a class (or classes) of securities registered under the Exchange Act, our operations as a REIT, the offering, sale, syndication, private placement or public offering of stock, bonds, securities or other interests, financing or refinancing of any type related to our operating partnership or its assets or activities and such activities as are incidental to those activities discussed above. In general, we must contribute any assets or funds that we acquire to our operating partnership in exchange for additional partnership interests. We may, however, in our sole and absolute discretion, from time to time hold or acquire assets in our own name or otherwise other than through our operating partnership so long as we take commercially reasonable measures to ensure that the economic benefits and burdens of such property are otherwise vested in our operating partnership.

### **Distributions**

Our operating partnership will distribute such amounts, at such times, as we may in our sole and absolute discretion determine:

- first, with respect to any partnership interests that are entitled to any preference in distribution, in accordance with the rights of the holders of such class(es) of partnership interest, and, within each such class, among the holders of such class pro rata in proportion to their respective percentage interests of such class; and
- second, with respect to any partnership interests that are not entitled to any preference in distribution, including the common units and, except as described below under “—Special Allocations and Liquidating Distributions on LTIP Units” with respect to liquidating distributions and as may be provided in any incentive award plan or any applicable award agreement, the LTIP Units, in accordance with the rights of the holders of such class(es) of partnership interest, and, within each such class, among the holders of each such class, pro rata in proportion to their respective percentage interests of such class.

Distributions payable with respect to any units that were not outstanding during the entire quarterly period in respect of which a distribution is made, other than units issued to us in connection with the issuance of shares of our common stock, will be prorated based on the portion of the period that such units were outstanding.

### **Allocations**

Except for the special allocations to holders of LTIP Units described below under “Special Allocations and Liquidating Distributions on LTIP Units,” and subject to the rights of the holders of any other class or series of partnership interest, net income or net loss of our operating partnership will generally be allocated to the company, as the general partner, and to the limited partners in accordance with the partners' respective percentage ownership of the aggregate outstanding common units and LTIP Units. Allocations to holders of a class or series of partnership interest will generally be made proportionately to all such holders in respect of such class or series. However, in some cases gain or loss may be disproportionately allocated to partners who have contributed appreciated property or guaranteed debt of our operating partnership. The allocations described above are subject to special rules relating to depreciation deductions and to compliance with the provisions of Sections 704(b) and 704(c) of the Code and the associated Treasury Regulations.

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### **Special Allocations and Liquidating Distributions on LTIP Units**

A partner's initial capital account balance is equal to the amount the partner paid (or contributed to our operating partnership) for its units and is subject to subsequent adjustments, including as the result of allocations of the partner's share of income or loss of our operating partnership. Because a holder of LTIP Units generally will not pay for the LTIP Units, the initial capital account balance attributable to such LTIP Units will be zero. However, the partnership agreement provides that holders of LTIP Units will receive special allocations of income in the event of a sale or "hypothetical sale" of the assets of our operating partnership, prior to the allocation of income to the company or other holders of common units with respect to the company's or their common units. Such income will be allocated to holders of LTIP Units to the extent necessary to cause the capital account of a holder of LTIP Units to be economically equivalent to the company's capital account with respect to an equal number of common units. The term "hypothetical sale" does not refer to an actual sale of our operating partnership's assets, but refers to certain adjustments to the value of our operating partnership's assets and the partners' capital account balances, determined as if there had been a sale of such assets at their fair market value, as required by applicable Treasury Regulations. Further, we may delay or accelerate allocations to holders of LTIP Units, or adjust the allocation of income or loss among the holders of LTIP Units, so that, for the year during which each LTIP Unit's distribution participation date falls, the ratio of the income and loss allocated to the LTIP Unit to the total amounts distributed with respect to each such LTIP Unit is more nearly equal to the ratio of the income and loss allocated to the company's common units to the amounts distributed to the company with respect to its common units.

Because distributions upon liquidation of our operating partnership will be made in accordance with the partners' respective capital account balances, not numbers of units, LTIP Units will not have full parity with common units with respect to liquidating distributions until the special allocations of income to the holders of LTIP Units in the event of a sale or "hypothetical sale" of our operating partnership's assets causes the capital account of a holder of LTIP Units to be economically equivalent to the company's capital account with respect to an equal number of common units. To the extent that there is not sufficient income to allocate to an LTIP unitholder's capital account to cause such capital account to become economically equivalent to the company's capital account with respect to an equal number of common units, or if such a sale or "hypothetical sale" does not occur, the holder's LTIP Units will not achieve parity with common units with respect to liquidating distributions.

### **Borrowing by our Operating Partnership**

We may cause our operating partnership to borrow money and to issue and guarantee debt as we deem necessary for the conduct of the activities of our operating partnership. Such debt may be secured, among other things, by mortgages, deeds of trust, liens or encumbrances on the properties of our operating partnership.

### **Reimbursements of Expenses; Transactions with General Partner and its Affiliates**

We will not receive any compensation for our services as the general partner of our operating partnership. We have the same right to distributions as other holders of common units. In addition, our operating partnership must reimburse us for all amounts expended by us in connection with our operating partnership's business, including expenses relating to the ownership of interests in and management and operation of, or for the benefit of, our operating partnership, compensation of officers and employees, including payments under future compensation plans that may provide for stock units, or phantom stock, pursuant to which our employees or employees of our operating partnership will receive payments based upon dividends on or the value of our common stock, director fees and expenses, any expenses (other than the purchase price) incurred by us in connection with the redemption or repurchase of shares of our stock, all of our costs and expenses of in connection with our operation as a reporting company (including, without limitation, costs of filings with the SEC) and reports and other distributions to our stockholders and any government agencies, all of our costs and expenses in connection with our operation as a REIT, and all of our costs and expenses in connection with the offering, sale, syndication, private placement or public offering of stock, bonds, securities or other interests and financing or refinancing of any type related to our operating partnership or its assets or activities. Any reimbursement will be reduced by the amount of any interest we earn on funds we hold on behalf of our operating partnership.

We and our affiliates may sell, transfer or convey any properties to, or purchase any property from, our operating partnership on such terms as we may determine in our sole and absolute discretion.

### **Exculpation and Indemnification of General Partner**

The partnership agreement provides that we will not be liable to our operating partnership or any partner for any action or omission taken in our capacity as general partner, for the debts or liabilities of our operating partnership or for the obligations of our operating partnership under the partnership agreement, except for liability for our fraud, willful misconduct or gross negligence, pursuant to any express indemnity we may give to our operating partnership or in connection with a redemption as described in "—Redemption Rights of Qualifying Parties." The partnership agreement also provides that any obligation or liability in our capacity

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as the general partner of our operating partnership that may arise at any time under the partnership agreement or any other instrument, transaction or undertaking contemplated by the partnership agreement will be satisfied, if at all, out of our assets or the assets of our operating partnership only, and no such obligation or liability will be personally binding upon any of our directors, stockholders, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise, and none of our directors or officers will be directly liable or accountable in damages or otherwise to the partnership, any partner or any assignee of a partner for losses sustained liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission or by reason of their service as such. We, as the general partner of our operating partnership, are not responsible for any misconduct or negligence on the part of our employees or agents, provided that we appoint such employees or agents in good faith. We, as the general partner of our operating partnership, may consult with legal counsel, accountants and other consultants and advisors, and any action that we take or omit to take in reliance upon the opinion of such persons, as to matters which we reasonably believe to be within their professional or expert competence, will be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

In addition, the partnership agreement requires our operating partnership to indemnify us, our directors and officers, officers of our operating partnership and any other person designated by us against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, that relate to the operations of our operating partnership, unless (i) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful or (iii) such person actually received an improper personal benefit in violation or breach of any provision of the partnership agreement. Our operating partnership must also pay or reimburse the reasonable expenses of any such person in advance of a final disposition of the proceeding upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking by or on behalf of the person to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our operating partnership is not required to indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the partnership agreement) or if the person is found to be liable to our operating partnership on any portion of any claim in the action.

### **Business Combinations of our Operating Partnership**

Subject to the limitations on the transfer of our interest in our operating partnership described in “—Transfers and Withdrawals—Restrictions on Transfers by the General Partner,” we generally have the exclusive power to cause our operating partnership to merge, reorganize, consolidate, sell all or substantially all of its assets or otherwise combine its assets with another entity. However, in connection with the acquisition of properties from persons to whom our operating partnership issues units or other partnership interests as part of the purchase price, in order to preserve such persons' tax deferral, our operating partnership may contractually agree, in general, not to sell or otherwise transfer the properties for a specified period of time, or in some instances, not to sell or otherwise transfer the properties without compensating the sellers of the properties for their loss of the tax deferral.

### **Redemption Rights of Qualifying Parties**

Beginning on or after the date which is 14 months after the later of the completion of this offering or the date on which a person first became a holder of common units, each limited partner and some assignees of limited partners will have the right, subject to the terms and conditions set forth in the partnership agreement, to require our operating partnership to redeem all or a portion of the common units held by such limited partner or assignee in exchange for a cash amount per common unit equal to the value of one share of our common stock, determined in accordance with and subject to adjustment under the partnership agreement. Our operating partnership's obligation to redeem common units does not arise and is not binding against our operating partnership until the sixth business day after we receive the holder's notice of redemption or, if earlier, the day we notify the holder seeking redemption that we have declined to acquire some or all of the common units tendered for redemption. If we do not elect to acquire the common units tendered for redemption in exchange for shares of our common stock (as described below), our operating partnership must deliver the cash redemption amount, subject to certain exceptions, on or before the first business day of the month that is at least 60 calendar days after we receive the holder's notice of redemption. Among other limitations, a limited partner or qualifying assignee may not require our operating partnership to redeem its common units if the exchange of such units for shares of our common stock would cause any person to violate the restrictions on ownership and transfer of our stock.

On or before the close of business on the fifth business day after a holder of common units gives notice of redemption to us, we may, in our sole and absolute discretion but subject to the restrictions on the ownership and transfer of our stock set forth in our charter and described in “Description of Stock—Restrictions on Ownership and Transfer,” elect to acquire some or all of the common units tendered for redemption from the tendering party in exchange for shares of our common stock, based on an exchange ratio of



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one share of common stock for each common unit, subject to adjustment as provided in the partnership agreement. The holder of the common units tendered for redemption must provide certain information, certifications or affidavits, representations, investment letters, opinions and other instruments to ensure compliance with the restrictions on ownership and transfer of our stock set forth in our charter and the Securities Act. The partnership agreement does not require us to register, qualify or list any shares of common stock issued in exchange for common units with the SEC, with any state securities commissioner, department or agency, under the Securities Act or the Exchange Act or with any stock exchange. Shares of our common stock issued in exchange for common units pursuant to the partnership agreement may contain legends regarding restrictions under the Securities Act and applicable state securities laws.

### **Transfers and Withdrawals**

#### ***Restrictions on Transfers by Limited Partners***

Until the expiration of 14 months after the date on which a limited partner first acquires a partnership interest, the limited partner generally may not directly or indirectly transfer all or any portion of its partnership interest without our consent, which we may give or withhold in our sole and absolute discretion, except for certain permitted transfers to certain affiliates, family members and charities, and certain pledges of partnership interests to lending institutions in connection with bona fide loans.

After the expiration of 14 months after the date on which a limited partner first acquires a partnership interest, the limited partner will have the right to transfer all or any portion of its partnership interest without our consent to any person that is an “accredited investor,” within meaning set forth in Rule 501 promulgated under the Securities Act, upon ten business days prior notice to us, subject to the satisfaction of conditions specified in the partnership agreement, including minimum transfer requirements and our right of first refusal. Unless waived by us, in our sole and absolute discretion, a transferring limited partner must also deliver an opinion of counsel reasonably satisfactory to us that the proposed transfer may be effected without registration under the Securities Act, and will not otherwise violate any state securities laws or regulations applicable to our operating partnership or the partnership interest proposed to be transferred. We may exercise our right of first refusal in connection with a proposed transfer by a limited partner within ten business days of our receipt of notice of the proposed transfer, which must include the identity and address of the proposed transferee and the amount and type of consideration proposed to be paid for the partnership interest. We may deliver all or any portion of any cash consideration proposed to be paid for a partnership interest that we acquire pursuant to our right of first refusal in the form of a note payable to the transferring limited partner not more than 180 days after our purchase of such partnership interest.

Any transferee of a limited partner’s partnership interest must assume by operation of law or express agreement all of the obligations of the transferring limited partner under the partnership agreement with respect to the transferred interest, and no transfer (other than a transfer pursuant to a statutory merger or consolidation in which the obligations and liabilities of the transferring limited partner are assumed by a successor corporation by operation of law) will relieve the transferring limited partner of its obligations under the partnership agreement without our consent, which we may give or withhold in our sole and absolute discretion.

We may take any action we determine in our sole and absolute discretion to prevent our operating partnership from being taxable as a corporation for U.S. federal income tax purposes. No transfer by a limited partner of its partnership interest, including any redemption or any acquisition of partnership interests by us or by our operating partnership or conversion of LTIP Units into common units, may be made to or by any person without our consent, which we may give or withhold in our sole and absolute discretion, if the transfer could:

- result in our operating partnership being treated as an association taxable as a corporation for U.S. federal income tax purposes;
- result in a termination of our operating partnership under Section 708 of the Code;
- be treated as effectuated through an “established securities market” or a “secondary market (or the substantial equivalent thereof)” within the meaning of Section 7704 of the Code and the Treasury Regulations promulgated thereunder;
- result in our operating partnership being unable to qualify for one or more of the “safe harbors” set forth in Section 7704 of the Code and the Treasury Regulations thereunder; or
- based on the advice of counsel to us or our operating partnership, adversely affect our ability to continue to qualify as a REIT or subject us to any additional taxes under Sections 857 or 4981 of the Code.

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### ***Admission of Substituted Limited Partners***

No limited partner has the right to substitute a transferee as a limited partner in its place. A transferee of a partnership interest of a limited partner may be admitted as a substituted limited partner only with our consent, which we may give or withhold in our sole and absolute discretion, and only if the transferee accepts all of the obligations of a limited partner under the partnership and executes such instruments as we may require to evidence such acceptance and to effect the assignee's admission as a limited partner. Any assignee of a partnership interest that is not admitted as a limited partner will be entitled to all the rights of an assignee of a limited partnership interest under the partnership agreement and the Act, including the right to receive distributions from our operating partnership and the share of net income, net losses and other items of income, gain, loss, deduction and credit of our operating partnership attributable to the partnership interest held by the assignee and the rights to transfer and redemption of the partnership interest provided in the partnership agreement, but will not be deemed to be a limited partner or holder of a partnership interest for any other purpose under the partnership agreement or the Act, and will not be entitled to consent to or vote on any matter presented to the limited partners for approval. The right to consent or vote, to the extent provided in the partnership agreement or under the Act, will remain with the transferring limited partner.

### ***Restrictions on Transfers by the General Partner***

Except as described below, any transfer of all or any portion of our interest in our operating partnership, whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise, must be approved by the consent of a majority in interest of the limited partners (excluding us and any limited partner 50% or more of whose equity is owned, directly or indirectly, by us). Subject to the rights of our stockholders and the limited partners of our operating partnership to approve certain direct or indirect transfers of our interests in our operating partnership described below and the rights of holders of any class or series of partnership interest, we may transfer all (but not less than all) of our general partnership interest without the consent of the limited partners in connection with a permitted termination transaction, which is a merger, consolidation or other combination of our assets with another entity, a sale of all or substantially all of our assets or a reclassification, recapitalization or change in any outstanding shares of our stock if:

- in connection with such event, all of the limited partners will receive or have the right to elect to receive, for each common unit, the greatest amount of cash, securities or other property paid to a holder of one share of our common stock (subject to adjustment in accordance with the partnership agreement) in the transaction and, if a purchase, tender or exchange offer is made and accepted by holders of our common stock in connection with the event, each holder of common units receives, or has the right to elect to receive, the greatest amount of cash, securities or other property that the holder would have received if it had exercised its redemption right and received shares of our common stock in exchange for its common units immediately before the expiration of the purchase, tender or exchange offer and had accepted the purchase, tender or exchange offer; or
- substantially all of the assets of our operating partnership will be owned by a surviving entity (which may be our operating partnership) in which the limited partners of our operating partnership holding common units immediately before the event will hold a percentage interest based on the relative fair market value of the net assets of our operating partnership and the other net assets of the surviving entity immediately before the event, which interest will be on terms that are at least as favorable as the terms of the common units in effect immediately before the event and as those applicable to any other limited partners or non-managing members of the surviving entity and will include a right to redeem interests in the surviving entity for the consideration described in the preceding bullet or cash on similar terms as those in effect with respect to the common units immediately before the event, or, if common equity securities of the person controlling the surviving entity are publicly traded, such common equity securities.

We may also transfer all (but not less than all) of our interest in our operating partnership to an affiliate of us without the consent of any limited partner, subject to the rights of holders of any class or series of partnership interest.

In addition, any transferee of our interest in our operating partnership must be admitted as a general partner of our operating partnership, assume, by operation of law or express agreement, all of our obligations as general partner under the partnership agreement, accept all of the terms and conditions of the partnership agreement and execute such instruments as may be necessary to effectuate the transferee's admission as a general partner.

### ***Restrictions on Transfers by Any Partner***

Any transfer or purported transfer of a partnership interest other than in accordance with the partnership agreement will be void. Partnership interests may be transferred only on the first day of a fiscal quarter, and no partnership interest may be transferred to any lender under certain nonrecourse loans to us or our operating partnership, in either case, unless we otherwise consent, which we may give or withhold in our sole and absolute discretion. No transfer of any partnership interest, including in connection with any redemption or acquisition of units by us or by our operating partnership or any conversion of LTIP Units into common units, may be made:

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- to a person or entity that lacks the legal right, power or capacity to own the partnership interest;
- in violation of applicable law;
- without our consent, which we may give or withhold in our sole and absolute discretion, of any component portion of a partnership interest, such as a partner's capital account or rights to distributions, separate and apart from all other components of the partner's interest in our operating partnership;
- if the proposed transfer could cause us or any of our affiliates to fail to comply with the requirements under the Code for qualifying as a REIT or as a "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2));
- without our consent, which we may give or withhold in our sole and absolute discretion, if the proposed transfer could, based on the advice of counsel to us or our operating partnership, cause a termination of our operating partnership for U.S. federal or state income tax purposes (other than a result of the redemption or acquisition by us of all units held by limited partners);
- if the proposed transfer could, based on the advice of legal counsel to us or our operating partnership, cause our operating partnership to cease to be classified as a partnership for U.S. federal income tax purposes (other than as a result of the redemption or acquisition by us of all units held by all limited partners);
- if the proposed transfer would cause our operating partnership to become, with respect to any employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended, or ERISA, a "party-in-interest" for purposes of ERISA or a "disqualified person" as defined in Section 4975(c) of the Code;
- if the proposed transfer could, based on the advice of counsel to us or our operating partnership, cause any portion of the assets of our operating partnership to constitute assets of any employee benefit plan pursuant to applicable regulations of the United States Department of Labor;
- if the proposed transfer requires the registration of the partnership interest under any applicable federal or state securities laws;
- without our consent, which we may give or withhold in our sole and absolute discretion, if the proposed transfer could (1) be treated as effectuated through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code and the Treasury Regulations promulgated thereunder, (2) cause our operating partnership to become a "publicly traded partnership," as that term is defined in Sections 469(k)(2) or 7704(b) of the Code, (3) cause (i) our operating partnership to have more than 100 partners, including as partners certain persons who own their interests in our operating partnership indirectly or (ii) the partnership interest initially issued to such partner or its predecessors to be held by more than two partners, including as partners certain persons who own their interests in our operating partnership indirectly, or (4) cause our operating partnership to fail one or more of the "safe harbors" within the meaning of Section 7704 of the Code and the Treasury Regulations thereunder;
- if the proposed transfer would cause our operating partnership (as opposed to us) to become a reporting company under the Exchange Act; or
- if the proposed transfer subjects our operating partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or ERISA, each as amended.

### ***Withdrawal of Partners***

We may not voluntarily withdraw as the general partner of our operating partnership without the consent of a majority in interest of the limited partners (excluding us and any limited partner 50% or more of whose equity is owned, directly or indirectly, by us) other than upon the transfer of our entire interest in our operating partnership and the admission of our successor as a general partner of our operating partnership. A limited partner may withdraw from our operating partnership only as a result of a transfer of the limited partner's entire partnership interest in accordance with the partnership agreement and the admission of the limited partner's successor as a limited partner of our operating partnership or as a result of the redemption or acquisition by us of the limited partner's entire partnership interest.

### **Amendment of the Partnership Agreement**

Except as described below and amendments requiring the consent of each affected partner described in "—Restrictions on General Partner's Authority," amendments to the partnership agreement must be approved by us and by a majority in interest of the partners entitled to vote thereon, including us and our subsidiaries. Amendments to the partnership agreement may be proposed only by us or by limited partners holding 25% or more of the partnership interests held by limited partners. Following such a proposal, we must submit any proposed amendment that requires the consent, approval or vote of any partners to the partners entitled to vote on the amendment for approval and seek the consent of such partners to the amendment.

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We may, without the approval or consent of any limited partner or any other person but subject to the rights of holders of any additional class or series of partnership interest, amend the partnership agreement as may be required to facilitate or implement any of the following purposes:

- to add to our obligations as general partner or surrender any right or power granted to us or any of our affiliates for the benefit of the limited partners;
- to reflect the admission, substitution or withdrawal of partners, the transfer of any partnership interest, the termination of our operating partnership in accordance with the partnership agreement or the adjustment of the number of outstanding LTIP Units, or a subdivision or combination of outstanding LTIP Units, to maintain a one-for-one conversion and economic equivalence between LTIP Units and common units;
- to reflect a change that is of an inconsequential nature or does not adversely affect the limited partners in any material respect, or to cure any ambiguity, correct or supplement any provision in the partnership agreement that is not inconsistent with law or with other provisions of the partnership agreement, or make other changes with respect to matters arising under the partnership agreement that will not be inconsistent with law or with the provisions of the partnership agreement;
- to set forth or amend the designations, preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption of the holders any additional classes or series of partnership interest;
- to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law;
- to reflect such changes as are reasonably necessary for us to maintain our status as a REIT or satisfy the requirements for us to qualify as a REIT or to reflect the transfer of all or any part of a partnership interest among us and any entity that is disregarded with respect to us for U.S. federal income tax purposes;
- to modify the manner in which items of net income or net loss are allocated or the manner in which capital accounts are adjusted, computed, or maintained (but in each case only to the extent provided by the partnership agreement and permitted by applicable law);
- to reflect the issuance of additional partnership interests;
- to implement certain procedures in connection with any equity incentive plan we may adopt;
- to reflect any other modification to the partnership agreement as is reasonably necessary for the business or operations of us or our operating partnership and that does not require the consent of each affected partner as described in “—Restrictions on General Partner’s Authority”; and
- to effect or facilitate a permitted termination transaction, including modification of the redemption rights of holders of common units to provide that the holders of interests in the surviving entity will have the rights described in “—Transfers and Withdrawals—Restrictions on Transfers by the General Partner” after a permitted termination transaction.

Certain amendments to the partnership agreement must be approved by limited partners holding LTIP Units, as described in “—LTIP Units—Voting Rights.”

### **Procedures for Actions and Consents of Partners**

Meetings of partners may be called only by us, to transact any business that we determine. Notice of any meeting and the nature of the business to be transacted at the meeting must be given to all partners entitled to act at the meeting not less than seven days nor more than 60 days before the date of the meeting. Unless approval by a different number or proportion of the partners is required by the partnership agreement, the affirmative vote of the partners holding a majority of the outstanding partnership interests held by partners entitled to act on any proposal is sufficient to approve the proposal at a meeting of the partners. Partners may vote in person or by proxy. Each meeting of partners will be conducted by us or any other person we appoint, pursuant to rules for the conduct of the meeting determined by the person conducting the meeting. Whenever the vote, approval or consent of partners is permitted or required under the partnership agreement, such vote, approval or consent may be given at a meeting of partners, and any action requiring the approval or consent of any partner or group of partners or that is otherwise required or permitted to be taken at a meeting of the partners may be taken without a meeting if a consent in writing or by electronic transmission setting forth the action so taken, approved or consented to is given by partners whose affirmative vote would be sufficient to approve such action or provide such approval or consent at a meeting of the partners. If we seek partner approval of or consent to any matter in writing or by electronic transmission, we may require a response within a reasonable specified time, but not less than fifteen days, and failure to respond in such time period will constitute a partner’s consent consistent with our recommendation, if any, with respect to the matter.

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### **Dissolution**

Our operating partnership will dissolve, and its affairs will be wound up, upon the first to occur of any of the following:

- the removal or withdrawal of the last remaining general partner in accordance with the partnership agreement, the withdrawal of the last remaining general partner in violation of the partnership agreement or the involuntary withdrawal of the last remaining general partner as a result of such general partner's death, adjudication of incompetency, dissolution or other termination of legal existence or the occurrence of certain events relating to the bankruptcy or insolvency of such general partner unless, within ninety days after any such withdrawal, a majority in interest of the remaining partners agree in writing, in their sole and absolute discretion, to continue our operating partnership and to the appointment, effective as of the date of such withdrawal, of a successor general partner;
- an election to dissolve our operating partnership by us, in our sole and absolute discretion, with or without the consent of a majority in interest of the partners;
- the entry of a decree of judicial dissolution of our operating partnership pursuant to the Act; or
- the redemption or other acquisition by us or our operating partnership of all of the outstanding partnership interests other than partnership interests held by us.

Upon dissolution we or, if there is no remaining general partner, a liquidator will proceed to liquidate the assets of our operating partnership and apply the proceeds from such liquidation in the order of priority set forth in the partnership agreement and among holders of partnership interests in accordance with their capital account balances.

### **Tax Matters**

Pursuant to the partnership agreement, we, as the general partner, are the tax matters partner of our operating partnership, and in such capacity, have the authority to handle tax audits on behalf of our operating partnership. In addition, as the general partner, we have the authority to arrange for the preparation and filing of our operating partnership's tax returns and to make tax elections under the Code on behalf of our operating partnership.

### **LTIP Units**

Our operating partnership is authorized to issue a class of units of partnership interest designated as "LTIP Units." We may cause our operating partnership to issue LTIP Units to persons who provide services to or for the benefit of our operating partnership, for such consideration or for no consideration as we may determine to be appropriate, and we may admit such persons as limited partners of our operating partnership, without the approval or consent of any limited partner. Further, we may cause our operating partnership to issue LTIP Units in one or more classes or series, with such terms as we may determine, without the approval or consent of any limited partner. LTIP Units may be subject to vesting, forfeiture and restrictions on transfer and receipt of distributions pursuant to the terms of any applicable equity-based plan and the terms of any award agreement relating to the issuance of the LTIP Units.

### ***Conversion Rights***

Vested LTIP Units are convertible at the option of each limited partner and some assignees of limited partners (in each case, that hold vested LTIP Units) into common units, upon notice to us and our operating partnership, to the extent that the capital account balance of the LTIP unitholder with respect to all of his or her LTIP Units is at least equal to our capital account balance with respect to an equal number of common units. We may cause our operating partnership to convert vested LTIP Units eligible for conversion into an equal number of common units at any time, upon at least 10 and not more than 60 days' notice to the holder of the LTIP Units.

If we or our operating partnership is party to a transaction, including a merger, consolidation, sale of all or substantially all of our assets or other business combination, as a result of which common units are exchanged for or converted into the right, or holders of common units are otherwise entitled, to receive cash, securities or other property (or any combination thereof), we must cause our operating partnership to convert any vested LTIP Units then eligible for conversion into common units immediately before the transaction, taking into account any special allocations of income that would be made as a result of the transaction. Our operating partnership must use commercially reasonable efforts to cause each limited partner (other than a party to such a transaction or an affiliate of such a party) holding LTIP Units that will be converted into common units in such a transaction to be afforded the right to receive the same kind and amount of cash, securities and other property (or any combination thereof) for such common units that each holder of common units receives in the transaction. If holders of common units have the opportunity to elect the form or type of consideration to be received in any such transaction, we must give prompt written notice to each limited partner holding LTIP Units of such opportunity and use commercially reasonable efforts to allow limited partners holding LTIP Units the opportunity to make such elections with respect to the common units that each such limited partner will receive upon conversion of his or her LTIP Units.

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If an LTIP unitholder fails to make such an election, he will receive the same kind and amount of consideration that a holder of common units would receive if such holder failed to make such an election. Subject to the terms of an applicable incentive award plan and/or award agreement, our operating partnership must also use commercially reasonable efforts to enter into an agreement with the successor or purchasing entity in any such transaction for the benefit of the limited partners holding LTIP Units, enabling the limited partners holding LTIP Units that remain outstanding after such a transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to common units and preserving as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in the partnership agreement for the benefit of the LTIP unitholders.

Any conversion of LTIP Units into common units will be effective as of the close of business on the effective date of the conversion.

### ***Transfer***

Unless an applicable equity-based plan or the terms of an award agreement specify additional restrictions on transfer of LTIP Units, LTIP Units are transferable to the same extent as common units, as described above in “—Transfers and Withdrawals.”

### ***Voting Rights***

Limited partners holding LTIP Units are entitled to vote together as a class with limited partners holding common units on all matters on which limited partners holding common units are entitled to vote or consent, and may cast one vote for each LTIP Unit so held.

### ***Adjustment of LTIP Units***

If our operating partnership takes certain actions, including making a distribution of units on all outstanding common units, combining or subdividing the outstanding common units into a different number of common units or reclassifying the outstanding common units, we must adjust the number of outstanding LTIP Units or subdivide or combine outstanding LTIP Units to maintain a one-for-one conversion ratio and economic equivalence between common units and LTIP Units.

## U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain material U.S. federal income tax considerations regarding our company and holders of our common stock. For the purposes of this discussion, references to “we,” “our” and “us” mean only Rexford Industrial, Inc., and do not include any of its subsidiaries, except as otherwise indicated. This summary is for general information only and is not tax advice. The information in this summary is based on:

- The Internal Revenue Code of 1986, as amended, or the Code;
- current, temporary and proposed Treasury Regulations promulgated under the Code;
- the legislative history of the Code;
- current administrative interpretations and practices of the Internal Revenue Service, or the IRS; and
- court decisions

in each case, as of the date of this prospectus. In addition, the administrative interpretations and practices of the IRS include its practices and policies as expressed in private letter rulings that are not binding on the IRS except with respect to the particular taxpayers who requested and received those rulings. Future legislation, Treasury Regulations, administrative interpretations and practices and/or court decisions may adversely affect the tax considerations contained in this discussion. Any such change could apply retroactively to transactions preceding the date of the change. We have not requested and do not intend to request a ruling from the IRS that we qualify as a REIT, and the statements in this prospectus are not binding on the IRS or any court. Thus, we can provide no assurance that the tax considerations contained in this discussion will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. This summary does not discuss any state, local or non-U.S. tax consequences, or any tax consequences arising under any federal tax other than the income tax, associated with the purchase, ownership, or disposition of our common stock, or our election to be taxed as a REIT.

**You are urged to consult your tax advisors regarding the tax consequences to you of:**

- **the purchase, ownership or disposition of our common stock including the federal, state, local, non-U.S. and other tax consequences;**
- **our election to be taxed as a REIT for federal income tax purposes; and**
- **potential changes in applicable tax laws.**

### Taxation of Our Company

#### *General*

We intend to elect and qualify to be taxed as a REIT under Sections 856 through 860 of the Code, commencing with our taxable year ending December 31, 2013. We believe that we are organized and will operate in a manner that will allow us to qualify for taxation as a REIT under the Code commencing with our taxable year ending December 31, 2013, and we intend to continue to be organized and operate in this manner. However, qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that we have been organized and will operate, or will continue to be organized and operate, in a manner so as to qualify or remain qualified as a REIT. See “—Failure to Qualify.”

The sections of the Code and the corresponding Treasury Regulations that relate to qualification and taxation as a REIT are highly technical and complex. The following sets forth certain material aspects of the sections of the Code that govern the federal income tax treatment of a REIT and the holders of its common stock. This summary is qualified in its entirety by the applicable Code provisions, relevant rules and regulations promulgated under the Code, and administrative and judicial interpretations of the Code and these rules and regulations.

Latham & Watkins LLP has acted as our tax counsel in connection with this prospectus and our election to be taxed as a REIT. Latham & Watkins LLP will render an opinion to us to the effect that, commencing with our taxable year ending December 31, 2013, we have been organized and have operated in conformity with the requirements for qualification and taxation as a REIT under the Code, and our proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the Code for such taxable year and thereafter. It must be emphasized that this opinion was based on various assumptions and representations as to factual matters, including representations made by us in a factual certificate provided by one of our officers. In addition, this opinion was based upon our factual representations set forth in this prospectus. Moreover, our qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code, which are discussed below, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership, the results of which will not be reviewed by Latham & Watkins LLP. Accordingly, no assurance can be given that our actual results of operation for any particular taxable year will satisfy those requirements. Further, the anticipated U.S. federal income tax treatment described in this prospectus may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time. Latham & Watkins LLP has no obligation to update its opinion subsequent to its date.

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Provided we qualify for taxation as a REIT, we generally will not be required to pay federal corporate income taxes on our net income that is currently distributed to our stockholders. This treatment substantially eliminates the “double taxation” that ordinarily results from investment in a C corporation. A C corporation is a corporation that generally is required to pay tax at the corporate level. Double taxation means taxation once at the corporate-level when income is earned and once again at the stockholder level when the income is distributed.

We will, however, be required to pay federal income tax as follows:

- First, we will be required to pay tax at regular corporate rates on any undistributed net taxable income, including undistributed net capital gains.
- Second, we may be required to pay the “alternative minimum tax” on our items of tax preference under some circumstances.
- Third, if we have (1) net income from the sale or other disposition of “foreclosure property” held primarily for sale to customers in the ordinary course of business or (2) other nonqualifying income from foreclosure property, we will be required to pay tax at the highest corporate rate on this income. To the extent that income from foreclosure property is otherwise qualifying income for purposes of the 75% gross income test, this tax is not applicable. Subject to certain other requirements, foreclosure property generally is defined as property we acquired through foreclosure or after a default on a loan secured by the property or a lease of the property.
- Fourth, we will be required to pay a 100% tax on any net income from prohibited transactions. Prohibited transactions are, in general, sales or other taxable dispositions of property, other than foreclosure property, held as inventory or primarily for sale to customers in the ordinary course of business.
- Fifth, if we fail to satisfy the 75% gross income test or the 95% gross income test, as described below, but have otherwise maintained our qualification as a REIT because certain other requirements are met, we will be required to pay a tax equal to (1) the greater of (A) the amount by which we fail to satisfy the 75% gross income test and (B) the amount by which we fail to satisfy the 95% gross income test, multiplied by (2) a fraction intended to reflect our profitability.
- Sixth, if we fail to satisfy any of the asset tests (other than a *de minimis* failure of the 5% or 10% asset test), as described below, due to reasonable cause and not due to willful neglect, and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of \$50,000 or the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets that caused us to fail such test.
- Seventh, if we fail to satisfy any provision of the Code that would result in our failure to qualify as a REIT (other than a violation of the gross income tests or certain violations of the asset tests, as described below) and the violation is due to reasonable cause and not due to willful neglect, we may retain our REIT qualification but we will be required to pay a penalty of \$50,000 for each such failure.
- Eighth, we will be required to pay a 4% excise tax to the extent we fail to distribute during each calendar year at least the sum of (1) 85% of our ordinary income for the year, (2) 95% of our capital gain net income for the year, and (3) any undistributed taxable income from prior periods.
- Ninth, if we acquire any asset from a corporation that is or has been a C corporation in a transaction in which the basis of the asset in our hands is less than the fair market value of the asset, in each case determined at the time we acquired the asset, and we subsequently recognize gain on the disposition of the asset during the ten-year period beginning on the date on which we acquired the asset, then we will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (1) the fair market value of the asset over (2) our adjusted basis in the asset, in each case determined as of the date on which we acquired the asset. The results described in this paragraph with respect to the recognition of gain assume that the C corporation will refrain from making an election to receive different treatment under applicable Treasury Regulations on its tax return for the year in which we acquire the asset from the C corporation. The IRS has issued Proposed Treasury Regulations which would exclude from the application of this built-in gains tax any gain from the sale of property acquired by us in an exchange under Section 1031 (a like kind exchange) or 1033 (an involuntary conversion) of the Code. These Proposed Treasury Regulations will not be effective unless they are issued in their final form, and as of the date of this prospectus, it is not possible to determine whether the proposed regulations will be finalized in their current form or at all.
- Tenth, entities we own that are C corporations, including any “taxable REIT subsidiaries,” generally will be required to pay federal corporate income tax on their earnings.
- Eleventh, we will be required to pay a 100% tax on any “redetermined rents,” “redetermined deductions” or “excess interest.” See “—Penalty Tax.” In general, redetermined rents are rents from real property that are overstated as a result of services furnished to any of our tenants by a taxable REIT subsidiary of ours. Redetermined deductions and excess interest generally represent amounts that are deducted by a taxable REIT subsidiary of ours for amounts paid to us that are in excess of the amounts that would have been deducted based on arm’s length negotiations.



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### ***Requirements for Qualification as a REIT***

The Code defines a REIT as a corporation, trust or association:

- (1) that is managed by one or more trustees or directors;
- (2) that issues transferable shares or transferable certificates to evidence its beneficial ownership;
- (3) that would be taxable as a domestic corporation, but for Sections 856 through 860 of the Code;
- (4) that is not a financial institution or an insurance company within the meaning of certain provisions of the Code;
- (5) that is beneficially owned by 100 or more persons;
- (6) not more than 50% in value of the outstanding stock of which is owned, actually or constructively, by five or fewer individuals, including certain specified entities, during the last half of each taxable year; and
- (7) that meets other tests, described below, regarding the nature of its income and assets and the amount of its distributions.

The Code provides that conditions (1) to (4), inclusive, must be met during the entire taxable year and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (5) and (6) do not apply until after the first taxable year for which an election is made to be taxed as a REIT, which is expected to be 2014 in our case. For purposes of condition (6), the term “individual” includes a supplemental unemployment compensation benefit plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes, but generally does not include a qualified pension plan or profit sharing trust.

We believe we have been organized, will operate and will issue sufficient shares of common stock with sufficient diversity of ownership to allow us to satisfy conditions (1) through (7) inclusive, during the relevant time periods. In addition, our charter provides for restrictions regarding ownership and transfer of our shares which are intended to assist us in continuing to satisfy the share ownership requirements described in (5) and (6) above. These share ownership and transfer restrictions are described under “Description of Stock—Restrictions on Ownership and Transfers” in this prospectus. These restrictions, however, do not ensure that we will, in all cases, satisfy the share ownership requirements described in (5) and (6) above. If we fail to satisfy these share ownership requirements, except as provided in the next sentence, our status as a REIT will terminate. If, however, we comply with the rules contained in applicable Treasury Regulations that require us to ascertain the actual ownership of our shares and we do not know, or would not have known through the exercise of reasonable diligence, that we failed to meet the requirement described in condition (6) above, we will be treated as having met this requirement. See “—Failure to Qualify.”

In addition, we may not maintain our status as a REIT unless our taxable year is the calendar year. We have and will continue to have a calendar taxable year.

### ***Ownership of Interests in Partnerships, Limited Liability Companies and Qualified REIT Subsidiaries***

In the case of a REIT which is a partner in a partnership or a member in a limited liability company treated as a partnership for federal income tax purposes, Treasury Regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership or limited liability company, as the case may be, based on its interest in partnership capital, subject to special rules relating to the 10% asset test described below. Also, the REIT will be deemed to be entitled to its proportionate share of the income of that entity. The assets and gross income of the partnership or limited liability company retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and the asset tests. Thus, our pro rata share of the assets and items of income of our operating partnership, including our operating partnership’s share of these items of any partnership or limited liability company treated as a partnership or disregarded entity for federal income tax purposes in which it owns an interest, is treated as our assets and items of income for purposes of applying the requirements described in this discussion, including the gross income and asset tests described below. A brief summary of the rules governing the federal income taxation of partnerships and limited liability companies is set forth below in “—Tax Aspects of Our Operating Partnership, the Subsidiary Partnerships and the Limited Liability Companies.”

We have control of our operating partnership and intend to control any of its subsidiary partnerships and limited liability companies, and we intend to operate them in a manner consistent with the requirements for our qualification as a REIT. We may from time to time be a limited partner or non-managing member in a partnership or limited liability company. If a partnership or limited liability company in which we own an interest takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action which could cause us to fail a gross income or asset test, and that we would not become aware of such action in time to dispose of our interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, we could fail to qualify as a REIT unless we were entitled to relief, as described below.

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We may from time to time own and operate certain properties through wholly owned subsidiaries that we intend to be treated as “qualified REIT subsidiaries” under the Code. A corporation will qualify as our qualified REIT subsidiary if we own 100% of the corporation’s outstanding stock and do not elect with the subsidiary to treat it as a “taxable REIT subsidiary,” as described below. A qualified REIT subsidiary is not treated as a separate corporation, and all assets, liabilities and items of income, gain, loss, deduction and credit of a qualified REIT subsidiary are treated as assets, liabilities and items of income, gain, loss, deduction and credit of the parent REIT for all purposes under the Code, including all REIT qualification tests. Thus, in applying the federal tax requirements described in this discussion, any qualified REIT subsidiaries we own are ignored, and all assets, liabilities and items of income, gain, loss, deduction and credit of such corporations are treated as our assets, liabilities and items of income, gain, loss, deduction and credit. A qualified REIT subsidiary is not subject to federal income tax, and our ownership of the stock of a qualified REIT subsidiary does not violate the restrictions on ownership of securities, as described below under “—Asset Tests.”

### ***Ownership of Interests in Taxable REIT Subsidiaries***

We will own interests in one or more taxable REIT subsidiaries and may acquire securities in additional taxable REIT subsidiaries in the future. A taxable REIT subsidiary is a corporation other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a taxable REIT subsidiary. If a taxable REIT subsidiary owns more than 35% of the total voting power or value of the outstanding securities of another corporation, such other corporation will also be treated as a taxable REIT subsidiary. Other than some activities relating to lodging and health care facilities, a taxable REIT subsidiary may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A taxable REIT subsidiary is subject to federal income tax as a regular C corporation. In addition, a taxable REIT subsidiary may be prevented from deducting interest on debt funded directly or indirectly by its parent REIT if certain tests regarding the taxable REIT subsidiary’s debt to equity ratio and interest expense are not satisfied. A REIT’s ownership of securities of a taxable REIT subsidiary is not subject to the 5% or 10% asset test described below, and their operations will be subject to the provisions described above. See “—Asset Tests.”

### ***Income Tests***

We must satisfy two gross income requirements annually to maintain our qualification as a REIT. First, in each taxable year we must derive directly or indirectly at least 75% of our gross income (excluding gross income from prohibited transactions, certain hedging transactions and certain foreign currency gains) from investments relating to real property or mortgages on real property, including “rents from real property,” interest on obligations adequately secured by mortgages on real property, and certain types of temporary investments. Second, in each taxable year we must derive at least 95% of our gross income (excluding gross income from prohibited transactions, certain hedging transactions and certain foreign currency gains) from the real property investments described above or dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing.

Rents we receive from a tenant will qualify as “rents from real property” for the purpose of satisfying the gross income requirements for a REIT described above only if all of the following conditions are met:

- The amount of rent is not based in whole or in part on the income or profits of any person. However, an amount we receive or accrue generally will not be excluded from the term “rents from real property” solely because it is based on a fixed percentage or percentages of receipts or sales;
- Neither we nor an actual or constructive owner of 10% or more of our stock actually or constructively owns 10% or more of the interests in the assets or net profits of a non-corporate tenant, or, if the tenant is a corporation, 10% or more of the total combined voting power of all classes of stock entitled to vote or 10% or more of the total value of all classes of stock of the tenant. Rents we receive from such a tenant that is a taxable REIT subsidiary of ours, however, will not be excluded from the definition of “rents from real property” as a result of this condition if at least 90% of the space at the property to which the rents relate is leased to third parties, and the rents paid by the taxable REIT subsidiary are substantially comparable to rents paid by our other tenants for comparable space. Whether rents paid by a taxable REIT subsidiary are substantially comparable to rents paid by other tenants is determined at the time the lease with the taxable REIT subsidiary is entered into, extended, and modified, if such modification increases the rents due under such lease. Notwithstanding the foregoing, however, if a lease with a “controlled taxable REIT subsidiary” is modified and such modification results in an increase in the rents payable by such taxable REIT subsidiary, any such increase will not qualify as “rents from real property.” For purposes of this rule, a “controlled taxable REIT subsidiary” is a taxable REIT subsidiary in which the parent REIT owns stock possessing more than 50% of the voting power or more than 50% of the total value of the outstanding stock of such taxable REIT subsidiary;
- Rent attributable to personal property, leased in connection with a lease of real property, is not greater than 15% of the total rent received under the lease. If this condition is not met, then the portion of the rent attributable to personal property will not qualify as “rents from real property”; and

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- We generally do not operate or manage the property or furnish or render services to our tenants, subject to a 1% *de minimis* exception and except as provided below. We are permitted, however, to perform directly certain services that are “usually or customarily rendered” in connection with the rental of space for occupancy only and are not otherwise considered “rendered to the occupant” of the property. Examples of these permitted services include the provision of light, heat, or other utilities, trash removal and general maintenance of common areas. In addition, we are permitted to employ an independent contractor from whom we derive no revenue to provide customary services to our tenants, or a taxable REIT subsidiary, which may be wholly or partially owned by us, to provide both customary and non-customary services to our tenants without causing the rent we receive from those tenants to fail to qualify as “rents from real property.” Any amounts we receive from a taxable REIT subsidiary with respect to the taxable REIT subsidiary’s provision of non-customary services will, however, be nonqualifying income under the 75% gross income test and, except to the extent received through the payment of dividends, the 95% gross income test.

We generally do not intend, and as a general partner of our operating partnership, do not intend to permit our operating partnership, to take actions we believe will cause us to fail to satisfy the rental conditions described above. However, we may intentionally fail to satisfy some of these conditions to the extent the failure will not, based on the advice of our tax counsel, jeopardize our tax status as a REIT. In addition, with respect to the limitation on the rental of personal property, we have not obtained appraisals of the real property and personal property leased to tenants. Accordingly, there can be no assurance that the IRS will not disagree with our determinations of the value of such property.

Income we receive that is attributable to the use of parking spaces at the properties will generally constitute rents from real property for purposes of the gross income tests if certain services we provide with respect to the parking spaces are performed by independent contractors from whom we derive no revenue, either directly or indirectly, or by a taxable REIT subsidiary, and certain other conditions are met. We believe that the income we receive that is attributable to parking spaces meets these tests and, accordingly, will constitute rents from real property for purposes of the gross income tests.

For purposes of the gross income tests, the term “interest” generally does not include any amount received or accrued, directly or indirectly, if the determination of all or some of the amount depends in any way on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term “interest” solely by reason of being based on a fixed percentage or percentages of receipts or sales. Interest income constitutes qualifying mortgage interest for purposes of the 75% gross income test to the extent that the underlying obligation is secured by a mortgage on real property. If we receive interest income with respect to a mortgage loan that is secured by both real property and other property and the loan is not fully secured by real property, the interest income must be apportioned between the real property and the other property, and our income from the arrangement will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to the real property security. In this case, we would be required to apportion our annual interest income to the real property security based on a fraction, the numerator of which is the value of the real property securing the loan, determined when we commit to acquire the loan, and the denominator of which is the highest “principal amount” of the loan during the year. Even if a loan is not secured by real property or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% gross income test.

From time to time, we may enter into hedging transactions with respect to one or more of our assets or liabilities. Our hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Income from a hedging transaction, including gain from the sale or disposition of such a transaction, that is clearly identified as a hedging transaction as specified in the Code, will not constitute gross income and thus will be exempt from the 75% and 95% gross income tests. The term “hedging transaction,” as used above, generally means any transaction we enter into in the normal course of our business primarily to manage risk of (1) interest rate changes or fluctuations with respect to borrowings made or to be made by us to acquire or carry real estate assets, or (2) currency fluctuations with respect to an item of qualifying income under the 75% or 95% gross income test or any property which generates such income. To the extent that we do not properly identify such transactions as hedges or we hedge with other types of financial instruments, the income from those transactions is not likely to be treated as qualifying income for purposes of the gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our status as a REIT.

To the extent we receive dividends from a taxable REIT subsidiary, we generally will derive our allocable share of such dividend income through our interest in our operating partnership. Such dividend income will qualify under the 95%, but not the 75%, gross income test.

We will monitor the amount of our nonqualifying income and will take actions intended to keep such income within the limitations of the gross income tests. Although we expect these actions will be sufficient to prevent a violation of the gross income tests, we cannot guarantee that such actions will in all cases prevent such a violation.

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If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for the year if we are entitled to relief under certain provisions of the Code. We generally may make use of the relief provisions if:

- following our identification of the failure to meet the 75% or 95% gross income tests for any taxable year, we file a schedule with the IRS setting forth each item of our gross income for purposes of the 75% or 95% gross income tests for such taxable year in accordance with Treasury Regulations to be issued; and
- our failure to meet these tests was due to reasonable cause and not due to willful neglect.

It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally accrue or receive exceeds the limits on nonqualifying income, the IRS could conclude that our failure to satisfy the tests was not due to reasonable cause. If these relief provisions do not apply to a particular set of circumstances, we will not qualify as a REIT. As discussed above in “—Taxation of Our Company—General,” even if these relief provisions apply, and we retain our status as a REIT, a tax would be imposed with respect to our nonqualifying income. We may not always be able to comply with the gross income tests for REIT qualification despite periodic monitoring of our income.

### ***Prohibited Transaction Income***

Any gain that we realize on the sale of property held as inventory or otherwise held primarily for sale to customers in the ordinary course of business, including our share of any such gain realized by our operating partnership, either directly or through its subsidiary partnerships and limited liability companies, will be treated as income from a prohibited transaction that is subject to a 100% penalty tax, unless certain safe harbor exceptions apply. This prohibited transaction income may also adversely affect our ability to satisfy the gross income tests for qualification as a REIT. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. Our operating partnership intends to hold its properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning its properties and to make occasional sales of the properties as are consistent with our operating partnership’s investment objectives. We do not intend to enter into any sales that are prohibited transactions. However, the IRS may successfully contend that some or all of the sales made by our operating partnership or its subsidiary partnerships or limited liability companies are prohibited transactions. We would be required to pay the 100% penalty tax on our allocable share of the gains resulting from any such sales.

### ***Penalty Tax***

Any redetermined rents, redetermined deductions or excess interest we generate will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of any services furnished to any of our tenants by a taxable REIT subsidiary of ours, and redetermined deductions and excess interest represent any amounts that are deducted by a taxable REIT subsidiary of ours for amounts paid to us that are in excess of the amounts that would have been deducted based on arm’s length negotiations. Rents we receive will not constitute redetermined rents if they qualify for certain safe harbor provisions contained in the Code.

If a taxable REIT subsidiary of ours provides services to our tenants, we intend to set the fees paid to any such taxable REIT subsidiary for such services at arm’s length rates, although the fees paid may not satisfy the safe-harbor provisions referenced above. These determinations are inherently factual, and the IRS has broad discretion to assert that amounts paid between related parties should be reallocated to clearly reflect their respective incomes. If the IRS successfully made such an assertion, we would be required to pay a 100% penalty tax on the excess of an arm’s length fee for tenant services over the amount actually paid.

### ***Asset Tests***

At the close of each calendar quarter of our taxable year, we must also satisfy four tests relating to the nature and diversification of our assets. First, at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items and government securities. For purposes of this test, the term “real estate assets” generally means real property (including interests in real property and interests in mortgages on real property) and shares (or transferable certificates of beneficial interest) in other REITs, as well as any stock or debt instrument attributable to the investment of the proceeds of a stock offering or a public offering of debt with a term of at least five years, but only for the one-year period beginning on the date the REIT receives such proceeds.

Second, not more than 25% of the value of our total assets may be represented by securities (including securities of one or more taxable REIT subsidiaries), other than those securities includable in the 75% asset test.

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Third, of the investments included in the 25% asset class, and except for investments in any other REITs, any qualified REIT subsidiaries and taxable REIT subsidiaries, the value of any one issuer's securities may not exceed 5% of the value of our total assets, and we may not own more than 10% of the total vote or value of the outstanding securities of any one issuer except, in the case of the 10% value test, securities satisfying the "straight debt" safe-harbor or securities issued by a partnership that itself would satisfy the 75% income test if it were a REIT. Certain types of securities we may own are disregarded as securities solely for purposes of the 10% value test, including, but not limited to, any loan to an individual or an estate, any obligation to pay rents from real property and any security issued by a REIT. In addition, solely for purposes of the 10% value test, the determination of our interest in the assets of a partnership or limited liability company in which we own an interest will be based on our proportionate interest in any securities issued by the partnership or limited liability company, excluding for this purpose certain securities described in the Code.

Fourth, not more than 25% of the value of our total assets may be represented by the securities of one or more taxable REIT subsidiaries. Our operating partnership may own the stock of certain corporations that elect, together with us, to be treated as our taxable REIT subsidiaries. So long as each of these companies qualifies as a taxable REIT subsidiary, we will not be subject to the 5% asset test, the 10% voting securities limitation or the 10% value limitation with respect to our ownership of their stock. We intend that the aggregate value of our taxable REIT subsidiaries will not exceed 25% of the aggregate value of our gross assets. There can be no assurance that the IRS will not disagree with our determinations of value of such assets.

In the event that we invest in a mortgage loan that is not fully secured by real property, only a portion of the mortgage loan may be treated as a real estate asset for purposes of the 75% asset test. Pursuant to Revenue Procedure 2011-16, the IRS has announced that it will not challenge a REIT's treatment of a loan as a real estate asset in its entirety to the extent that the value of the loan is equal to or less than the value of the real property securing the loan at the relevant testing date. However, uncertainties exist regarding the application of Revenue Procedure 2011-16, particularly with respect to the proper treatment under the asset tests of mortgage loans acquired at a discount that increase in value following their acquisition, and no assurance can be given that the IRS would not challenge our treatment of such assets.

The asset tests must be satisfied at the close of each calendar quarter of our taxable year in which we (directly or through our operating partnership) acquire securities in the applicable issuer, and also at the close of each calendar quarter in which we increase our ownership of securities of such issuer (including as a result of increasing our interest in our operating partnership). For example, our indirect ownership of securities of each issuer will increase as a result of our capital contributions to our operating partnership or as limited partners exercise their redemption/exchange rights. After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If we fail to satisfy an asset test because we acquire securities or other property during a quarter (including as a result of an increase in our interest in our operating partnership), we may cure this failure by disposing of sufficient nonqualifying assets within 30 days after the close of that quarter. We intend to maintain adequate records of the value of our assets to ensure compliance with the asset tests. If we fail to cure any noncompliance with the asset tests within the 30 day cure period, we would cease to qualify as a REIT unless we are eligible for certain relief provisions discussed below.

Certain relief provisions may be available to us if we discover a failure to satisfy the asset tests described above after the 30 day cure period. Under these provisions, we will be deemed to have met the 5% and 10% asset tests if the value of our nonqualifying assets (i) does not exceed the lesser of (a) 1% of the total value of our assets at the end of the applicable quarter or (b) \$10,000,000, and (ii) we dispose of the nonqualifying assets or otherwise satisfy such tests within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury Regulations to be issued. For violations of any of the asset tests due to reasonable cause and not due to willful neglect and that are, in the case of the 5% and 10% asset tests, in excess of the *de minimis* exception described above, we may avoid disqualification as a REIT after the 30 day cure period by taking steps including (i) the disposition of sufficient nonqualifying assets, or the taking of other actions, which allow us to meet the asset tests within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury Regulations to be issued, (ii) paying a tax equal to the greater of (a) \$50,000 or (b) the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets, and (iii) disclosing certain information to the IRS.

Although we intend to satisfy the asset tests described above and plan to take steps to ensure that we satisfy such tests for any quarter with respect to which retesting is to occur, there can be no assurance we will always be successful, or will not require a reduction in our operating partnership's overall interest in an issuer (including in a taxable REIT subsidiary). If we fail to cure any noncompliance with the asset tests in a timely manner, and the relief provisions described above are not available, we would cease to qualify as a REIT.

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### *Annual Distribution Requirements*

To maintain our qualification as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders in an amount at least equal to the sum of:

- 90% of our “REIT taxable income”; and
- 90% of our after tax net income, if any, from foreclosure property; minus
- the excess of the sum of certain items of non-cash income over 5% of our “REIT taxable income.”

For these purposes, our “REIT taxable income” is computed without regard to the dividends paid deduction and our net capital gain. In addition, for purposes of this test, non-cash income means income attributable to leveled stepped rents, original issue discount on purchase money debt, cancellation of indebtedness, or a like-kind exchange that is later determined to be taxable.

Also, our “REIT taxable income” will be reduced by any taxes we are required to pay on any gain we recognize from the disposition of any asset we acquired from a corporation which is or has been a C corporation in a transaction in which our basis in the asset is less than the fair market value of the asset, in each case determined at the time we acquired the asset, within the ten-year period following our acquisition of such asset.

We generally must pay, or be treated as paying, the distributions described above in the taxable year to which they relate. At our election, a distribution will be treated as paid in a taxable year if it is declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration, provided such payment is made during the 12-month period following the close of such year. These distributions are treated as received by our stockholders in the year in which paid even though these distributions relate to the prior year for purposes of the 90% distribution requirement. In order to be taken into account for purposes of our distribution requirement, the amount distributed must not be preferential—i.e., every stockholder of the class of stock to which a distribution is made must be treated the same as every other stockholder of that class, and no class of stock may be treated other than according to its dividend rights as a class. To the extent that we do not distribute all of our net capital gain, or distribute at least 90%, but less than 100%, of our “REIT taxable income,” as adjusted, we will be required to pay tax on the undistributed amount at regular corporate tax rates. We intend to make timely distributions sufficient to satisfy these annual distribution requirements and to minimize our corporate tax obligations. In this regard, the partnership agreement of our operating partnership authorizes us, as general partner of our operating partnership, to take such steps as may be necessary to cause our operating partnership to distribute to its partners an amount sufficient to permit us to meet these distribution requirements and to minimize our corporate tax obligation.

We expect that our REIT taxable income will be less than our cash flow because of depreciation and other non-cash charges included in computing REIT taxable income. Accordingly, we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the distribution requirements described above. However, from time to time, we may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in determining our taxable income. In addition, we may decide to retain our cash, rather than distribute it, in order to repay debt or for other reasons. In these cases, we may borrow funds to pay dividends or pay dividends through the distribution of other property in order to meet the distribution requirements while preserving our cash.

Under certain circumstances, we may be able to rectify an inadvertent failure to meet the 90% distribution requirement for a year by paying “deficiency dividends” to our stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends, subject to the 4% excise tax described below. However, we will be required to pay interest to the IRS based upon the amount of any deduction claimed for deficiency dividends. While the payment of a deficiency dividend will apply to a prior year for purposes of our REIT distribution requirements, it will be treated as an additional distribution to our stockholders in the year such dividend is paid.

Furthermore, we will be required to pay a 4% excise tax to the extent we fail to distribute during each calendar year at least the sum of 85% of our ordinary income for such year, 95% of our capital gain net income for the year and any undistributed taxable income from prior periods. Any ordinary income and net capital gain on which this excise tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating such tax.

For purposes of the 90% distribution requirement and excise tax described above, dividends declared during the last three months of the taxable year, payable to stockholders of record on a specified date during such period and paid during January of the following year, will be treated as paid by us and received by our stockholders on December 31 of the year in which they are declared.

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### ***Like-Kind Exchanges***

We may dispose of properties in transactions intended to qualify as like-kind exchanges under the Code. Such like-kind exchanges are intended to result in the deferral of gain for federal income tax purposes. The failure of any such transaction to qualify as a like-kind exchange could subject us to federal income tax, possibly including the 100% prohibited transaction tax, depending on the facts and circumstances surrounding the particular transaction.

### ***Failure To Qualify***

If we discover a violation of a provision of the Code that would result in our failure to qualify as a REIT, specified cure provisions may be available to us. Except with respect to violations of the gross income tests and asset tests (for which the cure provisions are described above), and provided the violation is due to reasonable cause and not due to willful neglect, these cure provisions generally impose a \$50,000 penalty for each violation in lieu of a loss of REIT status. If we fail to satisfy the requirements for taxation as a REIT in any taxable year, and the relief provisions do not apply, we will be required to pay tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to stockholders in any year in which we fail to qualify as a REIT will not be deductible by us, and we will not be required to distribute any amounts to our stockholders. As a result, we anticipate that our failure to qualify as a REIT would reduce the cash available for distribution by us to our stockholders. In addition, if we fail to qualify as a REIT, all distributions to stockholders will be taxable as regular corporate dividends to the extent of our current and accumulated earnings and profits. In this event, corporate distributees may be eligible for the dividends-received deduction. In addition, non-corporate stockholders, including individuals, may be eligible for the preferential tax rates on qualified dividend income. Unless entitled to relief under specific statutory provisions, we will also be ineligible to elect to be treated as a REIT for the four taxable years following the year for which we lost our qualification. It is not possible to state whether in all circumstances we would be entitled to this statutory relief.

## **Tax Aspects of Our Operating Partnership, the Subsidiary Partnerships and the Limited Liability Companies**

### ***General***

All of our investments will be held indirectly through our operating partnership. In addition, our operating partnership will hold certain of its investments indirectly through subsidiary partnerships and limited liability companies which we expect will be treated as partnerships or disregarded entities for federal income tax purposes. In general, entities that are treated as partnerships or disregarded entities for federal income tax purposes are “pass-through” entities which are not required to pay federal income tax. Rather, partners or members of such entities are allocated their shares of the items of income, gain, loss, deduction and credit of the partnership or limited liability company, and are potentially required to pay tax on this income, without regard to whether they receive a distribution from the partnership or limited liability company. We will include in our income our share of these partnership and limited liability company items for purposes of the various gross income tests, the computation of our REIT taxable income, and the REIT distribution requirements. Moreover, for purposes of the asset tests, we will include our pro rata share of assets held by our operating partnership, including its share of its subsidiary partnerships and limited liability companies, based on our capital interests in each such entity. See “—Taxation of Our Company—General.”

### ***Entity Classification***

Our interests in our operating partnership and the subsidiary partnerships and limited liability companies involve special tax considerations, including the possibility that the IRS might challenge the status of these entities as partnerships or disregarded entities. For example, an entity that would otherwise be classified as a partnership for federal income tax purposes may nonetheless be taxable as a corporation if it is a “publicly traded partnership” and certain other requirements are met. A partnership or limited liability company would be treated as a publicly traded partnership if its interests are traded on an established securities market or are readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable Treasury Regulations. Interests in a partnership are not treated as readily tradable on a secondary market, or the substantial equivalent thereof, if all interests in the partnership were issued in one or more transactions that were not required to be registered under the Securities Act, and the partnership does not have more than 100 partners at any time during the taxable year of the partnership, taking into account certain ownership attribution and anti-avoidance rules (the “100 Partner Safe Harbor”). If our operating partnership does not qualify for the 100 Partner Safe Harbor, interests in our operating partnership would nonetheless be viewed as not readily tradable on a secondary market or the substantial equivalent thereof if the sum of the percentage interests in capital or profits of our operating partnership transferred during any taxable year of our operating partnership does not exceed 2% of the total interests in our operating partnership’s capital or profits, subject to certain exceptions. For purpose of this 2% trading safe harbor, our interests in our operating partnership are excluded from the determination of the percentage interests in capital or profits of our operating partnership. In addition, this 2% trading safe harbor does not apply to transfers by a limited partner in one or more transactions during any 30-day period representing in the aggregate more than 2% of the total interests in our operating partnership’s capital or profits. We, as general partner of our operating partnership, have the authority to take any steps we determine to prevent any trading of interests in our operating partnership that would cause our operating partnership to become a publicly traded partnership, including any steps necessary to ensure compliance with this 2% trading safe harbor.

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We believe our operating partnership and each of our other partnerships and limited liability companies will be classified as partnerships or disregarded entities for federal income tax purposes, and we do not anticipate that our operating partnership or any subsidiary partnership or limited liability company will be treated as a publicly traded partnership that is taxable as a corporation. However, if our operating partnership does not qualify for the 100 Partner Safe Harbor and certain other safe harbor provisions of applicable Treasury Regulations are not available, our operating partnership could be classified as a publicly traded partnership.

If our operating partnership or any of our other partnerships or limited liability companies were to be treated as a publicly traded partnership, it would be taxable as a corporation unless it qualified for the statutory “90% qualifying income exception.” Under that exception, a publicly traded partnership is not subject to corporate-level tax if 90% or more of its gross income consists of dividends, interest, “rents from real property” (as that term is defined for purposes of the rules applicable to REITs, with certain modifications), gain from the sale or other disposition of real property, and certain other types of qualifying income. However, if any such entity did not qualify for this exception or was otherwise taxable as a corporation, it would be required to pay an entity-level tax on its income. In this situation, the character of our assets and items of gross income would change and could prevent us from satisfying the REIT asset tests and possibly the REIT income tests. See “—Asset Tests” and “—Income Tests.” This, in turn, could prevent us from qualifying as a REIT. See “—Failure to Qualify” for a discussion of the effect of our failure to meet these tests. In addition, a change in the tax status of our operating partnership or a subsidiary partnership or limited liability company might be treated as a taxable event. If so, we might incur a tax liability without any related cash payment.

### ***Allocations of Income, Gain, Loss and Deduction***

Our operating partnership agreement generally provides that allocations of net income to holders of common units will be made proportionately to all such holders in respect of such units. Certain limited partners will have the opportunity to guarantee debt of our operating partnership. As a result of these guaranties, and notwithstanding the foregoing discussion of allocations of income and loss of our operating partnership to holders of units, such limited partners could under limited circumstances be allocated a disproportionate amount of net loss upon a liquidation of our operating partnership, which net loss would have otherwise been allocable to us. In addition, the partnership agreement provides that holders of LTIP units may be entitled to receive special allocations of gain in the event of a sale or hypothetical sale of assets of our operating partnership prior to the allocation of gain to holders of common units. This special allocation of gain is intended to enable the holders of LTIP units to convert such units into common units.

Generally, Section 704(b) of the Code and the Treasury Regulations thereunder require that partnership allocations respect the economic arrangement of the partners. If an allocation of partnership income or loss does not comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder, the item subject to the allocation will be reallocated in accordance with the partners’ interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Our operating partnership’s allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder.

### ***Tax Allocations With Respect to the Properties***

Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership, must be allocated in a manner so that the contributing partner is charged with the unrealized gain or benefits from the unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss generally is equal to the difference between the fair market value or book value and the adjusted tax basis of the contributed property at the time of contribution, as adjusted from time to time. These allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners.

Appreciated property will be contributed to our operating partnership in exchange for interests in our operating partnership in connection with the formation transactions. As a result, the tax basis of these property interests generally will carry over to our operating partnership, notwithstanding their different book (i.e., fair market) value (this difference is referred to as a book-tax difference). The partnership agreement requires that income and loss allocations with respect to these properties be made in a manner consistent with Section 704(c) of the Code. Treasury Regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of accounting for book-tax differences. We and our operating partnership have agreed to use the “traditional method” for accounting for book-tax differences for the properties initially contributed to our operating partnership. Under the traditional method, which is the least favorable method from our perspective, the carryover basis of each of the contributed interests in the properties in the hands of our operating partnership (1) could cause us to be allocated lower amounts of depreciation deductions for tax purposes than would be allocated to us if any of the contributed properties were to have a tax basis equal to its respective fair market value at the time of the contribution and (2) could cause us to be allocated taxable gain in the event of a sale of



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such contributed interests or properties in excess of the economic or book income allocated to us as a result of such sale, with a corresponding benefit to the other partners in our operating partnership. An allocation described in clause (2) above might cause us or the other partners to recognize taxable income in excess of cash proceeds in the event of a sale or other disposition of property, which might adversely affect our ability to comply with the REIT distribution requirements. See “—Requirements for Qualification as a REIT” and “—Annual Distribution Requirements.”

### **Certain Tax Considerations Related to the Formation Transactions**

As described under “Structure and Formation of Our Company,” we intend to acquire Fund V REIT through the merger of Fund V REIT with and into us in exchange for shares of our common stock in a transaction intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Code. However, we have not received a ruling from the IRS or an opinion of counsel that the transaction qualifies as a reorganization. If the merger qualifies as a reorganization for U.S. federal income tax purposes, we will succeed to the earnings and profits, if any, of Fund V REIT, and our tax basis of the assets we acquire from Fund V REIT will be determined by reference to the tax basis of the asset in the hands of Fund V REIT.

Fund V REIT has elected to be taxed as a REIT since its formation; however, we have not received an opinion of counsel that Fund V REIT qualified for taxation as a REIT through the closing of the merger. If Fund V REIT failed to qualify as a REIT for any of its taxable years, it would have been required to pay U.S. federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. As the successor-in-interest to Fund V REIT, we would be required to pay any of Fund V REIT’s unpaid income tax liabilities.

In addition, to qualify as a REIT, any earnings and profits we acquire from a C corporation which has not always been a REIT must be distributed as of the close of the taxable year in which we acquired such earnings and profits. While we believe Fund V REIT will have no earnings and profits accumulated in a year in which Fund V REIT was not a REIT, if Fund V REIT did not qualify for taxation as a REIT through the closing of the merger, we may succeed to its earnings and profits, which we would be required to distribute by the close of the taxable year in which the merger occurs. If the IRS were to determine that we acquired such earnings and profits that we failed to distribute prior to the end of the appropriate taxable year, we could avoid disqualification as a REIT by using “deficiency dividend” procedures. Under these procedures, we generally would be required to distribute any such earnings and profits to our stockholders within 90 days of the determination and pay a statutory interest charge at a specified rate to the IRS.

Also, if we acquire any asset from a corporation that is or has been a C corporation in a transaction in which the basis of the asset in our hands is less than the fair market value of the asset, in each case determined at the time we acquired the asset, and we subsequently recognize gain on the disposition of the asset during the ten-year period beginning on the date on which we acquired the asset, then we will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (a) the fair market value of the asset over (b) our adjusted basis in the asset, in each case determined as of the date on which we acquired the asset. The foregoing rules regarding the recognition of gain assume that the C corporation will refrain from making an election to receive different treatment under applicable Treasury Regulations on its tax return for the year in which we acquire the asset from the C corporation. The IRS has issued Proposed Treasury Regulations which would exclude from the application of this built-in gains tax any gain from the sale of property acquired by us in an exchange under Section 1031 (a like kind exchange) or 1033 (an involuntary conversion) of the Code. These Proposed Treasury Regulations will not be effective unless they are issued in their final form, and as of the date of this prospectus, it is not possible to determine whether the proposed regulations will be finalized in their current form or at all. Provided Fund V REIT has always qualified for tax as a REIT, as we believe to be the case, these rules would not apply to our disposition of the assets of Fund V REIT acquired by us in the formation transactions. Furthermore, our tax basis in the assets we acquire from Fund V REIT in the merger will be lower than the assets’ fair market values. This lower tax basis could cause us to have lower depreciation deductions and more gain on a subsequent sale of the assets than would be the case if we had directly purchased the assets in a taxable transaction.

If the merger with Fund V REIT does not qualify as a reorganization within the meaning of Section 368(a) of the Code, the merger would be treated as a sale of the assets of Fund V REIT to us in a taxable transaction, and Fund V REIT would recognize taxable gain, though any taxable income from such deemed asset sale would be reduced by the fair market value of our common stock deemed distributed in liquidation of Fund V REIT to the Pre-Formation Participants holding interests in Fund V REIT. In such a case, as the successor-in-interest to Fund V REIT, we would be required to pay any unpaid tax liabilities of such entity, but we would not succeed to the earnings and profits, if any, of Fund V REIT and our tax basis of the assets we acquire from Fund V REIT would not be determined by reference to the basis of the asset in the hands of Fund V REIT.

### **U.S. Federal Income Tax Considerations for Holders of Our Common Stock**

The following summary describes the principal U.S. federal income tax consequences to you of purchasing, owning and disposing of our common stock. This summary assumes you hold shares of our common stock as a “capital asset” (generally, property held for investment within the meaning of Section 1221 of the Code). It does not address all the tax consequences that may be relevant to you in light of your particular circumstances. In addition, this discussion does not address the tax consequences relevant to persons who receive special treatment under the federal income tax law, except where specifically noted. Holders receiving special treatment include, without limitation:

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- financial institutions, banks and thrifts;
- insurance companies;
- tax-exempt organizations;
- “S” corporations;
- traders in securities that elect to mark to market;
- partnerships, pass-through entities and persons holding our common stock through a partnership or other pass-through entity;
- holders subject to the alternative minimum tax;
- regulated investment companies and REITs;
- non-U.S. corporations or partnerships, and persons who are not residents or citizens of the United States;
- broker-dealers or dealers in securities or currencies;
- U.S. expatriates;
- persons holding our common stock as part of a hedge, straddle, conversion, integrated or other risk reduction or constructive sale transaction; or
- U.S. persons whose functional currency is not the U.S. dollar.

If you are considering purchasing our common stock, you should consult your tax advisors concerning the application of U.S. federal income tax laws to your particular situation as well as any consequences of the purchase, ownership and disposition of our common stock arising under the laws of any state, local or non-U.S. taxing jurisdiction.

When we use the term “U.S. holder,” we mean a holder of shares of our common stock who, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation, including an entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any state thereof or in the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If you hold shares of our common stock and are not a U.S. holder, a partnership or an entity classified as a partnership for U.S. federal income tax purposes, you are a “non-U.S. holder.”

If a partnership or other entity treated as a partnership for U.S. federal income tax purposes holds shares of our common stock, the tax treatment of a partner generally will depend on the status of the partner and on the activities of the partnership. Partners of partnerships holding shares of our common stock are encouraged to consult their tax advisors.

### **Taxation of Taxable U.S. Holders of our Common Stock**

#### ***Distributions Generally***

Distributions out of our current or accumulated earnings and profits will be treated as dividends and, other than with respect to capital gain dividends and certain amounts which have previously been subject to corporate level tax, as discussed below, will be taxable to our taxable U.S. holders as ordinary income when actually or constructively received. See “—Tax Rates” below. As long as we qualify as a REIT, these distributions will not be eligible for the dividends-received deduction in the case of U.S. holders that are corporations, or, except to the extent provided in “—Tax Rates” below, the preferential rates on qualified dividend income applicable to non-corporate U.S. holders, including individuals. For purposes of determining whether distributions to holders of our stock are out of current or accumulated earnings and profits, our earnings and profits will be allocated first to our outstanding preferred stock and then to our outstanding common stock.

To the extent that we make distributions on our common stock in excess of our current and accumulated earnings and profits allocable to such stock, these distributions will be treated first as a tax-free return of capital to a U.S. holder. This treatment will reduce the U.S. holder’s adjusted tax basis in such shares of stock by the amount of the distribution, but not below zero. Distributions in excess of our current and accumulated earnings and profits and in excess of a U.S. holder’s adjusted tax basis in its shares will be taxable as capital gain. Such gain will be taxable as long-term capital gain if the shares have been held for more than one year.

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Dividends we declare in October, November, or December of any year and which are payable to a holder of record on a specified date in any of these months will be treated as both paid by us and received by the holder on December 31 of that year, provided we actually pay the dividend on or before January 31 of the following year. U.S. holders may not include in their own income tax returns any of our net operating losses or capital losses.

### ***Capital Gain Dividends***

Dividends that we properly designate as capital gain dividends will be taxable to our taxable U.S. holders as a gain from the sale or disposition of a capital asset held for more than one year, to the extent that such gain does not exceed our actual net capital gain for the taxable year. If we properly designate any portion of a dividend as a capital gain dividend then, except as otherwise required by law, we presently intend to allocate a portion of the total capital gain dividends paid or made available to holders of all classes of our capital stock for the year to the holders of each class of our capital stock in proportion to the amount that our total dividends, as determined for U.S. federal income tax purposes, paid or made available to the holders of each such class of our capital stock for the year bears to the total dividends, as determined for U.S. federal income tax purposes, paid or made available to holders of all classes of our capital stock for the year. In addition, except as otherwise required by law, we will make a similar allocation with respect to any undistributed long term capital gains which are to be included in our stockholders' long term capital gains, based on the allocation of the capital gains amount which would have resulted if those undistributed long term capital gains had been distributed as "capital gain dividends" by us to our stockholders.

### ***Retention of Net Capital Gains***

We may elect to retain, rather than distribute as a capital gain dividend, all or a portion of our net capital gains. If we make this election, we would pay tax on our retained net capital gains. In addition, to the extent we so elect, a U.S. holder generally would:

- include its pro rata share of our undistributed net capital gains in computing its long-term capital gains in its return for its taxable year in which the last day of our taxable year falls, subject to certain limitations as to the amount that is includable;
- be deemed to have paid its share of the capital gains tax imposed on us on the designated amounts included in the U.S. holder's income as long-term capital gain;
- receive a credit or refund for the amount of tax deemed paid by it;
- increase the adjusted basis of its stock by the difference between the amount of includable gains and the tax deemed to have been paid by it; and
- in the case of a U.S. holder that is a corporation, appropriately adjust its earnings and profits for the retained capital gains in accordance with Treasury Regulations to be promulgated by the IRS.

### ***Passive Activity Losses and Investment Interest Limitations***

Distributions we make and gain arising from the sale or exchange by a U.S. holder of our common stock will not be treated as passive activity income. As a result, U.S. holders generally will not be able to apply any "passive losses" against this income or gain. A U.S. holder may elect to treat capital gain dividends, capital gains from the disposition of our common stock and income designated as qualified dividend income, described in "—Tax Rates" below, as investment income for purposes of computing the investment interest limitation, but in such case, the holder will be taxed as ordinary income rates on such amount. Other distributions made by the Company, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation.

### ***Dispositions of Our Common Stock***

A U.S. holder that sells or disposes of shares of common stock will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale or other disposition and the holder's adjusted basis in the shares of common stock for tax purposes. This gain or loss, except as provided below, will be long-term capital gain or loss if the holder has held such common stock for more than one year. However, if a U.S. holder recognizes loss upon the sale or other disposition of common stock that it has held for six months or less, after applying certain holding period rules, the loss recognized will be treated as a long-term capital loss to the extent the U.S. holder received distributions from us which were required to be treated as long-term capital gains

### ***Foreign Accounts***

Certain payments made to "foreign financial institutions" in respect of accounts of U.S. stockholders at such financial institutions may be subject to withholding at a rate of 30%. U.S. stockholders should consult their tax advisors regarding the effect, if any, of this withholding provision on their ownership and disposition of our common stock and the effective date of such provision. See "—Foreign Accounts."

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### ***Information Reporting and Backup Withholding***

We are required to report to our U.S. holders and the IRS the amount of dividends paid during each calendar year, and the amount of any tax withheld. Under the backup withholding rules, a U.S. holder may be subject to backup withholding with respect to dividends paid unless the U.S. holder is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. A U.S. holder that does not provide us with its correct taxpayer identification number may also be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. Any amount paid as backup withholding will be creditable against the U.S. holder's federal income tax liability, provided the required information is timely furnished to the IRS. In addition, we may be required to withhold a portion of capital gain distributions to any holders who fail to certify their non-foreign status. See "—Taxation of Non-U.S. Holders of our Common Stock."

### **Taxation of Tax-Exempt Holders of our Common Stock**

Dividend income from us and gain arising upon a sale of our shares of common stock generally will not be unrelated business taxable income to a tax-exempt holder, except as described below. This income or gain will be unrelated business taxable income, however, if a tax-exempt holder holds its shares as "debt-financed property" within the meaning of the Code. Generally, "debt-financed property" is property the acquisition or holding of which was financed through a borrowing by the tax-exempt holder.

For tax-exempt holders which are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, or qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) or (c)(20) of the Code, respectively, income from an investment in our shares will constitute unrelated business taxable income unless the organization is able to properly claim a deduction for amounts set aside or placed in reserve for specific purposes so as to offset the income generated by its investment in our shares. These prospective investors should consult their tax advisors concerning these "set aside" and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a "pension-held REIT" may be treated as unrelated business taxable income as to certain trusts that hold more than 10%, by value, of the interests in the REIT. A REIT will not be a "pension-held REIT" if it is able to satisfy the "not closely held" requirement without relying on the "look-through" exception with respect to certain trusts or if such REIT is not "predominantly held" by "qualified trusts." As a result of restrictions on the transfer and ownership of our stock contained in our charter, we do not expect to be classified as a "pension-held REIT," and as a result, the tax treatment described above should be inapplicable to our holders. However, because our stock is publicly traded, we cannot guarantee that this will always be the case.

### **Taxation of Non-U.S. Holders of our Common Stock**

The following discussion addresses the rules governing U.S. federal income taxation of the purchase, ownership and disposition of our common stock by non-U.S. holders. These rules are complex, and no attempt is made herein to provide more than a brief summary of such rules. Accordingly, the discussion does not address all aspects of U.S. federal income taxation and does not address state, local or non-U.S. tax consequences that may be relevant to a non-U.S. holder in light of its particular circumstances. We urge non-U.S. holders to consult their tax advisors to determine the impact of federal, state, local and non-U.S. income tax laws on the purchase, ownership, and disposition of shares of our common stock, including any reporting requirements.

### ***Distributions Generally***

Distributions that are neither attributable to gain from sales or exchanges by us of U.S. real property interests, or USRPIs, nor designated by us as capital gain dividends (except as described below) will be treated as dividends of ordinary income to the extent that they are made out of our current or accumulated earnings and profits. Such distributions ordinarily will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, unless the distributions are treated as effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (through a U.S. permanent establishment, where applicable). Under certain treaties, however, lower withholding rates generally applicable to dividends do not apply to dividends from a REIT. Certain certification and disclosure requirements must be satisfied to be exempt from withholding under the effectively connected income exemption. Dividends that are treated as effectively connected with such a trade or business (through a U.S. permanent establishment, where applicable) will generally not be subject to withholding but will be subject to federal income tax on a net basis at graduated rates, in the same manner as dividends paid to U.S. holders are subject to federal income tax. Any such dividends received by a non-U.S. holder that is a corporation may also be subject to an additional branch profits tax at a 30% rate (applicable after deducting federal income taxes paid on such effectively connected income) or such lower rate as may be specified by an applicable income tax treaty.

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Except as otherwise provided below, we expect to withhold U.S. federal income tax at the rate of 30% on any distributions made to a non-U.S. holder unless:

- 1) a lower treaty rate applies and the non-U.S. holder files with us an IRS Form W-8BEN evidencing eligibility for that reduced treaty rate; or
- 2) the non-U.S. holder files an IRS Form W-8ECI with us claiming that the distribution is income effectively connected with the non-U.S. holder's trade or business.

Distributions in excess of our current and accumulated earnings and profits will not be taxable to a non-U.S. holder to the extent that such distributions do not exceed the adjusted basis of the holder's common stock, but rather will reduce the adjusted basis of such stock. To the extent that such distributions exceed the non-U.S. holder's adjusted basis in such common stock, they will give rise to gain from the sale or exchange of such stock, the tax treatment of which is described below. For withholding purposes, we expect to treat all distributions as made out of our current or accumulated earnings and profits. However, amounts withheld should generally be refundable if it is subsequently determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits, provided that certain conditions are met.

### ***Capital Gain Dividends and Distributions Attributable to a Sale or Exchange of USRPIs***

Distributions to a non-U.S. holder that we properly designate as capital gain dividends, other than those arising from the disposition of a USRPI, generally should not be subject to U.S. federal income taxation, unless:

- 1) the investment in our stock is treated as effectively connected with the non-U.S. holder's U.S. trade or business (through a U.S. permanent establishment, where applicable), in which case the non-U.S. holder will be subject to the same treatment as U.S. holders with respect to such gain, except that a non-U.S. holder that is a non-U.S. corporation may also be subject to the 30% branch profits tax or such lower rate as may be specified by an applicable income tax treaty, as discussed above; or
- 2) the non-U.S. holder is a nonresident alien individual who is present in the U.S. for 183 days or more during the taxable year and certain other conditions are met, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains (reduced by certain capital losses).

Pursuant to the Foreign Investment in Real Property Tax Act of 1980, which is referred to as "FIRPTA," distributions to a non-U.S. holder that are attributable to gain from sales or exchanges by us of USRPI, whether or not designated as capital gain dividends, will cause the non-U.S. holder to be treated as recognizing such gain as income effectively connected with a U.S. trade or business. Non-U.S. holders would generally be taxed at the same rates applicable to U.S. holders, subject to any applicable alternative minimum tax, and any non-U.S. holder that is a foreign corporation may also be subject to the 30% branch profits tax or such lower rate as may be specified by an applicable income tax treaty. We also will be required to withhold and to remit to the IRS 35% (or 20% to the extent provided in Treasury Regulations) of any distribution to non-U.S. holders attributable to gain from sales or exchanges by us of USRPIs. The amount withheld is creditable against the non-U.S. holder's U.S. federal income tax liability. However, any distribution with respect to any class of stock which is "regularly traded" on an established securities market located in the U.S. is not subject to FIRPTA, and therefore, not subject to the 35% U.S. withholding tax described above, if the non-U.S. holder did not own more than 5% of such class of stock at any time during the one-year period ending on the date of the distribution. Instead, such distributions generally will be treated as ordinary dividend distributions and subject to withholding in the manner described above with respect to ordinary dividends.

### ***Retention of Net Capital Gains***

Although the law is not clear on the matter, it appears that amounts designated by us as retained net capital gains in respect of the stock held by U.S. holders generally should be treated with respect to non-U.S. holders in the same manner as actual distributions of capital gain dividends. Under this approach, the non-U.S. holders would be able to offset as a credit against their U.S. federal income tax liability resulting from their proportionate share of the tax paid by us on such retained net capital gains and to receive from the IRS a refund to the extent their proportionate share of such tax paid by us exceeds their actual U.S. federal income tax liability. If we designate any portion of our net capital gain as retained net capital gain, a non-U.S. stockholder should consult its tax advisor regarding the taxation of such retained net capital gain.

### ***Sale of Our Common Stock***

Gain recognized by a non-U.S. holder upon the sale, exchange or other taxable disposition of our common stock generally will not be subject to U.S. taxation unless such stock constitutes a USRPI. In general, stock of a domestic corporation that constitutes a "U.S. real property holding corporation", or USRPHC, will constitute a USRPI. We believe that we are a USRPHC. Our common stock will not, however, constitute a USRPI so long as we are a "domestically controlled qualified investment entity." A

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“domestically controlled qualified investment entity” includes a REIT in which at all times during a specified testing period less than 50% in value of its stock is held directly or indirectly by non-U.S. holders. We believe, but cannot guarantee, that we are a “domestically controlled qualified investment entity.” In addition, because our common stock will be publicly traded, no assurance can be given that we will continue to be a “domestically controlled qualified investment entity.”

Notwithstanding the foregoing, gain from the sale, exchange or other taxable disposition of our common stock not otherwise subject to FIRPTA will be taxable to a non-U.S. holder if either (a) the investment in our common stock is treated as effectively connected with the non-U.S. holder’s U.S. trade or business (through a U.S. permanent establishment, where applicable), in which case the non-U.S. holder will be subject to the same treatment as U.S. holders with respect to such gain, except that a non-U.S. holder that is a foreign corporation may also be subject to the 30% branch profits tax or such lower rate as may be specified by an applicable income tax treaty, or (b) the non-U.S. holder is a nonresident alien individual who is present in the U.S. for 183 days or more during the taxable year and certain other conditions are met, in which case the nonresident alien individual will be subject to a 30% tax on the individual’s capital gains (reduced by certain capital losses). In addition, even if we are a domestically controlled qualified investment entity, upon disposition of our common stock, a non-U.S. holder may be treated as having gain from the sale or other taxable disposition of a USRPI if the non-U.S. holder (1) disposes of our common stock within a 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been treated as gain from the sale or exchange of a USRPI and (2) acquires, or enters into a contract or option to acquire, or is deemed to acquire, other shares of that stock during the 61-day period beginning with the first day of the 30-day period described in clause (1). The preceding sentence shall not apply to a non-U.S. holder if the non-U.S. holder did not own more than 5% of the stock at any time during the one-year period ending on the date of the distribution described in clause (1) of the preceding sentence and the class of stock as “regularly traded,” as defined by applicable Treasury Regulations.

Even if we do not qualify as a “domestically controlled qualified investment entity” at the time a non-U.S. holder sells our common stock, gain arising from the sale or other taxable disposition by a non-U.S. holder of such common stock would not be subject to U.S. taxation under FIRPTA as a sale of a USRPI if:

- 1) such class of common stock is “regularly traded,” as defined by applicable Treasury Regulations, on an established securities market such as the NYSE; and
- 2) such non-U.S. holder owned, actually and constructively, 5% or less of such class of common stock throughout the five-year period ending on the date of the sale or exchange.

If gain on the sale, exchange or other taxable disposition of our common stock were subject to taxation under FIRPTA, the non-U.S. holder would be required to file a U.S. federal income tax return and would be subject to regular U.S. federal income tax with respect to such gain in the same manner as a taxable U.S. holder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In addition, if the sale, exchange or other taxable disposition of our common stock were subject to taxation under FIRPTA, and if shares of the applicable class of our common stock were not “regularly traded” on an established securities market, the purchaser of such common stock would be required to withhold and remit to the IRS 10% of the purchase price.

### ***Information Reporting and Backup Withholding Tax***

Generally, we must report annually to the IRS the amount of dividends paid to a non-U.S. holder, such holder’s name and address, and the amount of tax withheld, if any. A similar report is sent to the non-U.S. holder. Pursuant to tax treaties or other agreements, the IRS may make its reports available to tax authorities in the non-U.S. holder’s country of residence.

Payments of dividends or of proceeds from the disposition of stock made to a non-U.S. holder may be subject to information reporting and backup withholding unless such holder establishes an exemption, for example, by properly certifying its non-U.S. status on an IRS Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we have or our paying agent has actual knowledge, or reason to know, that a non-U.S. holder is a U.S. person.

Backup withholding is not an additional tax. Rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may be obtained, provided that the required information is timely furnished to the IRS.

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### **Tax Rates**

Beginning January 1, 2013, the maximum tax rate for non-corporate taxpayers for long-term capital gains, including certain “capital gain dividends,” is generally 20% (although depending on the characteristics of the assets which produced these gains and on designations which we may make, certain capital gain dividends may be taxed at a 25% rate). Capital gain dividends will only be eligible for the rates described above to the extent they are properly designated by us as “capital gain dividends.” In general, dividends payable by a REIT that are not “capital gains dividends” are subject to tax at the tax rates applicable to ordinary income. Dividends that a REIT properly designates as “qualified dividend income,” however, are subject to a maximum tax rate of 20% in the case of non-corporate taxpayers. In general, dividends payable by a REIT are only eligible to be taxed as qualified dividend income to the extent that the taxpayer satisfies certain holding requirements with respect to the REIT’s stock and the REIT’s dividends are attributable to dividends received by the REIT from certain taxable corporations (such as its taxable REIT subsidiaries) or to income that was subject to tax at the corporate/REIT level (for example, if the REIT distributed taxable income that it retained and paid tax on in the prior taxable year). In addition, certain U.S. stockholders that are individuals, estates or trusts are required to pay an additional 3.8% Medicare tax on, among other things, dividends and capital gains from the sale or other disposition of stock. Prospective investors should consult their tax advisors regarding the tax rates applicable to them in light of their particular circumstances.

### **Foreign Accounts**

Withholding taxes may apply to certain types of payments made to “foreign financial institutions” (as specially defined in the Code) and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, and gross proceeds from the sale or other disposition of, our common stock paid to a foreign financial institution or to a non-financial foreign entity, unless (1) the foreign financial institution undertakes certain diligence and reporting, (2) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (1) above, it must enter into an agreement with the United States Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders.

The withholding provisions described above will generally apply to payments of dividends made on or after January 1, 2014 and to payments of gross proceeds from a sale or other disposition of stock on or after January 1, 2017. Because we may not know the extent to which a distribution is a dividend for U.S. federal income tax purposes at the time it is made, for purposes of these withholding rules we may treat the entire distribution as a dividend. Prospective investors should consult their tax advisors regarding these withholding provisions.

### **Other Tax Consequences**

State, local and non-U.S. income tax laws may differ substantially from the corresponding federal income tax laws, and this discussion does not purport to describe any aspect of the tax laws of any state, local or non-U.S. jurisdiction, or any federal tax other than the income tax. Prospective investors should consult their tax advisor regarding the effect of state, local and non-U.S. tax laws with respect to our tax treatment as a REIT and on an investment in our common stock.

**UNDERWRITING**

Subject to the terms and conditions set forth in the underwriting agreement between us and the underwriters named below, for whom FBR Capital Markets & Co. is acting as representative, we have agreed to sell to the underwriters, and each of the underwriters has agreed to purchase from us on a firm commitment basis, the respective number of shares of our common stock set forth opposite its name:

<u>Underwriter</u>	<u>Number of Shares</u>
Total	

We have granted the underwriters an over-allotment option exercisable during the 30-day period after the date of this prospectus to purchase on a pro rata basis, at the initial public offering price less underwriting discounts and commissions, up to an additional \_\_\_\_\_ shares of common stock for the sole purpose of covering over-allotments, if any. To the extent that the underwriters exercise the option, the underwriters will be committed, subject to certain conditions, to purchase that number of additional shares.

Under the terms and conditions of the underwriting agreement, the underwriters are committed to purchase all of the shares offered by this prospectus other than the shares subject to the over-allotment option, if any shares are purchased. We have agreed to indemnify the underwriters against certain civil liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of such liabilities.

The underwriters initially propose to offer the common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at the same offering price less a concession not to exceed \$ \_\_\_\_\_ per share. The underwriters may allow, and certain dealers may re-allow, a discount not to exceed \$ \_\_\_\_\_ per share to certain other dealers.

The table below provides information regarding the per share and total underwriting discounts and commissions we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option to purchase up to \_\_\_\_\_ additional shares.

<u>Paid by Us</u>	<u>No Exercise of</u>	<u>Full Exercise of</u>
Per Share	<u>Over-allotment Option</u>	<u>Over-allotment Option</u>
Total	\$ _____	\$ _____

In addition to the underwriting discounts and commissions to be paid by us, we have agreed to reimburse the underwriters for certain of their reasonable expenses incurred in connection with this offering. Each of the underwriters may provide us with investment banking and financial advisory services in the future, for which it may receive customary compensation.

We estimate that the total expenses of the offering payable by us, excluding underwriting discounts and commissions, will be approximately \$ \_\_\_\_\_ million.

In connection with this offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock. Specifically, the underwriters may sell more than the number of shares of common stock offered by this prospectus, creating a syndicate short position. In addition, the underwriters may bid for and purchase common stock in the open market to cover syndicate short positions or to stabilize the price of the common stock. Finally, the underwriters may reclaim selling concessions from dealers if shares of our common stock sold by such dealers are repurchased in syndicate covering transactions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the common stock above independent market levels. These transactions may be effected in the over-the-counter market or otherwise. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We, our current directors and officers have agreed that, without the prior written consent of the representative of the underwriters, we will not, during the period ending 360 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock, or any securities convertible into or exercisable or exchangeable for any shares of our equity securities or any right to acquire shares of our equity securities; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the equity securities, whether any such transaction described above is to be settled by delivery of equity securities or such other securities, in cash or otherwise.



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The representative of the underwriters does not intend to release any portion of the equity securities subject to the foregoing lock-up agreements. However, the representative of the underwriters, in its sole discretion, may release any of the common stock from the lock-up agreements prior to expiration of the 360-day period without notice. In considering a request to release shares from a lock-up agreement, the representative of the underwriters will consider a number of factors, including the impact that such a release would have on this offering and the market for our common stock and the equitable considerations underlying the request for releases.

The underwriters have reserved for sale, at the initial offering price, \_\_\_\_\_ shares of common stock for certain of our directors, officers and employees who have expressed an interest in purchasing common stock in the offering. The number of shares of common stock available to the general public in the offering will be reduced to the extent these persons purchase these reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares.

The underwriters have informed us that they do not intend to make sales of our common stock offered by this prospectus to accounts over which they exercise discretionary authority.

Prior to completion of this offering, there has been no public market for the shares. The initial public offering price will be negotiated by us and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of the business potential and our earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have applied to have our common stock approved for listing on the New York Stock Exchange under the symbol “\_\_\_\_\_.”

### **Notice to Prospective Investors in the EEA**

In relation to each Member State of the European Economic Area (EEA) which has implemented the Prospectus Directive (each, a “Relevant Member State”), an offer to the public of any shares which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (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) by the underwriters 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 representatives for any such offer; or
- (D) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

*provided* that no such offer of shares shall result in a requirement for the publication by us or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of shares within the EEA should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of shares through any financial intermediary, other than offers made by the underwriters which constitute the final offering of shares contemplated in this prospectus.

For the purposes of this provision, and your representation below, the expression an “offer 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 any shares to be offered so as to enable an investor to decide to purchase any 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 person in a Relevant Member State who receives any communication in respect of, or who acquires any shares under, the offer of shares contemplated by this prospectus will be deemed to have represented, warranted and agreed to and with us and each underwriter that:

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(A) it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(B) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than “qualified investors” (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

### **Notice to Prospective Investors in the United Kingdom**

This prospectus is only being distributed to and is only directed at persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Order, and/or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”).

This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom who is not a relevant person should not act or rely on this document or any of its contents.

Each underwriter has represented, warranted 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, as amended, or 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 us; 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 of our common stock in, from or otherwise involving the United Kingdom.

### **Notice to Prospective Investors in Germany**

Any offer or solicitation of securities within Germany must be in full compliance with the German Securities Prospectus Act (Wertpapierprospektgesetz — WpPG). The offer and solicitation of securities to the public in Germany requires the publication of a prospectus that has to be filed with and approved by the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht— BaFin). This prospectus has not been and will not be submitted for filing and approval to the BaFin and, consequently, will not be published. Therefore, this prospectus does not constitute a public offer under the German Securities Prospectus Act (Wertpapierprospektgesetz). This prospectus and any other document relating to our common stock, as well as any information contained therein, must therefore not be supplied to the public in Germany or used in connection with any offer for subscription of our common stock to the public in Germany, any public marketing of our common stock or any public solicitation for offers to subscribe for or otherwise acquire our common stock. This prospectus and other offering materials relating to the offer of our common stock are strictly confidential and may not be distributed to any person or entity other than the designated recipients hereof.

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**Notice to Prospective Investors in Switzerland**

This document, as well as any other material relating to the shares which are the subject of the offering contemplated by this prospectus, do not constitute an issue prospectus pursuant to Article 652a and/or 1156 of the Swiss Code of Obligations. The shares will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the shares with the intention to distribute them to the public. The investors will be individually approached by the issuer from time to time. This document, as well as any other material relating to the shares, is personal and confidential and do not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without express consent of the issuer. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

## LEGAL MATTERS

Certain legal matters will be passed upon for us by Latham & Watkins LLP and for the underwriters by Hunton & Williams LLP. Venable LLP will pass upon the validity of the shares of common stock sold in this offering and certain other matters of Maryland law.

## EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated balance sheet as of March 5, 2013 and the combined financial statements and schedule of Rexford Industrial, Inc. Predecessor as of and for the years ended December 31, 2012 and 2011, as set forth in their report. We have included our balance sheet and the financial statements and schedule of Rexford Industrial, Inc. Predecessor in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

Information relating to the industrial markets set forth in "Prospectus Summary—Market Overview" and "Market Overview" is derived from the DAUM's market materials and is included in reliance on DAUM's authority as an expert on such matters.

## WHERE YOU CAN FIND MORE INFORMATION

We maintain a web site at [www.rexfordindustrial.com](http://www.rexfordindustrial.com). Information contained on, or accessible through our website is not incorporated by reference into and does not constitute a part of this prospectus or any other report or documents we file with or furnish to the SEC.

We have filed with the SEC a registration statement on Form S-11, including exhibits and schedules filed with the registration statement of which this prospectus is a part, under the Securities Act, with respect to the shares of common stock to be sold in this offering. This prospectus does not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to us and the shares of common stock to be sold in this offering, reference is made to the registration statement, including the exhibits and schedules to the registration statement. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined without charge at the public reference room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Information about the operation of the public reference room may be obtained by calling the SEC at 1-800-SEC-0300. Copies of all or a portion of the registration statement may be obtained from the public reference room of the SEC upon payment of prescribed fees. Our SEC filings, including our registration statement, are also available to you, free of charge, on the SEC's website at [www.sec.gov](http://www.sec.gov).

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and will file periodic reports, proxy statements and will make available to our stockholders annual reports containing audited financial information for each year and quarterly reports for the first three quarters of each fiscal year containing unaudited interim financial information.

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**Rexford Industrial, Inc.**  
**Pro Forma Consolidated Financial Statements**  
**(Unaudited and in thousands, except share data)**

The unaudited pro forma consolidated financial statements of Rexford Industrial, Inc. (together with its combined entities, the “Company,” “we,” “our” or “us”) as of and for the year ended December 31, 2012 are derived from the financial statements of the combined entities consisting of Rexford Industrial, LLC, Rexford Sponsor V LLC, Rexford Industrial Fund V REIT, LLC and their consolidated subsidiaries which consist of one limited partnership and four limited liability companies, referred to as the industrial funds, and their subsidiaries (collectively, the “Predecessor”), and are presented as if this offering, the concurrent private placement and the formation transactions (including the application of the net proceeds therefrom as set forth under “Use of Proceeds”), had occurred on December 31, 2012 for the pro forma consolidated balance sheet and on January 1, 2012 for the pro forma consolidated statement of operations.

As discussed above, our Predecessor includes Rexford Industrial, LLC, Rexford Sponsor V LLC, Rexford Industrial Fund V REIT, LLC and their consolidated subsidiaries which in turn, own our Predecessor’s assets. Each of these Predecessor entities and its assets are owned, controlled and managed by our predecessor principals. As such, we have combined these entities as our Predecessor on the basis of common ownership, common control and common management. Our Predecessor’s assets consist of 59 industrial properties and are owned through the industrial funds.

Our pro forma consolidated financial statements are presented for informational purposes only and should be read in conjunction with the historical financial statements and related notes thereto included elsewhere in this prospectus. The adjustments to our pro forma consolidated financial statements are based on available information and assumptions that we consider reasonable. Our pro forma consolidated financial statements do not purport to (1) represent our financial position that would have actually occurred had this offering, the concurrent private placement and the formation transactions occurred on December 31, 2012, (2) represent the results of our operations that would have actually occurred had this offering, the concurrent private placement and the formation transactions occurred on January 1, 2012 and (3) project our financial position or results of operations as of any future date or for any future period, as applicable.

We were formed as a Maryland corporation on January 18, 2013 to acquire the entities owning various real estate assets and to succeed the business of Rexford Industrial, LLC, a Los Angeles-based real estate investment firm. Rexford Industrial, L.P., our operating partnership, was formed as a Maryland limited partnership on January 18, 2013. Upon completion of the offering and the formation transactions, we expect our operations to be carried on through our operating partnership. At such time, the Company, as the general partner of the operating partnership will own % of the operating partnership and will have control of the operating partnership. Accordingly, the Company will consolidate the assets, liabilities and results of operations of the operating partnership.

The Company has not had any corporate activity since its formation, other than the issuance of 100 shares of its common stock to Michael S. Frankel in connection with the initial capitalization of the Company and activities in preparation for this offering and the formation transactions. Accordingly, we believe that a discussion of the results of the Company would not be meaningful, and we have, therefore, set forth below a discussion regarding the historical operations of the Predecessor only. The Predecessor owns 59 industrial properties through the five controlled industrial funds.

Concurrently with this offering, we will complete the formation transactions, pursuant to which we will acquire, through a series of acquisition and contribution transactions, 100% of the ownership interests in the entities that own interests in our initial portfolio. To acquire the interests in the entities that own the properties to be included in our initial portfolio from the holders thereof, or the prior investors, we will issue to the prior investors an aggregate of shares of our common stock and of our common units in our operating partnership, with an aggregate value of \$ , and we will pay \$ in cash in accordance with the terms of the relevant merger and/or contribution agreements to acquire the interests of our prior investors that do not meet the criteria of an accredited investor. Cash amounts will be provided from the net proceeds of this offering.

In connection with the formation transactions, we also made available to our prior investors that met the criteria of an accredited investor the opportunity to acquire for cash additional shares of our common stock at the public offering price per share in our concurrent private placement.

Upon completion of this offering, the concurrent private placement and the formation transactions, we expect net proceeds from this offering of approximately \$ , or approximately \$ if the underwriters’ over-allotment option is exercised in full (after deducting the underwriting discount and commissions and estimated expenses of this offering and the formation transactions). We will contribute the net proceeds of this offering and the concurrent private placement to our operating partnership in exchange for common units, and our operating partnership will use the proceeds received from us as well as cash on hand, if any, as described under “Use of Proceeds” elsewhere in this prospectus.

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Upon consummation of this offering and the formation transactions, we expect our operations to be carried on through our operating partnership and subsidiaries of our operating partnership, including our taxable REIT subsidiary. Consummation of the formation transactions will enable us to (i) consolidate our asset management, property management, property development, leasing, tenant improvement construction, acquisition and financing businesses into our operating partnership; (ii) consolidate the ownership of our property portfolio under our operating partnership; (iii) facilitate this offering; and (iv) qualify as a real estate investment trust for U.S. federal income tax purposes commencing with the taxable year ending December 31, 2013.

We have determined that one of the entities comprising the Predecessor, Rexford Industrial, LLC, is the acquirer for accounting purposes. In addition, we have concluded that any interests contributed by the members of the other entities comprising the Predecessor (Rexford Sponsor V LLC and Rexford Industrial Fund V REIT, LLC), is a transaction between entities under common control since the predecessor principals own a controlling interest in each of the entities comprising the Predecessor prior to the completion of this offering and the formation transactions. As a result, the contribution of interests in each of the entities comprising the Predecessor will be recorded at historical cost. The contribution or acquisition of interests in entities other than those owned or controlled by the Predecessor in the formation transactions will be accounted for as an acquisition under the acquisition method of accounting and recognized at the estimated fair value of acquired assets and assumed liabilities on the date of such contribution or acquisition. The fair value of these assets and liabilities has been allocated in accordance with Accounting Standards Codification (“ASC”) section 805-10, *Business Combinations*. The fair values of tangible assets acquired are determined on an as-if-vacant basis. The as-if-vacant fair value of tangible assets will be allocated to land, building and improvements, tenant improvements and furniture and fixtures based on our own market knowledge and published market data, including current rental rates, expected downtime to lease up vacant space, tenant improvement construction costs, leasing commissions and recent sales on a per square foot basis for comparable properties in our submarkets. The estimated fair value of intangible assets consisting of acquired in-place at-market leases are the costs we would have incurred to lease the property to the occupancy level of the property at the date of acquisition. Such estimates include the fair value of leasing commissions and legal costs that would be incurred to lease this property to this occupancy level. Additionally, we evaluate the time period over which such occupancy level would be achieved and include an estimate of the net operating costs (primarily real estate taxes, insurance and utilities) incurred during the lease-up period, which may vary from property to property. Above-market and below-market in-place lease values are recorded as an asset or liability based on the present value (using an interest rate that reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be paid pursuant to the in-place leases and our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease for above-market leases and the remaining non-cancelable term plus the term of any below-market fixed rate renewal options for below-market leases.

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**Rexford Industrial, Inc.**  
**Pro Forma Condensed Consolidated Balance Sheet**  
**For the Year Ended December 31, 2012**  
**(Unaudited and in thousands, except share data)**

	(A) Rexford Industrial, Inc.	(B) Predecessor	(C) Other Acquisitions, Dispositions and Contributions	Pro Forma before Offering & Financing Transactions	(D) Proceeds from Offering & Concurrent Private Placement	(E) Financing Transactions	(F) Use of Proceeds	(G) Other Adjustments	Company Pro Forma
<b>ASSETS</b>									
Investments in real estate, net	\$	\$ 336,011	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents		43,499							
Restricted cash		1,882							
Notes receivable		11,911							
Rents and other receivables, net		559							
Deferred rent receivable		3,802							
Deferred leasing costs and acquisition related intangible assets, net		4,815							
Deferred loan costs, net		1,420							
Acquired above-market leases, net		249							
Other assets		2,133							
Investment in uncombined RE entities		12,697							
Assets associated with real estate held for sale		1,518							
<b>Total Assets</b>	<b>\$</b>	<b>\$ 420,496</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>LIABILITIES &amp; EQUITY</b>									
<b>Liabilities</b>									
Notes payable	\$	\$ 313,608	\$	\$	\$	\$	\$	\$	\$
Accounts payable and other liabilities		2,631							
Due to members		1,221							
Interest rate contracts		49							
Acquired below-market leases, net		39							
Tenant security deposits		3,815							
Prepaid rents		356							
Liabilities associated with real estate held for sale		2,529							
<b>Total Liabilities</b>		<b>324,248</b>							
<b>Equity</b>									
Rexford Industrial Inc. Predecessor		11,962							
Accumulated deficit and distributions		(24,653)							
Total Rexford Industrial, Inc. Stockholders' Equity		(12,691)							
Noncontrolling Interests		108,939							
<b>Total Equity</b>		<b>96,248</b>							
<b>Total Liabilities and Equity</b>	<b>\$</b>	<b>\$ 420,496</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



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**Rexford Industrial, Inc.**  
**Pro Forma Condensed Consolidated Statement of Operations**  
**For the Year Ended December 31, 2012**  
**(Unaudited and in thousands, except share data)**

	Rexford Industrial, Inc.	(AA) Predecessor	(BB) Other Acquisitions, Dispositions and Contributions	Pro Forma before Offering & Financing Transactions	(CC) Financing Transactions	(DD) Use of Proceeds	(EE) Other Adjustments	Company Pro Forma
<b>RENTAL REVENUES</b>								
Rental revenues	\$	\$ 29,362	\$	\$	\$	\$	\$	\$
Tenant reimbursements		3,275						
Management, leasing and development services		519						
Other operating income		124						
<b>TOTAL RENTAL REVENUES</b>		<b>33,280</b>						
Interest income		1,577						
<b>TOTAL REVENUES</b>		<b>34,857</b>						
<b>OPERATING EXPENSES</b>								
Property operating expenses		8,563						
General and administrative		6,382						
Depreciation and amortization		13,105						
Other expenses		103						
<b>TOTAL OPERATING EXPENSES</b>		<b>28,153</b>						
<b>INCOME FROM OPERATIONS</b>		<b>6,704</b>						
<b>OTHER INCOME (EXPENSE)</b>								
Equity in income from unconsolidated real estate entities		122						
Acquisition expenses		(599)						
Interest expense		(17,529)						
Gain on mark-to-market on interest rate swaps		2,361						
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<b>\$</b>	<b>\$ (8,941)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net (income) loss attributable to noncontrolling interests								<b>(FF)</b>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO REXFORD INDUSTRIAL, INC. STOCKHOLDERS</b>								
Pro Forma income per share-basic								<b>(GG)</b>
Pro Forma income per share-diluted								<b>(GG)</b>
Pro Forma weighted average shares outstanding-basic								<b>(GG)</b>
Pro Forma weighted average shares outstanding-diluted								<b>(GG)</b>

**Rexford Industrial, Inc.**  
**Notes to Pro Forma Consolidated Financial Statements**  
**(Unaudited and in thousands, except share data)**

**1. Adjustments to the Pro Forma Consolidated Balance Sheet**

The adjustments to the pro forma consolidated balance sheet as of December 31, 2012 are as follows:

- (A) Represents the balance sheet of Rexford Industrial, Inc. as of \_\_\_\_\_, 2013. The Company was formed on January 18, 2013 and has had no activity since its inception other than the issuance of 100 shares of common stock for \$1 per share that was initially funded on March 4, 2013 by the sole shareholder, Michael S. Frankel.
- (B) Reflects the historical combined balance sheet of our Predecessor as of December 31, 2012, which is comprised of Rexford Industrial, LLC, Rexford Fund V Manager, LLC, Rexford Industrial Fund V REIT, LLC and their consolidated subsidiaries. We will issue shares of common stock, common units in our operating partnership and pay cash in exchange for all of the ownership interests in our Predecessor. We have determined that one of the entities comprising the Predecessor, Rexford Industrial, LLC, is the acquirer for accounting purposes. In addition, we have concluded that any interests contributed by the members of the other entities comprising the Predecessor (Rexford Fund V Manager, LLC, Rexford Industrial Fund V REIT, LLC), is a transaction between entities under common control since the predecessor principals own a controlling interest in each of the entities comprising the Predecessor prior to the completion of this offering and the formation transactions. As a result, the contribution of interests in each of the entities comprising the Predecessor will be recorded at historical cost.

The historical combined financial statements of our Predecessor as of and for the year ended December 31, 2012 have been included elsewhere in this prospectus.

- (C) We will acquire the 30% tenant-in-common interest in the La Jolla Sorrento property that we do not own through a contribution transaction. The acquisition of all the interests in the La Jolla Sorrento property will be accounted for as an acquisition under the purchase method of accounting in accordance with ASC Section 805-10, *Business Combinations*, and recorded at the estimated fair value of the acquired assets and assumed liabilities. The following pro forma adjustments are necessary to reflect the initial allocation of the estimated fair value of the non-predecessor entities. The allocation of fair value shown in the table below is based on the Company's preliminary estimates and is subject to change based on the final determination of the fair value of the assets and liabilities acquired. The consideration reflected below represents the issuance of operating partnership units in our Operating Partnership to acquire 30% tenants-in-common interest in the La Jolla Sorrento property.

On January 31, 2013, we disposed of the 4578 Worth Street property located in Los Angeles, California. We received gross proceeds from this transaction of \$4.1 million, of which \$2.5 million was used to repay the portion of the RIF I portfolio loan secured by the property. The remaining proceeds were paid out as a distribution to investors in RIF I.

On February 8, 2013 the mortgage note borrower for our Pasadena Foothill Center loan paid the outstanding principal in full. We received gross proceeds from this payoff of \$5.4 million, including \$6,310 in per diem interest, of which \$2.5 million was used to repay the loan secured by this note. The remaining proceeds were used for general fund operations.

- (D) Reflects the sale of \_\_\_\_\_ shares of common stock in this offering and the concurrent private placement, based on an offering price of \$ \_\_\_\_\_ per share, and net of underwriting discounts, commissions and offering expenses as follows:

Gross proceeds from offering	\$ _____
Gross proceeds from concurrent private placement	_____
Less:	
Underwriting discounts, commissions and offering expenses (1)	_____
Available proceeds	\$ _____

- (1) Includes offering costs totaling approximately \$486 that have been paid by us as of December 31, 2012 with funds advanced by our Predecessor. These costs have been capitalized on Predecessor's balance sheet and will be charged against offering proceeds upon completion of this offering.
- (E) In connection with this offering and the formation transactions, we expect to complete an agreement with affiliates of certain of our underwriters, to provide a \$ \_\_\_\_\_ million revolving credit facility with an accordion feature allowing us to increase our borrowing capacity. For purposes of this presentation, \$ \_\_\_\_\_ of the proceeds from the offering have been applied to payment of \$ \_\_\_\_\_ in fees associated with the revolving credit facility. We will initially borrow \$ \_\_\_\_\_ on the revolving credit facility upon completion of this offering. These fees will be amortized over a \_\_\_\_\_ year period.

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- (F) We will use the net proceeds received by us from this offering and the borrowings from the revolving credit facility, to repay \$ of debt secured by the assets of the Rexford Funds.
- (G) As consideration for the contributions of the Predecessor's assets, the prior investors in the Predecessor entities will receive common units and shares of our common stock.

### **2. Adjustments to the Pro Forma Combined Statement of Operations**

The adjustments to the pro forma statements of operations for the year ended December 31, 2012 are as follows:

- (AA) Reflects the historical combined statements of operations of the Predecessor for the year ended December 31, 2012.
- (BB) Reflects the contribution of the 30% tenant-in-common interest in the La Jolla Sorrento property as discussed in (C) above, as if this had occurred on January 1, 2012. The acquisition of the 30% tenant-in-common interest in the La Jolla Sorrento property will be accounted for as an acquisition under the purchase method of accounting in accordance with ASC Section 805-10, *Business Combinations*, and recorded at the estimated fair value of the acquired assets and assumed liabilities. Adjustments for revenues represent the impact of the amortization of the net amount of above- and below-market rents. Depreciation and amortization represent the additional depreciation expense and amortization of intangibles as a result of these purchase accounting adjustments. Depreciation and amortization amounts were determined based on management's evaluation of the estimated useful lives of the properties and intangibles. In utilizing these useful lives for determining the pro forma adjustments, management considered the length of time the property had been in existence, the maintenance history as well as anticipated future maintenance, and any contractual stipulations that might limit the useful life.  
  
Reflects the impact of note receivable pay off for our Pasadena Foothill Center loan. The borrower paid the note on February 8, 2013. Adjustments for revenue and expenses represent the full-year impact of removing this asset from the Predecessor statement of operations.
- (CC) Reflects \$ in amortization of the \$ in fees associated with the anticipated revolving credit facility for the year ended December 31, 2012 plus \$ for the unused fee of on the \$ million revolving credit facility for the year ended December 31, 2012. In addition, we expect to borrow \$ upon completion of this offering from the revolving credit facility (see (E) above) at a rate of LIBOR plus 2.50%, or currently . On a pro-forma basis, if LIBOR were to increase by 1/8%, interest expense would have increased by and net income from continuing operations would have decreased by \$ for the year ended December 31, 2012. Conversely, if LIBOR were to decrease by 1/8%, interest expense would have decreased by and net income from continuing operations would have increased by \$ for the year ended December 31, 2012.
- (DD) Reflects approximately \$ of interest expense and \$ of gain on mark-to-market on interest rate swaps incurred by our Predecessor for the year ended December 31, 2012 on debt (and the related interest rate swap) secured by our Predecessor's assets that will be repaid from proceeds raised in this offering (see (F) above).
- (EE) We expect to incur additional general and administrative expenses as a result of becoming a public company, including, but not limited to, incremental salaries, board of directors' fees and expenses, directors' and officers' insurance, Sarbanes-Oxley Act of 2002 compliance costs, SEC reporting expenses and incremental audit and tax fees. We estimate that these costs could result in general and administrative expenses of approximately \$ per year, before additional non-cash compensation expenses of approximately \$ per year. As we have not yet entered into contracts with third parties to provide all of the services included within this estimate, not all of the estimated expenses appear in the accompanying pro forma consolidated statement of operations. Amounts corresponding to services and expenses under contract have been reflected as an adjustment in the pro forma consolidated statement of operations as additional general and administrative expenses, without duplication, to the general and administrative expenses appearing in the historical statements of operations.
- (FF) Reflects the allocation of income attributable to the income (loss) attributable to common non-controlling partnership interests issued as part of this offering and formation transactions (see (G) above).
- (GG) Pro forma earnings (loss) per share—basic and diluted are calculated by dividing pro forma consolidated net income (loss) allocable to common stockholders by the number of shares of common stock issued in this offering and the formation transactions. Set forth below is a reconciliation of pro forma weighted average shares outstanding:

**Report of Independent Registered Public Accounting Firm**

The Stockholder of Rexford Industrial, Inc.

We have audited the accompanying consolidated balance sheet of Rexford Industrial, Inc. as of March 5, 2013. This balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated balance sheet is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated balance sheet referred to above presents fairly, in all material respects, the financial position of Rexford Industrial, Inc. at March 5, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Los Angeles, California  
March 6, 2013

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**Rexford Industrial, Inc.**  
**Consolidated Balance Sheet**  
**As of March 5, 2013**

<b>ASSETS</b>	
Cash	<u>\$ 100</u>
	<u>\$ 100</u>
<b>STOCKHOLDER'S EQUITY</b>	
Common stock \$0.01 par value, 100,000 shares authorized, 100 shares issued and outstanding	<u>\$ 1</u>
Additional paid-in capital	<u>99</u>
	<u>\$100</u>

**Rexford Industrial, Inc.**  
**Notes to Consolidated Balance Sheet**  
**March 5, 2013**

**1. Organization**

Rexford Industrial, Inc. (the “Company,” “we,” “our” or “us”) was formed as a Maryland corporation on January 18, 2013 to operate as a self-administered and self-managed REIT focused on owning and operating industrial properties in Southern California infill markets. We were formed to succeed our predecessor business, which is controlled and operated by our principals, Richard Ziman, Howard Schwimmer and Michael Frankel, respectively. The Company has submitted a Registration Statement on Form S-11 with the Securities and Exchange Commission with respect to a proposed public offering (the “Offering”) of common stock. The Company is the sole general partner of Rexford Industrial, L.P., our “operating partnership,” which was also formed as a Maryland limited partnership on January 18, 2013. From January 18, 2013 (inception) through March 5, 2013, the Company had no operations other than the issuance of 100 shares of common stock for \$100 at \$0.01 par value to Michael Frankel and his affiliate in connection with our initial capitalization. The operations are planned to commence upon completion of the Offering. Upon completion of the Offering and the Formation Transactions (defined below), we expect our operations to be carried on through our operating partnership and a wholly owned subsidiary, Rexford Industrial Realty and Management, Inc. At such time, the Company, as the general partner of our operating partnership, will control the operating partnership. The Company will consolidate the assets, liabilities, and results of operations of the operating partnership.

Concurrently with the Offering, we will complete certain formation transactions pursuant to which we will acquire, through a series of purchase and contribution transactions, the entities that own interests in our initial portfolio, in exchange for cash, shares of our common stock and/or units in our operating partnership. The formation transactions are designed to consolidate our asset management, property management, property development, leasing, tenant improvement construction, acquisition and financing businesses into our operating partnership; consolidate the ownership of our industrial properties under our operating partnership; facilitate the Offering; and allow us to qualify as a real estate investment trust for federal income tax purposes commencing with the taxable year ending December 31, 2013.

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a real estate investment trust (“REIT”) under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, for federal income tax purposes commencing with our taxable year ending December 31, 2013.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“GAAP”).

*Income taxes*

Subject to qualification as a REIT, the Company will be permitted to deduct distributions paid to its stockholders, eliminating the federal taxation of income represented by such distributions at the Company level.

REITs are subject to a number of organizational and operational requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates.

*Use of estimates*

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts in the balance sheet and accompanying notes. Actual results could differ from those estimates.

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*Underwriting Commissions and Costs*

Underwriting commissions and costs to be incurred in connection with the Offering will be reflected as a reduction of additional paid-in-capital.

**3. Offering Costs**

In connection with the Offering, affiliates have or will incur legal, accounting, and related costs, which will be reimbursed by the Company upon the consummation of the Offering. Such costs will be deducted from the gross proceeds of the Offering.

**4. Subsequent Events**

We have evaluated subsequent events through the date on which these financial statements were issued.

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**Report of Independent Registered Public Accounting Firm**

To the Members of Rexford Industrial, Inc. Predecessor

We have audited the accompanying combined balance sheets of the entities listed in Note 1 (collectively, referred to as the “Rexford Industrial, Inc. Predecessor” or the “Company”) as of December 31, 2012 and 2011, and the related combined statements of operations, equity, and cash flows for the years then ended. Our audits also included the financial statement schedule of real estate and accumulated depreciation. These financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Rexford Industrial, Inc. Predecessor at December 31, 2012 and 2011, and the combined results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic combined financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP  
Los Angeles, California  
March 6, 2013



[Table of Contents](#)**Rexford Industrial, Inc. Predecessor  
COMBINED BALANCE SHEETS**

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
<b>ASSETS</b>		
Land	\$ 162,200,000	\$ 151,876,000
Buildings and improvements	220,457,000	208,141,000
Tenant improvements	12,845,000	11,151,000
Furniture, fixtures, and equipment	223,000	223,000
Total real estate held for investment	395,725,000	371,391,000
Accumulated depreciation	(59,714,000)	(49,854,000)
Investments in real estate, net	336,011,000	321,537,000
Cash and cash equivalents	43,499,000	20,928,000
Restricted cash	1,882,000	1,787,000
Notes receivable	11,911,000	11,758,000
Rents and other receivables, net	559,000	604,000
Deferred rent receivable	3,802,000	2,989,000
Deferred leasing costs and in-place lease intangibles, net	4,815,000	5,193,000
Deferred loan costs, net	1,420,000	1,315,000
Acquired above-market leases, net	249,000	495,000
Other assets	2,133,000	1,387,000
Investment in unconsolidated real estate entities	12,697,000	10,191,000
Assets associated with real estate held for sale	1,518,000	5,031,000
<b>Total Assets</b>	<b>\$ 420,496,000</b>	<b>\$ 383,215,000</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
Notes payable	\$ 313,608,000	\$ 301,617,000
Accounts payable, accrued expenses and other liabilities	2,631,000	1,770,000
Due to members	1,221,000	—
Interest rate contracts	49,000	2,410,000
Acquired below-market leases, net	39,000	147,000
Tenant security deposits	3,815,000	3,180,000
Prepaid rents	356,000	399,000
Liabilities associated with real estate held for sale	2,529,000	6,012,000
<b>Total Liabilities</b>	<b>324,248,000</b>	<b>315,535,000</b>
<b>Equity</b>		
Rexford Industrial, Inc. Predecessor	11,962,000	10,941,000
Accumulated deficit and distributions	(24,653,000)	(19,455,000)
Total Rexford Industrial, Inc. Predecessor (deficit)	(12,691,000)	(8,514,000)
Noncontrolling interests	108,939,000	76,194,000
<b>Total Equity</b>	<b>96,248,000</b>	<b>67,680,000</b>
<b>Total Liabilities and Equity</b>	<b>\$ 420,496,000</b>	<b>\$ 383,215,000</b>

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## Rexford Industrial, Inc. Predecessor

## COMBINED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>RENTAL REVENUES</b>		
Rental revenues	\$ 29,362,000	\$ 24,375,000
Tenant reimbursements	3,275,000	2,453,000
Management, leasing and development services	519,000	316,000
Other operating income	124,000	159,000
<b>TOTAL RENTAL REVENUES</b>	<b>33,280,000</b>	<b>27,303,000</b>
Interest income	1,577,000	1,578,000
<b>TOTAL REVENUES</b>	<b>34,857,000</b>	<b>28,881,000</b>
<b>EXPENSES</b>		
Property expenses	8,563,000	7,210,000
General and administrative	6,382,000	4,687,000
Depreciation and amortization	13,105,000	10,250,000
Other expense	103,000	106,000
<b>TOTAL OPERATING EXPENSES</b>	<b>28,153,000</b>	<b>22,253,000</b>
<b>OTHER (INCOME) EXPENSE</b>		
Acquisition expenses	599,000	1,022,000
Interest expense	17,529,000	18,031,000
Gain on mark-to-market interest rate swaps	(2,361,000)	(4,185,000)
<b>TOTAL OTHER (INCOME) EXPENSE</b>	<b>15,767,000</b>	<b>14,868,000</b>
<b>TOTAL EXPENSES</b>	<b>43,920,000</b>	<b>37,121,000</b>
Equity in income of unconsolidated real estate entities	122,000	185,000
<b>NET LOSS FROM CONTINUING OPERATIONS</b>	<b>(8,941,000)</b>	<b>(8,055,000)</b>
<b>DISCONTINUED OPERATIONS</b>		
Loss from discontinued operations before gains on settlement of debt and sale of real estate	(71,000)	(785,000)
Gain on sale of real estate	55,000	2,503,000
<b>INCOME (LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>(16,000)</b>	<b>1,718,000</b>
<b>NET LOSS</b>	<b>(8,957,000)</b>	<b>(6,337,000)</b>
Net loss attributable to noncontrolling interests	4,066,000	2,585,000
<b>NET INCOME (LOSS) ATTRIBUTABLE TO REXFORD INDUSTRIAL, INC. PREDECESSOR</b>	<b>\$ (4,891,000)</b>	<b>\$ (3,752,000)</b>

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## Rexford Industrial, Inc. Predecessor

## COMBINED STATEMENTS OF CHANGES IN EQUITY

	<u>Rexford Industrial, Inc. Predecessor</u>	<u>Noncontrolling Interests</u>	<u>Total</u>
<b>Balance as of January 1, 2011</b>	\$ (5,110,000)	\$ 47,956,000	\$42,846,000
Capital contributions	397,000	31,590,000	31,987,000
Net loss	(3,752,000)	(2,585,000)	(6,337,000)
Distributions	(49,000)	(767,000)	(816,000)
<b>Balance, December 31, 2011</b>	<u>\$ (8,514,000)</u>	<u>\$ 76,194,000</u>	<u>\$67,680,000</u>
Capital contributions	1,021,000	39,346,000	40,367,000
Net loss	(4,891,000)	(4,066,000)	(8,957,000)
Distributions	(307,000)	(2,535,000)	(2,842,000)
<b>Balance, December 31, 2012</b>	<u>\$ (12,691,000)</u>	<u>\$108,939,000</u>	<u>\$96,248,000</u>

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**Rexford Industrial, Inc. Predecessor**

**COMBINED STATEMENTS OF CASH FLOWS**

	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (8,957,000)	\$ (6,337,000)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Equity in earnings of unconsolidated real estate entities	(122,000)	(185,000)
Depreciation and amortization	13,215,000	10,416,000
(Accretion) Amortization of above (below) market lease intangibles	188,000	(163,000)
Accretion of discount on notes receivable	(360,000)	(330,000)
Net gain on asset dispositions	(55,000)	(2,503,000)
Amortization of loan costs	843,000	1,046,000
Gain on mark-to-market interest rate swaps	(2,361,000)	(4,186,000)
Deferred interest expense	1,065,000	176,000
<b>Change in working capital components:</b>		
Tenant receivables	58,000	25,000
Deferred rent receivables	(843,000)	(495,000)
Change in restricted cash	(274,000)	(512,000)
Leasing commissions	(1,090,000)	(736,000)
Other assets	(718,000)	75,000
Accounts payable, accrued expenses and other liabilities	663,000	446,000
Tenant security deposits	(36,000)	256,000
Prepaid rent	(136,000)	(342,000)
Net cash provided by (used in) operating activities	<u>1,080,000</u>	<u>(3,349,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of investment in real estate	(20,673,000)	(44,324,000)
Capital expenditures	(4,620,000)	(1,321,000)
Contributions to unconsolidated real estate entities	(2,814,000)	(24,000)
Distributions from unconsolidated real estate entities	430,000	412,000
Change in restricted cash	210,000	(512,000)
Principal repayments of notes receivable	207,000	217,000
Disposition of investment in real estate	3,482,000	3,249,000
Net cash used in investing activities	<u>(23,778,000)</u>	<u>(42,303,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	11,984,000	46,082,000
Repayment of notes payable	(4,479,000)	(24,757,000)
Deferred loan costs	(935,000)	(927,000)
Capital contributions	40,367,000	31,987,000
Distributions to members	(2,842,000)	(816,000)
Reimbursements due to members	1,221,000	—
Change in restricted cash	(47,000)	—
Net cash provided by financing activities	<u>45,269,000</u>	<u>51,569,000</u>
Net increase in cash and cash equivalents	22,571,000	5,917,000
Cash and cash equivalents, beginning of period	20,928,000	15,011,000
Cash and cash equivalents, end of period	<u>\$ 43,499,000</u>	<u>\$ 20,928,000</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	15,787,000	17,307,000
<b>Supplemental disclosure of noncash investing and financing transactions:</b>		
Assumption of loan in connection with acquisition of real estate	—	5,528,000
Mortgage loan satisfied in connection with deed-in-lieu of foreclosure	—	(15,068,000)

**Rexford Industrial, Inc. Predecessor**  
**Notes to Combined Financial Statements**

**1. Organization and Description of Business**

Rexford Industrial, Inc. Predecessor is not a legal entity but rather a combination of numerous real estate entities and management companies engaged in the acquisition, ownership, development, leasing and management of industrial real estate, and in the acquisition of debt instruments connected with industrial real estate. Rexford Industrial, Inc. Predecessor is the predecessor of Rexford Industrial, Inc. (the “REIT”), which is expected to complete an initial public offering (the “IPO”) of the common stock of the REIT in 2013. In connection with the IPO, the Company will engage in formation transactions that are designed to consolidate its asset management, property management, property development, leasing, tenant improvement construction, acquisition and financing businesses into Rexford Industrial, L.P., the operating partnership formed by and managed by the REIT; consolidate the ownership of our portfolio of industrial properties under the operating partnership; facilitate the IPO; and allow the REIT to qualify as a real estate investment trust for U.S. federal income tax purposes commencing with the taxable year ending December 31, 2013. Below is a background summary of the entities comprising Rexford Industrial, Inc. Predecessor.

The combined financial statements presented herein consist of Rexford Industrial, LLC (“RILLC”), Rexford Sponsor V, LLC and Rexford Industrial Fund V REIT, LLC (“RIF V REIT”) and their consolidated subsidiaries which consists of Rexford Industrial Fund I, LLC (“RIF I”), Rexford Industrial Fund II, LLC (“RIF II”), Rexford Industrial Fund III, LLC (“RIF III”), Rexford Industrial Fund IV, LLC (“RIF IV”) and Rexford Industrial Fund V, LP (“RIF V”). The terms “Company,” “us,” “we” and “our” as used in these financial statements refer to Rexford Industrial, Inc. Predecessor.

As of December 31, 2012, we control and own the equity interests of the entities that own, on a combined basis, a portfolio of 55 industrial properties and two loans secured by the deed of trust on real property. We also manage, and own a partial equity interest in five additional industrial properties, for a total of 60 industrial properties in our total managed portfolio.

Below is a summary of the industrial properties in our total managed portfolio as of December 31, 2012:

	Number of		Total Portfolio Square Feet	Effective Portfolio <sup>(1)</sup> Square Feet
	Properties	Buildings		
RIF I	8	18	1,087,561	1,042,788
RIF II	8	23	726,905	697,515
RIF III	11	37	1,012,889	1,012,889
RIF IV	14	29	947,133	945,682
RIF V	19	45	2,403,573	1,393,427
	<u>60</u>	<u>152</u>	<u>6,178,061</u>	<u>5,092,301</u>
Notes receivables	2	11	154,567	154,567
	<u>62</u>	<u>163</u>	<u>6,332,628</u>	<u>5,246,868</u>

- (1) Effective portfolio square feet includes 100% of the square footage of our combined portfolio of 55 properties, and our respective ownership percentage of square footage for our tenants-in-common and joint venture interest properties, which includes 72.24% of Walnut Center Business Park, 70.0% of La Jolla Sorrento Business Park, 15.0% of 3001-3223 Mission Oaks Boulevard and 96.77% of 901 W. Alameda Avenue.

Any reference to the number of properties, buildings and square footage are unaudited and outside the scope of our independent auditor’s audit of our financial statements in accordance with the standards of the Public Company Accounting Oversight Board.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting and Consolidation**

The accompanying combined financial statements include the accounts of the Company. All significant intercompany accounts and transactions have been eliminated in combination. All the outside ownership interests in entities we consolidate are included in non-controlling interests.

The accompanying financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”) as established by the Financial Accounting Standards Board (“FASB”) in the Accounting Standards Codification (“ASC”) including modifications issued under Accounting Standards Updates (“ASUs”). The accompanying financial statements include, in our opinion, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth therein.

We consolidate all entities that are wholly owned and those in which we own less than 100% but control, as well as any variable interest entities in which we are the primary beneficiary. We evaluate our ability to control an entity and whether the entity is a variable interest entity and we are the primary beneficiary through consideration of the substantive terms of the arrangement to identify which enterprise has the power to direct the activities of a variable interest entity that most significantly impacts the entity’s economic performance and the obligation to absorb losses of the entity or the right to receive benefits from the entity. Investments in entities in which we do not control but over which we have the ability to exercise significant influence over operating and financial policies are presented under the equity method. Investments in entities that we do not control and over which we do not exercise significant influence are carried at the lower of cost or fair value, as appropriate. Our ability to correctly assess our influence and/or control over an entity affects the presentation of these investments in our combined financial statements.

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### **Discontinued Operations**

The revenue, expenses, impairment and/or gain on sale of operating properties that meet the applicable criteria are reported as discontinued operations in the combined statements of operations for all periods presented. A gain on sale, if any, is recognized in the period during which the property is disposed.

In determining whether to report the results of operations, impairment and/or gain on sale of operating properties as discontinued operations, we evaluate whether we have any significant continuing involvement in the operations, leasing or management of the property after disposition. If we determine that we have significant continuing involvement after disposition, we report the revenue, expenses, impairment and/or gain on sale as part of continuing operations.

### **Held for Sale Assets**

We classify properties as held for sale when certain criteria set forth in the Long-Lived Assets Classified as Held for Sale Subsections of ASC Topic 360: Property, Plant, and Equipment, are met. At that time, we present the assets and liabilities of the property held for sale separately in our combined balance sheet and cease recording depreciation and amortization expense at the time a property is classified as held for sale. Properties held for sale are reported at the lower of their carrying value or their estimated fair value, less estimated costs to sell. As of December 31, 2012 and 2011, our Worth Bonnie Beach property which was sold on January 31, 2013, is classified as held for sale. Additionally, one of the buildings at our Long Carson (639-641 E. Walnut) property was sold on October 16, 2012, and therefore classified as held for sale as of December 31, 2011.

### **Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

### **Investment in Real Estate**

Acquisitions of properties are accounted for utilizing the purchase accounting method and accordingly, the results of operations of acquired properties are included in our results of operations from the respective dates of acquisition. Transaction costs related to acquisitions are expensed, rather than included with the consideration paid. Estimates of future cash flows and other valuation techniques are used to allocate the purchase price of acquired property between land, buildings and improvements, equipment and identifiable intangible assets and liabilities such as amounts related to in-place at-market leases, and acquired above- and below-market leases. Initial valuations are subject to change until such information is finalized, but no later than 12 months from the acquisition date.

The fair values of tangible assets are determined on an “as-if-vacant” basis. The “as-if-vacant” fair value is allocated to land, where applicable, buildings, tenant improvements and equipment based on comparable sales and other relevant information obtained in connection with the acquisition of the property.

The estimated fair value of acquired in-place at-market tenant leases are the costs we would have incurred to lease the property to the occupancy level of the property at the date of acquisition. Such estimates include the fair value of leasing commissions and legal costs that would be incurred to lease the property to this occupancy level. Additionally, we evaluate the time period over which such occupancy level would be achieved and include an estimate of the net operating costs (primarily real estate taxes, insurance and utilities) incurred during the lease-up period, which is generally six months.

Above- and below-market in-place lease intangibles are recorded as an asset or liability based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be received or paid pursuant to the in-place tenant lease, and our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining noncancelable term of the lease.

We capitalize costs incurred in developing, renovating, rehabilitating, and improving real estate assets as part of the investment basis. Costs incurred in making repairs and maintaining real estate assets are expensed as incurred. During the land development and construction periods, we capitalize interest costs, insurance, real estate taxes and certain general and administrative costs of the personnel performing development, renovations, and rehabilitation if such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. Capitalized costs are included in the investment basis of real estate assets.

When assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts with the resulting gains or losses reflected in operations for the period.

The values allocated to land, buildings, site improvements, in-place leases, tenant improvements and leasing costs are depreciated on a straight-line basis using an estimated remaining life of 10-30 years for buildings, 20 years for site improvements, and the shorter of the estimated useful life or respective lease term for tenant improvements.

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### **Impairment of Long-Lived Assets**

In accordance with the provisions of the Impairment or Disposal of Long-Lived Assets Subsections of ASC Topic 360: Property, Plant, and Equipment, we assess the carrying values of our respective long-lived assets, including goodwill, whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable.

Recoverability of real estate assets is measured by comparison of the carrying amount of the asset to the estimated future undiscounted cash flows. In order to review our real estate assets for recoverability, we consider current market conditions, as well as our intent with respect to holding or disposing of the asset. Our intent with regard to the underlying assets might change as market conditions change, as well as other factors, especially in the current global economic environment. Fair value is determined through various valuation techniques; including discounted cash flow models, applying a capitalization rate to estimated net operating income of a property, quoted market values and third party appraisals, where considered necessary. The use of projected future cash flows is based on assumptions that are consistent with our estimates of future expectations and the strategic plan we use to manage our underlying business. If our analysis indicates that the carrying value of the real estate asset is not recoverable on an undiscounted cash flow basis, we recognize an impairment charge for the amount by which the carrying value exceeds the current estimated fair value of the real estate property.

Assumptions and estimates used in the recoverability analyses for future cash flows, discount rates and capitalization rates are complex and subjective. Changes in economic and operating conditions or our intent with regard to our investment that occurs subsequent to our impairment analyses could impact these assumptions and result in future impairment of our real estate properties.

At December 31, 2012 and 2011, our investment in real estate has been recorded net of previous impairments of \$19.6 million and \$21.9 million, respectively.

### **Investments in Unconsolidated Real Estate**

We present our investments in unconsolidated real estate which we do not control using the equity method of accounting. The equity method of accounting is used when we have the ability to exercise significant influence over the operating and financial policies of the joint venture but do not control the joint venture. Under the equity method, our investments (including advances to the joint venture) are initially recorded on our combined balance sheets at our cost and are subsequently adjusted to reflect our proportionate share of net earnings or losses of each of the joint ventures, as applicable, contributions made, distributions received, and certain other adjustments, as appropriate. Such investments are included in investment in unconsolidated real estate on the accompanying combined balance sheets (see Note 12 for additional information). Distributions from these investments that are related to earnings from operations are included in cash flow from operations and distributions that are related to capital transactions are included in cash flow from investing activities in the statements of cash flows.

### **Cash and Cash Equivalents**

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Such investments are stated at cost, which approximates market value.

### **Restricted Cash**

Restricted cash consists primarily of deposits for tenant improvements and leasing commissions, real estate taxes and insurance reserves, and other items as required by our loan agreements.

### **Notes Receivable**

Notes receivable consist of loans acquired by us at a discount to the original principal balance of the loan and are recorded at the initial investment in the loans. The discount is then accreted to the estimated cash flows expected to be collected measured at the acquisition date. The excess cash flows expected to be collected measured at the acquisition date over the initial investment (accretable yield) are recognized in interest income over the remaining life of the loan using the effective-interest method. Subsequent increases in cash flows expected to be collected are recognized prospectively through the adjustment of the yield over the remaining life of the loan. Decreases in cash flows expected to be collected result in a charge to provision for loan losses. The excess of contractually required payments at the acquisition date over expected cash flows (nonaccretable difference) is not recognized as an adjustment of yield, loss accrual, or valuation allowance. We determine whether loans are impaired based on the requirements of the applicable accounting literature. We consider a loan to be impaired when, based on current information and events, we determine that it is probable we will not be able to collect all amounts due according to the loan contractual terms. When we identify a loan as impaired, we use the current estimated fair value of the collateral to measure the impairment. See Note 5.

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### **Rents and Other Receivables, Net**

Accounts receivable consists of tenant receivables arising in the normal course of business. Accounts receivable are uncollateralized customer obligations requiring payment within 30 days of invoice date. Tenant receivables are recorded and carried at the amount billable per the applicable lease agreement, less any allowance for doubtful accounts. An allowance for doubtful accounts is made when collection of the full amounts is no longer considered probable. We take into consideration factors including historical termination, default activity and current economic conditions to evaluate the level of reserve necessary. We had a \$0.7 million and \$0.3 million reserve for allowance for doubtful accounts as of December 31, 2012 and 2011, respectively.

### **Concentrations of Credit Risk**

We are subject to risks incident to the ownership, development and sale of industrial real estate. These include, among others, the risks normally associated with changes in the general economic climate, trends in the real estate industry, availability of industrial real estate, changes in tax laws, interest rate levels, availability of financing and the potential liability under environmental and other laws.

Substantially all our properties are located in Southern California, with the exception of one property located in the state of Arizona and one property located in the state of Illinois. The ability of the tenants to honor the terms of their respective leases is dependent upon the economic, regulatory and social factors affecting the markets in which the tenants operate.

We perform ongoing credit evaluations of our tenants for potential credit losses. In addition, we have financial instruments that subject us to credit risk, which consist primarily of accounts receivable, deferred rents receivable and interest rate contracts.

We have deposited cash with financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. As of December 31, 2012 and 2011, we had cash accounts in excess of FDIC insured limits. We have not realized any losses in such cash investments and we believe that these investments are not exposed to any significant credit risk.

### **Acquired Above- and Below-market Leases, Net**

Above-market lease values are amortized as a reduction of rental revenue in the combined statements of operations over the remaining non-cancelable terms of the respective leases.

Below-market lease values are accreted as an increase to rental revenue in the combined statements of operations over the remaining non-cancelable terms and below-market extension periods, if any, of the respective leases

The value of in-place leases, exclusive of the value of above- and below -market in-place leases, is amortized over the remaining non-cancelable period of the respective leases and is included in depreciation and amortization expense in the combined statements of operations.

### **Deferred Leasing Costs**

Deferred leasing commissions which include the net carrying value of acquired-in-place leases and tenant relationships are amortized over the term of the lease and is included in depreciation and amortization expense in the combined statements of operations.

### **Deferred Loan Costs**

Loan costs are capitalized and amortized to interest expense over the term of the related loans. Any unamortized amounts upon early repayment of secured notes payable are written off in the period of repayment. We incurred deferred loan cost amortization expense of \$0.8 million and \$1.0 million in 2012 and 2011, respectively.

### **Other Assets**

Other assets include prepaid expenses, deposits, and other miscellaneous assets.

### **Notes Payable**

Mortgage and other loans assumed upon acquisition of related real estate properties are stated at estimated fair value upon their respective dates of assumption, net of unamortized discounts or premiums to their outstanding contractual balances.

Amortization of discount and the accretion of premiums on mortgage and other loans assumed upon acquisition of related real estate properties are recognized from the date of assumption through their contractual maturity date.



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### **Interest Rate Contracts**

We are exposed to the effect of interest rate changes in the normal course of business. Under certain circumstances, we manage our interest rate risk associated with floating rate borrowings by entering into interest rate swap agreements. We recognize our interest rate swap agreements as either assets or liabilities on the balance sheet at fair value, disclosed as “Interest rate contracts”. The accounting for changes in fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. As of December 31, 2012 and 2011, none of our derivatives are designated as hedges, and as such, changes in fair value are recognized in earnings under “Gain on mark-to-market interest rate swaps”.

Our interest rate swap agreements involve the receipt of variable rate amounts from a counterparty in exchange for the Company making fixed rate payments over the life of the interest rate swap agreements without exchange of the underlying notional amount. Receipts or payments resulting from these agreements are recognized as a component of interest expense.

The fair value of each interest rate swap agreement is obtained through independent third-party valuation sources that use widely accepted valuation techniques including discounted cash flow analyses on the expected cash flows of each derivative. These analyses reflect the contractual terms of the derivatives, including the period to maturity, and use observable market-based inputs, including interest rate curves and implied volatilities (also referred to as “significant other observable inputs”). The fair values of our interest rate swap agreements are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The fair value calculation also includes an amount for risk of non-performance using “significant unobservable inputs” such as estimates of current credit spreads to evaluate the likelihood of default, which we have determined to be insignificant to the overall fair value of our interest rate swap agreements. See Note 8.

### **Revenue Recognition**

We recognize revenue from rent, tenant reimbursements, and other revenue sources once all of the following criteria are met: persuasive evidence of an arrangement exists, the delivery has occurred or services rendered, the fee is fixed and determinable, and collectability is reasonably assured. Minimum annual rental revenues are recognized in rental revenues on a straight-line basis over the term of the related lease. Rental revenue recognition commences when the tenant takes possession or controls the physical use of the leased space. In order for the tenant to take possession, the leased space must be substantially ready for its intended use. To determine whether the leased space is substantially ready for its intended use, management evaluates whether we or the tenant is the owner of tenant improvements for accounting purposes. When management concludes that we are the owner of tenant improvements, rental revenue recognition begins when the tenant takes possession of the finished space, which is when such tenant improvements are substantially complete. In certain instances, when management concludes that we are not the owner (the tenant is the owner) of tenant improvements, rental revenue recognition begins when the tenant takes possession of or controls the space.

When management concludes that we are the owner of tenant improvements for accounting purposes, management records the cost to construct the tenant improvements as a capital asset. When management concludes that the tenant is the owner of tenant improvements for accounting purposes, management records our contribution towards those improvements as a lease incentive, which is included in deferred leasing costs on our combined balance sheets and amortized as a reduction to rental revenue on a straight-line basis over the term of the lease.

Estimated recoveries from tenants for real estate taxes, common area maintenance, and other recoverable operating expenses are recognized as revenues in the period that the expenses are incurred. Subsequent to year-end, we perform final reconciliations on a lease-by-lease basis and bill or credit each tenant for any cumulative annual adjustments. Lease termination fees, which are included in rental revenues in the accompanying consolidated statements of operations, are recognized when the related lease is canceled and we have no continuing obligation to provide services to such former tenant.

Revenues from management, leasing and development services are recognized when the related services have been provided and earned.

The recognition of gains on sales of real estate requires that we measure the timing of a sale against various criteria related to the terms of the transaction, as well as any continuing involvement in the form of management or financial assistance associated with the property. If the sales criteria are not met, we defer gain recognition and account for the continued operations of the property by applying the finance, profit-sharing or leasing method. If the sales criteria have been met, we further analyze whether profit recognition is appropriate using the full accrual method. If the criteria to recognize profit using the full accrual method have not been met, we defer the gain and recognize it when the criteria are met or use the installment or cost recovery method as appropriate under the circumstances. See Note 3 for discussion of dispositions.

### **Income Taxes**

RIF I, RIF II, RIF III, and RIF IV are limited liability companies or limited partnerships. As it relates to the limited liability companies, we have elected to be taxed as a partnership for tax purposes. As such, the allocated share of net income or loss from the limited liability companies and limited partnerships is reportable in the income tax returns of the respective partners and investors. Accordingly, no income tax provision is included in the accompanying combined financial statements

RIF V REIT has elected to be taxed as a REIT under Sections 856 to 860 of the Internal Revenue Code of 1986, as amended (the “Code”), commencing with its tax period ended December 31, 2010.

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To qualify as a REIT, RIF V REIT must distribute annually at least 90% of its adjusted taxable income, as defined in the Code, to its security holders and satisfy certain other organizational and operating requirements. If RIF V REIT fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes (including any applicable alternative minimum tax) on our taxable income at regular corporate rates and we may not be able to qualify as a REIT for four subsequent taxable years. Even if RIF V REIT qualifies for taxation as a REIT, it may be subject to certain state and local taxes on our income and property and to federal income taxes and excise taxes on our undistributed taxable income. We believe that RIF V REIT has met all of the REIT distribution and technical requirements for the periods ended December 31, 2012 and 2011 and intends to continue to adhere to these requirements and maintain its REIT status. Accordingly, we have not recognized any provision for income taxes.

The Company periodically evaluates its tax positions to evaluate whether it is more likely than not that such positions would be sustained upon examination by a tax authority for all open tax years, as defined by the statute of limitations, based on their technical merits. As of December 31, 2012 and 2011, the Company has not established a liability for uncertain tax positions.

### **Segment Reporting**

Management views the Company as a single segment based on its method of internal reporting in addition to its allocations of capital and resources.

### **Recently issued accounting pronouncements**

Changes to GAAP are established by the FASB in the form of ASUs to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. Newly issued ASUs not listed below are expected to not have any material impact on its combined financial position and results of operations because either the ASU is not applicable or the impact is expected to be immaterial.

During the fourth quarter of 2011, the Financial Accounting Standards Board ("FASB") issued an accounting standard update that requires disclosures about offsetting and related arrangements to enable financial statements users to evaluate the effect or potential effect of netting arrangements on an entity's financial position, including rights of setoff associated with certain financial instruments and derivative instruments. The disclosure requirements are effective for us on January 1, 2013, and we do not expect the guidance to have a material impact on our Combined Financial Statements.

Also during the fourth quarter of 2011, the FASB issued an accounting standard update to clarify the scope of current U.S. GAAP. The update clarifies that the real estate sales guidance applies to the derecognition of a subsidiary that is in-substance real estate as a result of default on the subsidiary's nonrecourse debt. That is, even if the reporting entity ceases to have a controlling financial interest under the consolidation guidance, the reporting entity would continue to include the real estate, debt, and the results of the subsidiary's operations in its consolidated financial statements until legal title to the real estate is transferred to legally satisfy the debt. This accounting standard update is effective for us on January 1, 2013, and we do not expect the guidance to impact our Combined Financial Statements.

During the second quarter of 2011, the FASB issued Accounting Standards Update No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS, which generally aligns the principles for fair value measurements and the related disclosure requirements under US GAAP and International Financial Reporting Standards ("IFRS"). This standard requires new disclosures, with a particular focus on Level 3 measurements, including: quantitative information about the significant unobservable inputs used for all Level 3 measurements; qualitative discussion about the sensitivity of recurring Level 3 measurements to changes in the unobservable inputs disclosed, including the interrelationship between inputs and a description of the company's valuation processes. This standard also requires disclosure of any transfers between Levels 1 and 2 of the fair value hierarchy; information about when the current use of a non-financial asset measured at fair value differs from its highest and best use and the hierarchy classification for items whose fair value is not recorded on the balance sheet but is disclosed in the notes. This standard was effective for interim and annual periods beginning after December 15, 2011. We adopted this standard effective January 1, 2012. See Note 9.

## **3. Investment in Real Estate**

### **Acquisitions**

During 2012, the Company through RIF V acquired four properties consisting of seven buildings and approximately 353,000 square feet. The properties are located throughout Southern California except for one property located in Glenview, Illinois. The total contract price for the 2012 acquisitions was \$21.5 million.

During 2011, the Company through RIF V acquired 10 properties consisting of 27 buildings and approximately 684,000 square feet. The properties are located throughout Southern California except for one property located in Tempe, Arizona. The total contract price for the 2011 acquisitions was \$50.5 million.

We expensed \$0.6 million and \$1.0 million for the year ended December 31, 2012 and 2011, respectively, for acquisition costs related to the above transactions.

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The following table summarizes the allocations of estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Property	Acquisition Date	Real estate assets:		Acquisition-related intangibles		Total Purchase Price	Other assets	Notes payable, accounts payable, accrued expenses and tenant security deposits	Net Assets Acquired
		Land	Buildings and improvements	In-place Lease Intangibles <sup>(1)</sup>	Net Above (Below) Market Lease Intangibles <sup>(2)</sup>				
<b>2012 Acquisitions<sup>(3)</sup>:</b>									
Zenith Business Park	5/1/2012	\$ 658,000	\$ 688,000	\$ 279,000	\$ —	\$ 1,625,000	\$ 6,000	\$ (213,000)	\$ 1,418,000
Campus	3/7/2012	2,600,000	1,631,000	588,000	(20,000)	4,799,000	13,000	(529,000)	4,283,000
Del Norte	12/18/2012	3,276,000	5,623,000	532,000	70,000	9,501,000	7,000	(113,000)	9,395,000
Calvert	12/21/2012	3,790,000	1,448,000	382,000	—	5,620,000	2,000	(45,000)	5,577,000
<b>Total</b>		<b>\$ 10,324,000</b>	<b>\$ 9,390,000</b>	<b>\$ 1,781,000</b>	<b>\$ 50,000</b>	<b>\$ 21,545,000</b>	<b>\$ 28,000</b>	<b>\$ (900,000)</b>	<b>\$ 20,673,000</b>
<b>2011 Acquisitions:</b>									
Vinedo	5/24/2011	\$ 2,623,000	\$ 2,081,000	\$ 452,000	\$ —	\$ 5,156,000	\$ —	\$ (10,000)	\$ 5,146,000
Odessa	8/18/2011	1,218,000	1,542,000	—	—	2,760,000	—	(3,000)	2,757,000
MacArthur	8/4/2011	3,273,000	4,576,000	652,000	—	8,501,000	—	(338,000)	8,163,000
Golden Valley	11/1/2011	1,611,000	1,804,000	199,000	(14,000)	3,600,000	9,000	(21,000)	3,588,000
Jersey <sup>(4)</sup>	11/8/2011	2,540,000	4,453,000	527,000	122,000	7,642,000	11,000	(5,506,000)	2,147,000
Arrow Business Center	12/14/2011	3,223,000	1,766,000	348,000	112,000	5,449,000	6,000	(88,000)	5,367,000
Normandie Business Center	12/14/2011	3,077,000	1,077,000	244,000	27,000	4,425,000	5,000	(64,000)	4,366,000
Shoemaker Industrial Park	12/14/2011	3,504,000	1,937,000	210,000	34,000	5,685,000	7,000	(66,000)	5,626,000
Paramount Business Center	12/14/2011	1,387,000	963,000	151,000	49,000	2,550,000	3,000	(43,000)	2,510,000
Interstate Commerce Center	12/14/2011	1,223,000	2,860,000	501,000	166,000	4,750,000	3,000	(99,000)	4,654,000
<b>Total</b>		<b>\$ 23,679,000</b>	<b>\$ 23,059,000</b>	<b>\$ 3,284,000</b>	<b>\$ 496,000</b>	<b>\$ 50,518,000</b>	<b>\$ 44,000</b>	<b>\$ (6,238,000)</b>	<b>\$ 44,324,000</b>

- The weighted average amortization period of acquired in-place lease intangibles was approximately 4.3 years as of December 31, 2012.
- The weighted average amortization period of acquired above and below market leases was approximately 2.2 years as of December 31, 2012.
- 2012 Acquisitions does not include the acquisition of a 15.0% ownership interest in the unconsolidated joint venture entity that owns 3001-3233 Mission Oaks Boulevard. See Note 10 for additional information.
- In connection with this acquisition, we assumed secured debt with an outstanding principal balance of \$5.4 million and initial fair value premium of \$0.1 million.

The following table summarizes the results of operations for the properties acquired during 2011, noted in the tables above, as of their date of acquisition, through December 31, 2011. The results of operations for the 2012 acquisitions were not material individually or in aggregate to our combined financial statements and therefore, have not been disclosed.

	Year Ended December 31, 2011
Revenues	1,006,000
Net Income <sup>(1)</sup>	113,000

- Reflects the net operating income less depreciation for these properties and amortization of acquired intangibles.

The following table of pro-forma combined results of operations of the Company for the year ended December 31, 2011 assumes that the properties acquired during 2011, noted in the tables above, were completed as of January 1, 2011. Pro-forma data may not be indicative of the results that would have been reported had the acquisitions actually occurred as of January 1, 2011, nor does it intend to be a projection of future results. The pro-forma results of operations for the 2012 acquisitions were not material individually or in aggregate to our combined financial statements and therefore, have not been disclosed.

	Year Ended December 31, 2011 (unaudited)
Revenues	32,988,000
Net Income	(10,678,000)

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### Dispositions

A summary of our property dispositions for the years ended December 31, 2012 and 2011 is as follows:

Property	Location	Date of Disposition	Rentable Square Feet	Sales Price	Debt Satisfied	Gain/(Loss) Recorded
639-641 Walnut Street <sup>(1)</sup>	Carson, CA	Oct 2012	36,825	\$3,683,000	\$ 3,366,000 <sup>(2)</sup>	\$ 55,000
400 Lombard Street <sup>(3)</sup>	Oxnard, CA	Jan 2011	—	\$4,475,000	\$ 4,262,000 <sup>(2)</sup>	\$2,503,000
4108-4122 Sorrento Valley Blvd. <sup>(4)</sup>	San Diego, CA	Oct 2011	114,564	\$ —	\$15,068,000	\$ —

- (1) On October 16, 2012, we disposed of 639-641 Walnut Street located in Carson, California. We received gross proceeds from this transaction of \$3.7 million, of which \$3.4 million was used to repay indebtedness secured by the property. We recorded a \$55,000 gain on sale of real estate as part of discontinued operations during the year ended December 31, 2012 upon disposition of this property.
- (2) Amount represents the principal paid back to the lender to release the property from a larger pool of properties serving as collateral for the respective portfolio loan.
- (3) On January 6, 2011, we disposed of a parcel of land located at 400 Lombard Street in Oxnard, California. We received gross proceeds of \$4.5 million, of which \$4.3 million were used to repay the indebtedness secured by the property. We recorded a \$2.5 million gain on sale of real estate as part of discontinued operations during the year ended December 31, 2011 upon disposition of this property.
- (4) On October 1, 2011, we disposed of 4108-4122 Sorrento Valley Blvd. located in San Diego, California to the property's lender through a deed-in-lieu foreclosure. We did not report any gain or loss upon disposition of this property as the property had been previously impaired.

### Assets Held for Sale

As of December 31, 2012, our Worth Bonnie Beach property is classified as held for sale. As of December 31, 2011, our Worth Bonnie Beach and Long Carson properties were classified as held for sale. The major classes of assets and liabilities of real estate held for sale were as follows:

	December 31, 2012	December 31, 2011
Investment in real estate, net	\$ 1,409,000	\$ 4,929,000
Other	109,000	102,000
	<u>\$ 1,518,000</u>	<u>\$ 5,031,000</u>
Notes payable	\$ 2,501,000	\$ 5,967,000
Accounts payable and other liabilities	28,000	45,000
	<u>\$ 2,529,000</u>	<u>\$ 6,012,000</u>

### Discontinued Operations

Loss from discontinued operations for the years ended December 31, 2012 and 2011 includes the results of operations and gain (loss) related to the property dispositions and assets held for sale summarized as follows:

	For the Years Ended December,	
	2012	2011
Revenues	\$ 439,000	\$ 1,374,000
Operating expenses	(141,000)	(705,000)
Interest expense	(257,000)	(1,017,000)
Depreciation expense	(112,000)	(437,000)
Gain on sale of real estate	55,000	2,503,000
Income from discontinued operations	<u>\$ (16,000)</u>	<u>\$ 1,718,000</u>

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**4. Intangible Assets**

The following summarizes our identifiable intangible assets and acquired above/below market lease assets at December 31:

	2012	2011
<b>Acquired in-place lease intangibles</b>		
Gross amount	\$ 19,193,000	\$ 17,624,000
Accumulated amortization	(16,123,000)	(14,171,000)
Net balance	<u>\$ 3,070,000</u>	<u>\$ 3,453,000</u>
<b>Acquired above market leases</b>		
Gross amount	\$ 748,000	\$ 678,000
Accumulated amortization	(499,000)	(183,000)
Net balance	<u>\$ 249,000</u>	<u>\$ 495,000</u>
<b>Below market leases</b>		
Gross amount	\$ (4,030,000)	\$ (4,011,000)
Accumulated accretion	3,991,000	3,864,000
Net balance	<u>\$ (39,000)</u>	<u>\$ (147,000)</u>

We recorded net (amortization)/accretion of above/(below) market lease intangibles of \$(0.2) million as a decrease to rental income for the year ended December 31, 2012 and \$0.2 million as an increase to rental income for the year ended December 31 2011. We recorded amortization of in-place lease intangibles of \$2.2 million and \$1.0 million in the depreciation and amortization line item for the years ended December 31, 2012 and 2011, respectively.

The following table summarizes the estimated net amortization expense of above market leases and in-place lease intangibles at December 31, 2012 for the next five years:

Years Ending December 31,	In-place Leases	Net Above/(Below) Market Leases		Total
2013	1,284,000	146,000		1,430,000
2014	574,000	48,000		622,000
2015	354,000	23,000		377,000
2016	289,000	1,000		290,000
2017	261,000	1,000		262,000
Thereafter	308,000	(9,000)		299,000
Total	<u>\$3,070,000</u>	<u>\$ 210,000</u>		<u>\$3,280,000</u>

**5. Notes Receivable**

On December 2, 2010, we paid \$3.7 million to acquire a \$5.6 million mortgage loan secured by the Pasadena Foothill Center, an industrial property located in Pasadena, California. The note, which matures on August 1, 2017, is a 30-year amortizing loan which bears interest at a fixed rate of 6.06%.

On December 3, 2010, we paid \$7.9 million to acquire a \$14.6 mortgage loan secured by Calle Perfecto Business Park, an industrial property located in San Juan Capistrano, California. The loan, which matures on May 1, 2017, is a 30-year amortizing loan which bears interest at a fixed rate of 6.001%.

The following table summarizes the balance of our notes receivable:

	Face Amount	Unrecognized Non-Accretable Yield	Unrecognized Accretable Yield	Note Receivable
<b>At December 31, 2012:</b>				
Foothill	\$ 5,370,000	—	\$(1,394,000)	\$ 3,976,000
Calle Perfecto	14,410,000	(5,816,000)	(659,000)	7,935,000
Total	<u>\$19,780,000</u>	<u>\$ (5,816,000)</u>	<u>\$(2,053,000)</u>	<u>\$11,911,000</u>
<b>At December 31, 2011:</b>				
Foothill	\$ 5,462,000	—	\$(1,634,000)	\$ 3,828,000
Calle Perfecto	14,525,000	(5,816,000)	(779,000)	7,930,000
Total	<u>\$19,987,000</u>	<u>\$ (5,816,000)</u>	<u>\$(2,413,000)</u>	<u>\$11,758,000</u>

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### 6. NOTES PAYABLE

A summary of our notes payable is as follows:

	Principal Amount as of		Contractual Maturity Date	Interest Rate
	December 31, 2012	December 31, 2011		
<b>Fixed Rate Debt</b>				
RIF I Holdings, LLC	\$ 41,238,000	\$ 41,238,000	5/31/2014	6.13%
RIF I—Walnut, LLC	11,350,000	11,350,000	9/1/2013	6.23%
RIF II—Orangethorpe, LLC	4,451,000	4,540,000	7/1/2013	5.147% <sup>(1)</sup>
RIF II—Easy Street, LLC	5,310,000	5,407,000	4/1/2014	5.32% <sup>(1)</sup>
RIF III Holdings, LLC (Note A)	78,338,000	77,273,000	8/31/2014	5.60% <sup>(2)</sup>
RIF III Holdings, LLC (Note B)	410,000	—	8/31/2014	12.00% <sup>(3)</sup>
RIF V—Foothill, LLC	2,542,000	2,588,000	9/1/2014 <sup>(4)</sup>	4.00% <sup>(5)</sup>
RIF V—Calle Perfecto, LLC	5,429,000	5,526,000	9/1/2014 <sup>(4)</sup>	4.00% <sup>(6)</sup>
RIV V—Jersey, LLC	5,355,000 <sup>(7)</sup>	5,512,000 <sup>(7)</sup>	1/1/2015	5.45% <sup>(1)</sup>
RIF V—Arroyo, LLC	3,000,000	—	9/30/2014	4.50%
<b>Variable Rate Debt</b>				
RIF I Holdings, LLC	\$ 7,605,000	\$ 7,605,000	5/31/2014	LIBOR + 1.00%
RIF I—Mulberry, LLC	5,978,000	6,100,000	5/20/2014 <sup>(8)</sup>	LIBOR + 2.75%
RIF II Holdings, LLC	40,152,000	40,602,000	7/1/2013 <sup>(8)</sup>	LIBOR + 3.50% <sup>(9)</sup>
RIF IV Holdings, LLC	67,136,000	69,485,000	4/1/2013 <sup>(8)</sup>	LIBOR + 4.00% <sup>(10)</sup>
RIF V—Grand Commerce Center, LLC	6,000,000	6,000,000	3/4/2014 <sup>(4)</sup>	LIBOR + 2.75% <sup>(11)</sup>
RIF V—Vinedo, LLC	3,470,000	3,470,000	8/4/2014 <sup>(8)</sup>	LIBOR + 2.75% <sup>(12)</sup>
RIF V—MacArthur, LLC	5,475,000	5,475,000	12/5/2014 <sup>(4)</sup>	LIBOR + 2.50% <sup>(13)</sup>
RIF V—Campus, LLC	3,360,000	—	7/1/2015	LIBOR + 2.50% <sup>(14)</sup> <sup>(15)</sup>
RIF V—Golden Valley, LLC	2,900,000	—	6/1/2015 <sup>(4)</sup>	LIBOR + 2.75% <sup>(16)</sup>
Cornerstone Portfolio	16,610,000	15,413,000	12/9/2014 <sup>(4)</sup>	LIBOR + 2.50%
	<u>\$ 316,109,000</u>	<u>\$ 307,584,000</u>		
<b>Less: Mortgage Loans Associated with Real Estate Held for Sale</b>	(2,501,000)	(5,967,000)		
	<u>\$ 313,608,000</u>	<u>\$ 301,617,000</u>		

- (1) Monthly payments of interest and principal based on 30-year amortization table.
- (2) Loan bears interest at 5.60%, with the option to pay a minimum interest rate of 4.25% per annum and to have the remaining 1.35% of the interest added to the principal outstanding.
- (3) Loan bears interest at 12.00%, with the option to pay a minimum interest rate of 6.00% per annum and to have the remaining 6.00% of the interest accruing added to the principal outstanding.
- (4) Two additional one year extensions available at the borrower's option.
- (5) Monthly payments will include \$3,900 of principal repayment together with accrued interest.
- (6) Monthly payments will include \$8,100 of principal repayment together with accrued interest.
- (7) Includes unamortized debt premium of \$0.1 million at December 31, 2012 and 2011 as discussed in further detail below.
- (8) One additional one year extension available at the borrower's option.
- (9) Loan bears interest at LIBOR + 3.50% per annum through 12/31/12 and LIBOR +3.75% per annum thereafter. Monthly payments are interest only until 1/15/12. From 2/15/12 through 7/15/12, monthly payments include \$25,000 of principal repayment, and \$60,000 thereafter.
- (10) Loan bears interest at LIBOR + 3.25% per annum through March 31, 2012 and LIBOR +4.00% per annum thereafter.
- (11) Monthly payments are interest-only during the initial loan term. During the extension option period there will be fixed amortization of \$8,600 per month based upon a 30-year amortization table.
- (12) Monthly payments are interest-only during the initial loan term. During the extension option period there will be fixed amortization of \$5,600 per month based upon a 30-year amortization table.
- (13) Monthly payments are interest-only during the initial loan term. During the extension period there will be payments of interest and principal based upon a 25-year amortization table.
- (14) Monthly payments are interest only until 7/31/13. Commencing on 8/1/13 through the maturity date, monthly payments will include \$9,583 of principal repayment together with accrued interest.
- (15) Loan bears interest at the Prime Rate + 2.50% or LIBOR + 2.50%, based on our election on a monthly basis, but subject to a Floor Rate of 2.50%.
- (16) Monthly payments are interest only until 6/30/14. Commencing on 7/1/14 through the maturity date, there will be payments of interest and principal based upon a 25-year amortization table.

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Effective November 1, 2011, we amended and restated our RIF III portfolio loan with a principal balance of \$77.1 million ("Note A"). Note A bears interest at a fixed rate of 5.60% per annum, with an optional payment in kind election available, and has a maturity date of August 31, 2014. The payment in kind election allows us to pay monthly interest under Note A at the minimum payment rate of 4.25% per annum, and to have the remainder of the interest accruing hereunder added to the principal outstanding hereunder. We have added \$1.0 million and \$0.2 million to the principal balance under the payment in kind election as of December 31, 2012 and 2011, respectively. Additionally, there is \$3.0 million available under a B-Note facility that can be used for tenant improvements and leasing commissions subject to certain terms and conditions of the loan. The B-Note facility bears interest at a rate of 12.0% per annum, with an optional payment in kind election available, and has a maturity date of August 31, 2014. The payment in kind election allows us to pay monthly interest under Note B at the minimum payment rate of 6.0% per annum, and to have the remainder of the interest accruing hereunder added to the principal outstanding hereunder.

On November 8, 2011, in connection with the acquisition of Jersey Business Park, we assumed a mortgage loan that is secured by the project. The assumed mortgage loan had a principal balance of \$5.4 million at the acquisition date and was recorded at fair value at the date of acquisition resulting in an initial premium of \$0.1 million. The loan, which was put in place in 2004 by the seller, is a non-recourse loan secured by the property which bears interest at a fixed rate of 5.45% with amortization over 30 years. As part of the loan assumption, we paid an assumption fee of 1.0% and funded a re-tenanting reserve of \$0.1 million at the close of escrow. In addition, we are required to contribute \$9,000 monthly to this reserve until the loan matures on January 1, 2015.

For our RIF II Holdings, LLC and RIF IV Holdings, LLC portfolio loans, there is a remaining holdback reserve of \$1.1 million and \$1.4 million available for tenant improvements, leasing commissions and capital renovations, as of December 31, 2012.

The following table summarizes aggregate future principal payments of consolidated debt (including debt classified as Held for Sale) as of December 31, 2012 and does not consider the extension options available to the Company as noted above:

Years Ending December 31,	
2013	\$123,504,000
2014	181,438,000
2015	11,070,000
Total <sup>(1)</sup>	<u>\$316,012,000</u>

(1) Includes gross principal balance of outstanding debt before impact of \$0.1 million debt premium.

Based on information currently available to the Company, we expect to repay, extend or refinance debt coming due during the remainder of 2013. Specifically, the maturing principal balances include the \$40.2 million RIF II Holdings, LLC debt, \$67.1 million of RIF IV Holdings, LLC debt, \$4.4 million of RIF II – Orangethorpe, LLC debt, \$11.4 million of RIF I—Walnut, LLC debt, and \$0.4 million of other scheduled principal payments. As it relates to the RIF II Holdings, LLC and RIF IV Holdings, LLC debt, we have a one year extension available to us at our option and under certain conditions. The financial statements have been prepared assuming the Company is successful in repaying, extending or refinancing these maturities. In the event the Company is unable to repay, extend, or refinance the debt coming due in the remainder of 2013, a significant adverse impact on its financial condition and results of operations may occur. However, we believe the Company's financial exposure is limited by the non-recourse nature of the collateral securing the respective debt.

Our secured debt arrangements contain covenants and restrictions requiring us to meet certain financial ratios and reporting requirements. Some of the more restrictive financial covenants include a minimum debt service coverage ratio, a minimum interest coverage ratio, a minimum net worth requirement, and a minimum unrestricted liquid assets requirement. Noncompliance with one or more of the covenants and restrictions could result in the full or partial principal balance of the associated debt becoming immediately due and payable. We were in compliance with all of our debt covenants as of December 31, 2012 and 2011.

## 7. Operating Leases

We lease space to tenants primarily under non-cancelable operating leases that generally contain provisions for a base rent plus reimbursement for certain operating expenses. Operating expense reimbursements are reflected in our combined statements of operations as tenant recoveries.

Future minimum base rent under operating leases as of December 31, 2012 is summarized as follows:

Years Ending December 31,	
2013	\$28,819,000
2014	19,396,000
2015	12,380,000
2016	7,753,000
2017	5,110,000
Thereafter	6,880,000
Total	<u>\$80,338,000</u>

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The future minimum lease payments in the table above exclude (i) tenant reimbursements, amortization of adjustments for deferred rent receivables and the amortization of above/below-market lease intangibles and (ii) assume that the termination options in some leases, which generally require payment of a termination fee, are not exercised.

### 8. Interest Rate Contracts

We recognized \$2.4 million and \$4.2 million, respectively, of gain on mark-to-market of our interest rate swaps. Our interest rate swap agreements were used to manage our exposure to interest rate movements associated with certain of our existing LIBOR-based variable rate debt, during the years ended December 31, 2012 and 2011.

On September 15, 2011, two of our interest rate swaps with a total notional value of \$20.0 million and a strike rates of 4.745% reached maturity. On December 15, 2011, two additional interest rate swaps with a total notional value of \$32.0 million and a strike rates of 5.0725%, reached maturity.

The following table is a summary of our interest rate swap agreements as of December 31, 2012 and 2011.

Description	Effective Date	Termination Date	Interest Strike Rate	Fair Value as of December 31,		Notional Amount in Effect as of December 31,	
				2012	2011	2012	2011
Rexford Industrial Fund II, LLC	5/15/2006	12/15/2012	5.0925%	—	\$ (269,000)	—	\$ 6,100,000
Rexford Industrial Fund III, LLC	8/15/2006	12/15/2012	5.0965%	—	(1,286,000)	—	29,000,000
Rexford Industrial Fund III, LLC	11/15/2006	3/15/2013	5.1100%	(49,000)	(275,000)	5,000,000	5,000,000
Rexford Industrial Fund IV, LLC	9/17/2007	9/15/2012	4.8075%	—	(157,000)	—	5,000,000
Rexford Industrial Fund IV, LLC	3/15/2008	12/15/2012	3.3900%	—	(423,000)	—	15,000,000
				<u>\$ (49,000)</u>	<u>\$ (2,410,000)</u>	<u>\$5,000,000</u>	<u>\$60,100,000</u>

### 9. Fair Value Measurements

The FASB fair value framework includes a hierarchy that distinguishes between assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market-based inputs. Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable either directly or indirectly for similar assets and liabilities in active markets. Level 3 inputs are unobservable assumptions generated by the reporting entity.

#### Recurring Measurements – Interest Rate Contracts

The valuation of our interest rate swaps is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected future cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements.

The following table sets forth the liabilities that we measure at fair value on a recurring basis by level within the fair value hierarchy as of December 31, 2012 and 2011:

Liabilities	Total Fair Value	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Interest rate swap at:</i>				
December 31, 2012	\$ 49,000	\$ —	\$ 49,000	\$ —
December 31, 2011	\$ 2,410,000	\$ —	\$ 2,410,000	\$ —

#### Financial Instruments Disclosed at Fair Value

The carrying amounts of cash and cash equivalents, restricted cash, rents and other receivables, other assets, accounts payable, accrued expenses and other liabilities, and tenant security deposits approximate fair value because of their short-term nature.

The fair value of our secured notes payable was estimated by calculating the present value of principal and interest payments, using currently available market rates, adjusted with a credit spread, and assuming the loans are outstanding through maturity.



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The following table sets forth the carrying value and the estimated fair value of our notes payable as of December 31, 2012 and 2011:

Liabilities	Fair Value Measurements Using				Carrying Value
	Total Fair Value	Quoted Price in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<i>Notes Payable at:</i>					
December 31, 2012	\$322,802,000	\$ —	\$ 322,802,000	\$ —	\$316,109,000
December 31, 2011	\$314,015,000	\$ —	\$ 314,015,000	\$ —	\$307,584,000

### 10. Related Party Transactions

#### *Notes Payable*

On December 3, 2010, in connection with the acquisition of the note receivable secured by Calle Perfecto Business Park, RIF V issued two \$2.0 million promissory notes, totaling \$4.0 million, to investors of RIF V. The notes bore interest at a fixed rate of 8.0% for the first three months, and 10.0% thereafter, until maturity. These notes were repaid on September 7, 2011. We incurred interest expense in connection with these notes totaling \$0.3 million in 2011, which are included in interest expense in our combined statements of operations.

#### *Howard Schwimmer*

We engage in transactions with Howard Schwimmer, our senior managing partner. We earn management and development fees and leasing commissions from entities controlled individually by Mr. Schwimmer. Fees and commissions earned from Mr. Schwimmer are included in management, leasing and development services in our combined statements of operations. We recorded \$0.2 million and \$0.1 million in management and leasing services revenue in 2012 and 2011, respectively.

### 11. Commitments and Contingencies

*Legal*—From time to time, we are subject to various legal proceedings that arise in the ordinary course of business. Management is not aware of any legal proceedings where the likelihood of a loss contingency is reasonably possible and the amount or range of reasonably possible losses is material to our results of operations, financial condition or cash flows.

*Environmental*—We monitor our properties for the presence of hazardous or toxic substances. While there can be no assurance that a material environmental liability does not exist, we are not currently aware of any environmental liability with respect to the properties that would have a material effect on our combined financial condition, results of operations and cash flows. Further, we are not aware of any environmental liability or any unasserted claim or assessment with respect to an environmental liability that we believe would require additional disclosure or the recording of a loss contingency.

### 12. Investment in Unconsolidated Real Estate Entities

We own interests in two industrial properties through noncontrolling interests (i) in joint venture entities that we do not control but over which we exercise significant influence or (ii) as tenants-in-common subject to common control. We account for these investments under the equity method of accounting (i.e., at cost, increased or decreased by our share of earnings or losses, less distributions, plus contributions and other adjustments required by equity method accounting, such as basis differences from other-than-temporary impairments, if applicable). Under current authoritative accounting guidance for investments in unconsolidated entities, we are required to periodically compare an investment's carrying value to its estimated fair value and recognize an impairment charge to the extent that the carrying value exceeds fair value and is considered to be other-than-temporary. As of December 31, 2012 and 2011, no other-than-temporary impairments have been recognized.

During the years ended December 31, 2012 and 2011, our unconsolidated real estate entities incurred \$0.3 million and \$39,000, respectively of management, leasing and development fees which was payable to us. We recognized \$0.2 million and \$26,000, respectively, of management, leasing and development fees for the years ended December 31, 2012 and 2011 which has been recorded in management, leasing and development services.

The following table sets forth our ownership interests in our equity investments in real estate and their respective carrying values. The carrying values of these investments are affected by the timing and nature of distributions:

Investment Property	Ownership Interest at December 31, 2012	Carrying Value at December 31,	
		2012	2011
La Jolla Sorrento Business Park <sup>(1)</sup>	70.00%	\$ 9,988,000	\$10,191,000
3001-3223 Mission Oaks Boulevard <sup>(2)</sup>	15.00%	2,709,000	—
		<u>\$12,697,000</u>	<u>\$10,191,000</u>

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- (1) This is a tenancy-in-common interest in which we share control equally with the other tenant-in-common partners.
- (2) We acquired our interest in this investment in June 2012 as described below.

The following tables present combined summarized financial information of our equity method investment properties. Amounts provided are the total amounts attributable to the entities and do not represent our proportionate share:

	Year Ended December 31,	
	2012	2011
<b>Revenues</b>	\$ 5,402,000	\$ 975,000
<b>Expenses</b>	(6,110,000)	(1,060,000)
<b>Net income (loss)</b>	<u>\$ (708,000)</u>	<u>\$ (85,000)</u>

	At December 31,	
	2012	2011
<b>Assets</b>	\$ 71,242,000	\$11,148,000
<b>Liabilities</b>	(42,265,000)	(128,000)
<b>Partners'/members' equity</b>	<u>\$ 28,977,000</u>	<u>\$11,020,000</u>

### Acquisitions of Equity Investments

On June 29, 2012, we entered into a joint venture with an institutional real estate investment manager for the purpose of acquiring an institutional-quality, Class "A," industrial portfolio located at 3001-3223 Mission Oaks Boulevard in Camarillo, California. The portfolio consists of three high-image single and multi-tenant industrial buildings totaling 1,184,717 square feet situated on 70.75 acres of land. We own a 15% interest and provide property management, asset management and leasing management services on behalf of the joint venture.

## 13. Equity

Controlling interests in the Company include the interests owned by partners of RILLC, and Rexford Sponsor V, LLC, and any interests held by their spouses and children ("RILLC and Affiliates"). Noncontrolling interests relate to all other interests not held by RILLC and Affiliates. Noncontrolling interests also includes the 27.76% interest of 10 investors in RIF I – Walnut, LLC, and the 3.23% interest of one investor in RIF IV – Burbank, LLC, both consolidated subsidiaries in the Company's financial statements as of December 31, 2012 and 2011.

Equity distributions by our Funds are allocated between the General Partner and Limited Partners (collectively "Partners") in accordance with each Fund's Operating Agreements. Generally this provides for distributions to be allocated to Partners, *pari passu*, in accordance with their respective percentage interests. After Partners have exceeded certain cash distribution thresholds, as defined in each Funds's Operating Agreement, then the General Partner may receive incentive promote cash distributions commensurate with the cash return performance hurdles also detailed in the Fund's Operating Agreement. Each Fund's Operating Agreement generally provides for income, expenses, gains and losses to be allocated in a manner consistent with cash distributions described above.

During November and December 2012, we granted to our employees a 9% equity interest in Rexford Fund V Manager, LLC's profits interest in RIF V. Rexford Fund V Manager, LLC is the controlling member of RIF V and is a wholly-owned subsidiary of Rexford Sponsor V, LLC. The equity interests are considered performance-based equity interests and are subject to graded vesting over a 7-year period subject to continued employment. The grant date fair value of these interests has been estimated to be approximately \$1.1 million which will be amortized over the vesting period using the accelerated attribution method to the extent the required achievement and vesting of these interests remain probable.

As of December 31, 2012, RIF V had unfunded capital commitments of \$39.0 million.

## 14. Subsequent Events

On January 31, 2013, we disposed of the 4578 Worth Street property located in Los Angeles, California. We received gross proceeds from this transaction of \$4.1 million and recorded a gain on disposition after closing costs, of which \$2.5 million was used to repay the portion of the RIF I portfolio loan secured by the property. The remaining proceeds were paid out as a distribution to investors in RIF I.

On February 8, 2013 the mortgage note borrower for our Pasadena Foothill Center loan paid the outstanding principal in full. We received gross proceeds from this payoff of \$5.4 million, including \$6,310 in per diem interest, of which \$2.5 million was used to repay the loan secured by this note. The remaining proceeds were paid as a distribution to investors in RIF V.

We have evaluated subsequent events through the date on which these financial statements were issued.

**REXFORD INDUSTRIAL, INC. PREDECESSOR**  
**SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2012**  
*(in thousands)*

Property Name	Location	Encumbrances	Initial Cost		Costs Capitalized Subsequent to Acquisition Building & Improvements	Gross Amounts at Which Carried at Close of Period <sup>(10)</sup>			Accumulated Depreciation <sup>(2)</sup>	Year Build / Year Renovated	Year Acquired
			Land	Building & Improvements		Land <sup>(1)</sup>	Building & Improvements <sup>(1)</sup>	Total			
RIF I - Don Julian, LLC	City of Industry, CA	(3)	3,875	2,407	8,917	3,875	11,324	15,199	(4,351)	1965, 2005 / 2003	2002
RIF I - Lewis Road, LLC	Camarillo, CA	(3)	4,150	3,050	6,819	4,150	9,869	14,019	(3,969)	1960-1963 / 2006	2003
RIF I - Monrovia, LLC	Monrovia, CA	(3)	2,317	2,534	705	2,317	3,239	5,556	(1,440)	1957, 1962 / 2004	2003
RIF I - Mulberry, LLC	Whittier, CA	5,978	3,469	1,629	1,013	3,469	2,642	6,111	(615)	1962 / 2009	2003
RIF I - Oxnard, LLC	Oxnard, CA	(3)	868	—	3,962	868	3,962	4,830	(1,232)	2005	2003
RIF I - Valley Blvd., LLC	La Puente, CA	(3)	2,539	2,020	2,129	2,539	4,149	6,688	(1,569)	1974 / 2007	2003
RIF I - Walnut, LLC	Fullerton, CA	11,898 <sup>(3)</sup> <sup>(4)</sup>	6,817	6,089	534	6,817	6,623	13,440	(2,370)	1985-1986 / 2005	2004
RIF II - Bledsoe Avenue, LLC	Sylmar, CA	(5)	2,525	3,380	3,895	2,525	7,275	9,800	(1,612)	1969, 2008 / 2006	2004
RIF II - Crocker, LLC	Valencia, CA	(5)	2,666	3,343	1,461	2,666	4,804	7,470	(1,016)	1987 / 2006	2004
RIF II - Easy Street, LLC	Simi Valley, CA	5,310	2,346	4,522	348	2,346	4,870	7,216	(1,226)	1991 / 2006	2004
RIF II - First American Way, LLC	Poway, CA	(5)	2,469	2,489	2,710	800	3,668	4,468	(831)	2002 / 2007	2005
RIF II - Kaiser, LLC	Vista, CA	(5)	3,357	4,512	717	3,357	5,229	8,586	(1,230)	1999 / 2007	2004
RIF II - Orangethorpe, LLC	Anaheim, CA	4,451	4,893	1,386	889	4,893	2,275	7,168	(673)	1973 / 2007	2005
RIF II - Pioneer Avenue, LLC	Vista, CA	(5)	1,784	2,974	1,413	1,784	4,387	6,171	(928)	1988 / 2006	2004
RIF III - 157th Street, LLC	Gardena, CA	(6)	3,100	786	932	3,100	1,718	4,818	(749)	1960-1971 / 2006-2011	2006
RIF III - Archibald, LLC	Rancho Cucamonga, CA	(6)	3,572	3,239	1,389	1,808	3,205	5,013	(1,200)	1980 / 2007	2007
RIF III - Avenue Stanford, LLC	Valencia, CA	(6)	1,849	6,776	2,055	1,849	8,831	10,680	(1,989)	1987 / 2008	2006
RIF III - Empire Lakes, LLC	Rancho Cucamonga, CA	(6)	3,647	11,867	2,454	3,647	14,321	17,968	(4,460)	1988-1989 / 2006	2006
RIF III - Glenoaks, LLC	Sun Valley, CA	(6)	1,000	594	73	949	641	1,590	(190)	1974	2006
RIF III - Impala, LLC	Carlsbad, CA	(6)	5,470	7,308	1,136	5,470	8,444	13,914	(1,971)	1983 / 2006	2006
RIF III - Irwindale, LLC	Irwindale, CA	(6)	3,604	5,056	173	3,604	5,229	8,833	(1,559)	1989	2006
RIF III - Santa Fe Springs, LLC	Santa Fe Springs, CA	(6)	3,740	260	6,860	3,740	7,120	10,860	(942)	1982 / 2009	2006
RIF III - Williams, LLC	Oxnard, CA	(6)	4,414	5,773	584	4,414	6,357	10,771	(2,696)	1969 / 2006-2011	2005

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**REXFORD INDUSTRIAL, INC. PREDECESSOR**  
**SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION—(Continued)**  
**December 31, 2012**  
*(in thousands)*

Property Name	Location	Encumbrances	Initial Cost		Costs Capitalized Subsequent to Acquisition Building & Improvements	Gross Amounts at Which Carried at Close of Period <sup>(10)</sup>			Accumulated Depreciation <sup>(2)</sup>	Year Built / Year Renovated	Year Acquired
			Land	Building & Improvements		Land <sup>(1)</sup>	Building & Improvements <sup>(1)</sup>	Total			
RIF III - Yarrow Drive, LLC	Carlsbad, CA	(6)	5,001	7,658	2,216	5,001	9,874	14,875	(3,189)	1977-1988 / 2006	2005
RIF III - Yarrow Drive II, LLC	Carlsbad, CA	(6)	3,473	5,119	751	3,473	5,870	9,343	(1,762)	1977 / 2006	2006
RIF IV - Burbank, LLC	Burbank, CA	(7)	6,304	2,996	4,808	6,304	7,804	14,108	(1,716)	1969 / 2009	2007
RIF IV - Central, LLC	Riverside, CA	(7)	3,323	1,118	987	1,441	1,581	3,022	(506)	1978	2007
RIF IV - Cornerstone, LLC	Downey, CA	(7)	6,974	2,902	29	6,974	2,931	9,905	(318)	2008	2009
RIF IV - East 46th Street, LLC	Vernon, CA	(7)	7,015	7,078	1,268	7,015	8,346	15,361	(1,565)	1961, 1983 / 2008-2010	2007
RIF IV - Enfield, LLC	Palm Desert, CA	(7)	1,110	1,189	216	397	698	1,095	(212)	1990	2007
RIF IV - Glendale, LLC	Glendale, CA	(7)	4,845	1,163	1,233	4,845	2,396	7,241	(393)	1949, 1961 / 2011-2012	2008
RIF IV - Grand, LLC	Santa Ana, CA	(7)	2,579	667	173	2,371	794	3,165	(255)	1973 / 2008	2007
RIF IV - Harbor Warner, LLC	Santa Ana, CA	(7)	3,028	1,058	507	3,028	1,565	4,593	(523)	1973 / 2008	2007
RIF IV - Knollwood, LLC	Anaheim, CA	(7)	1,893	465	52	1,200	364	1,564	(187)	1975	2007
RIF IV - Long Carson, LLC	Long Beach, CA	(7)	1,004	175	558	1,004	733	1,737	(213)	1981-1982	2007
RIF IV - Newton, LLC	Carlsbad, CA	(7)	3,152	7,155	946	1,692	4,981	6,673	(1,187)	1997-1999 / 2009	2007
RIF IV - Poinsettia, LLC	Vista, CA	(7)	4,453	5,900	542	2,830	4,480	7,310	(1,020)	1989 / 2007	2008
RIF IV - San Gabriel, LLC	Pasadena, CA	(7)	1,759	2,834	1,856	1,759	4,690	6,449	(3,129)	1947, 1985 / 2009	2008
RIF IV - West 33rd Street, LLC	National City, CA	(7)	2,390	5,029	428	2,390	5,457	7,847	(1,528)	1969 / 2008	2006
RIF V - Arrow Business Center, LLC	Irwindale, CA	(8)	3,223	1,766	224	3,223	1,990	5,213	(164)	1987	2011
RIF V - Arroyo, LLC	San Fernando, CA	3,000	2,085	1,290	545	2,085	1,835	3,920	(279)	1969 / 2012	2010
RIF V - Calvert, LLC	Van Nuys, CA	—	3,790	1,448	—	3,790	1,448	5,238	—	1971	2012
RIF V - Campus Avenue, LLC	Ontario, CA	3,360	2,600	1,631	3	2,600	1,634	4,234	(163)	1964-1966, 1973, 1987	2012
RIF V - Del Norte, LLC	Oxnard, CA	—	3,276	5,623	—	3,276	5,623	8,899	—	2000	2012
RIF V - Golden Valley, LLC	La Puente, CA	2,900	1,611	1,804	793	1,611	2,597	4,208	(161)	1978, 1988 / 2012	2011

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**REXFORD INDUSTRIAL, INC. PREDECESSOR**  
**SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION—(Continued)**  
**December 31, 2012**  
*(in thousands)*

Property Name	Location	Encumbrances	Initial Cost		Costs Capitalized Subsequent to Acquisition	Gross Amounts at Which Carried at Close of Period <sup>(10)</sup>			Accumulated Depreciation <sup>(2)</sup>	Year Build / Year Renovated	Year Acquired
			Land	Building & Improvements	Building & Improvements	Land <sup>(1)</sup>	Building & Improvements <sup>(1)</sup>	Total			
RIF V - Grand Commerce Center, LLC	Santa Ana, CA	6,000	3,401	3,995	174	3,401	4,169	7,570	(510)	1988	2010
RIF V - Interstate Commerce Center, LLC	Tempe, AZ	<sup>(8)</sup>	1,223	2,860	56	1,223	2,916	4,139	(339)	1987	2011
RIF V - Jersey, LLC	Rancho Cucamonga, CA	6,228 <sup>(9)</sup>	2,540	4,453	263	2,540	4,716	7,256	(347)	1988-1989	2011
RIF V - MacArthur, LLC	Santa Ana, CA	5,475	3,273	4,576	45	3,273	4,621	7,894	(491)	1973	2011
RIF V - Normandie Business Center, LLC	Torrance, CA	<sup>(8)</sup>	3,077	1,077	44	3,077	1,121	4,198	(96)	1989	2011
RIF V - Odessa, LLC	Van Nuys, CA	—	1,218	1,542	360	1,218	1,902	3,120	(97)	1970-1972 / 2012	2011
RIF V - Paramount Business Center, LLC	Paramount, CA	<sup>(8)</sup>	1,387	963	33	1,387	996	2,383	(75)	1986	2011
RIF V - Shoemaker Industrial Park, LLC	Santa Fe Springs, CA	<sup>(8)</sup>	3,504	1,937	373	3,504	2,310	5,814	(179)	1978 / 2012	2011
RIF V - Vinedo, LLC	Pasadena, CA	3,470	2,623	2,081	34	2,623	2,115	4,738	(247)	1953 / 1993	2011
RIF V - Zenith Business Park, LLC	Glenview, IL	<sup>(8)</sup>	658	688	98	658	786	1,444	(45)	1978	2011
		<u>58,070</u>	<u>172,263</u>	<u>172,234</u>	<u>70,783</u>	<u>162,200</u>	<u>233,525</u>	<u>395,725</u>	<u>(59,714)</u>		

- <sup>(1)</sup> During 2009, we recorded impairment charges totaling \$19.6 million in continuing operations to write down our investments in real estate to fair value. Of this amount, \$10.1 million in included as a reduction of "Land" in the table above, with the remaining \$9.5 million included as a reduction of "Buildings and Improvements."
- <sup>(2)</sup> The depreciable life for buildings and improvements ranges from 10-30 years for buildings, 20 years for site improvements, and the shorter of the estimated useful life or respective lease term for tenant improvements.
- <sup>(3)</sup> These properties secure a \$48.8 million loan.
- <sup>(4)</sup> This property secures a \$11.4 million loan.
- <sup>(5)</sup> These properties secure a \$40.2 million loan.
- <sup>(6)</sup> These properties secure a \$78.7 million loan.
- <sup>(7)</sup> These properties secure a \$67.1 million loan.
- <sup>(8)</sup> These properties secure a \$16.6 million loan.
- <sup>(9)</sup> Includes unamortized premium of \$0.1 million.
- <sup>(10)</sup> The aggregate cost of properties for federal income tax purposes is approximately \$371.0 million (unaudited) at December 31, 2012

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Until \_\_\_\_\_, 2013 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares



Common Stock

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PROSPECTUS

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**FBR**

, 2013

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**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 31. Other Expenses of Issuance and Distribution.**

The following table shows the fees and expenses, other than underwriting discounts, to be paid by us in connection with the sale and distribution of the securities being registered hereby. All amounts except the SEC registration fee and the FINRA fee are estimated.

SEC Registration Fee	\$ *
NYSE Listing Fee	*
FINRA Filing Fee	*
Printing and Engraving Expenses	*
Legal Fees and Expenses (other than Blue Sky)	*
Accounting and Fees and Expenses	*
Transfer Agent and Registrar Fees	*
Total	*

\* To be completed by amendment.

**Item 32. Sales to Special Parties.**

See response to Item 33 below.

**Item 33. Recent Sales of Unregistered Securities.**

In connection with the initial capitalization of our company, we issued 100 shares of our common stock to Michael S. Frankel. In connection with the formation transactions, an aggregate of \_\_\_\_\_ shares of \_\_\_\_\_ common stock and common units with an aggregate value of \$ \_\_\_\_\_ million, at the price per share in this offering, will be issued to certain persons owning interests in the entities that own the properties comprising our initial portfolio as consideration in the formation transactions. All such persons had a substantive, pre-existing relationship with us and made irrevocable elections to receive such securities in the formation transactions prior to the filing of this registration statement with the SEC. Prior to the filing of this registration statement, each such person consented to the contribution or merger of the entity or entities in which he or she holds an investment either to or with and into us or our operating partnership or with and into a wholly owned subsidiary of our operating partnership (or, in the case of reverse mergers, certain subsidiaries of our operating partnership will merge with and into such entities). All of such persons are “accredited investors” as defined under Regulation D of the Securities Act. The issuance of such shares and units will be effected in reliance upon exemptions from registration provided by Section 4(2) of the Securities Act and Regulation D of the Securities Act.

**Item 34. Indemnification of Directors and Officers.**

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains a provision which eliminates our directors’ and officers’ liability to the maximum extent permitted by Maryland law.

Maryland law requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that: (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty; (b) the director or officer actually received an improper personal benefit in money, property or services; or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon

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the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Our charter authorizes us to obligate ourselves and our bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify any present or former director or officer or any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity from and against any claim or liability to which that individual may become subject or which that individual may incur by reason of his or her service in any of the foregoing capacities and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. Our charter and bylaws also permit us to indemnify and advance expenses to any individual who served a predecessor of our company in any of the capacities described above and any employees or agents of our company or a predecessor of our company. Furthermore, our officers and directors are indemnified against specified liabilities by the underwriters, and the underwriters are indemnified against certain liabilities by us, under the underwriting agreement relating to this offering. See "Underwriting."

We intend to enter into indemnification agreements with each of our executive officers and directors whereby we indemnify such executive officers and directors to the fullest extent permitted by Maryland law against all expenses and liabilities, subject to limited exceptions. These indemnification agreements also provide that upon an application for indemnity by an executive officer or director to a court of appropriate jurisdiction, such court may order us to indemnify such executive officer or director.

In addition, our directors and officers are indemnified for specified liabilities and expenses pursuant to the partnership agreement of Rexford Industrial, L.P., the partnership of which we serve as sole general partner.

### **Item 35. Treatment of Proceeds From Stock Being Registered.**

None of the proceeds will be credited to an account other than the appropriate capital share account.

### **Item 36. Financial Statements and Exhibits.**

(a) Financial Statements. See page F-1 for an index to the financial statements included in this registration statement.

(b) Exhibit. The following is a complete list of exhibits filed as part of the registration statement, which are incorporated herein:

<u>Exhibit</u>	
1.1*	Form of Underwriting Agreement
3.1*	Articles of Amendment and Restatement of Rexford Industrial, Inc.
3.2*	Amended and Restated Bylaws of Rexford Industrial, Inc.
4.1*	Form of Certificate of Common Stock of Rexford Industrial, Inc.
5.1*	Opinion of Venable LLP
8.1*	Opinion of Latham & Watkins LLP with respect to tax matters
10.1*	Form of Amended and Restated Agreement of Limited Partnership of Rexford Industrial, L.P.
10.2*	Form of Registration Rights Agreement among Rexford Industrial, Inc. and the persons named therein
10.3*†	Rexford Industrial, Inc. and Rexford Industrial, L.P., 2013 Incentive Award Plan
10.4*†	Form of Award Agreement under 2013 Incentive Award Plan
10.5*	Form of Indemnification Agreement between Rexford Industrial, Inc. and its directors and officers
10.6*	Form of Representation, Warranty and Indemnity Agreement by and among Rexford Industrial Inc., Rexford Industrial, L.P., Richard Ziman, Howard Schwimmer and Michael S. Frankel
10.7*	Form of Indemnity Escrow Agreement, by and among Rexford Industrial, Inc., Rexford Industrial, L.P., Rexford Industrial, Inc., acting in the capacity of escrow agent, Richard Ziman, Howard Schwimmer and Michael S. Frankel
10.8*	Form of Tax Matters Agreement by and among Rexford Industrial, Inc., Rexford Industrial, L.P., and each partner set forth in Schedule I, Schedule II and Schedule III thereto
10.9*	Form of Guaranty Agreement by and among the guarantors identified on Exhibit A thereto and Rexford Industrial, L.P. in favor of a to be named lender
10.10*	Form of Contribution Agreement by and among Rexford Industrial, L.P., and Rexford Industrial Fund I, LLC
10.11*	Form of Contribution Agreement by and among Rexford Industrial, L.P., and Rexford Industrial Fund II, LLC



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10.12*	Form of Contribution Agreement by and among Rexford Industrial, L.P., and Rexford Industrial Fund III, LLC
10.13*	Form of Contribution Agreement by and among Rexford Industrial, L.P., and Rexford Industrial Fund IV, LLC
10.14*	Agreement and Plan of Merger by and among Rexford Industrial, Inc. and Rexford Industrial Fund V REIT, LLC
10.15*	Agreement and Plan of Merger by and among Rexford Industrial, L.P., and Rexford Industrial Fund V Fund, LP
10.16*	Form of Additional RIF Fund Agreement and Plan of Merger by and among Rexford Industrial, L.P. and the merger entity named therein
10.17*	Form of Contribution Agreement by and among Rexford Industrial, L.P., and Allan Ziman, as Special Trustee of the Declaration of Trust of Jeanette Rubin trust, dated August 16, 1978, as amended
10.18*	Form of Contribution Agreement by and among Rexford Industrial, L.P., and the Contributors named therein
10.19*	Form of Contribution Agreement by and among Rexford Industrial, L.P., and Christopher Baer
10.20*	Form of Agreement and Plan of Merger by and among Rexford Industrial LLC Merger Sub LLC, and Rexford Industrial, LLC
10.21*	Form of Agreement and Plan of Merger by and among Rexford Fund V Manager Merger Sub LLC, and Rexford Fund V Manager LLC
10.22*	Form of Agreement and Plan of Merger by and among Rexford Sponsor V Merger Sub LLC, and Rexford Sponsor V LLC
21.1*	List of Subsidiaries of the Registrant
23.1*	Consent of Venable LLP (included in Exhibit 5.1)
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 8.1)
23.3*	Consent of DAUM Commercial Real Estate Services
23.4*	Consent of Ernst & Young LLP
24.1*	Power of Attorney (included on the Signature Page)

\* To be filed by amendment

† Compensatory plan or arrangement.

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**Item 37. Undertakings**

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

- (i) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (ii) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Los Angeles, State of California, on the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

**Rexford Industrial, Inc.**

By: \_\_\_\_\_  
Name: Howard Schwimmer  
Title: *Co-Chief Executive Officer*

By: \_\_\_\_\_  
Name: Michael Frankel  
Title: *Co-Chief Executive Officer*

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitute and appoint Howard Schwimmer and Michael S. Frankel, and each of them, with full power of substitution and full power to act without the other, such person's true and lawful attorney-in-fact and agent to act for such person in such person's name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any related registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file this registration statement, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in order to effectuate the same as fully, to all intents and purposes, as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ Richard Ziman	Executive Chairman of the Board of Directors	, 2013
_____ Howard Schwimmer	Co-Chief Executive Officer and Director (Principal Executive Officer)	, 2013
_____ Michael S. Frankel	Co-Chief Executive Officer and Director (Principal Executive Officer)	, 2013
_____ Adeel Khan	Chief Accounting Officer and Acting Chief Financial Officer (Principal Financial and Accounting Officer)	, 2013

EXHIBIT INDEX

Exhibit	
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3.1*	Articles of Amendment and Restatement of Rexford Industrial, Inc.
3.2*	Amended and Restated Bylaws of Rexford Industrial, Inc.
4.1*	Form of Certificate of Common Stock of Rexford Industrial, Inc.
5.1*	Opinion of Venable LLP
8.1*	Opinion of Latham & Watkins LLP with respect to tax matters
10.1*	Form of Amended and Restated Agreement of Limited Partnership of Rexford Industrial, L.P.
10.2*	Form of Registration Rights Agreement among Rexford Industrial, Inc. and the persons named therein
10.3*†	Rexford Industrial, Inc. and Rexford Industrial, L.P., 2013 Incentive Award Plan
10.4*†	Form of Award Agreement under 2013 Incentive Award Plan
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† Compensatory plan or arrangement.

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LATHAM & WATKINS<sup>LLP</sup>

March 7, 2013

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Los Angeles	Tokyo
Madrid	Washington, D.C.
Milan	

CONFIDENTIAL SUBMISSION VIA EDGAR

Draft Registration Statement  
U.S. Securities and Exchange Commission  
Division of Corporation Finance  
100 F. Street, N.E.  
Washington, D.C. 20549

Re: Rexford Industrial, Inc. Draft Registration Statement on Form S-11

Ladies and Gentlemen:

On behalf of our client, Rexford Industrial, Inc. (the "Company"), we are submitting a draft Registration Statement on Form S-11 (the "Registration Statement") to the staff of the Securities and Exchange Commission for confidential nonpublic review pursuant to Section 6(e) of the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement submitted herewith relates to the initial public offering of the Company's common stock.

On behalf of our client, we confirm to you that as of the date of this letter, the Company is an emerging growth company, as defined in Section 2(a)(19) of the Securities Act, because its total gross revenues during 2012, its most recently completed fiscal year, were less than \$1.0 billion. In addition, on behalf of our client, we confirm to you that as of the date of this letter none of the disqualifying conditions set forth in Section 2(a)(19) have occurred.

A formal filing of the Registration Statement will be made at a later date, which in no event will be later than 21 days before the Company commences its road show.

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March 7, 2013

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LATHAM & WATKINS LLP

If you have any questions or comments concerning this submission, please do not hesitate to call Bradley Helms at (213) 891-8640 or Julian Kleindorfer at (213) 891-8371.

Very truly yours,

/s/ Bradley Helms

Bradley Helms

of LATHAM & WATKINS LLP